

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, June 12, 1979

Time: 8:00 p.m.

**OPENING PRAYER** by Mr. Speaker.

**MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell):** Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills.

## ORAL QUESTIONS

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

**MR. HOWARD PAWLEY (Selkirk):** Mr. Speaker, my question is to the Minister responsible for the Manitoba Public Insurance Corporation. Can the Minister advise whether or not the committee envisioned in the Throne Speech to inquire into Autopac has been established?

**MR. SPEAKER:** The Honourable Minister responsible for Autopac.

**HON. EDWARD MCGILL (Brandon West):** No, Mr. Speaker.

**MR. PAWLEY:** Mr. Speaker, can the Minister advise whether or not that committee then, will be established prior to the conclusion of this session as was envisioned by the Throne Speech?

**MR. MCGILL:** Mr. Speaker, I can understand the Honourable Leader of the Opposition's enthusiasm for having this revue undertaken as quickly as possible. There was no time frame established, except it was indicated in the Throne Speech that such a review would be undertaken. There were also further undertakings given that when the review mechanism had been established and the terms of reference established, that that information would be provided to the House.

**MR. SPEAKER:** The Honourable Member for Brandon East.

**MR. LEONARD S. EVANS:** Thank you, Mr. Speaker. I'd like to address a question to the Minister of Agriculture, and ask the Minister of Agriculture if he will be seeking a meeting with the newly appointed Minister of Transportation, Mr. Mazankowski, and impress upon him Manitoba's views with regard to the improvement of the grain handling system which is so badly needed?

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

**HON. JAMES E. DOWNEY (Arthur):** Yes, Mr. Speaker.

**MR. EVANS:** Could the Minister advise the House when he will be meeting with the Minister of Transport, and under what form will he be meeting along with the other prairie Ministers and the federal Minister of Transport, for example?

**MR. DOWNEY:** Very soon, Mr. Speaker.

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

**MR. EVANS:** Mr. Speaker, I wonder if the Minister of Agriculture could advise the House whether he is prepared to commend to the new Minister of Transport the contents of the Hall Commission Report and urge the new Minister of Transport to follow the guidelines of the Hall Commission Report, which would mean 500 miles of branch lines less to be abandoned in the province of Manitoba.

**MR. DOWNEY:** Mr. Speaker, the presentation that will be made to the federal Minister will follow discussions with the other Ministers of western Canada and the provinces of western Canada, and I'm sure that all avenues and solutions will be discussed.

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

**MR. JAY COWAN:** Thank you, Mr. Speaker. My question is to the Minister of Labour. Could the Minister indicate what the current status of the Mining Safety Review Committee is?

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

**HON. KEN MacMASTER (Thompson):** I have nothing further to report on that, Mr. Speaker, from what I previously reported. I would expect their report sometime in the next month of two but they haven't even definitely stated when the report would come down.

**MR. COWAN:** Thank you, Mr. Speaker. During the process of the committee hearings last spring, it was indicated that the Mining Safety Review Committee would be making another swing, at least through Leaf Rapids, Manitoba and some of northern Manitoba. I would ask the Minister then, as that has not taken place yet, when he would expect such a swing to take place?

**MR. MacMASTER:** I'm just guessing, Mr. Speaker, I don't think it has taken place. I can confirm, if it hasn't taken place, when they propose to make that particular trip.

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

**MR. COWAN:** Yes, thank you, Mr. Speaker. I would then ask the Minister if he is prepared to make copies available to the Members of this House of their final report, immediately upon presentation?

**MR. MacMASTER:** Not immediately upon presentation, Mr. Speaker. I think I am duty-bound to review it along with my colleagues in Cabinet.

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

**MR. COWAN:** Yes, thank you, Mr. Speaker. Well, that gives rise to the question as to what purpose would be behind that review of what is supposed to be an unbiased report? Would it be for the purpose of editing that report? If not, then why would the Minister not make it available immediately upon presentation to interested members of this House?

**MR. MacMASTER:** M.. Speaker, I probably can excuse the Member for Churchill for his lack of consideration in a particular point. Any particular commission or body that is making a report to government, I would suspect that the Cabinet of that particular government would be reviewing that report.

**MR. SPEAKER:** The Honourable Member for Lac du Bonnet.

**MR. SAMUEL USKIW:** Yes, Mr. Speaker, I would like to ask the Minister responsible or in charge of the environment whether or not he has, or his department has received complaints with respect to the inhumane treatment of domestic animals and with respect to the question of disposal of dead animal carcasses on the J. Vaags' farm in Dugald?

**MR. SPEAKER:** The Honourable Minister responsible for the Environment.

**HON. BRIAN RANSOM (Souris-Killarney):** Not to my knowledge, Mr. Speaker.

**MR. USKIW:** Yes, Mr. Speaker, would the Minister undertake to enquire of his department as to reports of the same and to report back to the House?

**MR. RANSOM:** I'll take the question as notice, Mr. Speaker.

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

**MR. COWAN:** Thank you, Mr. Speaker. To the Minister of Labour in reference to the Mining Safety and Review Committee Report, of course we would expect the Cabinet to review it, as I'm certain he would expect the Opposition to wish to review it. My question to the Minister, is he prepared to commit himself —(Interjections)—

**MR. SPEAKER:** Order please. The Honourable Member for Churchill.

**MR. COWAN:** Thank you, Mr. Speaker. My question, which I tried to make earlier before the rude interruption to the Minister, was —(Interjection)—

**MR. SPEAKER:** Order please. The Honourable Member for Churchill.

**MR. COWAN:** Yes, thank you, Mr. Speaker. My question to the Minister, is he prepared to commit himself to present to the opposition and to the parties that made representation to the Mining Safety Review Committee, an unabridged and unedited report of that committee?

**MR. SPEAKER:** Orders of the Day. The Honourable Minister of Labour.

**MR. MacMASTER:** Mr. Speaker, I have said that once we get the report Cabinet will review it, and the distribution of it will be established at that particular time. But if there is a distribution and it is established that there will be one, the opposition can rest assured it will be certainly not touched up or doctored in any particular way.

**MR. COWAN:** Yes, thank you, Mr. Speaker. I would ask the Minister if he has had time during the course of the afternoon to confirm that the Workplace Safety and Health Inspector who did inspect the explosion scene at Bell Foundry on April 30th did not have an opportunity to talk to any workers at the work site. Has he had opportunity to confirm that?

**MR. SPEAKER:** Order please. I suggest to the honourable member that the question is a repetitive question that has been asked before today. The Honourable Member for Churchill.

**MR. COWAN:** I thank you for your guidance, Mr. Speaker, but I would point out that I was asking the Minister if he has had opportunity over the course of the afternoon, because I know that when we had addressed that question to him earlier this afternoon he was unaware of the actual circumstances. So my question to the Minister is, has he had opportunity to confirm with his staff over the course of this afternoon, that the Workplace Safety and Health Inspector who made the inspection at Bell Foundry on April 30th did not have an opportunity to talk to any workers or any representatives of the union of the Workplace Safety and Health Committee at that operation.

**MR. SPEAKER:** Orders of the Day. The Honourable Minister of Labour.

**MR. MacMASTER:** Mr. Speaker, I said this afternoon, and I repeat it again this evening, I am satisfied with the entire outcome of that particular situation.

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

**MR. COWAN:** Thank you, Mr. Speaker. I would just ask the Minister then to confirm that he is satisfied when a Workplace Safety and Health Inspector goes to an operation to make an inspection as per the requirements of the Workplace Safety and Health Regulations 204/77, Section 8, that that Workplace Safety and Health Inspector does not talk to any of the workers involved in the accident and does not talk to either any representative of the union, any worker at the operation, or any member of the Workplace Safety and Health Committee I would ask the Minister to confirm that in his opinion, that is a satisfactory procedure.

**MR. SPEAKER:** Order please. The question has already been answered. The Honourable Member for Emerson. Order please. The Honourable Member for St. Johns on a point of order.

**MR. SAUL CHERNIACK:** Mr. Speaker, we often become accustomed to hearing members on both sides hollering out but I think, Mr. Speaker, that one has to note — yes, and I'm one of them — but not to the extent of people calling out insults which are unwarranted and which should be controlled. Mr. Speaker, lest there is any doubt, I am speaking about the Member for Rock Lake,

my old Sergeant who has forgotten what it is to leave the ranks and become a person.

**MR. SPEAKER:** Order please. May I suggest to all honourable members that personal insults are not the best way of dealing with matters in the Chamber. The Honourable Member for Rock Lake on a point of order.

**MR. HENRY J. EINARSON:** In response to the Member for St. Johns, Mr. Speaker, I have listened here all through this session, and I want to say to all members opposite, they have been given far more than leeway when it comes to the Question Period and I can tell you, Mr. Speaker, I have sat here very patiently for many weeks on end listening to speeches that the members have made, rather than asking questions.

**MR. SPEAKER:** Order please. The Honourable Member for Rock Lake had no point of order. The Honourable Member for Emerson.

**MR. ALBERT DRIEDGER:** Thank you, Mr. Speaker. I have a question to the Minister of Agriculture. The Province of Manitoba has been without the services of a sheep specialist for the past months. Could the Minister indicate when, or if and when he intends to fill that position?

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

**MR. DOWNEY:** Yes, Mr. Speaker, we plan to fill that position.

**MR. DRIEDGER:** To the Minister of Agriculture, a supplementary question. Could the Minister indicate when?

**MR. DOWNEY:** Very shortly, Mr. Speaker.

**MR. DRIEDGER:** A final supplementary, Mr. Speaker, to the Minister of Agriculture. Could we have a more definite definition of that?

**MR. DOWNEY:** Yes, Mr. Speaker, I will have that announcement made at the annual sheep sale in Brandon this coming Saturday.

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

**MR. EVANS:** Thank you, Mr. Speaker. I would like to address a question to the Minister responsible for Environmental Management and ask the Minister if he could report to the House whether any progress has been made on the removal or transfer of the Vercaigne Hog Ranch from the entrance of CFB Shilo to some other location, which I believe was a promise made by the Conservative Party in the 1977 election in Brandon.

**MR. SPEAKER:** The Honourable Minister responsible for the Environment.

**MR. RANSOM:** Mr. Speaker, we have been able to fulfill many of our campaign promises, but that one will take a little longer.

**MR. EVANS:** Thank you, Mr. Speaker. I appreciate the Honourable Minister has a difficult problem, but I wonder if he could advise whether there is any timetable or any schedule of when this might take place, because during the 1977 election the voters were told it was going to take place within months of the election of the Conservative Government in Manitoba.

**MR. RANSOM:** Well, Mr. Speaker, there have been a number of possibilities examined there in terms of trying to rectify that problem, ranging from providing sewage service to the site on the Forces Base system in order that the hog operation might be removed and the housing development take place, and I believe that possibility didn't materialize. There have been further discussions between the Base and the municipality and Mr. Vercaigne as well and I expected by this time to actually be brought into the negotiations or the discussions, but I have not heard anything recently. But now that the honourable member brings it to my attention again, I'll certainly get an update on what's happening there.

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

**MR. EVANS:** Thank you, Mr. Speaker. I thank the Honourable Minister for that information, and would ask him if it's still the policy of the government of Manitoba, as it was under the New Democratic Party administration, to pay, I believe it was up to half of the removal costs, sharing same with the municipality in question. Is that still the policy of the government?

**MR. SPEAKER:** The Honourable Minister responsible for the Environment.

**MR. RANSOM:** Yes, Mr. Speaker, that section of the Act has not been changed.

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

**MR. COWAN:** Yes, thank you, Mr. Speaker. My question is to the Minister of Mines, Resources and Environmental Management. Can the Minister indicate the current status of the movement of the PCBs, the Polychlorinated Bi-phenyls from the Province of Manitoba to a disposal site in the States. Can he indicate if that transfer has actually begun yet, and if not, why not?

**MR. CHAIRMAN:** The Honourable Minister responsible for the Environment.

**MR. RANSOM:** My understanding, Mr. Speaker, is that both Manitoba Hydro and Winnipeg Hydro have made arrangements for removal of PCBs to a storage site, I believe, in Oregon. I'm not certain whether the actual removal has taken place at this time.

**MR. COWAN:** Yes, thank you, Mr. Speaker. To the Minister of the Environment. Earlier in the year he indicated in Press reports that he had some concern that that movement could be accomplished safely and without danger to the people of the province, and to the moving agency. Can the Minister indicate if he has reviewed the transfer plans, and can now report to the House that his concern about that safety has been allayed?

**MR. RANSOM:** I don't recall the discussion that the honourable member is referring to, Mr. Speaker, although I certainly am concerned that the transportation is carried out in a safe manner. I believe there have been some experiences over the past year or two with the transportation of PCBs interprovincially where some problems developed, and I believe that people involved in that sort of operation now are more aware of the sort of problems that can develop. I know that Hydro and Winnipeg Hydro are concerned about that, and I have not specifically personally investigated the circumstances and the regulations governing transportation of this particular lot of PCBs, but I certainly would be happy to raise that question with my staff just to confirm that in fact they are satisfied.

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

**MR. COWAN:** Yes, thank you, Mr. Speaker. Can the Minister indicate how much of the current inventory of PCBs in storage in the Province of Manitoba is being transferred by this latest move, and what quantity of the PCBs will be left behind?

**MR. RANSOM:** I don't have those figures at hand, Mr. Speaker, but I'd be happy to take the question as notice.

### ORDERS OF THE DAY

**MR. SPEAKER:** Orders of the Day. The Honourable Government House Leader.

**HON. WARNER H. JORGENSON (Morris):** Mr. Speaker, it would be my intention, prior to the Private Bills Committee meeting tomorrow night, to call Bills No. 31 and 41 so that we could deal with all of the Private Bills on the Order Paper prior to that time, and I'll either do that tonight if we get through the preliminary stages of the introduction of the Supply Bills, or perhaps tomorrow morning. But I would ask honourable members if they could be prepared to deal with those Bills so they could be referred to Committee tomorrow night.

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

**MR. GREEN:** Well, Mr. Speaker, I wonder if the honourable member would call Bill No. 31?

**MR. JORGENSEN:** Yes, Mr. Speaker. I'd be happy to do that right now.

**ADJOURNED DEBATES ON SECOND READING — PRIVATE BILLS**

**BILL NO. 31 — AMENDMENT TO INVESTORS GROUP ACT**

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

**MR. FOX:** Mr. Speaker, I adjourned this Bill on behalf of the Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, this is a very interesting bill. It involves a corporation that was incorporated by a special Act of the Legislature in 1940. And as some members may know, Mr. Speaker, there are several ways to become incorporated.

One of the ones that is used most notably by the average citizen is to apply for Letters Patent, and to make an application to — it used to be the provincial secretary — now I believe it's the Registrar of Companies and the provincial secretary issues a charter and one becomes a corporation with all the powers incidental thereto.

The other way of becoming incorporated, Mr. Speaker, or at least, another way of becoming incorporated is by having an Act of the Legislature enacted establishing you as a corporation. Why that method is used, Mr. Speaker, is not entirely clear to me except that in some cases it's not possible through a Provincial Charter to gain some of the special requirements that one wants in an incorporation.

We have now, Mr. Speaker, the unusual situation of one of the more or better known corporations in the Province of Manitoba, asking in effect that its special Act legislation be rendered negatory, and that the corporation become incorporated as if it was incorporated in the normal way by application for Letters Patent under The Companies Act of the Province of Manitoba.

Mr. Speaker, I'm very interested in knowing why this particular Bill is being enacted and I think Mr. Speaker, that the Minister of Finance, although he is . . . —(Interjection)—

**MR. SPEAKER:** Order. Order please. I was wondering if we could have a little bit of order in the Chamber so I can hear the comments of the Honourable Member for Inkster. The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, I was indicating that the Minister of Finance, who I note is occupied at the present time, should pay special attention to this Bill to see whether the enactment thereof is going to do anything with respect to protecting the taxation integrity of the Province of Manitoba with regard to Investors Syndicate.

I also say, Mr. Speaker, that it would appear from this Act that one of the reasons that it is wanted is so that Investors Syndicate could fold up its tent and silently steal out of the Province of Manitoba, something which they could not do if they were incorporated by special Act which would require, Mr. Speaker, their Head Office to be within the Province of Manitoba.

And if that is, indeed, the intention of Investors Syndicate to use this legislation to say that they are becoming like the average citizen in order to leave the province because they are unhappy with the present business climate, I guess that must be the reason. Then I question, Mr. Speaker, as to why they should be seeking legislative assistance.

Now let me make it clear, Mr. Speaker, I'm not interested in keeping any corporation as a captive in the Province of Manitoba and as we have seen over the last several years, numerous corporations have used free Manitoba atmosphere to get out of the province. We have Host Rent-a-Car, we have Greb Shoes, we have the head office, I believe, of Hudson's Bay, Shaino's. There is a list of companies — the Minister of Economic Development is shaking his head; if I've made a respect to some of them, I'm sorry — but Electro-Knit, Grey Goose has moved their head office. I mean, there appears to be a whole series of businessmen who just can't stand the climate that has been created by the Conservative Government in the Province of Manitoba and are leaving the province.

I, Mr. Speaker, have never felt that people should be kept here against their will. I would not be giving them special incentives to stay, but I would not be wanting to keep them here against their will, nor would I want to do that with regard to Investors Syndicate.

But if Investors Syndicate came to the Province of Manitoba on the basis that they would have a special Act incorporating them here then, Mr. Speaker, I certainly don't think that we are obliged, after having given them certain privileges which they came to a Legislative Assembly to get, I certainly don't think that we should feel obliged to make it easier for them to possibly have some adverse

effect on our province.

I am aware, Mr. Speaker, that the people who form the controlling forces of Investors Syndicate, those that were in Manitoba and I'm not sure that the control still is in our province, they don't like to be told by a government what they are to do. They like to have the power in their own hands and like to have the power to be able to wield their corporate strength in terms of getting government concessions. I say this, Mr. Speaker, not from speculation but from firsthand knowledge of various corporations who told us when we were going to raise the corporate tax, that we had better watch out because of the repercussions that would follow with respect to that.

I would think, Mr. Speaker, that the —(Interjection)— Mr. Speaker, I have never made that accusation. Mr. Speaker, I have made that accusation — not accusation — on numerous occasions, that various people of great corporate strength like to have the government under their control, and there are certain governments that they can control more likely than others. All I'm suggesting, Mr. Speaker —(Interjections)—

**MR. SPEAKER:** Order please. May I suggest that we have one speaker at a time in this debate. The Honourable Member for Inkster.

**MR. GREEN:** I think, Mr. Speaker, you are probably wise because you have the experience of knowing that when I get a remark of that kind from across the House, I make a ten minute speech about it, and I'm going to tell the honourable member that when an insurance company is invited into our province to loot my property, I will tell them that when they come they had better buy a return ticket. That's exactly what I said, that the road from Toronto to Winnipeg is also the road from Winnipeg to Toronto.

They are not bringing anything to my province; they are coming to take things away from me. And those people who are coming to take things away from me, Mr. Speaker, I don't see why I should welcome them. They are coming to take my property and the property belonging to all of the other citizens of the Province of Manitoba, and apparently they had a government that was willing to give it to them.

**MR. SPEAKER:** Order please. May I suggest to the honourable member, I realize he wants to debate with the Honourable Member for St. James, but we do have a bill before us and the subject matter of that bill is the topic of debate.

**MR. GREEN:** Mr. Speaker, I want to say that while this morning I disagreed with you, this evening I agree with you entirely, that I was off the subject. I was induced off of it and I will get back to it.

I say, Mr. Speaker, with regard to this legislation that I am going to want to know whether this will facilitate Investors Syndicate moving any of its head office out of the Province of Manitoba or in any way prejudicing the financial position of our province relative to Investors Syndicate that we have by means of a special Act. And if we do, Mr. Speaker, then despite the fact that I don't like to be a captive province, I also do not believe in giving up the advantage which this company has obtained by asking for a privilege to be incorporated by special statute.

So I say to my honourable friend, the introducer of the motion, that I will want to question the company on this and that if indeed this statute facilitates a move by Investors Syndicate out of the Province of Manitoba insofar as its head office or anything else is concerned, then I for one would not feel that I would want to facilitate them having given them a privilege in 1940 which they are now seeking to have undone, obviously for their benefit and not for the benefit of our province.

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

**MR. WARREN STEEN:** Mr. Speaker, when I introduced this bill accouple of weeks ago, I mentioned at that time that the prime reason that the Investors Syndicate wanted this bill to go through was so that they could fit The Corporation Act, which was brought in by the former government I believe, in 1976. The Member for Inkster has raised the point which I do not have an answer to: Does this bill facilitate Investors being able to be in a more favourable position to move their head office out of Manitoba? I have never asked the directors of the company nor the officers that question, but the officers of the company have said that they would make themselves available at Committee on Wednesday night and would answer any questions from any members of this Legislature pertaining to this bill.

So with those few remarks, Mr. Speaker, I would recommend that we pass the bill and send

it on to Committee.

**QUESTION put, MOTION carried.**

**MR. SPEAKER:** Is it the intention to carry on with Bill No. 41?

**MR. JORGENSEN:** Well, Mr. Speaker, the Member for Wellington holds that in his name and he's not here, so we'll just delay that one and hopefully he will be in the House sometime tomorrow so that bill can be passed and we can send it on to the Private Bills Committee.

Mr. Speaker, I move, seconded by the Minister of Health, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

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

### COMMITTEE OF SUPPLY

**MR. CHAIRMAN, Mr. Albert Driedger (Emerson):** Committee come to order. For consideration before the committee is Item 10, Hydro Rate Stabilization. The Honourable Member for Inkster.

**MR. GREEN:** Yes, Mr. Chairman, I was in the process of concluding my remarks. I gather that the Minister of Finance will be back, I expect that, but I do think that I can continue. I was going to make some general remarks and perhaps I can make them. They won't be anything new to the Minister of Finance.

I was indicating, Mr. Chairman, that there were some real problems with this particular tactic insofar as the Progressive Conservative government was concerned, and that the more serious of their problems, other than the fact that they have inherited a very good Hydro system with stable rates, which they consider a problem but which I don't really consider much of a problem, is that Mr. Chairman, they will have compromised their position vis-a-vis user pay and using of Consolidated Revenues to stabilize prices of any kind in a way which would be irreparable from their point of view. I refer, Mr. Chairman, to the other day when the Member for Pembina was talking about the Crowsnest Pass Rates, and said that somebody was going to subsidize the amount of Consolidated Revenue and how terrible a thing this would be, because it would have to be paid for in any event, and that that's not the way things should be done.

Mr. Chairman, every time a member of this side of the House has got up and said something about seeing to it that there was a stable price for bread and paying for it out of Consolidated Revenue, or seeing to it that there is a stable price for milk, paying for it out of Consolidated Revenue, we've had the argument on the other side that we can't do that, that's doctrinaire socialism, we believe in user pay.

Mr. Chairman, a better example, one which is closer to home, is the transit system. For years, this government stabilized, we froze transit rates in the city of Winnipeg — for a period of eight years? Did we freeze them for the entire period? —(Interjection)— Not five years. We froze transit rates in the city of Winnipeg for eight years. They were stable. Did we get congratulated for it by the Conservatives? Did they maintain a rate freeze? No. The Conservatives on city council and the Conservatives in this House all said the same thing, let the loser pay. The guy who rides the transit is a loser; he's using it, let him pay for it. And to have Consolidated Revenue pay for it is doctrinaire socialism.

Well, Mr. Chairman, in the haste and in the frantic desire to get out of having to admit that you've got stable rates, you have adopted Karl Marx. And that's what the members of the Conservative government have done, they have adopted what they have always said is Marxism — class warfare, hatred, doctrinaire socialism, these are the identifying marks by which you have given that type of policy. And I rather welcome it, Mr. Chairman. It's something that you are going to have to live with, it's something, Mr. Chairman, that we will be able to use in future, both in opposition and in government, and it's something that you will never be able to live down.

It often happens, Mr. Chairman, when a government does something that they think is tricky, that they are clever by half and that the other half suddenly comes back to haunt them. I suspect, and suggest, Mr. Chairman, that that is what is going to happen with this so-called Hydro Rate Stabilization Fund. I was asked earlier by the Member for Lakeside whether we are going to vote for the bill. Mr. Chairman, I tell the honourable members to wait in anticipation, because I'm sure that our position on the bill will commend itself to the people of the province of Manitoba.

**MR. CHAIRMAN:** Resolution 1. The Honourable Member for Seven Oaks.

**MR. SAUL A. MILLER:** Mr. Chairman, I have a couple of questions of the Minister that perhaps I'd like to get answered. The \$31,300,000, I notice that it's shown here as Hydro Rate Stabilization (Statutory). "I'd like an explanation of the word" statutory in there, because my understanding of it would be that really it's not to be voted upon, and I think it does say later — yes, in the third line, it says, "not required to be voted".

In other words, what is being asked for here is an amount which doesn't come to a vote. The Legislature is not asked to vote on it. It's simply part of the statutory requirement like the funding of public debt, from here on in.

Mr. Chairman, I was asking the Minister to explain how it is that we have before us this particular item, \$31,300,000, which is obviously going to be a statutory amount and it cannot be voted on, as we cannot vote on all that we discuss, the public debt and the payment toward the public debt. And so I'm wondering how this can be put before us at this time when in fact the powers to declare this as a statutory appropriation is contained in Bill 60, which was only introduced I think today and which really has not yet been passed on and hasn't become law. And yet here we are being asked to, well obviously not vote on, but to approve or disapprove vocally in our remarks about \$31,300,000 which could not be classified as statutory until the actual bill has been debated, discussed and then voted upon, and for all we know, it won't pass. And if it doesn't pass, then really this \$31,300,000 as a statutory item simply couldn't be acted on. So I'm questioning really, the sequence of events which we're facing at this point in time.

The other is, the \$31,300,000, could the Minister give a breakdown, as I'm sure he has — I'm not going to try to tie him down to the last dollar by any means — but can he tell us how this \$31,300,000 is made up? Is that for certain foreign exchange payments, certain interest payments, and the redemption of a particular loan which has come due or which will be coming due in the fiscal year of 1979-80? I'd like this question answered before we go into some greater detail on the amount itself.

**MR. CHAIRMAN:** The Honourable Minister.

**HON. DONALD W. CRAIK (Riel):** Mr. Chairman, I'm standing at a disadvantage. The member quit while I only got one shoe off — I was trying to cool off before we got into the heat of the debate here so I have to stand on my toes on one side unless I get my shoe back on on this other side so I can stand at full height and reach my microphone. We will, of course, deal with that at the Committee stage, we'll give you the breakout on that.

The 31(3) is primarily, it's the Swiss Franc issue repayment that is the 18th of June of this year, and there are payments on two other issues, one Deutsche mark, and the third I've forgotten. I'll have that for you shortly, and if I don't have it for you shortly, I'll have it for you in the Committee stage. And that is the breakout of the 31(3).

But Mr. Chairman, I can't let this item go without remarking, of course, on the comments made by the Member for Inkster this afternoon when he dealt with it, and the Minister responsible for Economic Development says, "Why bother?" And to a certain extent he's right because we're going to be repeating this argument over and over and over again, and as the House broke up at 5:30, I couldn't help but think and mention to the Member for Lakeside, the Minister of Highways, it seems that since 1966 when he and I first entered this House, and some members opposite entered as well, including the Member for Seven Oaks, who is with us here tonight, that the Hydro issue has been one that has come to the surface quite frequently, and is going to come to the surface again very frequently, and is going to remain a major issue over the next several years, and perhaps decade, in this province, because it's going through the transition period, Mr. Chairman, from being not only a service utility to the people of Manitoba, but is going to become a prospect for the people of Manitoba to look at and look upon as other than just a pure utility in terms of serving the people of Manitoba.

And I couldn't help but think, Mr. Chairman, in all of the debate that it's just unfortunate that the members opposite could not have picked up the Budget Debate and been able to say, "Ah Hah, so you misled us", which they are so wont to do. They either want to prove that there's something dishonest, or that the government is going to mislead, or the government is going to do something else, like last year they did, Mr. Chairman, when they said, "You know, it's not quite honest. It's a lie. It's a bald-faced lie", all of which lie on the record, but their great difficulty in wrestling with it is that there's nothing very complicated about it. You don't even have to be an accountant, or a high-priced lawyer, to figure out what's going on, and as complicated as you want to make it, it just isn't there.

Mr. Chairman, there is nothing in this Budget with regards to Manitoba Hydro that isn't what it says. It says very plainly that it's a guarantee by the Province of Manitoba.

It says first of all, that if the foreign debt obligation is lifted, that these moves alone will, we believe, provide the utility with sufficient elbow room, not only to hold its rates fixed for this period, but also to rebuild its reserves to a more appropriate level.

But then the next one, Mr. Speaker, says, and I've said this before and I'll say it for the fourth time, but come what may the government will guarantee the utility in this undertaking. We underlined the first part; we didn't underline the second part, because we think that the second part is less likely. If you go through it, it calls it a guarantee, and that's what it is. We've never called it anything else. Mr. Chairman, when you really get down to it, all the fuss and all the bluster that's going on really is, in the words of some members opposite, when they use the word "laughable", which I don't think is laughable because they referred to the foreign currency problem as being laughable. I don't consider it laughable. I consider it very real. This year it's going to cost \$31 million. I think that over the period of five years it likely will cost \$110 million, but I would like to ask, and this is one point that's not very clear and I can't ask, Mr. Speaker, but my belief in reading between the lines of what they're really saying across the way is if they had remained in government, they never would have recognized that as an expense. They keep talking about a rollover, Mr. Speaker, and they get up to the point, and it may even be on the record back some time ago, I think that really probably what they planned to do was, when there was an issue came due, when the term ran out, that they didn't expect to really pay off the issue and recognize the loss. All they wanted to do was probably to roll it over.

And somehow, if the CICA intervention suggestion — not intervention in that it's not a rule — or if the American concern about these things under their so-called FASB8 had not come to surface, all that the former government would have done was, when the due date came due, they would not have recognized that the pay-back on the Swiss francs was not now \$40 million but \$67 million. They would have simply said, "We will take out a new issue for 67 million francs regardless of the number of dollars it translated in, and somehow we would have worked it into the books, but it never would have shown up as an expense for either the utility or the government."

Now, I may be wrong but I keep getting that impression, that what is really at the root and the bother of the people across the way is that having to meet that debt obligation is at the root of it. It's never said very clearly. And if I'm wrong, they'll clarify it and then we'll all be clear and the record will be clear. They can say that they didn't intend to do that. I think they did intend to do that. And I think that they've got up to the point of saying it, but they haven't said it.

So what they've said, is they've tried to take our numbers and fuddle them around to the point where they've got some people confused, and got them to admit unwittingly that there is going to be not a problem; if you just leave it alone, it'll go away; and if we just wait, things will all sort themselves out.

But, that's No. 1. I think that that's what they plan to do. I don't know that, but I keep reading that in between the lines of what they're saying. They may want to clarify it. So, let's say that they did not intend to do that, but they intended to meet the debt when it occurred. And the current Swiss franc issue that comes due next year, and had an option for this year, which they've agreed has made good sense to exercise some kind of an option on it; we exercised a 12 month option on it to carry out for the next year because the interest rate is very low for a one-year term, and we did — that they did not want to really recognize the loss that would occur when you paid back the original one and took out the new one.

I think that's more at the root of what's bothering them opposite, then anything else. But those were the conditions that were taken out. And that is basically what the agencies are saying in all of this, and that is what I think any honest accounting practice would do, was to recognize the loss. And I think it's bothering them, Mr. Chairman, and to repeat again, I'm sure that if I'm wrong, they will certainly correct me. But we'll find out, because they'll be given an opportunity to say it.

Now if they do recognize it, Mr. Chairman, it then boils down to a simple fact of life: What would it cost over that period of the five years in addition to the \$31 million that's contained in the item here this year? And the projections as of April 1 were that it would cost \$110 million. The projections as of today are a little higher. The projections of next week might be a little lower; they might also be a little higher, we don't know. But is the projection of today any less than the book value, and the book value is the value that would be obtained if the currency shifted so that the \$110 million were wiped out and you were back to zero. And as I have said before multi times and will say again, that I don't think you're going to find one out of ten prognosticators in this field that would suggest to you that there is a better chance of getting back the book value than ending up where we are right now.

I happen to think that the \$110 million figure over the next five years is probably about as good a guess of where we're going to be as any guess you want to make, and that's what it is. But,

you know, you have to make a decision when you are in government and when you're in any decision-making position, you have to make a decision as to what you are going to do.

The chief accountant for the Manitoba Hydro said last Saturday at the committee, and I didn't notice anybody quoting him, the chief accountant for Manitoba Hydro said, "To not recognize the obligations on foreign debt is to stick your head in the sand." And he repeated that more than once. Well, it must be perfectly obvious because the first one occurs on the 18th of June of this year, and that's only six days away, and it's going to cost \$27 million. You know, what could be more obvious. And they keep talking about, if you just forget about it, it will go away. Well, it's got to go away in six days for that first one. We could have taken a year and six days at twice the interest rate, and hope that it went away a year and six days from now. But it isn't. You have to make a decision; we made the decision. I happen to think that they would probably have made the same decision. I think they have also said that they would have made the same decision. Had they made the same decision and decided to take the pay out of the issue as a loss, rather than some sort of a rollover that would not be recognized by any national accounting procedure, either in Canada or the United States, then there is no option, you take it.

So you take 31 away from the projected 110 and this week, which is probably closer to 116 because of the shifts in the currencies and say, well, what's going to happen to the rest of it, you've got four years left on that and five years left on the rest of it, what's going to happen to it?

Well, Mr. Chairman, as I say, when you are in the position of having to make a decision, you make it and you make it on the best information you have got and the best information is that it is going to probably be closer to that than it's going to be closer to zero.

Now the other thing is, what is at the root of it all? Well, the members opposite are trying to turn it into some sort of a Machiavellian plot. Well, tough luck for them. Mr. Chairman, when it really gets down to the bottom line, what is more important in terms of what we do here, in winning Brownie points against one another, or setting policy that's in the interest of the people of Manitoba? This government happens to think that setting policy that's in the interest of the people of Manitoba is the most important. And in terms of doing that, we said, Mr. Chairman, and I said today if they want to get in on the credit, more power to them. You know, join the party, but just start explaining, Mr. Speaker, why the rates are where they are.

Why is Winnipeg in the average household right now, paying a higher rate on April 1 than Regina, Edmonton or Vancouver? Why, Mr. Chairman? Why, Mr. Chairman, when five years ago that was not the case when Winnipeg was very substantially lower than all the rest? No, they make the point, you know. They're trying to get in and say that the rate freeze is possible because of us. It certainly is. The rate freeze would never have been necessary, Mr. Chairman, if the costs of power in this province had remained somewhere reasonably in line with the tradition which people in this province had grown to accept and expect. And that always escaped the members opposite and you can't tell me they ever had a policy that they were prepared to give to the ratepayer. They had a policy, Mr. Chairman, but it was not a policy that put the ratepayer first.

Mr. Chairman, I repeat again that I asked in 1974, and it may well have been asked many times and I remember the former member for Manitou, George Henderson who sat in the House, asked it over and over again. He insisted on it. He was obsessed with it. He understood, he knew what the people wanted. He knew what people historically had understood in this province, that we did have power at a price that we could expect. We have few blessings, but that was one of them, and one of the ones was that you could get power at 10 mills per kilowatt hour, and for prompt payment up until 1968 you could get a 10 percent discount, Mr. Chairman. In 1968, there was a 6 percent overall increase in rates.

That was understood. The members opposite, I don't believe, ever understood that. They never put the ratepayer in front. Their policy was simply predicated upon the basis of what they wanted to do and their grand design. And they hired a man that gave it to them and they never understood, I don't believe, Mr. Chairman. I don't believe there was any massive plot on their part to allow what happened. I have some doubts about that statement, but I'm very uneasy in suggesting that they had any real understanding of it; I don't think they did. Because if they had, they would have paid the attention to what was going on that they are attempting to do now. Never before, Mr. Chairman, have the members opposite who are making the noise now, did they ever respond in debate to show any insight as to what was happening in Hydro.

I think they were plenty happy to let things ride as they were, capitalize the interest charges, keep it going, run it out for six years. You can do that on a Hydro project. You can capitalize interest charges for a long time. I told you today that on Limestone, interest charges are still being capitalized. There's a \$15 million item in there, but it's getting smaller and smaller and smaller and that's shrinking all the time. The interest charges are shrinking that are being capitalized. I think that their real intent was, look, these things are a long enough term, we can borrow the hundreds of millions to do the capital projects and we'll capitalize the interest charges, we'll prime the economy,

which it will do — there's no doubt about that, it will do it — and we'll just carry on.

So, Mr. Chairman, who really is out to look after the interests of the taxpayer, the ratepayers in Manitoba? It wasn't the members opposite.

So you have, Mr. Chairman, regardless of who wants to jump in on the bandwagon once it happens, and obviously by the reaction of the members opposite, they didn't even know what was happening. They sat there stunned. They didn't really know what was happening. They didn't even know it was possible. And after having been in government that long, you would think that they would have known if they had any grasp of what was happening in this matter, which compromised a major, major part of the total economic capital investment activity of the Province of Manitoba, that they would have had a grasp of what was happening. But they never did. And they sat by and listened to their Chairman of the Manitoba Hydro in 1974 say that they would take 15 to 20 years for the power rates to double. They sat by and listened to that. And now they're experts. Because, you know, it's the first time I think that they've ever had what is the closest thing to a cost benefit study put in front of them.

They never probably had or asked for, — which is even worse — they never asked for

**A MEMBER:** It's not a cost benefit study.

**MR. CRAIK:** Well, he says it's not a cost benefit study. I don't call it that. I call it the closest thing that they ever saw to it; the closest thing they ever saw to it. They never asked for a projection on rates because, Mr. Chairman, the record is pretty clear. When it was asked for in 1974, it was ruled out of order. When it was asked how long for the obvious to happen — that is for power rates to double — because if they had had any sense of the fragility of the Manitoba rate base, they would have known that you can't invest \$2 billion without having a major impact on your rate base.

Mr. Chairman, they didn't know. The worst condemnation of the members across the way is not that they had any plot against the whole structure of what was going on; they just never understood. —(Interjection)—

Mr. Chairman, I'm going to tell you that my worst fear when I walked in after October 24th of 1977, the thing that haunted me the worst was that I fully expected that what was going to be required to catch up with that capitalization of interest charges, was a 50 percent rate increase. I have to tell you that quite frankly.

It didn't happen; it hasn't happened. We were bailed out by good fortune. The good fortune was mentioned on Saturday. The good fortune wasn't planned; it happened because of Iran, it is happening because of Three Mile Island, it is happening, and that is all. It wasn't planned; it wasn't anything. If nature had taken its course, we had planned for the domestic market, the domestic market had been waited to build up to where we wanted it, we would have had a 50 percent rate increase over what it was then.

As it's turned out, it's probably closer to about 30 percent. We've been saved by about 20 percent by good fortune, by the misfortune of others, and that is about it.

So, Mr. Chairman, with that recognition —(Interjection)— with that recognition, Mr. Chairman, and the fact that the preoccupation of the government to guarantee to the people of Manitoba something that they could grab on to, after years of having been buffeted, being buffeted like they've never been hit before by rate increases, where we saw the rates double in a period of two years; after having been exposed to a campaign — a deliberate campaign by the former government — to put in electric heat, get on the line, consume all you want to, do it now sort of thing, they saw in a period of three years their rates go basically from 10 mills to 22 <sup>-1/2</sup> mills and now it's at 25, or whatever the figure was that was given Saturday, the average figure is 25.6 or 25.7 mills.

We've seen our position go from being next to Quebec the lowest, and almost as low as Quebec at that, from about that 10 mill level to the point where, at the time in 1969 we could have counted basically on Saskatchewan having 1.5 cent power, us having 1 cent power, or a substantial advantage, 15 mills versus 10 mills, higher only basically than the Province of Quebec in all of Canada. We've gone to the position now that as of April this year, we don't have an advantage when we're dealing on the western power grid. We can't offer them at this point a cost of power that is much different. As a matter of fact, it's probably not a bad time to enter negotiations as such.

But that wouldn't have been the case ten years ago. We would have entered with a power grid offer where we would have had power that was very much under those to the west of us.

So, that's the story, Mr. Chairman. I only say in final conclusion, you work out all the arithmetic you like. But if you want to get in on this move to guarantee to the people of Manitoba a fixed power rate, just remember, you never did that. When you were asked for it, when the members opposite were asked for it during the course of the years that they were in government, they shied

away from it. They didn't only shy away from it, Mr. Chairman. If they knew —(Interjection)— I don't think they knew, I'm not going to accuse them of that; that sounds like a tactic the Member for St. Johns would use and maybe it's because I've been exposed to him too long, I'm not going to accuse him of that.

Let me suggest that, in March of 1974, when the Chairman of Hydro was asked how long it would take for the power rates to double and he said 15 to 20 years, and 36 months later they were doubled, they were 198 percent on average of what they were at the date that that was asked, within that 36 months later. —(Interjection)—

What was the government's policy? Was it people first? Was it ratepayer first? The obvious answer is no. So, Mr. Chairman, boil all this out any way you want to, get in on it, say that 2.5 cents per kilowatt hour is a good price — if you think it is, you haven't said that yet — I don't think it is; I think it could be much less than that; always have thought it could be much less than that; still think it could be much less than that, I'm not going to debate that, but if you want to do it, then also answer why it's at that and why did you allow the people to be told at that point in time that it would not be that, that it would take 15 to 20 years for it to hit 20 mills?

Was it one dry year, Mr. Chairman, 1976 — one dry year that occurred and descended upon the members opposite from six month's notice I gather from the Hydro people now — or was it simply that they really did never have a Hydro policy, and now it's occurring to them that maybe they should have?

But, in the meantime, let's get one thing straight. The Budget Speech has simply said that we would repatriate the debt from Hydro to the province and as a result of that, and I'll read it to you again, "The government will lift all foreign debt from Hydro retroactive to April 1, 1979, and recalculate it on the basis of Canadian debt at various interest rates corresponding to the rates in effect on the dates on which the foreign issues were taken out. I will be introducing necessary legislation for this purpose; that's in the House."

And I underlined, "These moves alone will, we believe, provide the Utility with sufficient elbow room, not only to hold its rates fixed for this period, but also to rebuild its reserves to a more appropriate level."

Is there anything wrong with that, Mr. Chairman? A pretty simple statement of fact. The next one is, "But come what may, the government will guarantee the Utility in this undertaking." We didn't make a big issue of that. We simply said if you get a repeat of 1976, you may still have a problem. And if there is a repeat of 1976, as was also stated on Saturday, not in those words, but one dry year of the measure of 1976 could still cause a problem.

There's nothing very unusual about it. If we did nothing; if we did absolutely nothing and everything went well and we got average flow conditio and we didn't lose the power connection to the United States, and that if everything came on stream next April, and we don't now have the aluminum to build the lines that are supposed to go on next April, Mr. Chairman, if all the "if's" did not occur adversely, there's a good chance that the Utility would have ended up not being in the hole but might have had \$28 or \$45 million worth of reserves, and that is pretty minor when you really get down to it — that is pretty minor. If that is all the members opposite have to hang their hat on, they're treading in very shallow waters.

So what it really says is that come what may — now I realize how important that statement really is; that come what may, the government will guarantee and we've never claimed it's anything else but. We said basically, the ratepayer comes first, the ratepayer is going to get that guarantee, the Province of Quebec gave it to the people a year ago; there was nothing unusual, they couldn't say zero. They said you're going to get a rate increase of 11 percent and a rate increase of 12 percent but they projected and they knew, and the Province of Quebec ran their Hydro projects in such a way that they could know. The Province of Quebec runs a good Hydro program. The Province of Quebec took the responsibility for that prediction. The former government here never did. When they were asked what the cost of power would be five years from now, they ruled it out of order. How long will it take to double? 15 to 20 years.

An irresponsible energy program with a natural resource that was the heritage of this province and they scoffed at it, and they laughed at it and they made a joke of it. And they said: "What about the Hydro rates?" And they really did laugh about it. The Member for St. James can tell you the real story on that one. He can tell how seriously the members opposite . . . So now they're caught out so they're digging, and they're digging into the financial statements which they said were only revealed because they had to be revealed.

Mr. Chairman, they were revealed because it's the desire of this government to give the necessary information. This government has given more information on financial affairs than has ever been given in this House in ten years, every inch of the way — every inch of the way. So they suddenly became desperately interested. They had to find out and they found out. So then they had to take and they had to try and move it around to some artificial position that justified that there really

wasn't any problem at all. Well, Mr. Chairman, I'm not going to argue on that; I'm just going to say I hope they're right. Because, Mr. Chairman, we in Manitoba could be so lucky, because it's the people that are going to gain, Mr. Chairman, in the long run and they can worry about the fact that they've never understood the issue which they never have and maybe they never will, but at least they're realizing now that it is a serious part of life in Manitoba, it is a heritage that we can capitalize on, and I can tell you that this is a first chapter only and this government is going to capitalize on those resources for the people of Manitoba and they're going to tell the people of Manitoba what it's all about.

Whether we repatriate the debt or not is not a big part of it. The part of it is, Mr. Chairman, that we are again going to go back to the time when we know and the people of Manitoba know that they have a natural resource that can be utilized, it can be capitalized upon and there is going to be some changes made and there is going to be a government that understands it. A government that understands it, Mr. Chairman, as opposed to a government prior to this that dabbled around with it like it was kind of a boyhood curiosity. And that's the size of the story, Mr. Chairman, that is the entire size of the story. It's not some financial pages that the members opposite want to play with. It's an understanding of the entire Hydro picture.

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

**MR. CHERNIACK:** Mr. Chairman, wasn't that a great speech, Mr. Chairman? I want to congratulate of Finance; that was a good speech. It was out on the platform and he was making it for the people behind him including the Minister of Economic Affairs, who was much heartened by this speech; that was great stuff. We had a history lesson that didn't go back quite as far as the Minister of Finance and his cohorts, who were prepared to flood the north, who were prepared to proceed with development of Hydro power at the expense of the environment, at the expense of people, and this is the history lesson we just got from the Minister, except that he started a little later. The only problem I had in listening to that great speech, Mr. Chairman, is that the Member for Rock Lake kept interrupting his minister and I didn't hear all that he had to say. But we're getting used to that; we're getting used to that, Mr. Chairman.

The Minister of Finance said: "Now what is more important, Brownie points, or setting policy?" Do you see that he's oozed so many Brownie points, he's wallowing in them, Mr. Chairman? What we heard from him was history relating to: "You don't know what you're talking about, we are the smart boys, you'll never know what you're talking about." You know, Mr. Chairman, I must say, either the Minister or I should be congratulated. He only insulted me personally once in half an hour and that's pretty good, but he was quite prepared to attack everyone else on this side on accusations of ignorance, lack of knowledge and ended up by saying: "What are they doing? They're looking at statements." Isn't that a terrible thing, Mr. Chairman? We're looking at statements and we're asking questions, and we want answers.

Mr. Chairman, I will deal with comments made by the Minister of Finance in general, but in specific, I want to reinnd him he has not yet answered the question which I think maybe, Mr. Chairman, you should be asking but I need clarification on. On what basis are we dealing with a subject which is called statutory? Where is the statute which states that this is a statutory item? —(Interjection)—

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

**MR. CHERNIACK:** Mr. Chairman, I sat down because I thought that we're entitled to an answer. Did you hear the answer we got? It's not on the record. But he said we shouldn't be debating it and the Minister for Economic Affairs has made the greatest contribution, as he always does, saying: "Sit down." Mr. Chairman, if he had the authority to rule this House, he would do so from where you're sitting and maybe he'd have some authority and some sense too. But then I guess we expect too much from him.

**MR. JOHNSTON:** Please sit down again.

**MR. CHERNIACK:** See, Mr. Chairman, he's giving his orders and I would be glad — No, I wouldn't, no. I was going to say I would bow to him but I won't; I have the floor, Mr. Chairman. Mr. Chairman, I want to know and I really am entitled to know and if necessary, I'd like you to call in Legislative Counsel or the Provincial Auditor to tell us on what basis we are dealing with an item which is termed statutory. Where is the statute that makes this a statutory item? Mr. Chairman, I think that's a rather important question. It's an important procedural question and I tell you frankly, I don't know the answer. It's not as if I'm asking for a question trying to prove a point because I don't

know the point. I just now noticed Hydro rates stabilization — statutory — and I want to know by what statute are we debating this, Mr. Chairman. —(Interjection)— Well, Mr. Chairman, there's no statute that I'm aware of. —(Interjection)—

You see, Mr. Chairman, that's a pretty irresponsible statement: "We shouldn't be debating it but it's a good topic." I want to know, Mr. Chairman. The House Leader unfortunately — well he hasn't left the Chamber yet, Mr. Chairman, but I'd like to know, do we have an undertaking of some kind that the bill authorizing — that is the Supply Bill — will not be presented until after this item, for example, is made the law rather than what I believe, that it's not the law. And I don't know, Mr. Chairman, whether it's actually in order for us to be debating an item con-statutory, when we have no information as to whether or not it is. Mr. Chairman, should I sit again and ask for a response for what I think is a reasonable question from the Minister of Finance, whose item this is, whose Estimates these are? I will do so, Mr. Chairman, I would ask for an explanation of the term "statutory", and I would like to know, Mr. Chairman, whether or not we will have an opportunity to vote on this item, or will we, as the Minister says, not even have the right to debate it? It's just that he thinks it's a good subject.

Mr. Chairman, I now ask of you, is there any way we can find out whether or not this is a statutory item and what the basis is? I'll sit again to give the Minister of Finance, whose Estimate it is, an opportunity to answer that question.

**MR. CHAIRMAN:** The Honourable Minister of Economic Development.

**HON. J. FRANK JOHNSTON (Sturgeon Creek):** Thank you, Mr. Chairman. I'm very pleased to be able to speak on this subject. Mr. Chairman, I'm going to be reasonably brief, because I have been listening all day to the Member for Inkster and now we've heard from the Member for St. Johns. The Member for St. Johns brings up the point that he's talked about the flooding of the Progressive Conservative Party back in 1968 — we're going to flood. —(Interjection)— No, I wasn't here at the time but I ran in '69, when the NDP Party made such a great big issue about the flooding, and then when they came in, they decided that they would change the whole system and program that the Province of Manitoba had put forward as far as having a Hydro project or a Hydro system in the province of Manitoba, which was to flood South Indian Lake to a height that would be necessary to have enough storage, to have the diversion and the Churchill-Nelson River work efficiently.

The NDP Party came in, Mr. Chairman, and they brought in a man by the name of Cass-Beggs, who gave them a 52-page report . . .

**A MEMBER:** Durnin, too.

**MR. JOHNSTON:** Then Durnin — that was hired at the same time, but disagreed with Mr. Cass-Beggs and then they turned around and they went into Jenpegs system, instead of going along with diversion as it would have gone — as it should have gone — as it was planned go, and then after going into Jenpeg, they all of a sudden went back and said, "Now, we'll flood South Indian Lake." So, Mr. Chairman, it cost us about — with interest and everything, about \$640,000 or better, \$600 million or better by the time you got into Jenpeg, which was a station that we could buy all the power for about \$100,000 that it can produce. They regulated Lake Winnipeg, that is cause problems. They did all of those things and in the meantime, accumulating that debt, had to raise the power rates in the province of Manitoba continually.

So, Mr. Chairman, when the Minister of Finance came along with the Budget the other night, that showed a way that the people of Manitoba now, can have the benefit of something that is theirs, by good management on our side, instead of the complete bungling that went on on the other side. The generators in Jenpeg had to be reworked. The only good thing about that thing is it cost the Russians about \$17 million more than it should have, which didn't do us any harm. All the flanges had to be reworked; everything that was done up there was almost triple, and that, Mr. Chairman, over there was the Minister of Finance, who went borrowing merrily around this world anywhere he could and anyway he could get the money. Banks at that time were advising most people in provinces to be careful of offshore and which . . . Oh, Mr. Chairman, I'm afraid I was — I have had some discussion with bankers in the last two months, who indicated that they were very definitely, very definitely back in those days, advising people to be careful of offshore debt, but you know, Mr. Chairman, I agree with Martin Shulman. There's no question about it — his statemnt about the then Minister of Finance was absolutely correct.

But, Mr. Chairman, those fellows on the other siece, took a Hydro program that was in place and because of a 1969 campaign to save the face of the then Premier, went into the program backwards. It usually is the way of that government to approach things, not from the bottom or the top, they usually hit it right in the middle, cut it in half and ruin everything, which is just basically

what they did with the Hydro. They decided to go into Lake Winnipeg first, instead of going along the diversion, and they knew all the time they had to flood South Indian Lake. So, Mr. Chairman, for the honourable member on other side to get up and start talking about the plans of 1968 — I wish he would, because they were good plans, they were plans that they threw away, plans that cost the people an increase of 50 percent or better in their Hydro rates. And whether they like it or not, their Premier, the Premier of this province in 1977 in the beginning of '77 and in '76 said Hydro rates will have to go up in this province an average of 15 to 20 percent for the next four years. It was printed right in the paper. That was their plans for Hydro. And now, they come along and say, "We would have done it too," after they got shown a way, that the people of Manitoba — the people of Manitoba now, right today, will have a benefit of the best hydro rates in North America.

When we were talking to people that are interested in the province, we say the present hydro rates are — and they are frozen for five years. And believe me, that means an awful lot to people interested in this province. But the honourable members on the other side, they don't know whether they like it or not; they try to find a way to twist it around.

The Honourable Member for Inkster starts always at the beginning of a debate, and he moves all the way around, ends up at the same place and all the time, he's just been talking. And the Member for St. Johns was the member responsible as Minister of Finance for mucking the situation up the way it is now.

**MR. CHAIRMAN:** The Honourable Member for St. John..

**MR. CHERNIACK:** Mr. Chairman, I am rather proud of the record that our government set in connection with the borrowing policies and the successes we made, and I assure you, Mr. Chairman, that with the same kind of advice, the present Minister of Finance will continue to borrow on the policy that we endorsed. I don't want to say we established, because I believe we took it over from the Roblin government — the policy to borrow Canadian first, if you can. If you get a better rate in the U.S., you borrow U.S., and if you get a better rate in the offshore market, you do that.

One other thing, Mr. Chairman, that I tell you, is that there is not that much money in Canada to be able to borrow Canadian dollars only for all of the governments of Canada, let alone, financial institutions, and no government would not look at other markets to get the best rate and to spread the rate and spread the risk.

So, I don't care what the Minister of Economic Affairs says, I assure you, Mr. Chairman, that all the advice you can get from all the stockbrokers and all the people, who are all the fiscal agents, is look for the best deal. And, of course, when you take a risk as you know you do on foreign exchange, make sure there's a good interest rate variation. All right, I don't intend — I want to try not to be drawn into debates that will prevent my dealing with the points I want to deal with. I have a right after all, to deal with my points — I don't have to deal with somebody else's points, Mr. Chairman.

But I point out to you a different kind of a point. I indicate to you that I asked a very precise question. I asked it of you, Mr. Chairman, — of course, you can't reply to my question, but I think it's a sort of a point of order. I asked it of the Minister of Finance whose Estimates these are, he didn't answer. I asked if the House Leader could indicate the way in which this would be dealt with in order to make sure that it was in accordance with law and let aside procedure. I don't care when we debate the issue. I still believe that we have no legal opinion that supports the statement that we are dealing with a statutory item, because I don't know the law which says that this item is statutory and therefore, doesn't have to be voted on. And my understanding is — well, it says, not required to be voted. I don't know if that's so, Mr. Chairman, I think I'm entitled to know it. I think I'm entitled to have Legislative Counsel or the Provincial Auditor or the Minister of Finance or the House Leader or someone who knows indicate why it's stated that way. And I dare now, — Mr. Chairman, do you realize I don't dare sit down to enable the answer, which I invited from the Minister of Finance because I'm likely to get another speech from another member of the Committee.

Mr. Chairman, you know, the Minister of Economic Affairs had every right to make a speech, I yielded the floor and he spoke. And now, since I still want an answer to the question and I feel that the Committee is entitled to an answer to the question, if I sit down to yield the floor for an answer, I'll get another speech. So, there you are, Mr. Chairman.

Somebody feels badly on my behalf. I'm not sure who it was that "tut-tutting" but I'll tell that person, if he has the answer, I'll yield the floor to him or her, I'm not sure what angle it came from, providing I get an undertaking, I'll get an answer to my question and not a speech. —(Interjection)— Yes. Yes, it's a pity. All right, Mr. Chairman. I'll have to go on with an, I think an important question unanswered.

Now, I have another question I don't dare sit down to get the answer. Mr. Chairman, on Saturday at Public Utilities, we were given a document, which was prepared last February and which gave a projection and in no way, was it a cost benefit study — no matter how many times the Minister of Finance purports to call it the closest thing to a cost benefit study, which it wasn't, but it's a projection of net revenue. And we were given that sheet and I will refer to it, but meanwhile, I asked near the conclusion of that meeting, if Mr. McKean of Hydro, could prepare and let us have the same format updated to June 1st based on the knowledge he had, the educated knowledge he had, on the basis of which he could give a new projection as of June 1st. And, you know, I'd like to ask the Minister if he has it — if he hasn't got it, when he will get it . . . I'm afraid to sit down, pardon? —(Interjection)— Mr. Chairman, I don't know that. I'm sure it is, but I don't know that because we haven't got the sheet and I was wondering if the Minister of Finance has it to give to us, because it was promised to us.

**MR. CRAIK:** No problem.

**MR. CHERNIACK:** He says, "No problem," but we haven't got it, so, I'd like to have it.

**MR. CRAIK:** You'll get in the Act in the Committee.

**MR. CHERNIACK:** You see, Mr. Chairman, we're being asked to deal with an item of \$31,300,000 and we are told, "You will get it later on." Why should we have to wait? We are now debating this item, why don't we have the figure? And I'm not saying — well, I don't know, I was going to say, I'm not saying it is being deliberately withheld, but why is it being withheld at all, deliberately or any other way? It would be helpful to us . . .

**MR. CRAIK:** You're up to your old tricks again.

**MR. CHERNIACK:** Pardon?

**MR. CRAIK:** You're up to your old tricks again.

**MR. CHERNIACK:** You see, Mr. Chairman, I'm up to my old tricks again — how is that a trick, Mr. Chairman, I'm asking the Minister of Finance to produce what was promised to us and he calls it a trick. And, Mr. Chairman, when I said to him, I'm not accusing him of doing it deliberately, I wasn't. And now I have to wonder why we don't have it. And it's all very well for him to sit there and to smile and not produce it, but the fact is that by insulting me, it doesn't make his presentation any the better or any of the more dignified or any of the more intelligent or helpful to this Committee.

**MR. CRAIK:** Fuss and bluster.

**MR. CHERNIACK:** Mr. Chairman, I come back to this Minister and his statement that, when he said, "You people, you don't put the ratepayer first." You know where he stands, he runs a race where everybody wins, because I think I pointed this out already in that Budget speech of his. He said, "To ensure that advantage is realized, our government, unlike the previous administration, intends to put the ratepayer and the taxpayer first."

**MR. CRAIK:** That's right.

**MR. CHERNIACK:** And he confirms it. Well, of course, it's in print, so he says it's right.

**MR. CRAIK:** Finally, finally, after eight years.

**MR. CHERNIACK:** The ratepayer and the taxpayer, is there a difference, Mr. Chairman? Of course there's a difference. Not all ratepayers are taxpayers; not all taxpayers are ratepayers and the certainly the proportions are vastly different. And how would his proposal to shift a burden from Hydro onto the Consolidated Revenue of the province is not putting one ahead of the other, is something that I would really like to hear his explanation. I don't believe he can make it, but I'd like to hear it anyway because I can't see how, by passing burdens, he's putting them both first. I really can't. Again, you know, I'm afraid I'm going to get another speech, but one of these moments I'm going to be asking questions that really ought to be answered, so —(Interjection)— You see?

The Member for Seven Oaks asked for a breakdown of the \$31,300; he didn't get it — \$31,300,000 — he didn't get it, Mr. Chairman. Here we are dealing with that item; the Minister said, well, it's a Swiss loan and it's some other items that have to be paid, Deutsche mark and something else. I'll tell him what else it is, it's units of account, so —(Interjection)— Absolutely. I know, and the Minister should know; it's the Minister's responsibility to give us the information, and he won't.

**MR. ENNS:** You know, Saul, you know.

**MR. CHERNIACK:** And you know, the Minister of Highways, whom we haven't heard from for so long, Mr. Chairman, that it's a pleasure to know that he's still alive and kicking; he probably doesn't know it. The Minister of Finance knows. Why didn't he answer the question? —(Interjection)—

**MR. CHAIRMAN:** Order please, order please. I would hope that the honourable members would be obliging enough to allow one member at a time to participate in the debate.

The Honourable Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, the Honourable Minister of Highways and I have crossed swords many times and have even had friendly tussles as well, and I guess it'll keep on, I hope more friendly than the other kind we've had.

**MR. CRAIK:** You've always lost too.

**MR. CHERNIACK:** And the Minister of Finance makes his usual insulting contribution. All right, Mr. Chairman, in all the years I've been here, I have to learn to roll with these comments but mostly to ignore them because they're not helpful.

All right, Mr. Chairman, I was saying clearly, that when you're asking \$31,300,000, it is not asking too much to get a breakdown; we have not got it. I want to deal with it, Mr. Chairman, and I can't deal with it unless we get it. I want to discuss it; I can't discuss it unless we get it. So here we are so far. Why is it called statutory? No explanation. Where is the June 1st Statement promised to us? We're not getting it yet. What is the breakdown of \$31,300,000.00? He made a speech for half an hour; he didn't give it. His colleague behind him made a speech for much less time; we didn't get it and I'm asking for it again.

I would like the Minister of Finance to picture for us in dollars what's happening here and I would like him to do it on the basis — as an example, what happened with that Swiss loan? Let's find out. How will it work mechanically; how would it work in the books? It was a loan that Hydro owed. As of April 1st apparently, the provincial government will relieve Hydro of the responsibility of that 100 million Swiss francs, and give to Hydro in place of 100 million, a charge of 40 million, I believe. See, I'm not even sure, Mr. Chairman, because I haven't got that clear explanation. But apparently, the Minister of Finance, on behalf of government, will say to Hydro: "Now you owe 40 million Canadian dollars — I think that's what it is — and we owe 100 million Swiss francs.

Then the Minister of Finance will say: Well now, if you had borrowed this 40 million Canadian dollars in 1975, you would have had to pay, I think — and he admitted to us the other day that he doesn't really know, it's just retrospective review — X percent interest on that Canadian loan — let's say 10 percent, I don't know what figure he's going to arrive at. So now Hydro owes Manitoba \$40 million Canadian plus interest at 10 percent and this Minister has gone to Switzerland and done what? He has done exactly what he says we would have done. He rolled the loan over. He didn't exercise the right to extend the loan; no, Mr. Chairman, he used those words. What he did was borrow 100 million Swiss francs for one year, used that 100 million Swiss francs to pay off the existing loan which was made in 1975 and pay a half percent penalty, and now the Government of Manitoba — as I understand it, Mr. Chairman, I'm telling you what I'm gathering because he hasn't told us precisely — now the Manitoba Government owes the Swiss bankers 100 million Swiss francs; Hydro owes Manitoba 40 million Canadian dollars. The Manitoba Government will have to pay interest to the Swiss bankers of the 100 million Swiss francs at, I think it's 3-3/8 percent; it will collect from Hydro on \$40 million — that interest 3-3/8 is on \$67 million I gather, the equivalent, that's 100 million Swiss francs — it will collect from Hydro interest at, let's say 10 percent, we haven't been told that yet; I suppose we're waiting for some other bill where we'll learn about it —(Interjection)— The bill; yes, Mr. Chairman, a correction. We will get it from the bill, we will be told that then and we'll collect 10 percent, or whatever the interest rate will be on Canadian dollars on \$40 million, from the Hydro and a year from now, next June, they will face a problem, Mr. Chairman.

What will the problem be? The problem will be . . . here's Hydro faced with a repayment requirement of some \$40 million plus interest on June 1st, I think it is; one problem. The next problem: we are faced with a debt of 100 million Swiss francs to Switzerland, we the Manitoba. What will we do about that? And they'll make a decision then; surely it would be foolish to make a decision now; who knows? But what has happened to the bookkeeping? I don't know. What has happened to the differential between the \$40 million Canadian and the equivalent Canadian rate today of the 100 million francs? I don't know. What will happen if the 100 million francs, a year from now, will only cost \$60 million, not \$67 million? I'm not clear on that, Mr. Chairman. And meanwhile, we have to pay back the European unit of account loan, some principal this year, and I must say, Mr. Chairman, that my predecessor, Gurney Evans arranged that loan. Oh yes, Mr. Chairman, did you know that? I wonder if the Minister of Highways knows that Gurney Evans arranged that loan. It's not a secret; it's in the records, but it so happens that I didn't arrange the loan. Not that I wouldn't have done so because I took advice from a Deputy Minister who was considered as one of the outstanding financial people on this continent and to whom people paid respect and a great deal of respect wherever we went, be it in Europe, be it in Germany, be it in Brussels, be it in London, be it in Hong Kong, be it in Tokyo; he had tremendous respect. And he advised Gurney Evans, and he advised me, and I've never regretted that I took his advice. I take full responsibility with pride for having done those things which seemed right at that time to do.

So let's not bandy these things around. I just had to take the time to tell the Minister of Highways that Gurney Evans borrowed that European unit of account loan and I don't criticize him for it. Let him criticize Gurney Evans; I can give him his phone number if he wants to do that if it will give him any pleasure.

**MR. ENNS:** Mr. Chairman, on a point of order.

**MR. CHAIRMAN:** Order please. The Honourable Minister of Highways on a point of order.

**MR. ENNS:** Mr. Chairman, I object again to the impugning of motives and of statements made by a member, when they're not true. The point I was making when I interrupted the honourable member, was simply saying that it was not true that he didn't know how and who and where the money was borrowed from. That was what he was challenging the Minister of Finance from. I simply indicated that you knew and he just indicated that he knew; he now named the person that did borrow it, and also that he borrowed some of the money. Thank you, Mr. Chairman.

**MR. MILLER:** Mr. Chairman, on the same point of order,

**MR. CHAIRMAN:** The Honourable Member for Seven Oaks on point of order.

**MR. MILLER:** Mr. Chairman, what the Minister of Highways said and perhaps he doesn't remember that the Member for St. Johns knew because he had borrowed the amount of money. I indicated to the Member for St. Johns, I gave him the information, that in fact that loan was negotiated June 19, 1969, which could have been only Gurney Evans, and not the Member for St. Johns.

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

**MR. CHERNIACK:** Mr. Chairman, I didn't know who had arranged that loan until the Member for Seven Oaks told me, but it doesn't matter. It was the Minister of Finance who arranged the loan at whenever time he did it, and I never faulted him. I've mentioned in this House and committee years ago, that I learned what rollover means when one of the first borrowings I had to do was to roll over a Deutsche mark loan made by Gurney Evans where the exchange rate was a fantastic differential. And when I was distressed about that, I realized when we could roll it over — Mr. Chairman, that word "roll it over" has real meaning. It means borrowing again on a longer term to pay back a debt in the same currency, and what that does, Mr. Chairman, is spread over a longer period of time the benefit of an interest rate in the expectation and hope that it will to some extent, offset a loss that may have taken place on the foreign exchange rate.  
—(Interjection)—

Mr. Chairman, we'll deal with showing the loss; we'll deal with showing the loss. —(Interjection)—  
Mr. Chairman, I don't even remember whether we did or not, but the fact is, Mr. Chairman —(Interjection)— the Minister of Finance, who made his one-half hour speech now is making another speech claiming that I'm supposed to remember now what happened eight years ago. And let me tell him, I have enough training not to pretend to remember what happened last year without looking it up. There are sources for information and one, I think, should not rely on memory, because memory

is not always something one should rely on as the Minister of Highways will I am sure support.

Mr. Chairman, we'll deal with presentation. We can deal with presentation. But, Mr. Chairman, the Minister of Finance — I may have to read to him again what the Utility Board said about rollovers and what the Utility Board said — (Interjection)— Pardon? You see, Mr. Chairman, he is still dwelling in the past and I'm trying to make him account for the present and the future and he refuses to do it. I have now enumerated, I think, four different questions I've asked; no answers are forthcoming. He'd rather delve in the past with accusations than deal with the present and the future with facts.

I will give him a fact which I'm sure will provoke him to answer. You know, I've got to find a technique to make him respond with facts. I would like to know from him, Mr. Chairman, how the \$31 million is made up; how is it going to be paid out? Because I'll tell you something else, Mr. Chairman, I will tell you that the money on the Swiss loan is not going to be paid out in this fiscal year. I don't know that that's true, Mr. Chairman, I don't know how to find out; how to force the Minister to give us the information. So I'm telling you that in my opinion, I cannot conceive how that money will be paid out in fiscal 1979-80; I don't know how. I think I can tell you that my colleague doesn't know either and therefore, Mr. Chairman, I will expect that when the Minister of Finance rises, he will deal in history again, in accusations again, he'll throw insults again. I would like to think that at the same time he'll throw some facts in this direction.

And one of the facts I want an answer to — and I really feel, Mr. Chairman, we are entitled to an answer — is my anticipation that he will not be able to show us that that money will be paid out in this fiscal year in spite of the fact that he's showing it in the Estimates. Now that's a pretty strong statement, Mr. Chairman, and I want to be shown that I'm wrong, because I have to tell you I haven't been able to figure out how it was going to be paid out and to whom. So there's another question for the Minister.

I want to point out another thing, Mr. Chairman. There is a sheet which the Minister says proudly that he distributed on Saturday, wherein we were able to show, and Dean Wedepohl would never deny that, nor should the Minister, that at the very least, the projection on normal flow, normal years, average years, we should end up in five years time without a rate increase, with having been able to handle all the foreign exchange fluctuation in the five years, and the payments that go with it, and end up in five years with a reserve of \$5 million more than we started. Not a big reserve — \$45 million instead of \$40 million — a surplus available for use to cushion any blows.

And it was also stated — and I think the Minister indicated when he responded from his seat when I asked for the June 1st statement — that since then, we have learned that the statement is and would be much better, based on what they learned since the statement was prepared.

I'm making that point, Mr. Chairman, and we're going to keep asking for it. I think we're going to get it; I don't think the government can continue to refuse to give us the information they promised to us.

Mr. Chairman, do you know something? This statement — I wish I had copies to distribute to honourable members — this statement shows that on the basis of these projections, Hydro would want rate increases. A rate increase in 1980 of 18.2 percent, but in the following year, a reduction of 14.7 percent, a reduction of 14.7, an increase in 1982 of 8.6 percent, and in the following year, a reduction of 5.5 percent and all that would bring about, although you'll notice that it's a fluctuating up and down situation, all that would, they project, have brought in \$120 million into a surplus, which would be substantially more, based on what we were told Saturday.

But this is the statement which is dated February 22, 1979, and I tell you again, in my opinion, the Minister had to have this statement in his hands when he made the decision, when he went to Cabinet and got the decision. Do you know what was significant, Mr. Chairman? It came out on Saturday. The Minister interpreted this statement to mean that the projected revenues in following years have built into them the rate increase which Hydro said they would want to have to increase their surplus.

If the Minister misunderstood this statement to the extent that he thought that these rate increases were required in order to produce this kind of revenue, then on what basis could he have made the decision he did and the recommendation to Cabinet? Because, Mr. Chairman, he was wrong. He was wrong, because those revenues did not have any rate increases built into them. And since he thought that they were, then obviously, in his mind, he thought, "Boy, this is a terrible situation. We've got to deal with it."

Well, Mr. Chairman, when we get that June 1st statement, we will see that there was no need to project rate increases; that in the average . . . you know, the Minister used the expression, something like, "if everything good were to happen in the next five years, we would end up with some \$27 million." Well, the \$27 million is on a statement here, but he knows very well that on Saturday we were told that that was \$17 million better without taking into account potential increases

in revenue that they already knew they were going to get, based on what they knew now. That would bring it to the same figure of \$45 million.

But that isn't the best that would happen, if everything good happened. That's if everything average happens. If there were high flows, it would be tremendously greater. If there were low flows, then, of course, that's the time when one rises to deal with the problem.

Mr. Chairman, I have more that I want to speak about. But I am still hoping we're going to get answers rather than attacks. I'm still hoping we're going to get some realistic discussion and argument, based on present knowledge, present facts, and future projections by knowledgeable people. And a little less of the attacks that you don't know what you're talking about, you may never know what you're talking about, you never did know what you're talking . . . all that is just wasted, I believe, on the people to whom he's speaking. We don't believe him. His people believe him without his saying so. I don't believe the press believes him. I don't think the people in public believe him. And if they do, he's said it already. So let's get down to some pretty practical, pragmatic, concrete approaches.

I want to ask the Minister another question. Wouldn't it have been a simple thing to say, "We will pass legislation that says one thing only: In the event that, from time to time, Hydro requires moneys to prevent it showing a deficit position which will require it to ask for a rate increase, we the Province of Manitoba will guarantee" as he says . . . —(Interjection)— . . . "we in Manitoba will guarantee", as he says, "that we will subsidize that."

Now, Mr. Chairman, I want to hear that instead of laughter by all those knowledgeable, well-educated engineers; I'd like a simple answer. Is that really not what he said? What did he say, come . . . come by . . . I know he didn't say come by chance, because every time he said whatever he said, I kept thinking of that endeavour in Newfoundland — "come what may". "Come what may, we will guarantee it." It's not in the legislation, he admitted that, but come what may, we will guarantee it.

Well, why not, if that's the desire? The projection that we have, given to us by Hydro, is that there's no need for a rate increase, that Hydro will be able, under average circumstances to pay its foreign debt exchange problems in the next five years; that there should be no need for any more. And there's no particular value building up reserves or surpluses this year for the next generation, if you have a good, solid foundation.

Well, Mr. Chairman, we built a good, solid foundation. And I know the Minister of Finance believes that we overpaid in our time, but the fact is, it's there, it's producing power, the power is being sold, the power is bringing in through exports considerable revenues, everything is fine. On the basis of that, the risk the government is taking is I believe, minimal, and I believe that on the basis of Hydro figures. Why couldn't they just do that little, simple thing, instead of going through the whole, the whole fantastic change-over of retrospectively converting borrowings of years back, including that Gurney Evans loan of 1969, and maybe earlier ones than that — I haven't troubled to check on that — in order to go through an exercise which may prove to be unnecessary because it may even be that, by the time, 10 years from now, 20 years from . . . —(Interjection)— 2006 is the date of the maturity of the last current foreign exchange loan . . . foreign currency loan. By 2006, for all we know, Hydro will have suffered a loss, based on having been forced to pay higher interest rates, and at the same time, the exchange rate may have changed.

So, this exercise is what we question. We think it would have been quite possible to assure no increase in rates. Don't forget, this Minister is the one who wants to see oil rise to the level to make the tarsands economically viable. He wants to see that, but he wants to keep Hydro rates at a low level. That's fine. I'm not quarreling with that objective. I'm quarreling with the technique, I'm quarreling with the fact I don't know that it's necessary to do all this.

I'm asking the Minister to prove that to satisfy us and the people, not with invective, not with accusations, not with discussions about individuals like Cass-Beggs. Talk about now, and tell us now, without blame, just tell us, why is it essential, on the basis of the figures given to us, interpret the figures again to us, give us the June 1st statement, and let us know what is this whole operation that the government is undertaking in order to carry out what appears to me, and appeared to the Chairman of Hydro, to be an unnecessary thing?

Now, the Chairman of Hydro said that it would be very comfortable, very comfortable, not to have to speculate on the foreign exchange market. He, at the same time, said, "I am an engineer; I don't like speculating on money." But as an engineer, he was going to speculate on water flows, he was going to speculate on the political situation in the United States, which to him meant in all certainty — and he would go ahead if he were Premier and build for export, on the basis of his judgment of the political situation in the United States, and Iran, and whatever else there is to affect energy. But he did agree — and let's get that clear, so far, because I haven't spoken to the Dean — but he did agree, as did Mr. McKean, that the calculation that I took them through, on the third-last line of the page that dealt with projected revenues, that without a rate increase,

and with Hydro carrying the entire burden of foreign exchange rate variations based on current rates, that Hydro would end up with \$45 million at minimal figures on an average flow.

I ask the . . . well, he's shaking his head, let him clarify it, because I think that where there was some confusion was at the very end, where there was discussion with which he agreed, dealing with the variation in rates up and down as they were projected. But the portion I dealt with had nothing to do with rate increase, and I believe that the Chairman confirmed that in the average situation, it's not necessary.

Well, Mr. Chairman, I have more to comment on, but I feel that, as a member of the committee, I'm entitled to answers. And let me be very quick, why is it called statutory, where is the June 1st memo, what is the breakdown of \$31,300,000, can the Minister as an example trace that Swiss loan to show us how it would appear on the books of Hydro and on the books of the government, give us that picture. What about the question of the guarantee? Couldn't the guarantee have handled it enough? And finally, will he agree with me that when we get these figures, in all probability on interest alone, setting aside principal, the interest he will be collecting from Hydro, based on Canadian rates, will more or less pay the interest at the foreign currency rates, at the low rates, plus the exchange variation over this period of time.

**MR. CHAIRMAN:** The Honourable Member has five minutes.

**MR. CHERNIACK:** Mr. Chairman, I was just concluding with that sentence; that I believe — and again I'm asking him, and he should have the figures — that charging Hydro in this coming year, say, Canadian rates of interest, at a higher rate than what the government will be paying at the lower foreign currency rates, will approximately equalize when one has to pay the foreign exchange fluctuation rate, as we now know it today, together with a low interest rate. Does he have those figures to give us, or do we have to flounder around without any information that would help us understand this required for this year, for this fiscal year, amount of \$31,300,000.00?

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

**MR. CRAIK:** Well, Mr. Chairman, the Member for St. Johns has wandered all over the parking lot again, to try and cover up the broad tracks that he's left behind, and we'll get down to the specifics as rapidly as possible.

The one major thing, out of all of that that came out of it — and he can correct me if I'm wrong — is that, with regard to the original query as to how the members opposite would have treated the meeting of the foreign debt issue, I believe that he said that he did roll over a Deutsche mark issue —(Interjection)— Whoever's trademark was on it, Mr. . . . —(Interjection)— I'm not concerned who took it out. I'm concerned, Mr. Chairman, as to the definition in the eyes of the member opposite, what he calls a rollover.

I gather he said that an issue was rolled over and was simply rolled over and not shown as a loss or a gain as the case may have been at the due date; that he simply rolled it over into the same number of units of foreign currency and never showed it on the books at the time of the rollover as a loss or a gain.

Now, Mr. Chairman, if that is the case, that is the most revealing thing that has come out of the discussion tonight. Nothing else is significant in relation to that. Because if that is what he said, and I am sure that's what he said, Mr. Chairman, then there marks the difference because what this government is saying is, that when a foreign debt issue becomes due, that it will be met and if necessary and will, not if necessary, but will be shown in the books as a loss or a gain as the case may be.

And now, Mr. Chairman, I think we're now getting down to the facts of life, that not only would they treat it differently; they did treat it differently. And if that's the case I'm going to go back and I'm going to now find out the specifics of it, because I can do that as naturally I will do. I was not aware of that having happened but I can tell you that that is not the way that this government is going to treat due unpayable issues on foreign currencies or any other currencies when they become due and payable.

And, Mr. Chairman, I have to tell you that I think that it is basically dishonest bookkeeping to have done it that way if that in fact is what happened. It's not dishonest, I suppose, if it's in the context of that's the way others would treat it. I haven't found any guidance from either the voices that are studying national policy with regards to CICA, or in the United States where issues are done, that would do that. CICA principals are quite the opposite. The American, under their guidelines are more extremely the opposite than that. And if that's the case, I can see why the government could end up in deep deep trouble. But that, to repeat again, is probably the revealing thing that has come out of the discussion tonight. That that would have been the intent of the government

and although they have never said it in very clear-cut terms, that unless that is corrected, that in fact is the policy of the members opposite.

And that being the case, I can see why they're concerned. I can see why they are concerned. Because we are showing that dealing with the debt as it becomes due over the next five years and in current terms, that amounts to \$110 million, and if it was dealt with in the same fashion that I think is being suggested across there, it wouldn't matter what the currency shifts were, it would never show and therefore there would never be a problem. Now therein lies the difference; pure and simple. But that's never been said out of all the many days of debate that have gone on. I have to assume that that's what he said. —(Interjection)— Well, the Member for St. Johns says that —(Interjection)— That's not what he said. He said that he rolled over a Deutsche mark issue, just took out more and made up the difference, never showed the loss; and I assume it was a loss and not a gain because that's been the trend.

Well, Mr. Chairman, with regards to the \$31,300,000, which becomes rather academic now in comparison, the Swiss francs Series 10C is \$27,600,000 in Canadian dollars, the Deutsche mark Series 2X is \$2,100,000, partial principal repayment in 1979, and the European units of account is \$1,600,000, that's Series 9L, and again the same category, partially repayable in 1979; and the total is \$31,300,000.00. Now I don't think the June 1 date is the important one; I think June 16th is the important one, because June 16th is the date in which the Swiss francs — which is the large one — is due and payable and we'll tell you in four days from now what the actual amount, or we would be able to tell more exactly on June 16th what the actual amount is. This is the amount contained here. It won't be very far off the amount indicated. So that's the important item that is contained here, Mr. Chairman, and I trust that that will clarify the \$31,300,000.00.

Again, it's an estimate. It depends on the exchange rate on the day of the transaction and these are all in the future. So like other things that occur in the future, you tell more about them after they've happened and less about them in the prediction of it. But that's the best estimate we have of the cost of the transaction.

So, Mr. Chairman, I don't think there's a great deal more. The statutory bit, I would gather, is stated here in anticipation that the Main Supply Bill would have passed prior to us dealing with this part here under Supplementary Supply, and I gather that that is the explanation for it. However, the rest of the questions deal with the specifics of the Hydro loans and there is an Act before the Legislature that was given second reading this afternoon, spoken to, and when we get into the committee stage of that, we'll deal with those specifics and a great number of the questions that were posed related to that bill and not to the \$31,300,000 that is before us.

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

**MR. CHERNIACK:** Mr. Chairman, firstly, the Minister said that it was prepared in the anticipation that the Main Supply Bill will have been passed. I don't think that's correct. I think the Minister means that anticipation that this bill — the Hydro Bill — will have been passed. He must mean that because I would think that this bill which is still being debated on second reading, is the bill which gives the authority. He now agrees that I'm right. So, Mr. Chairman, that's why I asked the House Leader because I anticipated that was the answer; I asked the House Leader if we could at least understand that we won't be asked to pass a bill on Supplementary Supply until after we have passed this Hydro energy stabilization bill. Surely we can't pass a supply bill which states statutory requirement, when there is no statute. So I did ask that of the House Leader and, I don't know, I suppose we'll get an answer yet. Oh, I think the Minister of Finance agreed with my expectations.

Well now, one question that the Honourable the Minister did not answer was, would the \$20-odd million provided out of the \$31 million relating to the Swiss loan, will it be paid out in this fiscal year? And I even stuck my neck out, Mr. Chairman, and I anticipated that it would not be paid out. Now I'd like clarification from the Minister; to whom will it be paid?

**MR. CHAIRMAN:** The Honourable Minister.

**MR. CRAIK:** Mr. Chairman, the twelve months option that was exercised is a new issue and out of that the old issue is paid off, and the difference between the book value on the old issue and the payout value amounts to \$27 million Canadian roughly, and that is paid out; paid out to Union Bank of Switzerland.

**MR. CHERNIACK:** Mr. Chairman, I looked at the O/C; I think I asked some questions and the Minister referred me to the Order-in-Council. I read the Order-in-Council, and it says that the government borrowed 100 million Swiss francs to pay off that other loan of 100 million Swiss francs.

So that is being done; that's in the O/C. Now the Minister is suggesting that they're going to pay \$27 million to Union Bank of Switzerland this month, I guess, in a few days. I don't think that's correct, Mr. Chairman. I don't think the government is intending to pay off any money to the Union Bank of Switzerland or on this Swiss loan in this fiscal year.

I'm really challenging the Minister's statement because I don't think he's correct and I don't think he would like to give us the wrong interpretation as to what's happening. And therefore, I ask him again, is he sure that it's being paid and if so, why is it being paid? Why did you borrow 100 million if you don't need 100 million? If you're paying \$27 million on account of 100 million, then according to a very rough calculation you should only need about 60 million, between 50 million and 70 million Swiss francs, to borrow. So I'm asking —(Interjection)— Mr. Chairman, I want to try and restate this because I'm really trying to understand what is going to happen.

The Hydro owed 100 million Swiss francs on a particular loan which was due on June 16th, 1980. The government exercised its option to prepay that loan by paying a ½ percent penalty and pay it off as of June 16th, 1979. In order to do that the Minister of Finance and the First Minister, I gather, went to Zurich and negotiated a new loan at a much lower interest rate for one year from June 16th, 1979 to June 16th, 1980, of 100 million Swiss francs. And in the Order-in-Council it directed that the new loan of 100 million Swiss francs be used to pay off, to prepay, the loan which had a year or so to run.

Now that means to me that that transaction was the kind of a rollover I referred to earlier, and that there is no exchange of dollars or Swiss francs as between Hydro and the government and the Swiss bank. There was a loan made for the same amount in foreign currency.

Now, Mr. Chairman, while I'm saying that, and I hope the Minister will clarify it, he has no right to attribute to the previous government a policy related to rollover and not showing it because I said I don't recall — and somebody laughed there that I should recall — what we did back in the late '60s or early '70s in relation to that loan. It may well be that on rolling it over we showed the debt in Swiss francs which was true. It is probably true we did not show it in equivalent Canadian dollars but then it wasn't shown in the equivalent Canadian dollars by any previous government nor subsequently until now, when the CICA is recommending that it be done and we haven't really objected to that principle. But I don't want to be sidetracked. I want to know — the Minister is saying and we are going to have to vote, if not on this case then on the Supply Bill itself — to include \$31,300,000 as an expenditure in this fiscal year.

I ask the Minister again: to whom will that money be paid and I cannot conceive of how it could be paid in this fiscal year to the Swiss bank because it's not due, and it's not owing? So I ask again; how would it be paid and to whom in this fiscal year?

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

**MR. CRAIK:** Well, Mr. Chairman, in basic terms, in 1975 a 100 million Swiss franc loan was taken out, which produced 40 million Canadian dollars. And in 1979, exercising the option on the five-year term of it to go twelve months early, we did, but at that point in time 100 million Swiss francs produced 67 million Canadian dollars. The difference is \$27 million. We borrowed 100 million Swiss francs that produced 67 million Canadian dollars to pay off a loan that originally produced us 40 million Canadian dollars and it's a new loan, and if the difference is \$27 million, then the \$27 million shows on the books as an expense in this year. And that's the simple arithmetic bookkeeping that we're doing.

**MR. ENNS:** Honest bookkeeping.

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

**MR. CHERNIACK:** Mr. Chairman, the Minister of Highways made a contribution. He called it "honest bookkeeping". I didn't give it any adjective; I didn't describe it. Is it a bookkeeping figure or is it being paid? I say, Mr. Chairman, I am saying it is not being paid anywhere that I know of. I'm asking the Minister precisely to whom will he issue a cheque for \$27-odd million, or whatever the amount is? He doesn't know the exact amount and won't know it for a while. To whom will that cheque be issued?

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

**MR. CRAIK:** To the lender, Mr. Chairman.

**MR. CHERNIACK:** Is the Minister of Finance —(Interjection)— You know, Mr. Chairman, the

of Highways really has a great contribution to make, but he ought to make it to the Minister of Finance and not to you, Mr. Chairman.

Mr. Chairman, I am challenging the Minister of Finance — I don't believe that you are going to issue a cheque for \$27 million approximately to the UXNION Bank of Switzerland. I think you've borrowed 100 million Swiss francs in order to pay off the loan, and no money has to change place. And I'm wondering, Mr. Chairman, in the interests of clarity, whether the Minister ought not to consult with whoever is behind my shoulder, to whom some glances are being cast, to find out if I'm right or wrong. Because, Mr. Chairman . . . —(Interjection)— Oh, unfortunately, I gather he's not there.

Mr. Chairman, I don't believe a cheque is going to issue. And I don't see how the Minister can explain it; I wish he would. I know there's a difference in valuation, but I'm saying, when you borrow Swiss francs and you pay Swiss francs, there's no transfer of Canadian dollars. And that's why I want to know what is being planned.

Now, I think it is a bookkeeping entry, Mr. Chairman. I think it's not a payment of money. And if it is a bookkeeping entry —(Interjection)— Now he asks the question, isn't that the important thing? You know, Mr. Chairman, what's important is that a minute or two ago I was told that it is being paid, and now he is saying, but the important thing is a bookkeeping entry. I want to know, is it a bookkeeping entry or is it dollars? Because, Mr. Chairman, let us remember that this government has presented us with a Budget showing an expenditure in excess of revenue of \$122 million, indicating that that \$122 million deficit will have to be borrowed. And now I'm beginning to gather — something I suspected before — that we're dealing in a bookkeeping entry. —(Interjection)— And he says no. I will say it again and ask him, is there going to be a cheque issued to the Union Bank of Switzerland for some \$20 odd million, and if so, when?

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

**MR. CRAIK:** Mr. Chairman, there is one basically important issue here and that is, meeting your debt. And I am saying now, that for the first time I think it's clear, the treatment of the meeting of the debt is very clearly different from what the government is doing now, than from what the prior government would have done, or possibly did do. And the difference is that, in what they define as a rollover, is not showing the loss or the gain, whatever it may be, at the due date of the issue. The due date of the issue in question — the main one, the Swiss franc one that is June 16th of 1979, that has been negotiated — is very clearly going to be shown in the books of the province as having been met. We took the gamble, we lost. We had the benefit of a lower interest rate during the life of the loan, but the currency shifted, and when we had to repay the principle, the principle amount in Canadian dollars was \$27 million higher than the original \$40 million that we received.

We took out a new 12-month debenture; we paid it off; we've met it; and we did it because we could get about a 4 percent interest lower rate for the next 12 months. We're gambling on the next 12 months that we will win on that particular issue. We have stated over and over again that we're emphasizing the Canadian; we intend to emphasize the Canadian; we're much more in the position now to emphasize the American; the export sales of power to the U.S. have a tendency to offset, and the fluctuations on the currencies do not affect our position, because we're paid in American dollars for the sales of the power to the U.S. That tends to come out in the wash, if not to the government, at least to the Hydro itself. And as the member has stated opposite, although he's stated at least partially, the Member for Inkster has said the ratepayer and the taxpayer is the same thing, the Member for St. Johns says they're not. They should get together and decide on that, as to which is which because there's two different stories have come out on that part.

So, Mr. Chairman, let's not try and muddy the waters. There's been a new debenture taken out, a new loan taken out to pay out the old loan. That is entirely different, I think — and I'm going to check — but I think that the Member for St. Johns has not denied it, that in fact they would not have paid out the old; they would have rolled it over in the other currency. It would never have shown as either a gain or a loss as the case may be on the due date of the issue.

And that, Mr. Chairman, I think is the wrong kind of bookkeeping. That's the bookkeeping where you really do pull the wool over the eyes of the taxpayers of Manitoba. And that's what we're not going to do. I trust that the course we're embarked on now will set a pattern.

We're not advocating that CIC amortization formulas be followed by government. We're saying that simply when the debt becomes due that you meet it, and if you sign a debenture that expires at the end of ten years, or whatever it is, you meet it. If you lose on the exchanges, you meet it. But that way, at least, the people always know where they stand.

And that, Mr. Chairman, I realize entirely there are other side issues. But whether the value of your asset is going up or down is quite another argument. But in terms of the issue itself, the financial debenture, you meet it the same as you do you pay your mortgage, your second mortgage, your first mortgage, or whatever it is. It's the same kind of ballgame. That's the kind of arithmetic the taxpayers understand and that's the one we tend to follow.

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

**MR. CHERNIACK:** Well, Mr. Chairman, it took a while, but I think it's clear now that it's all a method, an exercise of presentation in bookkeeping. The fact is that the government did exactly what we talked about. It went to the Swiss market and borrowed enough money to pay off the loan. It owes 100 million Swiss francs; it did owe 100 million Swiss francs. It is not paying that \$27 million or so to any one at this stage. It is entering it up in the books as a liability. Come next June 16, 1980, we will discover that the government at that time, with this Minister of Finance, will have investigated the whole capital market right across the world and have come to the conclusion as to the best borrowing that could be done, and will then use that borrowing to pay off a loan on June 16, 1980, and that may be in Swiss francs — it probably will be — or it could be in Deutsche mark, or it could be in Canadian dollars and at that time when there is a conversion made, if it's not Swiss francs, then that \$27 million or so will show.

So the whole matter, Mr. Chairman, the whole . . . —(Interjection)— Well, he's going to show it this year. But, Mr. Chairman, now it's clear, he's not paying it out. It's a bookkeeping entry, Mr. Chairman. It is a bookkeeping entry, Mr. Chairman, let's be very clear. And if it's not a bookkeeping entry, if the Minister of Finance believes as he seemed to believe 20 minutes ago, that a payment will be made to the Swiss bank — which is what he said, and I told him he was wrong, and I think now he understands that he was wrong, Mr. Chairman — that it's a bookkeeping entry only.

In June, 1980, we will discover how the government at that time, in its wisdom — and, Mr. Chairman, I don't question that it'll make the best deal possible at that time, to pay off that loan — and at that time it may or may not do well because, Mr. Chairman, the Minister of Finance said, "We're gambling." That was his word. He said, "We are gambling."

And they are gambling, and there's nothing wrong with it, Mr. Chairman. They are speculating on what the exchange rate will be then. They may be better off or not. But, Mr. Chairman, they're paying 3- $\frac{3}{8}$  percent; they will be collecting 9 percent, 10 percent, 10 - $\frac{1}{2}$  percent from Hydro. And I did ask the Minister what the differential will amount to; I am guessing that they'll make money on the interest rate. I'm guessing that they'd make money on the interest rate, or they may break even. But, Mr. Chairman, that too will be bookkeeping. The only difference will be, as between the ratepayer and the taxpayer. And he may say they're the same, Mr. Chairman, but you cannot do something to benefit the ratepayer at the expense of the taxpayer and say, "We put them both first."

Now, Mr. Chairman, I would like the Minister to look at the statement which he produced — I thought it was Mr. McKean produced it, but maybe the Minister produced it last Saturday — and confirm to you, Mr. Chairman, because I don't think you were there and didn't see the statement, confirm to you that this projection by Hydro for 1979 showed a loss of \$10 million in the expectation that it would have to pay for unrealized loss on foreign debt maturities, \$51.8 million dollars.

Will the Minister agree that on Hydro's projection they said that they can take care of this Swiss loan plus whatever other payments they had to make — which I'm sure are the units of account and the Deutsche mark, and interest on foreign loans — up to \$51 million and suffer a loss of \$10 million, and will he agree that they said that updating this statement, based on what they learned within a couple of months after the statement, that the \$51.8 million shrank to \$38 million; that the \$10 million deficit turned into a \$7 million gain; and on Hydro's projection, will he admit on Hydro's projection that without the government doing anything, without it interfering in any way with Hydro's fiscal position, or financial position in this year, that they could handle the loan, handle the loss in Swiss exchange rate on this loan, without having to come to the government for any help? Will he agree that that's what this statement shows?

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

**MR. CRAIK:** Going back to the earlier comment, Mr. Chairman, let's make it perfectly clear that the fundamental difference is the treatment of meeting the due dates on these debentures. And the government obviously, before — and this is the first time it's been made clear — did not show the loss or the gain on the due date of the debenture. They simply rolled it. They do not show it on the books, Mr. Chairman, as a loss or a gain — that's a very fundamental and important

difference and the only one that is really critical in this matter.

Let me repeat that the debenture that was done recently was done as a new debenture for 12 months as a payout. The other two the losses will have to be paid back this year; 2.1 million in Deutsche marks, 1.6 million in European units of account, in terms of Canadian dollars.

Now, the last question that the member asked is part of the questions that should be dealt with in the bill — the bill that deals with Hydro. I suggest that we deal with it under that appropriate bill when we come to the Committee of the Whole stage.

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

**MR. CHERNIACK:** Well, Mr. Chairman, the Minister, I suppose, can refuse to deal with it. He says it should be dealt with then. I'm telling you, Mr. . . .

**MR. CRAIK:** That's where it belongs.

**MR. CHERNIACK:** Mr. Chairman, we're dealing with \$31,300, 000, of which some \$27 million is the Swiss loan and I have a statement here prepared by Hydro, showing that they could take care of that in this year without any assistance from the Manitoba government. Now the Minister has to admit or correct the statement which we had before us on Saturday, to say, does he or doesn't he need the money. Because, Mr. Chairman, we have now proven that it's a bookkeeping entry that he's got. We have now proven that the cheque will not be issued and will not be paid to the Swiss bank. —(Interjection)—

Oh, we're back, Mr. Chairman. The Minister of Finance now interrupts me and says we haven't proven that it's not going to be paid in this fiscal year to a Swiss bank. Mr. Chairman, I thought we'd been through the exercise and I thought the Minister agreed that it was a bookkeeping entry, and that money will not be paid.

Now he's shaking his head, so I have to ask him again, will a cheque be issued in this fiscal year to the Swiss bank for \$27 million or so? And I tell you the answer is . . . now I'm sure, the answer is no, it will not be and it may be in the next fiscal year, June of 1980, but it will not be this year and the Minister says that we haven't proven that. I thought that we'd agreed that that was correct, and that it was a bookkeeping entry.

Now, is the Minister still confused? Does he still think he's going to issue a cheque? —(Interjection)—

Now, Mr. Chairman, he says I'm confused. But, I asked him. I asked him, are you going to issue a cheque? And at first he said yes. I said, to whom? He said to the UBS. I pointed out there was no moneys payable to the UBS in this fiscal year, that they were borrowing as many Swiss francs as they need to pay off the loan and then he agreed there was a bookkeeping entry. And then he made a speech about a difference in presentation; and I agree that there appears to be a difference in presentation. Why can't he agree that it's a bookkeeping entry only, and not a transfer of dollars? Because if it is, then I'm wrong, and then I want to be corrected. So, I'll ask him again, is the Minister going to issue a cheque for — and it's not peanuts we're talking about, it's \$27-odd million. —(Interjection)— And he agrees with me, it's not peanuts, but is the Minister going to issue a cheque in this fiscal year? Can he answer that question precisely, without an insult, just is he going to pay it out?

**MR. CRAIK:** Mr. Chairman, the question is repetitive; it's about the fourth time it's been answered. A new debenture was taken out; the new debenture produced \$67 million to pay back a former \$40 million net product of 100 million Swiss francs four years ago. And the difference is shown in the books as a Current Account loss, Mr. Chairman, and that is that.

**MR. MILLER:** Mr. Chairman, I'd like to take a run at this, if I might. As I understand it, the Swiss loan was for 100 million Swiss francs, and what you have to repay is 100 million Swiss francs. You don't pay Canadian dollars; you don't pay American dollars; you don't pay Deutsche mark or yen, you have to pay it in the currency in which you borrowed the money, which is 100 million Swiss francs. They took advantage of an option, which is proper and I think it was the right thing to do and maybe, they should have done it a year ago and paid a one percent penalty, but that's gone, it's done. And they took advantage of the option, and they went to Switzerland and said, "The option allows us to prepay, to prepay the old loan at ½ percent penalty and take out a new loan for 12 months, . . . and at a 3 ¾ percent rate, which is an advantage and a gain of about 4 ¼ percent." So that they're going to be paying a lower interest rate on the one year's loan. So they went to Switzerland and they said, "Lend us 100 million Swiss francs," which the bank did . . .

**MR. CHERNIACK:** He's not listening to you.

**MR. MILLER:** Well, I think he's getting it. "Lend us 100 million Swiss francs," which they did and they repaid the old loan in the same currency of 100 million Swiss francs. So, if there was an exchange of money, it was — there really wasn't but assuming there was an exchange money, they got the new 100 million Swiss francs and they repaid the old loan with the same 100 million Swiss francs. So, we're at a point now, where the Government of Manitoba still owes to the UBS, the bank — the Swiss bank, 100 million Swiss francs, repayable in Swiss francs currency. The question I want to know is, if we are being asked to approve of \$31,300,000, the Minister accounted for 3.9 million, 2.1 for the DM loan, the Deutsche mark loan, and 1.6 million of the EUA, I gather — pardon me, is 3.7 million. Right? 2.1 and 1.6? —(Interjection)— Sorry. —(Interjection)— that's right, for those two. But we're being asked not to approve just this; we're being asked to vote on 31,300,000 and the Minister says, "Well, that is to cover the Swiss francs," and he doesn't want us to say it. So, you can call it a rollover, if you want; you can call it a redemption and the acquisition of a new loan, of a new borrowing. Whatever terminology you use doesn't matter. But in this fiscal year, which ends March 31st, 1980, I suggest the Minister will not — the Government of Manitoba will not have to repay to Switzerland any part of that loan, certainly not the full 100 million Swiss francs. It doesn't have to until June, 1980. In June, 1980, they may indeed, decide that's it, they want to get out of the Swiss market and they're going to borrow money in Canada and they're going to pay off the Swiss loan and at that time, they may indeed, then have to pick up the difference in the exchange rate and the value of the currencies at that point. And I'm sure what they'll do, will be the best deal they can make for Manitoba, as has been done over the years, the last couple of decades.

But this year, in this fiscal year, for this money that is being asked for now — the \$31,300,000; that amount of money, which when, if we vote, we are assuming that when we vote for it, then in fact, it's going to be paid out. It's an authority to pay it out and I want to know, who it's going to be paid out to, because I don't think it can be paid out to anybody. You don't owe it to Switzerland; you don't owe it to Hydro; you don't owe it to anybody. You're not going to be paying out that kind of money. So, why is it facing us now in June of 1979, when even if you decide to get out of the Swiss market in June of 1980, you don't need the money until June of 1980, which is in the next fiscal year coming up ahead of us — not in the current fiscal year. Perhaps the Minister can explain it.

If it isn't a bookkeeping entry, if it isn't just a matter of accounting and bookkeeping, —(Interjection)— it's a new issue? Fine, but you're not paying it off for a year. If you're not paying it off for a year, you don't need the money this year. You only need it when you pay it off and, therefore, you're asking us for \$27 million and some of that amount approximately — you're asking us to vote this kind of money to pay off — to give you money or to give you authority to pay for something that you're not going to pay within this fiscal year. And that's what I don't understand and I know I asked the Member for St. Johns yesterday and I said, "I don't understand why they need the money." I just don't see it in this fiscal year.

You've met your commitment in Switzerland; you paid them 100 million Swiss francs. You have already done that by borrowing 100 million Swiss francs. You don't have to pay that commitment, the new one until June of 1980. Then why do you need the money in this fiscal year?

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

**MR. CRAIK:** Well, Mr. Chairman, let's work backwards throughout. European units of account comes due and the principal amount that were in the red on that is 1.6 million. That's going to be paid with Canadian dollars. The Deutsche marks, we're in the red on that one by 2.1 million this year, partial principal repayment; we're going to pay it with Canadian money. Swiss francs, new issue, June, 1979; we get 100 million Swiss francs that converts into \$67 million Canadian, that pays out the old one and we gain no dollars net Canadian on it, except we owe 27 million more. And it shows on the book as a payment out of the old, by virtue of taking out the new issue. And that's it.

Well, Mr. Chairman, one final question, since the two members opposite — not a question, you know, when did a Minister of Finance ever personally sign a cheque, and I think this is one of the questions that is being asked across the way.

**MR. MILLER:** Mr. Chairman, to answer that question, the Ministers of Finance don't sign cheques and when I said . . . "

**MR. CHERNIACK:** Just bills.

**MR. MILLER:** Yes, just bills, "Who will you pay the cheques to?" I'm talking about a cheque signed by the Deputy Minister. The question is, who will Manitoba be paying out \$27 million to, and the answer is, obviously in this fiscal year, to nobody. It's a paper figure; it's an accounting procedure, which says that perhaps when the loan comes due, you may at that time want to pay it off, in which case, there may be a \$27 million difference that you'd have to pick up, but until that day comes, you're not going to be paying out anything. And why you are therefore asking for the money this fiscal year, I really don't understand.

**MR. CRAIK:** Then, Mr. Chairman, it's very simply, what's clear to one is obviously clear as mud to the other and we're in that impasse. Now, whether we pay it off with Canadian dollars we borrow in Canada or whether we take the new issue in Swiss francs, and convert it to Canadian dollars, and pay off the old one, which now costs us 27 million more than it did in the first place, seems to me it's the same thing.

**MR. CHERNIACK:** Thank you, Mr. Chairman. I'm no longer asking a question, I'm making a little speech. And that speech, Mr. Chairman, is that the Minister was not clear on what the transaction was, but I believe that it is now clear that it's a bookkeeping entry. The government borrowed 100 million francs; they paid off 100 million francs. Where it was formerly shown on Hydro's books as being a debt equivalent to \$40 million, it will now show as a debt of the Manitoba Government equivalent to some \$67 million. And that's an answer that the Minister could have given us long ago, if he had visualized what was happening. The fact is, money is not changing hands, not at all, except to the extent that Hydro is being relieved of a \$67 million debt by a \$27 million reduction in debt, which is being passed on to the Manitoba taxpayer, who is now being shown as suddenly owing \$27 million more. No money is changing hands. The only money that changed hands was 100 million Swiss francs, borrowed and used to pay off 100 million Swiss francs. Now, Mr. Chairman, that's what happened and no money changed hands but bookkeeping did and it is bookkeeping which is understandable, and it is bookkeeping, which has an rationale to it, but the Minister didn't understand it. I'm sorry I said that because I faulted him for telling us, we don't understand what it's all about, so, I take that back. The Minister didn't explain it to make it clear.

Now, Mr. Chairman, I want to go back to this statement — the Hydro statement. Mr. Chairman, the Minister didn't respond to it. Let me tell you again, that we were told by Hydro that they have something like \$90 million of surplus at the end of this year, at the end of this last fiscal year. How come? — well, they started with, I think it was 40 million; they had a good year, much better than anticipated. Instead of losing 10 million, they have made 7; that means they improved it by 17 million. And you know what happened, Mr. Chairman, the government relieved them of some \$27 million worth of liability. So, they jumped from 40 million; they jumped to 57 million just by good sales. And then, by that bookkeeping figure we've been talking about, they suddenly have \$90 million of reserve. That's what happened, Mr. Chairman. I don't know if my arithmetic is quite right; I suspect it isn't. —(Interjection)— Oh, but the foreign currency losses are no longer Hydro's; the government took it over. So, there is no foreign currency loss from Hydro and Hydro is sitting now, Mr. Chairman, with a \$90 million surplus. It's sitting with \$90 million, which it doesn't need. We have just passed and approved a borrowing — an authority for Hydro to borrow over \$100 million. It has \$90 million created by the beneficence of the Conservative government, on behalf of the taxpayer, which assumed that liability of \$27 million at the expense of the Manitoba taxpayer and for the benefit of Hydro, which was what it would have had — a \$57 million surplus and now, by action of the government has a \$90 million or so surplus.

Mr. Chairman, that is why we have been saying that the government did not have to intervene; that it knew, it had this statement before it showing it that it did not have to intervene on the projection of five years to have a rate increase at all — or to prevent a rate increase. Hydro could have managed the loan, as indeed, we have now shown and I believe we've shown from Hydro's statement and from the Minister's admission, Hydro is now better off by that 27 or so million dollars, and better off from 57 million to some \$90 million of money that it doesn't need, Mr. Chairman. Let's get that clear; it's a surplus sum, sitting there at the expense of the Manitoba taxpayer and that is why the Minister's whole approach has been, Mr. Chairman, to make it appear as if the government is really holding down those rates. It's sitting on those rates; it is preventing the raise. Mr. Chairman, —(Interjection)— pardon? —(Interjection)—

Mr. Chairman, it's funny that that label seemed to be something that members opposite enjoy. —(Interjection)— I don't even know the reference he's making, Mr. Chairman, but it's academic, really. —(Interjection)— I am saying that a surplus is not needed unless there is an emergency or a reverse situation.

And that is not projected by Hydro, and Hydro has given us the statements. Now, it's all very

well to sit there and say, "Yeah, ee did it." Mr. Chairman, I'll tell you something else about the Budget. The Budget doesn't mean a thing. The Budget announced tax cuts which amounted to very little. The one thing I pointed out to them — I haven't yet heard the answer, but I assume we will — where they estimated a \$1 million dollar tax reduction on one aspect of children's clothing, which I don't believe at all, and I've given figures on that, and I gather the Minister says we're going to get those figures. —(Interjection)— Oh, I'm sorry, the Minister says we've got them. I'm sorry, I wasn't present, but I'll pick them up. I'll try to understand them.

And the big thing in Hydro was freezing the rates. Mr. Chairman, it would have been just as easy to say, "freeze the rates", without going through this whole, elaborate, mechanical bookkeeping matter. We never quarrelled with the government's objective of complying with the request or recommendation of the Chartered Accountants Institute, in spite of the fact that the Utility Board didn't give it much credibility. We never quarrelled with it because we think it's an academic exercise.

But the government has now converted an academic exercise into a very realistic matter in which Hydro will be relieved of a debt at the expense of the Manitoba taxpayer unnecessarily and artificially creating for Hydro a surplus which will grow and grow over the next few years. I don't begrudge that, but I don't think it was necessary. I think that this whole thing has been blown out of proportion. Now, a year ago it may not have been so obvious as it is now, that the situation for Hydro would improve to the extent it did but we're dealing with now.

I don't want to go back a year ago, or ten years ago, or that interval. That, I say, is academic. The Minister can make all the Brownie points he wants. He's the one who said he didn't want to make Brownie points before he made his big speech on it. But, Mr. Chairman, I say it wasn't necessary, and I say this \$31 million is to the largest extent bookkeeping and unnecessary, and it's something that the government you know, it's going to go out and say, "Well, boy, we've frozen rates."

We have confirmation from Hydro that rates did not have to be increased for the next five years, under normal average circumstances. I say to the government, come what may, could have assured that any deficits that might occur through happenstance, or out of the ordinary circumstances, could have been offset. If the government wants that — and I think it's a nice selling point. You know, it's all very well to say to the Manitoba taxpayer, "You're going to have to pick up the cost." But, you know, we've subsidized Crown agencies in the past. The federal government has done it in the past. —(Interjection)—

Of course it's a subsidy. The Minister of Finance doesn't even understand that a book entry does get converted into money eventually. —(Interjection)— Oh, the Minister of Highways is now learning something. When you get into accruals and when you get off the cash basis, you're now making book entries which eventually will come home to roost. And in this case, unless . . . two things, two things have yet to happen. We have to learn how much the increased interest rates will be a burden on Hydro — no question they will be, and the Minister promised we will get it not now, but later. But there will be an increased burden of interest rates on Hydro retroactively, as against the benefit it's been getting from low interest rates, offset by an unknown but projected loss on exchange rates.

Eventually, somebody will have to pay that. And now the government has decided that the taxpayer will have to pay that, not Hydro. Well, that's the government's decision. He said, "Let's deal with policies, not Brownie points." So far he's tried to make Brownie points. I don't think he succeeded. But he has clearly passed it on.

So, Mr. Chairman, I say it's bookkeeping, especially for this fiscal year. This is the government that says we are going to go from year to year; we're consolidating capital and current, and we're going to lapse all authority; everything will be current. He's put in a gimmick. He's put in accruals. I believe that we're dealing indeed with an accrual, a bookkeeping entry, but eventually there's no doubt, it'll have to be paid at whatever exchange rate will occur at the time of repayment.

Maybe the repayment will be next June; maybe there'll be a rollover for, I don't know how many years. But, Mr. Chairman, he has clearly — this is not bookkeeping — he is converting a liability from Hydro onto the shoulders of the taxpayer. And let him tell that to the taxpayer. And let the Member for Rock Lake, and other members, go back to their voters and say, "Now, in order to relieve the burden on Hydro, to ensure no increase in rates, you the taxpayer, you the fellow who elected me, will be expected to support and pay off that differential."

And of course, he will go, and he will blame it on the NDP — no question about it. And the NDP will say, "That's what happened because of fluctuating exchange rates." And we will explain it our way; they'll explain it their way. But in either event, if the government does not reverse their position, if exchange rates don't improve, the taxpayer of Manitoba will be paying the burden of building a surplus for Hydro.

Remember, Mr. Chairman, they started this last year with \$40 million; they're ending it up in

the expectation that the government will go ahead to do what it's doing and nobody will stop it, I'm sure; they're going to end up with a \$90 million surplus, approximately, at the end of this last fiscal year, March 31st . . . —(Interjection)—

**MR. MINAKER:** It's owned by the people of Manitoba.

**MR. CHERNIACK:** Mr. Chairman, the Member for St. James says rightly, Hydro is owned by the people of Manitoba. Isn't that a fact? And didn't we bring out from the Chairman of Hydro that this Socialist ownership of a Crown agency by the people of Manitoba started way back by a Liberal administration, is redounding to the benefit of the people of Manitoba and the Chairman of Hydro said that estimates are that its assets are worth \$5 to \$7 billion as compared with a liability of something under \$3 billion.

And don't tell me that a corporation with an equity — a 50 percent equity worth billions of dollars — has to shiver and shake because it has to face up to \$30 million, unless, in this current fiscal year in exchange rates, knowing full well that its reserve or its surplus is \$90 million as of March 31, 1979.

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

**MR. CRAIK:** Mr. Chairman, let's just note two major things. The member has come down on two sides of two issues. On one hand, he says he's concerned that we might not be doing right by Hydro. On the other hand, he's suggesting that the taxpayer is going to suffer as a result of it. And then he goes on further and says that it's only a book entry. Well, Mr. Chairman, the member can't have it both ways. It's got to be one way or the other. And he's going to have to make up his own mind.

There's only one major point that has come out of the discussion this evening, and that is that the members opposite — and I can see now what's bothering him about all this — they would not have intended, ever, to have shown the costs on the due date of any of the issues at any time. And that is what's really bothering them.

So that, what we call over the five-year period as being a cost of \$110 million net at this point in time based on the current position of the currencies — perhaps a little higher — they would never have shown it, and therefore, they would never have had to deal with the problem the way they kept the books. We simply would have ended up at the end of that time having the amount rolled over and still buried in there and they would have justified it in some way.

I do intend to go back and find out just how they did deal with the one issue the member has mentioned, Mr. Chairman, and I'll know then. Then I will have the proof. But I don't know why they beat around the bush; why they just didn't say it from Square One instead of it coming out this way tonight. —(Interjection)—

**MR. CHAIRMAN:** Resolution No. 1, Health and Community Services, Item 3; Social Services and . . . —(Interjection)— On this item, or on the previous item?

**MR. MILLER:** Social Services and Community Health.

**MR. CHAIRMAN:** Fine. And Community Health, \$1,650,000—pass; the Honourable Member for Seven Oaks.

**MR. MILLER:** Mr. Chairman, I just want to confirm that this is the amount required to carry it to the end of the fiscal year, that is March 31, 1980; and that this particular program, the Manitoba Supplement for the Elderly, which the government was considering deleting or eliminating, but has now decided it wouldn't because it's not quite ready with its Tax Credit Study, and isn't sure yet what the federal government's going to do, and for that reason they're asking for this amount to carry us to the end of the fiscal year. Is that right?

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

**MR. CRAIK:** Mr. Chairman, the amount is for the remaining three-quarters of the year, to March 31, 1980.

**MR. CHAIRMAN:** Resolution No. 1—pass. Committee rise. Call in the Speaker.

*The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.*

**IN SESSION**

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

**MR. KOVNATS:** Mr. Speaker, I beg to move, seconded by the Honourable Member for Rhineland, that the report of the Committee be received.

**MOTION presented and carried.**

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

**MR. JORGENSEN:** Mr. Speaker, I wonder if it would be the disposition of the House to move this Resolution along until at least we have the Second Reading of the bills, at which stage my honourable friends can take the adjournment, or whatever they wish.

So if that's agreeable, I would like to have the bills distributed tonight.

**MR. CHERNIACK:** Mr. Speaker, I believe it would be in order to distribute the bill, but I hope the Honourable Minister is not suggesting that it be moved for second reading.

**MR. JORGENSEN:** Well, I can move them for second reading, and my honourable friends can take the adjournment, and that will end it.

**MR. CHERNIACK:** Mr. Speaker, I'm hoping that, on reflection, the Minister moving the bill will introduce it, and explain it.

**MR. JORGENSEN:** We can introduce it, yes.

**MR. CHERNIACK:** Mr. Speaker, I wonder if we can distribute the bill, and then have it come up tomorrow for second reading. Isn't that the normal course?

**MR. JORGENSEN:** Well I don't know what the great problem is in having the bill presented for second reading tonight, and then my honourable friends having the adjournment. There is no reason why they have to proceed with it if they don't choose to.

Mr. Speaker, I move, seconded by the Minister of Highways, that Mr. Speaker do now leave the Chair, and the House resolve itself into a Committee to consider of the Ways and Means of raising the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Ways and Means of raising the Supply to be granted to Her Majesty.

**COMMITTEE OF WAYS AND MEANS**

**MR. CHAIRMAN:** I would direct the honourable members to Main Supply.

Resolved that towards making good Certain Sums of Money Granted to Her Majesty for the Public Service of the Province for the Fiscal Year Ending the 31st day of March, 1980, the Sum of \$1,704,666,900, be granted out of the Consolidated Fund—pass — the Honourable Member for St. Johns.

**MR. CHERNIACK:** Yes, Mr. Chairman, I had forgotten that Ways and Means would have to deal with revenue before the bill could be distributed. Mr. Chairman, I have questions to ask in regard to the Estimates and I don't know whether it is suggested that we will stay and deal with all of those now, or whether that will be laid over. I even misunderstood the intention.

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

**MR. JORGENSEN:** Mr. Chairman, that opportunity will be provided when we reach the Committee stage of the bills. There will be three of them: the Main Supply; Supplementary Supply and Capital Supply. My honourable friend knows if there are any questions he wants to raise at that particular stage he may do so, but what I am attempting to do is to have the bills distributed so that they will be in the hands of my honourable friends. And I can't do that until we reach a certain stage of our proceedings and I'm trying to get to that stage.

**MR. CHERNIACK:** Mr. Chairman, I confess that I don't remember that well, and I should, the exact procedure. But it's my impression, under Ways and Means, we have before us the resolution which you have read which totals the Estimates of Revenue. I am not aware of any other occasion in Committee when we can discuss the Estimates of Revenue in order to pass that item. Now, if I'm wrong, I need clarification, but that's my recollection, that this is the occasion when we can ask questions about the revenue items distributed under these Estimates of Revenue.

**MR. JORGENSON:** Mr. Chairman, that opportunity will be provided when the bill passes second reading, and then we go into the Committee of the Whole to debate the particular items clause-by-clause on that bill which contains the revenue items that my honourable friend is talking about.

**MR. CHERNIACK:** Mr. Chairman, I understand what the Minister is saying. There are various opportunities when one can debate various items that come before us. But Ways and Means is the place where you debate Estimates of Revenue. That's indeed why you have a resolution.

Now, Mr. Chairman, it is true that after second reading we can get into Committee and we can discuss Estimates. I don't frankly recall that we have — I suppose we can deal with it then, but surely, Mr. Chairman, this is the occasion when we can deal with it and I don't know what the advantage is to moving it along if indeed we're going to debate it. Mr. Chairman, I know the House Leader couldn't possibly expect that we won't review all these matters and he says: "An opportunity will be given." Mr. Chairman, it seems to me this is an opportunity. I'm just looking for the history of procedures.

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

**MR. JORGENSON:** Mr. Chairman, what my intention was, is to proceed dealing with the Capital and the Supplementary Estimates, and if it's agreeable to honourable friends then I will withdraw the resolution that has been presented for Main Supply, and just proceed with these two so that we can get the bill before the House. It's what I have been trying to do for four days so my honourable friends will have the bill in front of them, something that they can base their debate on. So if it's agreeable, we'll withdraw the resolution on Main Supply and deal in Ways and Means with the Supplementary and Capital Supply resolutions.

**MR. CHERNIACK:** By all means, Mr. Chairman, by all means.

**MR. CHAIRMAN:** The Main Supply resolution has been withdrawn.

I would direct the honourable members to Capital Supply.

Resolved that towards making good Certain Sums of Money for Capital Purposes, the sum of \$205,469,000 be granted out of the Consolidated Fund—pass.

I would direct the honourable members to Supplementary Supply No. 2.

Resolved that towards making Certain Further Sums of Money Granted to Her Majesty for the Public Service of the Province for the Fiscal Year Ending the 31st day of March, 1980, the Sum of \$1,650,000 be Granted out of the Consolidated Fund—pass.

Committee rise. Call in the Speaker.

*The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.*

## IN SESSION

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

**MR. KOVNATS:** Mr. Speaker, I beg to move, seconded by the Honourable Member for Rhineland, that report of the Committee be received.

**MOTION presented and carried.**

## INTRODUCTION OF BILLS

**MR. CRAIK** introduced Bill No. 63, An Act to Authorize the Expenditure of Moneys for Capital Purposes and Authorize the Borrowing of the Same and Bill No. 64, An Act for Granting to Her Majesty Certain Further Sums of Money for the Public Service of the Province for the Fiscal Year Ending the 31st day / of March, 1980 (2).

Tuesday, June 12, 1979

**SECOND READING — BILL NO. 63 — THE LOAN ACT, 1979**

**MR. CRAIK** presented Bill No. 63, An Act to Authorize the Expenditure of Moneys for Capital Purposes and Authorize the Borrowing of the Sam /e, for second reading.

**MOTION presented.**

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

**MR. CRAIK:** Mr. Speaker, I've been explaining it all day.

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

**MR. CHRRIACK:** There is a question I'd like to ask the Minister as to the format: Can he advise us if there are any changes in this bill from previous bills, of say, last year or the year before, in the manner of presentation? Are all the sections standard and the same, so that we could expect there are no variations from previous years? This is a question that's often asked from year to year and it would be helpful if we knew whether there was any variation.

**MR. CRAIK:** No, Mr. Speaker, my understanding is that it's the regular format and procedure of presentation.

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

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

**MOTION presented and carried.**

**BILL NO. 64 — THE SUPPLEMENTARY APPROPRIATION ACT, 1979 NO. (2)**

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

**MR. CRAIK** presented Bill No. 64, An Act for Granting to Her Majesty Certain Further Sums of Money for the Public Service of the Province for the Fiscal Year Ending the 31st day of March, 1980 (2), for second reading.

**MOTION presented.**

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

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

**MOTION presented and carried.**

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

**MR. JORGENSON:** Mr. Speaker, it may be an appropriate time for the House to adjourn.

**MR. SPEAKER:** Is there a motion for adjournment?  
The Honourable Government House Leader.

**MR. JORGENSON:** Well, Mr. Speaker, I was waiting for some response. I was perhaps hoping against hope, my honourable friends would want to continue, but, well, there are a number of things that can be done.

Mr. Speaker, I move, seconded by the Minister of Highways that the House do now adjourn.

**MOTION presented and carried.**

**MR. SPEAKER:** The House is accordingly adjourned and stands adjourned until 10:00 a.m. morning. (Wednesday)