

I N D E X

Friday, July 17, 1959

	Page
<u>Introduction of Bills</u> , Nos. 41 (Mr. Lyon), No. 90 (Mr. Thompson), No. 93 (Mr. Schreyer)	1039
<u>Questions</u>	1039
<u>Correction of Hansard</u> , Mr. Martin	1041
<u>Bill 38</u> , re Treasury Act (Mr. Roblin) Adjourned Third Reading: Mr. Hillhouse	1042
<u>Third Readings</u>	
<u>Bills 39, 40, 55, 57</u>	1043
<u>Bill 59</u> , re M. H. S. A.: Mr. Paulley	1043
Mr. Johnson (Gimli)	1044
Mr. Strickland, Mr. Paulley, Mr. Campbell	1045
Mr. Alexander, Mr. Paulley, Mr. Roblin	1046
<u>Bills 78, 84</u>	1048
<u>Adjourned Debate</u> , re Motor Vehicle Insurance (Mr. Paulley), amendment (Mr. Mc- Kellar), further amendment (Mr. Hillhouse): Mr. Paulley	1048
Division on amendment to amendment	1050
Main Motion, Mr. Paulley	1050
<u>Adjourned Debate</u> , re Deficiency Payments (Mr. Schreyer), amendment (Mr. Alexander): Mr. Wagner	1051
Mr. Gray	1055
<u>Adjourned Debate</u> , re Permanent Speaker (Mr. Campbell): Mr. Lissaman	1057
<u>Proposed Resolution</u> , re School for Handicapped, Mr. Gray	1059
<u>Bill 79</u> , re Greyhound Racing, Second Reading (Mr. Hillhouse)	1061
Mr. Orlikow, Mr. Guttormson, Mr. Stanes, Mr. Christianson	1062
<u>Committee of Supply</u>	
<u>Public Utilities</u> , Statement, Mr. Carroll	1063
Discussion of Statement	1070

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Friday, July 17th, 1959.

MR. SPEAKER: Committee of Supply.

MR. HILLHOUSE: I wonder if I could crave the privilege of the House to request the government give way to the second reading of that Bill which automatically according to our rules passed out of existence at 5:30.

MR. ROBLIN: Mr. Speaker, on a point of order, I think my honourable friend is mistaken there. That Bill will come up again next Private Members' day in its usual place. There is a provision in the rules, I believe -- I was looking at it this afternoon as a matter of fact -- where unless I'm mistaken, that Bill will come up just as if it had been adjourned next time we meet.

MR. HILLHOUSE: The only point that I make, Mr. Speaker -- I think the First Minister is quite right about that -- the only point I make though is that the Committee on private bills sits Tuesday morning. Unless the committee on private bills extends the time for presentation of private bills this bill is dead, as far as this session is concerned.

MR. ROBLIN: They usually do that, Mr. Speaker.

I move, Mr. Speaker, seconded by the Honourable the Minister of Public Utilities 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.

Mr. Speaker read the motion and after a voice vote declared the motion carried.

MR. SPEAKER: The Honourable Member for St. Matthews take the chair.

MR. CHAIRMAN: Department 10, Public Utilities - 1. Administration.

HON. J. D. CARROLL (Minister of Public Utilities) (The Pas): Mr. Chairman, it's a pleasure to be able to report to the committee on the activities of the Motor Vehicle Branch and those boards and commissions which report to the House and to this committee, through the Minister of Public Utilities. I'll attempt to hit some of the highlights in this department during the year and to advise where policy changes have been made.

During the year 1958-59 we had an increased number of motor vehicle registrations in this province. The total motor vehicle registration at the present time is something in excess of 268,000 vehicles. This is an increase of the order of 5% during the year. Revenues from sale of motor vehicle licenses or registrations are up by about \$200,000.00. The number of driving licenses issued during the last registration period is in excess of 318,000. Our mail order system appears to be functioning satisfactorily, and is responsible for a very high percentage of the renewals in the Greater Winnipeg area. This mail order system, together with the increased mechanization which has taken place over the last few years, has made it possible for us to handle this very large volume of renewals without any appreciable increase in staff. Now a very recent development was the purchase of an IBM No. 407 machine, called an electronic brain, which has made possible greatly speeding up the procedure for manufacturing the renewal forms; and it also enables us to place restrictions on drivers' licenses, restrictions such as restrictions for eye glasses, night driving, automatic transmission and things of that kind. This increased mechanization also enables us to take off accident statistics which are of great use to the department, and also enables us to take off accident statistics which are -- and information which is of use to the police, particularly in cases of hit-and-run accidents and things of that kind. Now these records, of course, are also -- make it possible for us to carry on our system of our Driver Safety Program.

On discussing driver safety, I would like to refer to a speech by the Commissioner of Motor Vehicles which he made in Clear Lake a few weeks ago to the Manitoba Bar Association. I am going to quote from this speech of Mr. Baillie's, because I feel that this is the nub of the highway safety program in the province. The Commissioner says that "Canada has no reason to be proud of its traffic death and injury record. Between the ages of five and twenty-four it is the leading cause of death in Canada, and in fact it is equal to the next three causes of death in these age groups. Now the medical profession has responded magnificently to the treatment of injured people in automobile accidents; but as yet we have no Salk vaccine to immunize either the killer-driver or his victim. When a murder takes place, our enforcement agencies go into action. The accused, after a fair trial, if found guilty, is properly punished. But when we deal with motor vehicle offences we are not dealing with deliberate offences -- we are dealing with normal, average

(Mr. Carroll, Cont'd.).... human beings, whose negligence occurs over a very brief period of time, possibly as little as 30 to 60 seconds. Now our problem is to anticipate these momentary lapses by one means or another, and the way to do it is by means of a piece of paper -- a driver's license!" Mr. Baillie said, "Let's make it a license to drive, not a license to kill. With the co-operation of the police and the courts we can keep a record of all moving offences, and accidents under the name and the permanent license number of the offender. And by means of a point system, graduated as to the seriousness of the offence, we can call in drivers for improvement and driver control. The Manitoba program consists of driver licensing, driver improvement and driver control. Now all beginning drivers and drivers who come into this province from other jurisdictions undergo a test for vision, knowledge and skill in handling a motor vehicle, and these are the requirements that have been approved by the American Association of Motor Vehicle Administrators. Now the over-all failure rate in 1957 -- I believe the statistics are very close for 1958 -- show a failure rate on first tests in this province of some 62%.

Now our Driver Improvement Program. For years we've been studying -- studies have tended to indicate that a comparatively few selfish and ignorant drivers are responsible for a disproportionately high number of the motor vehicle accidents. In 1951 we instituted the point system for all Manitoba drivers involved in accidents and moving convictions. The number of points vary with the seriousness of the involvement. For example, 2 points for an accident where some indication of fault exists; 3 points for an accident confirmed by a conviction; 2 points for a speeding violation or failing to stop at a stop sign, and that is about the proportion of these black marks that are registered against the driver. At the end of each year the number of points are reduced, and this operates as an incentive for a driver to improve his record because he knows that when his record gets down to zero, his card -- his record of infractions is destroyed. Now at 6 points, which is the equivalent of three speeding convictions within an 18-month period, the driver is called in for improvement; he is required to pass his test again for vision, knowledge and skill, and after passing his tests he is counselled with respect to his record and he is told that our statistics show that he is in a category of a questionable driver, and he will be treated as such and placed on probation for a period of 12 to 24 months. Now with one chargeable offence while under probation, he's called in and suspended for a period of time, and he is told at this time that he is in the category of a problem driver. At the end of his suspension he is again placed on a period of probation; and if he again breaches probation then he is again suspended for a longer period and has won the unenviable title of a dangerous driver. Now in 1956 we took all drivers with points at the beginning of 1955 year and ascertained the number of fatal accidents where questionable, problem and dangerous drivers were involved during the year of 1955; and then we compared this with the rest of the driving population. Now out of a driving population of 268,000 are 200,000 "clean driver" (he refers to them as clean drivers, they could be called normal, average drivers) -- had an involvement rate in fatal accidents of 2.1% per 10,000 drivers in the class - 2.1% for our normal drivers. Our 30,000 beginning drivers, our new drivers, had an involvement rate of 4.0%, which is almost twice as many involvements as our clean drivers. Our questionable drivers had an involvement rate of 6.5% which is little better than three times the rate. Our problem drivers had an involvement rate of 65.3, which is in excess of thirty times the number of involvements that the normal or average drivers had. And the dangerous drivers had something just slightly less -- 59.4, and this is possibly accountable by the fact that some of these drivers would, during part of that period of time at least, be under suspension." Now the Commissioner said that if we had had the intestinal fortitude to keep 4,900 drivers off our highways for a full year 1955, we would have reduced our driver involvements and fatal accidents from 109 to 79 -- a reduction of 30. Now the similar statistics are available for 1956, '57, and '58.

Now that's not a verbatim report of Mr. Baillie's talk, and it's not nearly so well delivered as he would have done it; but that represents the thinking of the Motor Vehicle Branch and is the policy which was being carried out under the former government and a policy which, I believe, this committee would want us to pursue in eliminating those drivers who are responsible for this disproportionately high number of accidents. Now most accidents are caused by human error; drivers who are consistently involved in accidents those who are consistently convicted, we consider to be accident prone and these are the drivers who lose their driving privileges under Section 134 of the Highway Traffic Act. Now we believe that our amendment to the Highway Traffic Act that had its third reading yesterday will effectively protect anyone who feels aggrieved as the

(Mr. Carroll, Cont'd.) result of a decision by the Registrar under this section of the Act. Now the Board is not intended to weaken our suspension policy, but to relieve any possible inequities that may be made as the result of a decision to suspend driving privileges or motor vehicle registration. In fact our Appeal Board would make it possible for more effective implementation of this policy and possibly a firmer policy with respect to driver license cancellation. As an indication of the success of our Driver Safety Program -- I believe the number of claims per 100 vehicles is a good indication -- and our record in this regard shows the claim frequency to have dropped from 19.6 in 1947 to 10.6 per 100 vehicles in 1957 -- over a ten-year period.

Now further evidence of the effectiveness of this program is the fact that it has been copied by many other jurisdictions in Canada and the United States, and we have many enquiries from other countries, one of our latest enquiries having come recently from Paris, France. Now in order to make this program more effective we have this year increased the number of permanent driver examiners. This increase is made necessary by the fact that there has been tremendous congestion at the Motor Vehicle Branch -- a great backlog of people, applicants for driving licenses over the past few years. In fact last year they had a backlog of -- it wasn't unusual to have a backlog of over three weeks -- people waiting for their driver licenses. Now this has led in past to shortcuts in the testing program. The normal test is conducted over a 15-block area; and it involves parallel parking and things of that kind. Now these tests in past have been shortened, and they have cut out parallel parking on many occasions because they didn't have the staff sufficient to give the proper tests. Now in January of 1951 we had 10 driver examiners who processed some 12,000 applicants during that year. During 1959 we expect to have 15 permanent driver examiners, plus three part-time examiners to process what we expect to be in excess of 30,000 tests. We believe that this is important in the interests of public convenience and for the protection of the public through better driver tests. It is our intention too, to expand these services this year to include the town of Flin Flon, the third largest community in the province. (Thank you.)

We recognize too that there are many other causes of highway accidents which affect many departments of government, both provincial and municipal. We have those departments which are concerned with the design and construction of our highways and municipal roads; we have the Traffic Engineering Department responsible for the flows of traffic in our major built up areas--cloverleaves, one-way streets, stop signs, yield signs -- traffic signs are all factors in the design and engineering relating to driving safety. Departments interested in the enforcement of law are also major contributors to the safety on our highways and in our cities. Design of automobiles and equipment which goes on automobiles, are also factors which affect safety. The Highway Traffic and Co-ordinating Board, which is being set up under this amendment to the Highway Traffic Act, we feel will contribute substantially to the co-ordinating of all these other factors which affect safety on our highways.

Our Safety Responsibility Law is proving effective in eliminating uninsured motorists. Last year with over 268,000 motor vehicles in the province, we had fewer impoundments than we had in 1946 when we had about 100,000 vehicles registered in Manitoba. Our Safety Responsibility Law covers any victim of a motor vehicle accident who can recover judgment. Last year there were 980 uninsured motorists out of approximately 2,000 vehicles involved in accidents. Almost all cases involving an uninsured motorist resulted in a satisfactory settlement by the insured, partly because of the impoundments and license suspension sections of the Act. In those cases where bodily injury and death to innocent motorists resulted, they had the additional protection of the Unsatisfied Judgment Fund. In 1958 only 31 victims involved in these accidents had to apply to the Unsatisfied Judgment Fund for settlement. These claims amounted to some \$99,000.00. The average payment over the last few years has been \$120.00, which is further evidence of the fact that there are fewer uninsured motorists on our highways. At the present time the fund is in excellent shape with a total of \$278,859.00 in it as of March 31st, 1959.

Reciprocity with pink cards have been negotiated with British Columbia, Alberta, and within the last few weeks, with the Province of Saskatchewan. At the present time we are negotiating with other provinces for similar privileges.

The Motor Carrier Board is responsible for the issuing of licenses for commercial trucks, public service vehicles, trucks and buses and liveries, and things of that kind. They also have the responsibility for granting franchises to common carriers, and in this respect franchises are

(Mr. Carroll, Cont'd.) granted only after taking into account public necessity and convenience. The Motor Carrier Board has to a large degree been responsible for creating a degree of stability in the trucking industry in this province to the benefit of both producer and consumer. As a result of this favourable climate for trucking in the province we are attracting trucking companies from other provinces to settle here. We have been successful in having four Ontario firms, one Saskatchewan and one Alberta firm establish in our province within the last two years. Revenues from this industry have increased from \$500,000.00 in 1954 to \$1,300,000.00 in 1958. We believe that this growth is healthy; we believe that Manitoba is — we know that Manitoba is extremely vulnerable to continued increasing railway freight charges. We suffer from the high cost of moving products of the farm, factory and from our natural resources to market. As consumers we pay the high cost of imports of manufactured goods from the east and the south. We believe the growth of a healthy motor transport industry to be a safeguard against the continuing rising cost of transportation. Manitoba truckers enjoy reciprocity agreements with most of the western American states; we have full reciprocity with Minnesota, Indiana, Missouri, Kansas, Iowa and Nebraska. We have part reciprocity with Wisconsin, Michigan and North Dakota. We also have partial reciprocity agreements with the provinces of Alberta and Saskatchewan. These reciprocity agreements greatly facilitate the interchange of goods, both inter-provincially and internationally. Manitoba has taken the initiative in negotiations with the Province of Ontario, and with some other provinces in Canada with respect to these reciprocity agreements. We are optimistic about the further extension of these agreements which will work to the advantage of our people. Many of the provincial Motor Transport Board officials will be meeting shortly in Winnipeg to lay on arrangements for a full scale meeting on reciprocity and other related trucking problems which will be convened this September. It is our hope that from this meeting, further reciprocity agreements and solutions to other problems affecting the trucking industry will take place.

During the year the Municipal and Public Utility Board issued some 689 orders in the performance of their very wide variety of functions. The Board performs a dual role — as a public utility board and a municipal board. Its municipal functions include the supervising of the borrowing of local municipal authorities, school districts and hospital districts; the supervision of municipalities which have been, or are in, financial difficulties; appeals from municipalities against equalized assessment; the approval or cancellation of subdivision plans; variations in building restriction caveats, appeals from orders of the City of Winnipeg Zoning Board. Those public utility functions include the regulations of public utilities; administration of Securities Act; Real Estate Agents' Act, and those miscellaneous functions which are assigned to it from time to time by the Legislature and the Executive Council. During 1958 special duties were assigned to it under the Winter Employment Act and in connection with the Greater Winnipeg Gas Company. Besides the tremendous variety associated with its utilities and municipal functions, the Board has been subject to a tremendous upsurge in demand by municipalities for increased capital expenditures requiring approval of the board. We have every reason to believe that this buoyancy in our economy will continue to create heavy demands on the time of the board in these matters.

The Board has been active during the last year in connection with the investigations of the Winnipeg and Central Gas Company -- now the Greater Winnipeg Gas-- and in this connection the Board conducted special investigations and studies on behalf of the government. It is expected that the Board will continue to play an increasingly important role in the supervision and control of gas utilities in the province. Because of the increase in work load and multiplicable functions of the Board, you are being asked to approve a division of the functions of the Municipal and Public Utility Board into the Public Utilities Board and the Municipal Board. By this division we believe it will enable both Boards to operate with a degree of efficiency and specialization which has been impossible heretofore.

The Manitoba Telephone System. During the calendar year 1948, we increased the number of telephones in the system by 13,100. This is a greater increase than the previous year. The number of subscriber telephones are now in excess of 248,000. The micro-way relay system from Winnipeg to the United States was placed in service in October with the American Telephone and Telegraph Company. This is one of three major US-Canadian border crossings, linking our Trans-Canada telephone system with the American long distance network. The

(Mr. Carroll, Cont'd.) Brandon to Flin Flon microwave network was completed and put into service in December of this year. The ultimate capacity of this network is 120 voice circuit. Microwave facilities now link Canada from coast to coast, and our province, from the southern boundary through to Flin Flon. A new construction site was purchased on Portage Avenue near Polo Park for the construction of the System's new Administration headquarters building. The value of the Manitoba Telephone System plant increased from \$103,000,000.00 to \$112,688,000.00 which is an increase of some 9 1/2 million dollars during 1958.

As a point of interest our telephone utility handles in excess of 660 million local calls each year. Canada, for the sixth year, has topped all other countries in the number of calls per capita. The average for the country as a whole is 500 calls per person per year. We in Manitoba place 1,800,000 calls per day which is considerably above the national average. In addition to this we place some 22,000 local calls daily -- I think if they all talked that long over the telephone though, there wouldn't be that many calls in a day. Another point of interest, we have 890,000 miles of telephone wire in the Province of Manitoba, enough to circle the globe some 35 times. Manitoba has 27.4 telephones per 100 population. We rank third in the Dominion of Canada following Ontario and British Columbia who are first and second. During the year the conversion to two-letter five-number system was completed in the Winnipeg area and the Brandon area. The growth and development of the Manitoba Telephone System facilities has increased at a very rapid rate during the ten-year period just past. Winnipeg subscriber telephones increased from 78,000 to 168,000, an increase of 85,000 phones during that ten year period. This development required a total capital expenditure (and this is just Winnipeg) of \$43,000,000.00 an average of 4.3 million dollars per year. Most of this growth has been concentrated in the suburban area, requiring three additional exchanges and a complex interchange trunk network. The meeting of the heavy demands for new telephones in Winnipeg, and rural Manitoba, together with the progressive modernization program, and providing extensive additions to our long-distance network, has been a truly great accomplishment. At the same time the Winnipeg and rural system as a whole has had a 'held-order' position maintained at a lower level than any other major telephone system in Canada. As a result of this heavy demand for expansion in many cases only two-party residential service was available for people in Winnipeg. Winnipeg has 59.5% residential two-party lines. This compares with Montreal who have 33.8 two-party; Toronto 40.6; Ottawa 52.7; London 59.7; Vancouver has 92% two-party service.

The Greater Winnipeg Telephone Exchanges are equipped with line circuit availability to handle 80% individual and 20% two-party service. This is considered to be the normal requirements for the City of Winnipeg. The restriction in offering individual service is due to the limitations of our outside cable plant. We have called for an engineering development study to meet the demands for upgrading in service in the Greater Winnipeg area. Plans will include the economic study of converting to individual line service together with the additional demands on engineering and construction forces. Our present thinking toward this improvement in service is that we will convert 50,000 telephones out of our total 67,900 two-party services over a five-year period. This means a yearly upgrading in service of 10,000 new conversions. The yearly cost is expected to be in the neighbourhood of \$500,000.00 -- total estimated \$2,500,000.00 to \$3,000,000.00 to be spent over a five-year period in upgrading service in the Winnipeg area. Although these economic studies have not been completed, this is the goal that we are aiming at in the expansion of facilities in this area. This is in addition to the normal growth of the telephone system.

In the rest of Manitoba a program of progressive rural dial extension will continue. Conversion to dial operation was completed at Carman, Stephenfield and Thompson. Additional dial equipment was placed in provincial offices at Brandon, Minnedosa, Selkirk, Oakbank, Cranberry Portage and Clear Lake. The over-all rural program contemplates the establishment of six to eight small community dial offices throughout the province each year. Upgrading of service on rural multi-party lines will be taken care of under this program, as generally the maximum number of telephones on a line under dial operation is ten. There are presently one or two exceptions to this. The towns which are being converted or which are being engineered at the present time for conversion include The Pas, Steinbach, Gretna, Morden, Altona and Boissevain. Additional long distance facilities were provided during the year through installation and re-arrangement of carrier facilities throughout rural Manitoba. Additional teletype channels

(Mr. Carroll, Cont'd.) were established between Winnipeg and Regina, Winnipeg and Minneapolis and Winnipeg and Toronto. Long distance calls for the year showed an increase of 5.5% to approximately six million calls. Revenue from long distance calls increased by over half a million dollars to a total for the 12 months of six and a quarter million dollars. During the year both revenue and expenses reached new record highs with expenses increasing more rapidly than revenue.

Now during the year the Manitoba Telephone System quoted through the Trans-Canada Telephone System on an extension of Television Network from Brandon north through Dauphin, Swan River, The Pas to Flin Flon. Your government has been actively promoting the extension of such a service and have expressed our views to those departments of government and those agencies of the Government of Canada which are responsible for the extension of network facilities and for the licensing of television stations. It is our intention to continue to work towards this end, until the final decision has been made by these authorities. We feel that it is in the best interests of the province -- that the best interests of the province would be served by an all Manitoba link to our northern areas. As the committee may know, the board of broadcast governors now have two applications before them. One from a Yorkton station and one from a Brandon station. The Yorkton station proposes to serve the area of Swan River and Dauphin by means of a satellite station on Baldy Mountain. The Brandon -- yes, they're also going to serve Roblin -- the Brandon station is dependent or premised on the CBC extending the network facilities. If these facilities are extended and if they're granted permission they would propose to put up a station at Dauphin, Swan River, The Pas and Flin Flon. The decision has been reserved for a period of three months on both of these applications. The application of Yorkton if approved would disrupt our normal communications links and would tend to weaken the competitive position of our local and commercial enterprise. The extension of Yorkton into Dauphin, Swan River Area would further seriously hamper the future expansion of network facilities to serve our expanding northern economy.

The presence of such amenities such as television will assist substantially in the settling of our northern area and in the developing of our northern resources. We also feel that on a basis of population, Manitoba has had substantially less consideration by the CBC than have some other provinces in the Dominion. We hope that Manitoba companies can be encouraged to apply for television stations of such a size as to give the widest possible coverage in order to meet the requirements of the CBC to justify the extension of these network facilities. It is our intention to convene a meeting of all interested parties at an early date in an effort to resolve this television problem.

The Manitoba Power Commission. During the year we added in excess of 10,000 new customers. The total electrical energy distributed throughout the province was up by about 9.3%. Increased capital expenditure for the year amounted to 7.4 million. New transmission line was constructed between Brandon and Virden, Brandon and Dauphin, Inwood and Poplarfield, Selkirk and Winnipeg Beach, Killarney and Ninette. New sub-stations to serve our growing economy were established at Transcona, Portage la Prairie, and at Brookside and Morse Place in Winnipeg. The capacity of sub-stations was increased in major renovations at West Kildonan and in St. James. Terminal stations were established at Brandon, Dauphin, Virden -- no, I'm sorry -- terminal stations at Brandon, Dauphin, Virden, Roblin, Letellier and Seven Sisters all had major changes. The commission is working with municipal officials for an extensive street lighting improvement in over 100 communities in the province. An example of this is on Portage Avenue West in the St. James area. Construction was undertaken during the winter to serve the summer resort area in the northern Whiteshell at Lakes Betula, Dorothy, Eleanor, Jessica, Nutimik and Red Lake and White Lake. On December the 1st, the Manitoba Power Commission took over the generation and distribution of power for the first time in northern Manitoba, north of 53. This was at The Pas where new diesel equipment was purchased to augment the diesels which were purchased from the town. The most northerly farm electrification scheme in the history of the province is nearing completion in the Carrot River Valley, commonly known as the Pasquia Project. Arrangements are being made to serve the Indian Reserve north of The Pas, and further extension of facilities in this area are planned to serve Clearwater Lake, Clearwater Lake Sanatorium, The Pas Airport, the new Indian School, and some of the summer resort cabins in that area. On January 1, the commission assumed the responsibility for the distribution

(Mr. Carroll, Cont'd.) of power in the Town of Selkirk, following the purchase of their distribution system during the last year. Arrangements have been completed for the commission to supply service during the current year in the Village of Cranberry Portage; also in the Town of Thompson, the site of the new International Nickel Company mining development. The commission's construction forces will build the Manitoba section of the new high voltage transmission line between Brandon and Saskatchewan Power Corporation facilities at Estevan.

The Manitoba Hydro-Electric Board. Canada is one of the world's leading users of electric power and we in Manitoba consume 50% higher than the average rate of consumption in Canada. Our rate of consumption is doubling every ten years. In 1950 our generating capacity was 416,000 kilowatts; by 1960 it will be increased to 870,000 kilowatts. By 1961 with Kelsey in operation our production will be in excess of 1,000,000 kilowatts. The Manitoba Hydro-Electric Board is constantly searching for new economic sources of power. What new sources will be developed is dependent on the economic studies which are being considered constantly. Considerations which will lead to the determination of the next site are the rate of growth of our load growth in the province, the cost of construction and the interest on money, the cost of fuel such as coal, natural gas for steam generation, developments in the nuclear field and the cost of transmission. If all things remain equal it would appear that Grand Rapids will be our next source of major power generation. Ultimately however we must look to the Nelson River which has something like four million horsepower awaiting development. Before this can be done however, much economic and technical research is needed to develop an economic means of transmission over the long distances. Manitoba is pressing for a co-ordinated research development program for long range transmission. Limestone Rapids on the Nelson is approximately 600 miles from the Greater Winnipeg market. Sweden and Russia both carry power this far, but there is little reason to believe that it can be done economically. In other words we don't know at the present time whether it can be done as economically as we can develop power from conventional means such as coal steam. At least we don't believe it can be done except by transmitting very large volumes of power. The board have negotiated an inter-connection with Saskatchewan which was announced on February 12th of this year. This will increase the reliability of our power supply and will result in substantial economies to the system. We will now have a complete inter-connection from the Saskatchewan-Alberta boundary on the west to Lake Nipigon on the east. Cost benefit studies of this inter-connection have estimated that under certain conditions, the savings to Manitoba over a four-year period could amount to several millions of dollars. During this year the Brandon Generating Station was completed except for minor cleanup. Work at Selkirk Generating Station was forty to fifty percent completed at year end. Selkirk is scheduled for commissioning in the summer of 1960. Construction continued satisfactorily on the Kelsey Generating Station which is the first station of the board's northern power system. Plans were completed for extending the capacity of this station to five units, bringing the initial turbine capacity to 210,000 horsepower. Construction of the power transmission line in between Kelsey and Thompson was commenced during the latter part of the year, and over 70% of the towers are now in place. The transmission line between Brandon and the Saskatchewan boundary for the inter-connection is to be built by the Power Commission and is scheduled for completion for the 1959-60 peak load.

Before closing I'd like to mention a matter of very considerable importance in the development of the Hydro resources of the province. For many years Hydro power has been considered to be the source of base load power, and coal and steam has been used for our peaking requirements. New thinking now indicates that close river plants can be used for peaking requirements more efficiently than the coal steam plants. A twenty-four hour supply of water can be pushed through in eight, ten or twelve hours by increasing our turbine capacity of the river plants. This would require an extremely heavy capital investment on river. Base loads could then be carried by our more distant hydro power plants together with our coal, steam, gas, or nuclear plants. The long range advantages of this kind of development indicates that serious study should be continued along these lines over the next few years. The members of the committee will realize that this electrical power business generally is of necessity concerned with long range planning. We must anticipate conditions which will have to be faced several years in the future. The remarks which are made about the possibility of transferring the Winnipeg plants to a base load role, at least from a base load role to a peaking role is an important part of our thinking of this

(Mr. Carroll, Cont'd.)time. However these plans haven't been sufficiently advanced to permit definite decisions at this time, but I thought that the members of the committee would be interested in some of the changes which -- some of our changes in thinking which is necessary if this province is to have a continued supply of low cost power.

MR. PAULLEY: Mr. Chairman, we've listened with a great deal of interest to the Honourable the Minister of Public Utilities in his report on his department, and on the consideration of his estimates. And as I listened to the Minister I could not help but think of how well it is for the Province of Manitoba that governments in the past, even though after some hesitance on their behalf, and the hesitancy in their action, had eventually come to the conclusion that in the interests of the province that most of the public utilities reported on by the Minister were best in the hands of public ownership. The Minister has given us a rather detailed report in connection with the Manitoba Power Commission; the Hydro-Electric Board and the Manitoba Telephone System, and I think the members of the committee will agree with me that the interests of the citizens of Manitoba are well looked after in respect of these utilities. And I sincerely trust and hope Sir, that having seen that these utilities are in the best interests of the people of Manitoba, and knowing that on Monday, the Honourable the Minister, is going to introduce a Bill dealing with another public utility -- namely that of the distribution of gas, -- that he will in that Bill, which we are not aware of the contents, that he will again follow the example in that bill which he has given to us, of the value of public ownership of our utilities. Again I say, Mr. Chairman, that at the present time we do not know the contents of the bill which the Honourable the Minister is going to introduce on Monday, but I'm convinced now -- although I may be mistaken -- but I am convinced now that after the glowing report that the Minister has given us in respect of the distribution and use of electrical energy in the province; the use of our telephone system -- and he may have gone on to others -- that he cannot do anything else in justification of the statements that he made of the value of these utilities, when he does introduce the bill, to inform the House that the distribution of natural gas in the Province of Manitoba is going to be on the basis of a publicly owned utility.

Now then, I would like to follow the lead of the Honourable the Minister in just briefly mentioning a few of the different branches under his jurisdiction. And like him I'll start off with the Motor Vehicle Branch. In speaking to a resolution this afternoon which we had the honour of proposing in reference to automobile insurance we, like the Minister, pay tribute to those who are responsible for the administration in the Motor Vehicle Branch, and I, like the Minister, read with great interest the speech which Mr. Baillie presented to the Law Association at Clear Lake recently. And I agree with the Honourable the Minister that it was a very good speech; a well directed speech; and pointed out to us in Manitoba that our highways are a greater killer than warfare, and the necessity for us to be ever vigilant in our endeavours to reduce the toll as a result of accidents. Now I don't know whether I got the figures correctly -- I tried to follow them of the Minister when he was speaking of the question of accidents and the ratio between those involved in accidents which had insurance and those that did not -- but if I jotted down the figure correctly, the Minister mentioned that approximately 21,000 accidents took place involving injury to persons of which the number of 980 were uninsured. And if I was correct in my interpretation, the Minister thought that this was a relatively low figure, and while my mathematics aren't of the best, Mr. Chairman, to me this represented approximately 5% of the total number involved in accidents. And I suggest, even though I'm not supposed to revive the matter of a debate already concluded, I suggest that if the figures that I have before me are correct, if they are as the Minister stated, I suggest that the figure of 5% or approximately 5% -- it may work out to 4 1/2% -- is too great a number in relation to the number of accidents involving injury to persons. I want to agree with the Minister that in its driver training program the Motor Vehicle Branch is doing a good job. I can appreciate that due to lack of staff that we have not been able to expand our driver testing to all parts of the province -- I'm sure that the former government had a similar problem -- and I sincerely trust that the day is not too far distant when the question of driver testing before the issuance of a license will be uniform throughout the province. Because I'm sure the Honourable Minister will agree with me that whereas up until now, or up until recently, it was only in the Greater Winnipeg area that applicants for driver licenses had to go through this test, that it is a truism that a considerable number of people within our own province and from without, drive on the streets of Greater Winnipeg, who have not had to undergo such a rigid test as the people

(Mr. Paulley, Cont'd.) in the Greater Winnipeg area. So I join with him in the hope that this program will be able to be extended to a greater degree and more rapidly to all of the province.

We are very glad to know that our friend the Honourable Member from Flin Flon will soon have to undergo a test, because I don't know what sort of a test the honourable member went under when he got his license -- it may have been somewhat similar to that that I went under when I first got mine of merely driving around the block -- and I might say, after listening to some who have gone through the test, I'd have a little hesitation of having to go through it myself. However, I do hope that the Honourable Member from Flin Flon will not have to undergo all of the test when the facilities are made there. But I do think that it is a step in the right direction and I trust and hope that not only as it is now I understand in Brandon, to be extended to Flin Flon, that this service will soon be throughout the whole of the province.

Next on the list that the Minister mentioned was the question of the Municipal and Public Utility Board. And I think Sir, that I would be negligent in my duties as a Leader of a responsible political party in this province if I did not pay tribute to the Board of the Municipal and Public Utility Board. We know that under the terms of the legislation now before this legislature that the divisions of responsibility are going to be separated as between Public Utilities and Municipal Affairs in connection with the Board. But I think Sir, that we have been most fortunate that at least thus far, on the Municipal and Public Utility Board that we have had men of high calibre. And indeed Sir, I cannot help but think in passing when I'm thinking of the previous members of the board whether or not it wasn't because of the fact of their extra duties, extra work that was necessary on this particular job, that such men of high calibre as Bill Cottingham, Dave Mellish and John Spalding went to their reward long before, in my opinion, their term was up. And I think Sir, in these men the province had men of high calibre, and due to their positions in the service of the province I am convinced that their life span was short, and so as far as I'm concerned and I am sure I can speak for my group, that if in the new division of the board it makes the task of whoever is going to be on these two respective boards a little bit easier, then I think that it's all worth the while.

I think Sir, that I can say the same in connection with the present management and staff of the Manitoba Power Commission. We in our group have some differences of opinion with management at present conducting the affairs of the Manitoba Power Commission, because they have made the decision, and I believe approved by the government, to go out of the business of the sale of electrical appliances. I think that I would only be fair if coupled with my commendation of the members of the Power Commission, that if I added a little criticism because of that fact. But in saying that, Mr. Chairman, I realize that this maybe just an honest difference of opinion between the commission, the government, and those of my party. We realize that with the expansion of rural electrification that it was deemed advisable by the former government that the Manitoba Power Commission should add this additional service of the sale of appliances together with that of the sale of power.

I would say this though Sir, when we were considering in this House a few years ago the new division of the responsibilities of the supply of power in the Province of Manitoba, there was a difference of opinion between myself particularly and the government as to the division in the greater Winnipeg area. At that time I made the suggestion that the Manitoba Power Commission should undertake the supplying of power for all of Manitoba with the exception of the greater Winnipeg area, and that the distribution of power in the greater Winnipeg area should be left to the Winnipeg Hydro. The reason that I did it at that time Mr. Chairman, was simply this, because I could visualize along with others, that eventually the municipalities in the greater Winnipeg area would undertake consideration of a metropolitan government. And since that time we have had a commission set up to consider the question of metropolitan government for the greater Winnipeg area, and I would suggest this that had the proposals suggested at the time I'm speaking been given serious consideration or more serious consideration, that the effect or possibilities of the amalgamation of the municipalities in the greater Winnipeg area into one unit, would have been greater facilitated by having one distributing agency in the greater Winnipeg area.

A word or two of the Hydro-Electric Board. I think Sir, that under Mr. Stephens they are doing a pretty good job. Again I have one or two reservations in respect of the Hydro-Electric Board. I'm thinking at the present time of the situation at Kelsey where it seems that

(Mr. Paulley, Cont'd.) representatives of labour due to some lease or other, can not use the railway which is owned as I understand it by the Hydro-Electric Board, to go from Pitt Siding into Kelsey. Apart from that at the present time I am glad to hear from the Minister that the Hydro-Electric Board is giving serious and earnest consideration to not only the development of hydro power itself but also to other methods of creating electric power.

As an aside, Mr. Chairman, we are all pleased to know that just one week from today Her Majesty will be gracing us in this legislative building with her presence. It was only a year or so ago, if memory serves me correctly that in the Old Land she had the opportunity of opening a new electrical development plant in which the energy used for the creation was that of a nuclear nature. And it seems to me, and I'm glad to hear it, that the Hydro-Electric Board are taking under consideration these newer methods of generation, because we have had a lot of discussion and investigations into the question of long lengths of transmission of power, and while I don't profess at all to be any expert insofar as transmission of electrical energy, I am given to understand that where it's necessary to transmit high power for a great distance it becomes relatively more expensive than on the spot hydro-electric development.

Now Sir, a word or two of the Manitoba Telephone System. I think here too we have had a very capable staff, and I think, Mr. Chairman, that members of the committee like myself, have had on numerous occasions — more particularly in the past than now—to have consultations with the Manitoba Telephone System in respect of obtaining telephones and service, and have always found the personnel of high calibre and ready to listen to any reasonable complaint with the system, and I think that is all to the good. I would say this that I sincerely trust that the Manitoba Telephone Commission will wend all of its endeavors to speed up the provision of single line facilities in a general area; because we are still receiving many complaints where people are desirous of having private telephones and cannot get them because of the present facilities. I appreciate very much the Minister telling us that the new exchanges which have been built, insofar as the exchanges themselves are concerned, have greater facilities or are providing for a greater extension. And I make an appeal to him to speed up the provision of outside cable or whatever is necessary in order that more people who are requiring private lines can obtain them.

Now Sir, that about comes to the end of the few remarks which I wanted to make on the introduction of these estimates. There may be other questions come to my mind as we go into the matter in further detail. Again — but now that the Honourable, the Minister of Public Works has stood up and I notice that he is in the Chamber. I recall on many occasions that the honourable gentlemen in the Assemblies in the past mentioned, the question of having a full investigation into the operation of our telephone system in the province, and one question I would specifically direct to the Honourable, the Minister of Public Utilities, "Is this investigation going to go on in the line of my honourable friend of former years?" It may be, Mr. Chairman, that in his present capacity sitting across the aisle from myself, his viewpoints have changed. However, I would like an answer to that.

One other question I would erect of a specific nature to the Honourable, the Minister of Public Utilities. He may not have the answer available but I would appreciate it: "Could he inform us as to what the total cost of the Royal Commission on Natural Gas was?" I appreciate the fact that the Honourable the present Minister of Public Utilities did not set up that Commission but I feel sure that in the records along the line somewhere we'll have the material. If he hasn't it with him tonight Mr. Chairman, I would be perfectly agreeable to await it.

So in conclusion, again, Mr. Chairman, I come to my original point, I'm as happy to hear a Minister of the cause stand up before us as legislators of the Province of Manitoba and tell us how well and how good it is that in these utilities which are used by the citizens of Manitoba, how well it is that he stands up and gives us the report and tells us of them, they being publicly owned utilities. And I suggest to him, and again referring to the question of natural gas, that because of the fact as the Honourable Minister has told us, that over the past number of years we have been able to develop our telephone system; we've developed our microwave system in order to give service to all of the peoples of the Province of Manitoba. What a field he has now in the distribution of natural gas if he follows the pattern of the distribution of hydro power and telephones. Where it would be feasible and possible for every town and hamlet in the Province of Manitoba under a publicly owned natural gas distribution system, to give them in this great field the same consideration and use of another utility which is one of those which we of the 20th century are privileged through the advancement of science to obtain because we are fortunate enough to live in a country where man's ability and ingenuity added to a heaven given gift of natural resources, can make our life more comfortable and enjoyable here in the Province of Manitoba.

MR. HILLHOUSE: Mr. Chairman, if I were sure that the public ownership of natural gas would shut off the supply with which the Honourable the Leader of the CCF has been as bountifully endowed by nature, I'd vote for it tonight.

In the first place, I wish to compliment the Minister on the excellence, the sincerity, the frankness and the honesty of his report. I think it is a glowing tribute to the government which was recently kicked out of office, and I think that it is now incumbent upon the present government to apologize to the people of Manitoba for having done so.

Now there is one or two matters with which I would like to deal. The first is, and this is in keeping with the government's avowed policy of relieving hardships from those who have licenses or driving privileges suspended under the provision of the Highway Traffic Act. Now I make this suggestion, Mr. Chairman, sincerely, but on the definite understanding that it will first be taken up with the law offices of the Crown and with Mr. Baillie, because I have no desire or wish to any way impair the efficiency of the present safety responsibility law in the Province of Manitoba or the Highway Safety Program. The suggestion that I am going to make and I pass it on to the Minister for his consideration, is this, that we have recently set up an Appeal Board to deal with appeals against suspensions that have been made under the statutory provisions of Section 115 of The Highway Act and the discretionary suspensions made by the Registrar under Section 134 of The Highway Traffic Act. But notwithstanding our having done so, the position is this: If an individual is convicted under Section 222 or 223 of the Criminal Code, or if he is convicted under Section 55 (1) of The Highway Traffic Act for driving to the common danger, or any under section under that Act which results in the suspension by the Registrar, even although that individual may appeal against his conviction under Section 222 or 223 of the Code, or appeal against his conviction for driving to the common danger or for any other offence for which his license is liable to be suspended, that suspension is not lifted by the Court until after the conviction has been quashed. Now here we have a situation where a man -- and we have enacted this legislation to relieve that individual from hardship -- here we have a situation of a man whose license has been suspended say under the Criminal Code. He appeals to the Appeal Board feeling that he has been aggrieved by that suspension. Now until such time as the Appeal Board relieves that suspension that man remains under suspension. On the other hand if he appeals against a conviction for driving while intoxicated or driving while impaired -- and he may have just grounds for appeal -- that suspension stays in effect until the Court of Appeal has quashed his conviction. Now what I suggest is this, and I make this suggestion so that there will be no undue delay on the part of my legal brethren in having cases tried on appeal -- I would suggest this that the Minister take under advisement the question as to whether or no the Registrar should not hold that suspension in abeyance until such time as the appeal has been heard and disposed of -- but, with a time limit on it so there'll be no possibility of lodging an appeal and just letting it stay on the Court records for month after month without coming to trial. Now I make that suggestion sincerely, and I make it subject to the proviso that it is only to be given serious consideration and effective action, if in the opinion of Mr. Baillie and the Crown officers they feel that it would not in any way impair or hinder the efficient operation of the program which has been in force in Manitoba for some time, and which is an excellent program.

Now the other matter with which I wish to deal is this, and that is whether or no the Minister would consider the extension of fully automatic telephones from Selkirk south to Parkdale, because at Parkdale they're in the Edison exchange and they're fully automatic there, and from Selkirk north as far as Clandeboye. Clandeboye is where the offices of the Municipality of St. Andrews are situated, and the present telephone system there is a partially automatic but not fully automatic, and I hope that the plant of the Manitoba Telephone System at Selkirk is sufficiently large to take care of the extending of that service north as far as Clandeboye and south as far as Parkdale to join up with the Edison exchange.

Before taking my seat I too, want to pay tribute to the sincere and dedicated service that Mr. R. B. Baillie has rendered the Province of Manitoba and the people in Manitoba, and I am sure that the Minister must feel justly proud of the fact that he has under his Department, a man of his sincerity and calibre, and a man who has done more than any other person I know in this country to make our highways safe.

MR. GRAY: Mr. Chairman, first I want to direct a question to the Minister. To tell the House or please tell me, probably everybody knows - the relationship and the powers that the

(Mr. Gray, cont'd.) . . . Hydro Board has in its relationship to the government. I was told by the Minister at one time, that the closing up of the appliances was the business of the Hydro Board and the government did not interfere. Now on his return to a question we find that in 1958, the Hydro Board sold three quarters of a million dollars of appliances which indicated that the people are still anxious and willing to buy their appliances from the Hydro Board, which is a public enterprise. If the Hydro Board - it may be a hypothetical question - but if the Hydro Board has that much power then what control has the government of the Board, which I don't think they'll do it, but I ask the question anyway, to either sell or lease part of the hydro development, or, not proceed with new developments, or proceed with new developments if the government feels it's not necessary. In other words it would be interesting for me to find out what powers have they got and whether it's advisable for the government to give a Board that much power. I do not suggest that we have got to check them up on every little thing they do, or every new customer they get, but at the same time when a matter of principle is involved, I think perhaps a government should assume responsibility for it and not leave it entirely to the Board.

The second question I would like to ask is this: with that new power development how long can the existing supply last? If it's only a year or two then why hesitate of developing more power. As more and more demand for electric power, I do not know how much the distribution of gas or the development of gas will interfere with demands for electrical power, but I think that with so many homes, new homes being built, with the electrification that we have now in the rural districts which is being increased from day to day -- something we didn't have since Manitoba entered the Confederation -- we didn't have that facilities. Now they realize how good and important and valuable it is to them, and so I think perhaps that plans should be made far ahead and not have to, at some time, ration power the same as water is being rationed now in Greater Winnipeg. I'm glad to see the division of the Public Utility Board. I think that the public demand service irrespective of the cost. In other words, if it's between a question of cost and service, in my opinion, service comes first. Every kind of service, and I think it's a very fine thing, because I understand it was quite, the present Public Utility Board, was quite behind their work on account of having so many problems and serious problems to deal with. I do not know the present Board, but I also wish to join my Leader, may their memory be blessed, the previous Mr. Cottingham and the others, with whom I had the pleasure to work as I was a member of the Taxi Cab Board at that time and they were also participating in it.

Now as to the telephones - there's only one comment I wish to make. If at all possible to curtail the long conversations which is being carried on in very many homes. One man told me that in order to get his wife on the telephone he had to send her a wire to get off the 'phone. With some it's a very trouble . . . (Interjection).. Pardon? I didn't hear that crack - repeat it please.

MR. A. H. CORBETT (Swan River): I said we should set an example on these long conversations in the House . . .

MR. GRAY: Yes, we should but fortunately I'm not a gully one, so I don't mind it at all. And I think perhaps a little device should be made that after ten minutes unnecessary talk, the telephone be shut off. However a telephone now is not a luxury like they used to be - it's a very great necessity, and every home wants a telephone, and of course I'm sure that the Telephone Commission know about it and looks forward to it. When you are commencing now to divide the Public Utilities I would respectfully suggest that also, although the portfolios, although it has nothing to do with the estimates of the Public Utilities, but I think the portfolios should also be divided and then I'm sure we'll have perfect service. And also we are not to forget when it comes to the Hydro that there was a time that a private company - it wasn't very long ago, only half a century ago until the Winnipeg Hydro built their plants, they were charging 20¢ a kilowatt hour against a one cent or less at the present time -- that's why it's so important for the welfare of the people of this province to keep a good watch on the situation. I think that under public ownership, it operates very well and I look forward to seeing that many other essential services will be given to the people by the government.

I also wish to -- I'm sorry I didn't listen to his address all the time as I came in late on account of the so-called parade - but what I've heard from the Minister, I wish to congratulate him on his very clear, concise and honest presentation.

MR. WAGNER: Mr. Chairman, would it be possible for the Minister to tell me whether

(Mr. Wagner, cont'd.) . . . the extension line telephone will be west from Fraserwood this year and west of Fisher Branch? And while I'm on my feet could I ask another question? Does the Minister or did he give any consideration of changing the policy of rural telephone system, one farmer per mile, or he would carry on the same policy one farmer per one mile? Also did the Minister give any consideration on decreasing the number on party lines? I would just elaborate on one occasion what happened to me one time. I wanted to get a party line, a certain party on the 'phone and it was a party line, and I waited for half an hour until the conversation was going on and I couldn't wait any longer. I drove five miles to the particular farmer and back and picked up the received and the same party was still on, so sometimes that party line does not serve the purpose. I wonder if it could be decreased in number because like in our area in Fisher Branch from the beginning I believe we had one time 14 connections. Now I think it has decreased in some cases to 10 and 11 and it's still a large number.

MR. ORLIKOW: Mr. Chairman, I realize that the relationship of the Utilities is not at all — to the Minister — is not at all the relationship to the other departments, and I appreciate the fact that the Minister does not have the day to day direction of the utilities which to a large extent operate as a separate organization. At the same time, I'm sure the Minister is aware of a good deal of dissatisfaction with the working conditions and other conditions in Kelsey. We'll be discussing them I know when we get to the estimates of the Labour Department. I would like to know, possibly the Minister can't give us the information tonight, could get it later and that would satisfy me. What is the relationship — what kind of contract was signed between the Hydro-Electric Board and the contractors building the Kelsey site? In other words are the wages and working conditions and hours which the people work, is that outside the jurisdiction of the Hydro Electric Board? In other words once they made the contract for the amount of money for which the plant was to be built, is that purely a relationship between the contractor and the employees? Secondly, what were the terms of the agreement under which the railway line which I understand was built by the Hydro-Electric Board was leased to the contractor; does the contractor have the sole jurisdiction on who can travel over that railway from Pitt Siding to Kelsey? I was told that while the contractor decided that he can't carry union organizers from Pitt Siding to Kelsey, that he found it very possible to take the beauty queen from The Pas — or the Fur Queen, pardon me — from The Pas with two associates who were busy selling tickets to some worthwhile events, (Interjection) . . . Raffle tickets I guess — to Kelsey and spend a weekend there. And besides the railway line I understand there is also a telegraph line. Now is the telegraph line the private property of the contractor or is the contractor acting as an agent for the CN Telegraphs? I understand that if you want to send a telegram from Winnipeg to Kelsey that it goes by CN telegraph to Pitt Siding and then it goes over the wire from Pitt Siding to Kelsey which is operated by the contractor. Now if I send a wire anywhere in Canada via CN telegraph, the contents of that wire are confidential between myself and the person getting the wire, and I think that the provisions of the Act under which the telegraph company works, make it an offence for the telegraph company to give the information to anybody else. Now I'm interested in knowing whether this provision applies to the contractor which is McNamara, Brown and Root, I think; or whether this is their private wire and they are able to have access to all the information or to any information which goes over the wire.

Now the honourable member for Selkirk said that you were simply carrying on the good work begun by the former government. Now if there are difficulties in this field it's probably true that you are operating under contracts which were left under the former government as well. As I said at the beginning it may be that the Minister hasn't got the information tonight, and if he hasn't, I'm perfectly willing to wait until a later date to get this information.

MR. L. DESJARDINS (St. Boniface): Mr. Chairman, I, too, would like to join the members of this House in commending Mr. Baillie for his continued good work. I have followed with interest the Honourable Minister when he spoke of the safety driving program, but I feel that our young drivers are giving us a problem. An automobile is a potential instrument of death and I feel that in many cases placing a 16 year old child behind the wheel is very dangerous. I would suggest that maybe the 16 and 17 year old should be given a temporary permit, or we might even go a little further and give him a learner's permit. I'm sure that this would greatly reduce accidents and save lives and it would certainly make driving conditions on our highways more pleasant and it would also reduce insurance rates on cars. A boy or a girl 16 or 17 could then

(Mr. Desjardins, cont'd.) . . . certainly make driving conditions on our highways more pleasant and it would also reduce insurance rates on cars. A boy or a girl 16 or 17 could then drive a family car when supervised by an adult, and he would learn to be a better and a more cautious driver.

MR. GUTTORMSON: Mr. Chairman, under what item does the telephone system come under?

MR. CARROLL: It will have to come under the first item because there is no revenue paid to it by . . .

MR. GUTTORMSON: Mr. Chairman, during the past few years the policy of the government has been to on rural telephones to grant one mile free telephone construction along a road allowance per subscriber. Now I think for the most part in the province these persons who qualify under this policy have been looked over. But there are a large number of residents particularly in the rural area who desire telephone service but do not qualify under the present policy. These people actually need the telephone worse than those persons who are closer to the towns and villages, and I would strongly urge the Minister to extend the policy of one mile of construction per mile, to perhaps two miles because it would certainly provide a lot of telephone service to a lot of the people who live quite a distance from the towns. When the Minister answers could he tell us how many new telephones were put into country homes during the past year?

MR. CARROLL: Mr. Chairman, to begin with I think I would like to second the motion of the member from Selkirk when he suggested his motion on gas with respect to the Leader of the CCF Party. He made some very useful comments too, on suspensions under the Highway Traffic Act. Suspensions of driving privileges as you know which result from convictions under Section 222 and 223 are mandatory; they are statutory; and are automatic. It would require a change in the legislation if these were to be held in abeyance until they could be heard by our Appeal Board. However it is a very interesting suggestion and we will certainly keep it in mind.

With respect to your request for consideration for the extension of telephone service in your area, I would be very pleased to have a study made of this situation and report back to you at a later date.

The Honourable Member for Inkster was wondering whether the Manitoba Power Commission had the authority to discontinue the sale of appliances, and I would like to advise him that the Power Commission are made up of a group of Commissioners who are appointed by the Executive Council. The general manager is appointed by the Executive Council. They have more or less complete control over the distribution of power under their jurisdiction, subject of course to the approval of the capital budget by this legislature. And our effective control over the utility is in our appointment to the commission - the appointment of the general manager, and also in the provision of the necessary funds to extend their services. That decision was certainly well within the jurisdiction of the commission, and while I must be held responsible for their actions in the House, I must confess that I was fully aware of the decision which was being made by the utility at that time. You must go back into the history of the rural electrification scheme in the province to know just why they entered the appliance sales field. They entered the business because in order to expand the services with the tremendous capital costs that were involved throughout the rural parts of the province, it was necessary for them to build a high load factor as quickly as possible if it were to be an economical operation. And that was the prime reason for the commission getting into the appliance business, so that they could serve the out of the way points with the appliances which would -- and on the kind of terms that only the Power Commission could at that time, and with the kind of contacts that they had with the farm customers. It assisted in a very rapid rate of build up and I believe that we must agree that certainly the rate of saturation is approaching, and the need for the system being in that business is no longer as great as it was when this system was being expanded.

The member from St. Boniface has left his seat. Possibly I could answer that question in a few minutes.

The member from St. George is asking that the policy of extending telephone system lines in rural Manitoba be extended from one to two miles. Well this has received serious consideration by the telephone system and the maximum economic distance that they can expand the system is one mile without seriously placing too great a responsibility on the rest of the subscribers in the province, giving too large a subsidy possibly, to word it another way, to those areas in

(Mr. Carroll, cont'd.) . . . rural Manitoba. Now there's nothing to prevent the Manitoba system from going an extra mile for a customer providing that customer is prepared to pay the additional cost involved in going beyond the one mile extension. The net gain in rural Manitoba for the year is 690 subscriber telephones. That's for the fiscal year 1957 to 1958.

Now the member for Fisher Branch is very concerned about the extension of service in his constituency. I would like to advise him if he would care to see me I would be very pleased to get him that information about the extension in his particular area. We have no intention at the present time of changing our policy with respect to the distances which will be made at no charge to the customer, but if conditions change there's no doubt that we may at some time be prepared to change our policy in that respect.

With regard to the question of upgrading rural service, with the extension of 6 to 8 community dial offices throughout the rural parts of Manitoba each year, we fully expect to upgrade the service very substantially over the course of the next few years.

The member for St. John's is concerned about the working conditions in Kelsey. Well I have known a lot of men who have worked on the Kelsey project, and I must confess that I have yet to have one that has reported to me anything of a major nature with respect to working conditions, wages or any other serious problems in the Kelsey area. Now I have had some indirect reports, I've read some reports in the newspaper, and I must confess that from my own experience I feel that some of these reports have been unjustified. I visited Kelsey about two weeks after the newspaper report which appeared, I believe, in February of this year, with respect to the working conditions that were reported on by one of the local newspapers. I believe that one of his complaints was that the huts were certainly not suitable; but when you consider the purpose for which those huts are erected -- it's a construction camp, and these camp facilities are erected to be used during the period of construction after which they will be torn down, dismantled and used for whatever purpose they can be at that time. And I must confess that in my opinion conditions in these huts were satisfactory. Now one of the complaints was that there were no doors on the cubicles, and it's understandable that some might have felt that this did not give them the privacy that they desired, and those I suppose who wish the additional privacy of a door on their sleeping quarters I notice that many of them with ingenuity had put up pieces of plywood or blankets or whatever was required to give him that degree of privacy which he felt he should have. Now the heating system was such that the cubicles did not go to the roofs, to allow for a circulation of air; but the washroom facilities were clean; toilet facilities were, everything was clean, tidy and neat and no serious objections from the quarters. I noticed that one of the reports said that these men were herded into trucks to drive several miles to their place of employment. Well now, I suppose, I didn't actually gauge the distance or check it on the speedometer between the huts and the working area, but I would judge it to be not over a half or three-quarters of a mile. And these men are working out of doors; they are dressed in heavy winter clothing and they get in the back of a truck and they drive half a mile, and presumably they could walk if they wanted to, down to their place of employment. Now we think nothing here of a little stenographer trotting off 2 or 3 blocks down to the bus stop in a shortie coat and nylon hose in the winter time, and probably the honourable gentleman himself has driven by them shivering on street corners and never made the claim that this was cruel or inhuman, and yet these kind of remarks come from people who are inexperienced in conditions as they apply in the north. These people who work in the north expect to work outside, and certainly it's no inconvenience when you're dressed for the weather to ride in an open vehicle to your place of work. The food was excellent. They had no special fare because I was coming because they didn't know that I was arriving on the day that we did. We let them know on a Tuesday that we would be there on Thursday and as it happened we got in there Wednesday and the food was of the very best. Now, admittedly when you're having the same good food consistently that it does, I suppose, after a time get a little bit tiresome. I think the only reasonable complaint on the part of the person who was reporting was that they didn't have all the facilities that we have here in the south. There are no girls in the area, no dancing, no beverage rooms, cocktail bars and things of that kind. But they did have a night of bingo or cards, they had picture shows three nights a week, and on the Saturday afternoon, the Hydro-Electric Board converted one of their permanent buildings into curling ice -- one of their quonset huts -- they made two sheets of curling ice -- they had no greyhound racing but they could possibly have had husky dog racing had they want it, however.

(Mr. Carroll, cont'd.) And with respect to the fur queen going into Kelsey. I think that this is a matter of great provincial public importance because she is the fur queen of northern Manitoba and in that capacity I feel that she has every right to be represented in the communities of the north where she is seeking election, and if the honourable member doesn't agree I'm afraid that that's his privilege. (Interjection) . . . Well, I don't recall how well the candidates did in Thompson. (Interjection) . . . Oh, in Thompson? Oh, I'm afraid I don't know.

MR. PAULLEY: If the Minister don't mind. Did the queen in her election get as many votes at Kelsey as the candidates who were running in Churchill get at Thompson?

MR. CARROLL: Well I think probably she did considerable better. (Interjection) . . . Now with respect to the railway was built under contract by McNamara, Brown and Root, and the Hydro Electric Board contacted the Canadian National Railway to see whether or not they would take over that railroad and provide the service into the Kelsey area, and they were not able to make the necessary arrangements with the CNR to perform this service. Now that left the Hydro-Electric Board with one of three alternatives. They could run it themselves; they could hire it out to another contractor, or they could hire the service out to the contractor who is doing the major construction job on the Kelsey site.

Now one of the factors which was important in influencing their decision to let the contract to the main contractor in the Thompson area was, if a third person or a third party was involved and there were any delays in the movement of goods over that railroad, cars go bad order; cars too long on the road -- there would be delays which possibly the contractor could charge to the Hydro-Electric Board and it would then possibly be subject to an additional charge over and above the contract price, because of delays which were caused by the trans-shipment of goods from the CNR track to the Kelsey area. Now there are provisions under the Transport Act whereby if the CNR delay shipments of goods between two points that they are protected and aren't liable for the delays in the shipment of goods -- they're not liable to action on the part of the consignee for the delays.

Now I'm afraid I can't tell you at the present time who built the telegraph line or whether or not it's being operated by the CNR in Thompson or whether it's being operated by the company for the CNR. If it's being operated by the company for the CNR then I would think that he would keep the confidences of the messages that are being sent over that system. However, that is something over which we have no jurisdiction at this time.

I regret that I must disappoint the Leader of the CCF with respect to being able to give him assurance that we will not set up this natural gas utility as he would hope that we would. However, I would like him to know that he will have a full opportunity at the first of the week to debate this very important Bill when it's presented to the House. I note that he is disappointed that his resolution on Compulsory Insurance has not been accepted by the House and I don't intend to debate it at this time. We will give every consideration to further extensions of the driver licensing, driver improvement and driver control program. It will be extended as and when conditions warrant, and subject of course, to approval of the House.

There was comment made by the Leader of the CCF Party in which he commended the Hydro-Electric Board for their considerations on other sources of power generation. I would like to advise the House that Mr. Don Stephens is a member of the Atomic Energy Commission of Canada and in this capacity is keeping very closely in touch with developments in the nuclear field, and these people are constantly studying ways by which they can bring power to the people of Manitoba at lower costs.

The Leader of the CCF Party was asking if or when we would be having an investigation of the Manitoba Telephone System. Well, I must confess that we are certainly very conscious of the heavy responsibilities of our utilities and the management of these utilities and the Boards, and we are certainly keeping a very close eye on their activities; and when an investigation is decided upon, it will be announced and I'm sure that he will have -- it will be announced to the House if the House is in session, or it will be announced through the regular channels. -- (Interjection) -- Well, I've got so many pieces of paper here I don't know whether I've covered them all or not. There was one further question, I believe, in connection with the cost of the Greater Winnipeg Natural Gas Distribution Investigating Commission and my information is that it costs in the neighbourhood of \$86,000.00. I believe that those are most of the questions that were asked by the honourable member.

MR. GRAY: Mr. Speaker, one other question is as to the security of having sufficient power until the other plants will be built?

MR. CARROLL: Well, I can give the honourable member the assurance that he has no need to worry in the immediate future about the supply of power in Manitoba. We expect to have in excess of 15% over and above the peak demands on the system during the coming winter, and as you know next summer our Selkirk Generating Station will be coming into production, which should give us ample supplies for the next two or three years. That, together with the inter-connection with Saskatchewan which will be in service by December of this year, will give us adequate supplies. I would also like to say that the rains have been fairly heavy this year and the flows in the river have been excellent and the water levels in the lakes to the east are satisfactory.

MR. J. M. HAWRYLUK (Burrows): Mr. Speaker, in the first place I would like to congratulate the Minister on his excellent report in giving us the state of affairs of our public utilities. I think we in this House should certainly give credit to the former government that had the foresight enough to at least retain some of the natural resources for the people of Manitoba. When I think of the revenue that we have received in the Treasury since our utilities were set up, I think it would run into hundreds of millions of dollars, and it's unfortunate that the government, well let's say fifty millions of dollars — (Interjection) — Well, nevertheless we do have certain utilities that were taken over by the government and we are reaping the benefits, that is the people of Manitoba. No question about it, I'm not trying to criticize that. I only say that the stand the government took previously with regard to the gas I think is one of our biggest utilities that we should have had, but that's something that could be discussed later.

I would be remiss, Mr. Chairman, if I did not, personally knowing Mr. Baillie as I do, being a member of the House for the past ten years, if I did not personally, on behalf of the people of the province, say that due to the zealous effort of Mr. Baillie and his staff that we, in Manitoba, are I think, have one of the best records, in Canada I'd say, or in the United States, as far as having the least number of fatal accidents or accidents of another type. And I think he should be commended as well as his staff.

Now there are a few questions I would like to ask the Honourable Minister. I've waited because I thought possibly some of these questions would be given to you, Sir, and that is in regard to a problem that has been mentioned in the House for many, many years since I've been a member. I recall that eight to ten years ago that members in my constituency would phone me, come to me, would meet me and say - "How long have I to be on a party-line?" Right here in the City of Winnipeg. I have cases of people who have been on party-lines right in the heart of the City from ten to twelve years who have had applications wanting a single line. And the story that they were told by the Telephone System, after the war, "Well, we haven't got the material and there's a shortage of this and this and that". Well, how long will these people wait? This is 1959 - this is approximately 14 years after the war and yet we have these people who are willing to pay a few extra cents for the single line, and yet they have not received it. Particularly, I don't know what the state of affairs is in other parts of the City of Winnipeg, but I know that in north Winnipeg, where I represent for many years, it seems that the situation there was not as good. It seems that the people in other parts of the city, especially in the newer areas, were able to get single lines a lot sooner than those in the older. Now that is an important question, because I received a letter — unfortunately I haven't got it — from a man who of another incident, Sir, where he moved to another home in the same area and has had an application for ten years and he's been on a party line for approximately ten years -- he moves into this home in the same area where there had been a single phone, and he gets into this home and sure enough they took that phone away from him and gave him a party line again. Now he is quite perturbed about it, he as much as said there's possibly discrimination of some kind, and I think it's something that the Minister might give me an answer.

There is one other question in regard to a matter that cropped up about a month ago -- I don't know what the policy is of the Manitoba Telephone System -- in regard to a person who called me, of a needed emergency -- a repair job -- in which this party had a family, a member of the family get paralysis and the phone had gotten out of order and they required that phone over the weekend, on Saturday and Sunday. And, unfortunately, in spite of the pleas of phoning in to have that repaired, nothing was done about it, they had to wait until Monday. Now

(Mr. Hawryluk, cont'd.) . . . I presume there is an emergency crew of some kind on stand over the weekend and holidays, and I'm just wondering whether this was an exceptional case. But I know that this party was quite upset about it because they had to have a phone to phone the doctor or the nurse and they weren't able to get any results. I'd appreciate if you would give me some reply to that.

Now there's one other item that I think, I think it's in your category, Sir, and that is the number of tractor deaths that have occurred in the past number of years. We have had, I think, last year in 1958, 25 or so people that were killed by falls of tractors on themselves -- but I'm concerned - I am concerned about the adults who are involved, but it appears that in ten of those cases or less, it involved teenagers where the farmers allowed their sons and daughters to accompany them on the tractor, and in some cases they gave the privileges to young sons of eight years and six years of age to handle a tractor, and as a result there was a number of fatal accidents. Can anything be done, Sir, from the department to see to it that that is not continued, because I think it's getting out of hand. Where they try to save on labour, the farmers asking their teenage daughter or son under 12 to handle a tractor not realizing that an accident could happen, and yet we find that it's on the up. And I was wondering whether some measures are taken from the department in regard to that, Sir.

MR. CARROLL: The Honourable Member from Burrows has raised a couple of interesting points. With respect to tractor accidents, this is something that has concerned us for some time and we are giving consideration at the present time to what we should do with respect to these accidents. You must, of course, recognize that our jurisdiction is in connection with highways only. We can't be responsible for those accidents which occur on the farmer's own land or in his own farm yard or his own roads and his own area. However, with respect to the travel on provincial highways then that can come under our jurisdiction, and we are giving consideration at the present time to some method by which we can maybe cut down the fatalities with respect of this kind of accident.

I am somewhat concerned about the laxness possibly of our repair crews, although I do know that they have many jobs to do, and they try to schedule the work in advance so that there are no unnecessary delays, and in cases of real emergency I would hope that we would make a special effort to take care of need as appears to exist in this particular case. And I will certainly take steps to make sure that the department officials are aware of this complaint, and we'll try to take those steps which we can to insure that things like this don't happen in the future.

Now in my statement on the Manitoba Telephone System earlier, I believe that I emphasized the very large job that was being done by the Manitoba Telephone System in the Greater Winnipeg area. In a ten-year period they installed 85,000 telephones, which you'll agree is a very substantial number. Now because of this tremendous demand which has existed ever since the war, we have been taking care of those new demands, at least those new applications for telephone service, and as the result we have only so much line plant available -- so much outside cable plant available, and we've had to give two party service in order to take care of these tremendous number of applications that have come to the System since the war. However, our program, our plan is at the present time to carry out an investigation to see just how much it will cost to convert from these 67,000 two-party line services. We think it's reasonable to expect that 50,000 of those would want to convert to a single party service if it were available. So our present plans are, over a five-year period, to convert 50,000 of those telephones, but besides the tremendous demands for capital in this regard, we also have the increased cost of engineering and the demands on our engineering staff to plan these jobs, and also the demand on our construction crews - the additional construction crews that would be required for this five-year period to complete this service and at the same time take care of our other new demands for service. I must confess too, with respect to service in the Greater Winnipeg area, that the newer areas have often been served with single party service, where the older areas have had to get along with two party service. And the reason for that, of course, is that in our planning for the new extensions we try to give single party service if it's at all possible.

Now there was one other question I would just like to mention here - it was one that I missed. The Member for St. John asked - who could use the railroad into Kelsey? My understanding is that it's a construction road and the purpose of the road is to carry those people

(Mr. Carroll, cont'd.) . . . who are taking part in the actual construction job and to move the goods and equipment over the rail line for use on that job, and the lease for the road is turned over to the contractor and those are the purposes for which they are to transport people in and out of the area.

MR. GUTTORMSON: Mr. Chairman, the Honourable Member for Burrows is concerned about the people in his constituency being on party lines where two persons are on each line. He should certainly sympathize with the people in my constituency where as many as 16 people share the same line. I would ask the Minister to give some consideration into the possibility of putting extra lines in so that it would reduce the number to at least eight persons on each line, and the people would certainly be grateful to him.

Could the Minister tell me what the policy is pertaining to hydro service - how a person in the rural area can get hydro and what the policy is?

MR. CARROLL: By policy you mean how many miles of line will they run per customer? Now I believe I'm correct in saying a mile and a half per customer.

MR. GUTTORMSON: That's road allowance construction isn't it?

MR. CARROLL: That would be a mile and a half of line, I presume it would be road allowance.

MR. GUTTORMSON: What is the fee beyond the mile and a half?

MR. CARROLL: Well, if they have to run beyond that, it is a question of how much does it cost to extend the service, what kind of poles are they using, and so on. They would pay a capital cost in relation to the cost of extension beyond what we would normally spend for that individual customer.

MR. GUTTORMSON: The reason I ask, Mr. Chairman, is the policy with the telephones is they charge \$15.00 for every 1/30 of a mile. I was wondering if you could give me what the policy in relation to the hydro was? Is there any similar policy?

MR. CARROLL: It will depend on the construction cost and I presume that they do have certain cost figures that they could give you very quickly if you'd care to call them sometime on that.

MR. GUTTORMSON: Regarding the matter of the party lines. Does the Minister have anything to report on the possibility of reducing the number of persons on the country lines?

MR. CARROLL: Yes, I believe that it's part of our upgrading of service in rural Manitoba. As I mentioned earlier, we are building - our policy is to build six to eight small community dial offices in rural Manitoba each year; and when those dial offices go in it is the intention to cut down where possible, the number of customers on the line to not more than ten and less if we can.

MR. MOLGAT: Mr. Chairman, in reply to the previous question for the Member for St. George with regard to the extension of the telephone beyond one mile - I understood the Minister to say that it would not be economical to go beyond one mile for the Telephone System, and yet we find, insofar as the Power Commission is concerned they will go a mile and a half. From what little I know about construction of telephone and hydro lines, I believe that it is less costly to build a telephone line than it is to build a hydro line. As I recall them, they do not need to use as heavy a type of pole for a telephone line or as costly a type of wire. Now it seems to me that if we standardized it and brought it down, both systems to a mile and a half, that possibly we would arrive at a compromise that would be satisfactory to the rural areas and would not be too costly insofar as the Telephone System is concerned, in view of the fact that the Power Commission are able to provide the service.

MR. CARROLL: Well, there is a problem here. It is not only the cost of extending the line. It also takes into account the revenue that that line will bring into the system, and if you're a heavy power consumer - I'm not at all sure that we mightn't be prepared to run considerably more than a mile and a half per line, but that isn't for the farm hookup, that might be for industrial hookup where they plan to use very heavy loads. So it takes into account not only the actual cost of construction, but the revenue which will be derived from that construction. I think you will find that by comparison both charges are reasonable.

MR. MOLGAT: I quite realize that where there's a heavier power load the Commission would probably be prepared to go further, but the fact still remains that for a basic household load or farm load, at the moment the Power Commission will go a mile and a half. Now is the

(Mr. Molgat, cont'd.) . . . cost as compared to the revenue insofar as the Power Commission, that much higher for a mile and a half than it is for the Telephone System?

MR. CARROLL: Well, of course, there's one other item here that we haven't taken into account, and that is that this House will be asked tonight, I hope, to approve \$775,000.00 as our share of the cost of rural electrification in this province.

MR. L. HARRIS (Logan): Mr. Chairman, there is one question I would like to ask the Honourable Minister. You say you have ample electricity now. Are you thinking of taking some of the restrictions such as the cut-off on the hot water tanks. There are lot of people in this city that have large families and I've heard lots of complaints about that.

MR. CARROLL: Well, to begin with, those people who have hot water services are getting power at a very, very low rate - this is what we call off-peak power. You buy it cheaply because the demand for power is less at certain times of the day and that power might normally be going to waste. But during those hours of the day when the demand is high because of this very attractive rate that you get on water heaters, they reserve the right to cut it off - it's what they call an interruptible load and they cut it off and you're getting a very cheap water heating service because of this particular principle.

MR. HARRIS: not to have the cut-off?

MR. CARROLL: Oh, I would think that Mr. Fallis would be very pleased to hook you up on a direct line if you wanted to buy it for your water heater and pay the regular rate, but you're going to be paying a lot more than what you're paying for your water heater at the present time.

MR. WAGNER: Mr. Chairman, I don't know if this question is proper to ask or not, but I go from electricity to bus driving. What jurisdiction has the Minister on the bus line service? For example, the road is good, the dwelling is there, the garage is there; all the facilities that the bus line desire is there and yet the bus line wouldn't send a bus there. Is there any jurisdiction that the Minister can force the bus line to go?

MR. CARROLL: In granting franchises for bus lines - they're granted by the Motor Carrier Board on the basis of public need, necessity and so on. Generally speaking bus companies are anxious to extend their bus service where it's going to be reasonably profitable for them, or at least their costs of operation are going to be met, but it's pretty hard for anybody to order a bus company to perform a service in which they're expected to lose money continuously over a great period of time. I would say there is a perfect opportunity for a co-operative movement to a car or a station wagon of some kind and run it back and forth, if it's profitable. It could be done on a small scale by the people of your particular area if they were interested in that kind of a service.

MR. ROBERTS: Mr. Chairman, from electricity to buses and back to electricity again. It's been brought to my attention that two young businessmen in the New Bothwell area in Manitoba wish to start a feed mill and they have been advised by the Commission, the Power Commission, that they will be charged \$1,000.00 a mile, \$3,000.00 for breaking in a 550 volt electricity to run their feed mill. I feel this has stopped their plans completely -- it's too bad in more than one way because it was a new industry for the small town of New Bothwell, or it was hoped to be -- it was a service to the farmers in the area, and yet this very heavy charge which the Commission wishes to put on them to bring the electricity only three miles for a plant that'll use quite a large quantity, it seems to me rather unfair. Would you care to remark on this?

MR. CARROLL: I think the explanation for that particular problem is something like the explanation that was given for the extension of three phase power when the question was asked by the Honourable Member for Selkirk. Taking into account the load which is on the system and the cost of extending the power, the Commission determines how much of that cost the Commission can absorb. Beyond that the customer must be responsible for the capital cost.

Now this is a special kind of power service. This isn't the regular power service to my understanding - it's for a heavier load. Possibly three phase.

MR. ROBERTS: If the Minister will review this particular case because I think it's well worth any charge that might be made against the Commission for it, because of the advantages of getting industry started in these small areas like this.

MR. CARROLL: You mean it's worth that to the Commission to have that industry start there, or is it worth that to the people of the area?

MR. ROBERTS: It's certainly worth it to the people of Manitoba, because they will -- if their business operates for a long enough period of time they will repay the cost of installing the 550 volt into the area -- three phase. And further it's a real service to the people of the community and it's further along the line of the industrial development we would like rurally -- the decentralization of this type of plant.

MR. CARROLL: Well, I am sure for one thing that if it were worth it to the Power Commission to do it they would certainly do it; but I am also suggesting that maybe it is worth it to the bunch of promoters down there who are starting up this business. I think possibly you can't expect the Manitoba Power Commission to subsidize industry in the province, desirable as that may be. I don't think you can expect the Power Commission to do it. They are charged with the responsibility of distributing power to the people of Manitoba at reasonable cost.

MR. ROBERTS: This happens to be in an unfortunate spot where the electricity -- three phase -- has not been put in yet. If they were to start up in any other place, of course, this would already have been put in by the Power Commission, and they see no reason why they shouldn't get the same treatment as the people who are starting up in other areas.

MR. PAULLEY: Mr. Chairman, I can assure you that it won't be necessary for another motion in respect of myself and gas. I want to thank the Honourable the Minister of Public Utilities for giving me the information in connection with the cost of the enquiry of the commission into gas distribution, at a figure of approximately \$86,000.00 he gave me, if I recall correctly. I would appreciate it very much if it was possible for the Honourable the Minister to give me -- not now -- but to give me a breakdown of how that cost is arrived at, how much remuneration was paid to each of the members of the commission, and other expenses. I trust that request, Mr. Chairman, is not unreasonable and that the Minister will be able to supply that information.

There are also two other questions I would like to direct to the Honourable Minister. One deals with telephones, the other with both telephones and power -- I'll ask both of them at the same time. The first one would be: When will long distance phone calls be possible direct between -- to various cities? I understand that the whole system of telephone communication on the North American continent is undergoing a change due to the two-letter, five-number dial system. With that objective in view, I wonder when that will be possible as far as we're concerned in Manitoba. And the second question is: Is there any consideration being given to, or likelihood of, increased rates in respect of power and of telephones?

MR. CARROLL: Well, I can't give you a breakdown of the costs with respect to the Greater Winnipeg Natural Gas Distribution Commission. I can tell you that the chairman was paid \$75.00 per day, and I believe the members were paid \$60.00, and there were certain technical advisers who were paid by the Commission as well. Now, is that the information you wanted?

MR. PAULLEY: I think, Mr. Chairman, that the Minister should be in a position to give us a greater detail of the breakdown than that. He may not have it on the files in his office, but I'm sure that whoever was responsible for the setting up of the Commission. As I understand it, it was appointed by statute or appointed by the former government, and the funds were to come out of the Consolidated Revenue. I may be mistaken as to the

MR. ROBLIN: We'll get it for you.

MR. PAULLEY: Yes, that's fine.

MR. CARROLL: With respect to long distance direct dialing, our operators here in Manitoba are completing 47% of all their long distance calls now by direct dialing from the toll offices in the province. Now the Canada average is only 33%, so you will see that we are well advanced in this two-letter, five-number operator dialing.

MR. PAULLEY: Is this person-to-person direct, Mr. Minister?

MR. CARROLL: It is not person-to-person direct. No, this is long distance operated direct through-- what would normally have gone through other operators but direct through their exchanges to the ultimate destination.

MR. PAULLEY: Yes, but Mr. Chairman, isn't the eventual idea for it to be a person-to-person without going through an exchange? When will that be?

MR. CARROLL: I'll see if I can get that information for you.

MR. PAULLEY: And is there an answer to my second question in respect of possibility or consideration of increases in rates in respect of hydro and telephones?

MR. CARROLL: Well, I think I can say this that my understanding is that this year the Manitoba Telephone System showed a light profit. It's anticipated that next year we will probably break even in our system, and we have a fairly healthy rate stabilization fund, so it will be some years before we can expect an increase in rates there. As far as the power is concerned, all we can say at this time is that we have reason to believe that the costs of generation and distribution are going up; ultimately we may have to make — we will have to make some sort of a rate change. But that won't be for some time.

MR. CAMPBELL: Mr. Chairman. "A" I think, has not been passed yet. At least I've been attempting to get in here for quite a long time and as usual I've waited till quite a few of the rest, hoping that maybe my questions would be asked and I really haven't many of them. As a matter of fact the first one I was going to ask was on this question of rate increase that's just been mentioned by the Honourable the Leader of the CCF Party. My remembrance is that the Minister was quoted in a press statement as saying that there would be a rate increase insofar as the Manitoba Power Commission was concerned. However, I'll give him — he can comment on that when he wishes to.

But one of the reasons, Mr. Chairman, that I wanted to say a word on this matter of administration was because there have been so many compliments paid from all sides of the House to Mr. Baillie. I'm more than happy to join in all of those expressions of appreciation to Mr. Baillie, and I agree with them completely — what's been said — first class civil servant — he's done an excellent job. I think he deserves all the compliments that have been paid him. But I certainly wouldn't want the committee to consider these estimates and the reports that have been made by the Minister — and by the way it was a very full report, and I compliment him on the excellence of it. I think it's a very good report. Inasmuch as he covered the other public utilities as well, I would not want the occasion to pass with these quite fullsome compliments to Mr. Baillie, with which I agree, and have nothing said about the contributions that the other heads of the departments have made here, because we have some other men here that deserve those compliments. Mr. Baillie would be the first one to say that they deserve them just as much as he does. I think that one of the things I can compliment my honourable friend the Minister on is that he has been fortunate enough to be cast in a role here as Minister of a department that's not only one of the most interesting ones in the whole department; not only one of the ones that's giving perhaps as wide service as any of these that get more attention frequently; but that there is no department in government that is better staffed than the one that he happens to be administering. And I would like to just take a minute to say something about the heads of the other branches. Namely, Mr. Fallis, Mr. Stephens, Mr. Mills and Mr. McDonald. And in those men, and they in turn would be the very first ones to emphasize the fact that they are backed up by unusually competent men.

I don't know of a department any place that has greater depth and width than the Hydro, the Telephones and the Hydro-Electric Board. Every one of those have quite outstanding men in them in addition to the heads of the departments. For instance, just to give one example, when the farm electrification program was in progress in the Province of Manitoba, it had taken a lot of planning, it was ready to go in every way; it was ready to go at war's end. We hadn't started it during the wartime because we didn't want to compete with the war effort for the men and the materials. We had the money. And that will surprise people to hear me admit that we had the money and we were ready to spend it. We had it and were ready to spend it and the plans were ready before the war ended. As soon as it ended it was put into effect just as fast as it could be done. But that program would have been slowed down to a walk, as a matter of fact it would have stopped completely, if the Hydro — the Manitoba Power Commission themselves hadn't shown a range of ingenuity that's mighty unusual in any group of people, because they actually developed a new industry in order to keep the farm electrification program going, and of course rural electrification along with it. What they did, when we were faced with the proposition that we simply could not get the poles on which this service had depended before and which the telephone depended on too, when we were faced with the position that we simply could not get those poles, they literally went out and created a new industry in the Province of Manitoba, and they did a great service to that area that the Honourable the Minister of Mines and Natural Resources was talking about the other evening, the south-east part of Manitoba. Because they went in there and developed a forest industry that actually saved the farm

(Mr. Campbell, cont'd.) ... electrification program; because they took out the jackpine trees there and then they were responsible, with the co-operation of a private enterprise organization, in getting a treating plant established out at Transcona and together they kept that program going. It's true that the poles weren't as pretty as the ones that had come from BC and other places, but they have done the job excellently and they are lasting well -- the last reports I've had -- and it was a new industry and it saved the program, and that was the responsibility of those young fellows in that department themselves.

The Manitoba Hydro-Electric Board is similarly capably staffed -- not only with an outstanding Chairman and General Manager in the person of Mr. Stephens, but there again there's real depth, and width; and one of the men who is now a senior, a pretty senior -- one of the officials of that company was the very first man, and he was just a young fellow at this time -- was the very first man -- to make the suggestion of a by-pass around the City of Winnipeg. At least the first man that I ever heard of making that suggestion. He's now a pretty senior man with the Manitobay Hydro-Electric Board. I'm not going to name him -- yes I think I will name him -- it was Jim Rettie. He was just a young fellow at that time and he was the very first man to come up, to my knowledge, with the suggestion of a by-pass around Winnipeg to relieve the threat of flooding here.

Mr. Mills in the telephones -- the report that the Minister has given as to the work that's been done there in recent years, I think is comment enough, and I am not able to speak with the firsthand knowledge because of the fact that I never was Minister in charge of the telephones in the way that I was of these others that I've been speaking of. But I did come to know Mr. Mills well and that's another organization that's just splendidly manned, not only in the commissioner himself, but in the young men that are working with him. And then, the one that you don't hear as much about perhaps as these folks -- it may be a little difficult for a Campbell to be extravagant in his praise of a McDonald -- but McDonald in the Public Utilities has done a great job too. And there is a little bit of philosophy in this, Mr. Chairman, that in the Public Utilities, in that branch, the Province of Manitoba lost by death three outstanding men within a very short period of time -- W.R. Cottingham, and Dave Mellish and Jack Spalding -- three quite outstanding men. And it's one of the commentaries on how good democracy can be, with all the mistakes that it can make at times too, that we were able to get that Board as well staffed in as short a time after a tragedy like that occurred. And the job that Mr. McDonald has done, and I'm not going to give either praise or blame for dividing the Board, that's not the purpose of taking part in this debate -- I think it could have been done just as well by giving extra staff and carrying on as before, but that's another question, and can be debated at another time if we want to -- but the job that those men have done, and he in turn has had good associates too.

So I wanted to say that while I agree wholeheartedly with what's been said about Mr. Baillie, don't let's forget these other men, because they're quite outstanding, and it's a pleasure once in a while -- especially for one who is inclined to look with rather a jaundiced eye on the growth of the civil service, and I'm looking at it a little more these times even than I used to be before -- it's a pleasure to be able to pay tribute to some really outstanding ones when you get them here.

Now having said that, I was going to ask about the likelihood of a rate increase. I am under the impression that the Minister gave a statement to the press, or at least an interview, that quoted him as saying that we were facing a rate increase as far as the Power Commission was concerned. Or perhaps it was in the Hydro-Electric Board charges to the various distributing -- to the two distributing agents. Well, the Minister can comment on that himself. And then I wanted to say without arguing the point at all -- I wanted to ask the Minister when he was answering the Honourable Member for Inkster with regard to the discontinuance of the sale of appliances. He gave the same reason for that policy being continued for the time that it was, that I notice that the two newspapers gave in their editorials. That was the policy in the early days but that hasn't been the reason it was continued for a long time. That reason passed out of existence some years ago, but about the time that it passed out of existence the load growth was sufficient. But the thing that came in at that time was that the Manitoba Power Commission found it in their own interest necessary to give a great deal of service to the appliances that they had throughout, particularly the rural parts, and frequently at great distance from the base of operation of the local man; and they found that they just couldn't escape that service -- they didn't want to escape it. It's a good business for them to be in -- it's the kind of service that

(Mr. Campbell, cont'd.) . . . they want to give to their customers, and this was a way of carrying at least the major part of that cost. But then there was another reason as well and that was that with the change in some legislation down at Ottawa that I think was called the price maintenance or something of that kind, the various companies started to advertise equipment at quite different prices and at ununiform prices as a changed policy to which they had been practicing before, and the Power Commission found it necessary to at least keep in step with that competition in price to some extent.

Well then there was another factor, as I understood it, and I'm asking the Minister if these are not the real reasons rather than the one that he gave. And that was the advent of natural gas that my honourable friends have been talking about, because natural gas is a natural competitor of the Power Commission, and the Power Commission are in some of the areas where natural gas will be quite a competitor. And incidentally that's one of the reasons that I think -- just one of the reasons -- that I think it's a good thing for the natural gas industry to be in private hands. I think it's a good thing to have a private enterprise competing with the public service in that way. And the mistake that my Honourable friends in this group make, is because due to special circumstances and very excellent staffs that have been working at them, and a tax situation as much to the advantage of the public utilities because they work well in some of these fields, then my honourable friends want to apply the public ownership principle to pretty nearly everything. I say that I give the Minister credit if he's bringing in a bill with-keeping the private enterprise in this field. (Interjection) I'm sure -- I'm sure I'm not. However I don't intend to debate that argument at the present time -- it's got to be a kind of, a habit for some of us to explain why we get up to speak on these subjects and at this time of the day -- but I wanted first of all to say that there are a lot of other men besides Mr. Baillie -- much as he deserves it -- that deserve these tributes, and the report that the Honourable the Minister has given here tonight -- I won't use the same phrase as my honourable friend from Selkirk used a little while ago -- I'm too modest to say that -- but the trouble is, if there is any trouble at all, is that we never told the people enough about the good job that we were doing with regard to those. As long as my honourable friends continue their policy of just carrying along on the same policies as we have, they'll do all right. It's just where they depart from them that they might have a little difficulty.

MR. MOLGAT (Ste. Rose): Mr. Chairman, on this matter of the increase in rates, as I recall it sometime in October, in fact I think on the 10th of October, the Tribune in the city of Winnipeg carried a story that there was to be an increase in rates in the not too distant future, and this as I understood came from the First Minister and the Minister of Public Utilities. It was also discussed then that there were negotiations with Saskatchewan to import power from Saskatchewan. I notice tonight that the Minister told us that there had been an arrangement with Saskatchewan to correlate our system with theirs. I wonder if he could give us some further details on that. Are we importing power from Saskatchewan? Are we not getting enough from our own sources, or was this discussion then in October of last year merely a statement that we were to tie up our system with theirs?

MR. CARROLL: Well, Mr. Chairman, in connection with the story about rate increases, I believe that the suggestion was made that ultimately we would have to raise power rates in the Province of Manitoba. And it is pretty obvious why they will ultimately have to go up; the cost of labour that goes into these new construction jobs; the cost of materials and the cost of money -- all these things mean that we are going to have to pay higher costs for the power that is generated from these higher cost plants. Together with that we're generating now a certain portion of our power to meet our peak loads at the present time by means of coal steam, which is considerably more costly in fuels and operation than are our hydro plants; so that ultimately we will have to increase rates. But certainly we don't envisage a change in the near future. I think that was one of those things that the press often picks up and makes a story from -- an element of truth in it admittedly.

Now, in connection with the interconnection with Saskatchewan we can see many advantages both in reliability to our present system and in cost savings to the province. (Interjection) Yes, yes, you're right -- it works both ways -- yes. When we have lots of hydro power possibly in the summer months, and spring and fall, there is no doubt that they may be in a position to take some of our hydro power to supplement their generation, and we would benefit

(Mr. Carroll, cont'd.): . . . by that kind of a sale. One of the factors to be considered was that we could possibly go ahead and extend further our coal generation facilities, and the cost of the extension that we had in mind at that time was something like \$15,000,000 over and above the present coal generation that's under construction at the present time. And then we looked ahead to the time when we would have to go in and develop Grand Rapids, and when Grand Rapids is developed that means we have to put our coal steam plants in moth balls for a period of time; and when you consider the capital cost, the carrying costs, the depreciation and the essential maintenance that has to be done on these coal steam plants during those years in which they must lie idle as a result of bringing in another source of hydro, there were very substantial savings which ran up into several millions of dollars under certain conditions that were foreseen at that time by the planning engineers and the members of the Hydro-Electric Board.

MR. MOLGAT: . . . I take it then that we are not really in a position where we have to import power from Saskatchewan. That we have -- we are not faced with a power shortage in the Province of Manitoba?

MR. CARROLL: We are counting on using Saskatchewan power for our peak loads this winter.

MR. MOLGAT: Merely as an exchange with them.

MR. CARROLL: No.

MR. MOLGAT: As a permanent process?

MR. CARROLL: Not permanent, no.

MR. MOLGAT: As a temporary exchange process, as we have been doing with the Province of Ontario?

MR. CARROLL: I didn't explain that quite fully enough perhaps. By contracting with Saskatchewan for this supply of power that meant that we wouldn't have to go ahead at this time with an additional expansion of coal steam generation, but we could save that 15 million dollars that we would be investing in coal steam and invest it possibly at Grand Rapids when we go in to do that site. In other words we'll be saving the cost and the depreciation on that 15 million which was anticipated to be spent to supply power for our immediate needs in the future.

MR. MOLGAT: I wonder if the Minister could explain to us the policy of the Power Commission and the Telephone System insofar as joint-use lines?

MR. CARROLL: I think the policy is that wherever it's feasible it is used; wherever it is economically feasible they do go joint-use

MR. MOLGAT: The policy now then is to accept joint-use lines, is it, because as I recall it the Telephone System in particular was very reluctant in the past to use joint-use. They found that there was interference from the hydro lines and also a question of their employees not being too keen on meddling with the high power lines that were necessary for the Power Commission. Now I may be wrong on that past policy but when I had asked them previously to install joint use lines that's the reply I got.

MR. CARROLL: I said wherever it's possible, and if there is going to be interference then it certainly wouldn't be possible from a practical standpoint, but I think they aren't so reluctant any more to go joint-use where it can be done.

MR. MOLGAT: I wonder if the Minister could tell us what the situation is insofar as power at Churchill. This is a question in which we were involved at one stage -- and we were in quite some discussion with the Federal Government with regard to the Fort of Churchill. I notice that the Arthur D. Little report recommends that the province should take over the complete distribution of power to the Fort, to the townsite and to the harbour's board. I wonder where this matter stands at present.

MR. CARROLL: We have offered to do just that.

MR. MOLGAT: Is it going ahead or -- and if so when will that be taken over.

MR. CARROLL: Well, I think that we have indicated as a government that we would be prepared to enter negotiations at any time with the Federal Government, with respect to generation and distribution in the Churchill area. And this is unfortunately tied in with, in the minds at least of the people in Ottawa, with the other extension of utilities in the Churchill area. We hope that we can persuade them to allow us to go ahead with our negotiations on power

(Mr. Carroll, cont'd.) . . . separately. A meeting is tentatively arranged for mid-August in Ottawa to discuss these matters.

MR. MOLGAT: I take it then that there is nothing settled as yet insofar as Churchill, that the Federal people are still taking care of the power requirements.

MR. CARROLL: That's right.

MR. MOLGAT: In his general statement I noticed the Minister mentioned that Mr. Stephens the head of the Hydro-Electric Board is also on the -- has something to do with the Atomic Energy in Canada. Now this is a subject of very considerable importance to us when we're looking forward to developments like Grand Rapids or Kelsey or any of these others, Whiskey Jack and all the rest. Could the Minister indicate to us what developments are taking place now in this matter. Can we look forward in the fairly near future in Manitoba, to the development of power through Atomic sites? It is being done now, I understand, in Great Britain and what are the prospects for Manitoba? Can we look forward to a saving in this regard?

MR. CARROLL: Not at the present time.

MR. MOLGAT: Has the Power Commission gone into the developments in Europe in this regard; is there some activity going on towards that development?

MR. CARROLL: I can assure the honourable member that they're very closely in touch with all developments in the power field.

MR. MOLGAT: Turning to the telephone system, Mr. Chairman, has the government undertaken any investigations into the complete operation of the telephone system?

MR. CARROLL: I believe I just answered that question a short while ago. When we decide to do so an announcement will be made. The House will be informed or you'll be informed through the press if a decision is made to go ahead with it.

MR. MOLGAT: Mr. Chairman, I can't blame the honourable minister because he wasn't here in the House before, but those of us who were will well remember that the present Minister of Public Works used to treat us every year to a very fine speech about the purple cow -- no, pardon me, the sacred cow -- it was not the purple cow -- that he called the Telephone System -- and he used to tell us then, regularly at least once a year, at every session, on how terrible it was that the telephone system was going along with no investigation; we had no control over what was going on in that corporation; here is a giant going-on, the government didn't know what it was doing and it was high time that we did something about it and recommending an investigation every year. Now the government has been in office for almost a year and I'm surprised that with the honourable member on the Cabinet, that this investigation hasn't started yet. I'm wondering what has happened to the 'sacred cow' that we then had, which now appears to have changed its breed.

MR. HILLHOUSE: A sacred bull.

MR. MOLGAT: Mr. Chairman, I realize it's on. I want to discuss the matter of television in Manitoba. I have no particular desire to go on at this time if I can discuss it on some other item in the estimates. (Interjections) You want it now? Very well then. Fine!

This is a rather interesting subject, Mr. Chairman, and it received quite an airing during the election campaign. In fact, my honourable friend the First Minister had quite a lot to say about it.

MR. ROBLIN: Not as much as you.

MR. MOLGAT: Well, now I don't know. He is reported for example in Carman as having said something or another to this extent -- I think this is on the 21st of April when he was speaking -- "that Mr. Molgat tried to get T.V. in the north on the cheap. He failed and it wasn't cheap. I as Provincial Treasurer had to pay the bill with your money." This is the statement he made at that time and a few days later in Minnedosa he wasn't quite as kind to my publicity campaign at that time -- he didn't name me -- but he carried on to say that "one candidate wants something better than a chicken in every pot. He wants a T.V. in every home, and we all know what the Campbell government did about that. They hired a team of expensive experts to bring T.V. to the North. I know because I had to pay the bills. We believe that northern Manitoba should have television; we want the CBC chain extended to Flin Flon". And then, of course, as my honourable friend, my dear neighbour the Minister of Education, the Member for Dauphin on another occasion in my constituency said "that the previous government through our negotiations with Northwest Electronics had delayed the extension of television in Manitoba for at least

(Mr. Molgat, cont'd.) a year." That was his statement at that time. (Interjection) I had a plan? Certainly we had a plan and you know exactly what the plan is.

MR. ROBLIN: What was it?

MR. MOLGAT: It was the plan that we started up with Northwest Electronics. (interjection) Ah, but just wait a minute -- just wait a minute -- the plan was started. Certain tests were made; before your government took over the plans were not completed. Your government took over and from then on this whole matter of northern T.V. became a great mystery. No one could find out what was going on; no one knew what was happening at all. (Interjection) That's right -- Very well, we never claimed that this system could work. We had no proof that it would work; all that we knew was that it was working in the United States. And all I have to say about this system is this: let us give it a fair trial. The trials that were held, insofar as the public was concerned, it was always a great hidden affair. The public in the area, all along the Riding Mountain had no idea when the tests were going to be held. They tuned in the TV sets to the channels whenever they could and all of them who did, say that they got good reception. I don't claim the system can work; I'm not an electronics engineer and I know nothing about the details about this, but I do know this much, that the people who have TV sets in the area were satisfied with the reception that they got at that time. And what I ask of the government, and all I ask at any time was that this be given a fair trial; that the public be let in when the trials are being held. Why have the thing secret? If the trials are being held on Friday of next week, tell everybody the trials are going to be held on Friday of next week and let the public who have TV sets, tune in and then let them make their own statements and their decisions. And that was not done. This trial, I still say, is well worth trying. It may not work, that's quite true but it does work down in the United (Interjection). Ah, the public doesn't agree with you. You say it didn't, but you go and ask the public -- (Interjection) tut, tut, tut -- you go and ask the public in those areas and you'll find out what they have to say about it. It has been working down in the United States -- let's give it a fair trial here in the Province of Manitoba. If it doesn't work, fine -- scrap it.

And insofar as the great cost that my dear friend the First Minister is talking about, as I recall it the total cost was something of the order of \$15,000. He didn't say that in his speeches that's true. He let the public believe that it was a tremendous cost. And I say that the \$15,000 was well worth the attempt to get TV in those areas. If the microwave system is better, fine, but let's not forget this, the microwave system may serve the far north, but it will not necessarily serve all the areas down in the area of the Riding Mountain and in the Interlake because it necessitates another power, another distribution system like CBWT has here and like the Brandon station has. And I say that we should give this other system a fair trial. If it doesn't work, fine, let's look at something else.

MR. CARROLL: Well, I would like to assure my honourable friend from St. Rose that this system was tested; it did have a very, very adequate test and it proved completely unsatisfactory. My friend says that this system does work in United States; is working in the United States; and yet our experts have failed to find any evidence that this system was working under conditions such as we have here and over distances such as we're contemplating here in Manitoba. Now we are told that this system can work on one, two and possibly up to three hops, but to extend it beyond that it becomes entirely unsatisfactory as far as the viewing public is concerned. Now these tests that are being conducted are certainly not tests that the average member of the public can understand or determine whether or not the tests are satisfactory, because it requires a very substantial amount of equipment. At least a plane load was flown in from Ottawa for the tests so that they could measure the number of lines and the counts and so on in the picture to see whether -- to determine the amount of distortion that was taking place as the system progressed from tower to tower and our understanding was that there was evidence of distortion from tower to tower which deteriorated as the number of towers increased to the point where the system was useless as a means of providing a suitable signal in the Dauphin area. Now that's the report that we got from Ottawa.

I would like to assure the Member from Ste. Rose that we did everything in our power to assist Northwest Electronics in providing sites and locations and to assist them in any way we could in his efforts to complete his tests. But I must confess that it was very, very poorly engineered. I must confess that they certainly weren't experts in the television field, that

(Mr. Carroll, cont'd.) . . . were promoting it. I would think that they were better promoters than they were technicians with respect to this particular system.

MR. MOLGAT: It still stands, Mr. Chairman, that the people who tune in on the tests were satisfied with it. And all I have to say is this: that if a man sitting before his TV set is satisfied with the picture then that's proof enough that the tests were satisfactory and the people who did, were satisfied.

MR. ALEXANDER: Mr. Chairman, may I ask the honourable member a question? I would just like to know what the atmospheric conditions were at the time that they received this good image on their television sets; what the general conditions were for the television reception at that time? I think we all know of different layers of cloud, different conditions in the atmosphere as well, which makes, over skip-distances, television reception a very off and on proposition. And I know at home there is two or three days when we've got very excellent reception from Regina. But for three weeks after that you couldn't get anything except snow on it. Now if we were saying we were carrying on a test with Regina, we'd say fine, we're getting excellent TV reception, I've got it on my screen, I'll go and tell the Honourable Member for Ste. Rose it's fine and dandy, it works wonderful. I don't think that's a proper basis for basing television reception on at all.

MR. MOLGAT: I still repeat that I see no reason for the great secrecy that was involved in this whole affair. There was no reason that the public shouldn't have been taken in on the tests; told when they were going to be held and proceeded in that way. The government was very reluctant to let anyone know anything that was going on.

MR. CARROLL: Mr. Speaker. I must confess that Northwest Electronics were not so reluctant to give out information. I had a call one day last August from a hardware dealer in Dauphin, saying that he was having calls from distributors -- from television distributors in Winnipeg, who were acting on the information which was given by Northwest Electronics to the effect that Dauphin would have television within a month. At that time there had been no arrangement made for a tower which had to be put up in the Riding Mountain National Park; and I can assure my honourable friend that we got special permission from the Department of Northern Affairs to put a tower in there on a temporary basis. If we hadn't made that request, I can assure my honourable friends that that tower wouldn't have been there because it was there in contravention to the National Parks Act.

Now these people weren't successful in getting a license from Ottawa, because their equipment wouldn't produce a satisfactory signal. We certainly had nothing to do -- we certainly were very reluctant to encourage people in the area to buy television sets on the strength of the kind of evidence that we saw -- which was presented to us by these people -- because certainly I don't know what their background is, but I'm surprised that the former government didn't investigate a little further into the activities of this company to see where these systems were that they talked about and to find out whether they were in reality, operating satisfactorily. I will grant you this that possibly they will give reasonable reception on one or two hop bases but beyond that your signal deteriorates to a point where it is useless.

MR. CAMPBELL: The Minister asks -- makes the suggestion that he wondered why the former government didn't make some further investigations of this technique before we made any commitment with these folks.

MR. McLEAN: They were made rather hurriedly, were they not?

MR. CAMPBELL: They were made hurriedly that's true, but we

MR. ROBLIN: We couldn't even find the contract.

MR. CAMPBELL: Well, the contract I'm sure was on file. All that was given was a letter and the arrangements were made as soon as these folks approached us because the position that we took, and if my honourable friend in suggesting that the arrangements were made hurriedly, does he mean on account of the election?

MR. McLEAN: That's a good suggestion.

MR. CAMPBELL: Well, now maybe it is a good suggestion because the first mention of this was made just a little bit before March 31st when the Federal election was coming up, and it was made by the Honourable George Hees, so if the --

MR. McLEAN: Not the -- not any announcement regarding this plan was made.

MR. CAMPBELL: Yes, definitely! And I -- one of the first things that these young

(Mr. Campbell, cont'd.) . . . fellows showed to me when they came along and I had not happened to see the press reports of what Mr. Hees had said, but one of the first things that they showed to me was the press report of what Mr. Hees had said about this new proposal for bringing TV up to Flin Flon, if I remember correctly — to Flin Flon. I think the, I believe the announcement emanated from Flin Flon, referred to Flin Flon. So if my honourable friend is suggesting election at all, I say it might have been the election, but I had never heard of it at that time. I hadn't seen the press announcement when these folks came along. I was quite intrigued by the story that they told -- I'm not an electronics expert at all -- and we said to them, well for goodness sakes, as far as I'm concerned, the proof of the pudding is the eating. You folks deliver a good picture up at Dauphin and then we'll be prepared to talk to you. And that was the understanding. And what the Honourable Member for Ste. Rose says is perfectly true. Perhaps atmospheric conditions were unusual -- I don't know anything about that, but the people, the local people up there, tell us that at the times these tests were being made by this pair of chaps, that they got reception in the area. And I think it was the Mayor of Flin Flon, if I remember correctly, who attended the first test at Dauphin and he went on record as saying that the reception was good. Now admittedly the technical people of the telephones did not give similar reports from the technical point of view, but the people in the area -- several of them -- and I remember in particular the Mayor of either The Pas or Flin Flon -- I think it was Flin Flon -- said that they got a good picture there. Now, all that we were trying to do was make the arrangements available to them to prove whether they could get there or not. And the hydro people co-operated with them I think quite fully and the telephone people did the same. The reason that the telephone people were tied into it was because if it delivered a good picture at Dauphin then the next step was to go on to Flin Flon or to The Pas, and then to Flin Flon, and going on there depended completely on the use of the microwave towers and so the telephone people had to be satisfied that it would not interfere with their reception on their tower.

So all I say is the same as the Honourable Member for Ste. Rose, that I admit the technical people were not impressed but as far as the local people were concerned, they said that they got pictures regularly when these tests were going on.

MR. ROBLIN: Mr. Chairman, I'm not going to speak at any length, but there is one point that I think should be made crystal clear. The Honourable Member for Ste. Rose has left the impression in my mind that some mysterious force or power was at work to sabotage or put the lid on, or shove under the counter, the effort that was made by the Northwest Electronics or whatever their name is, to bring television to the people of Manitoba; and that this party, which I have the honour to lead, was the instrument by which this scheme was aborted. Now I think it would be very wrong if I allowed such an impression to persist because it is simply not true. The reason why we did not proceed with the television of the Northwest Electronics system is because the Federal Government Communications Department, whose license is essential in these matters tested it and turned it down. We didn't test it. We didn't know when the tests were being made. How could we tell anybody to turn on their radios or their television sets or whatever the suggestion was. We had no idea of those things. It was in the hands of the technical people.

And just to set the honourable members minds at rest I want to read a letter which we'll be glad to table from the Department of Transport in Ottawa in respect of this matter, which I think puts it in its proper perspective. The date is February 12th, you'll get the copy of the letter and you can do what you like with it, and it's addressed to the Minister of Utilities and it simply says as follows and I'll read it all: "Our engineers have had an opportunity to study the Northwest Electronics Limited translator system and they arrived at the following conclusions: 'The system in its present form would not provide a satisfactory service in the Dauphin area. There is considerable noise on the signal and the picture is not stable and the definition or clarity is well below acceptable limits. Measurements to the field intensity in and around Dauphin established that the system does not provide anything like an adequate signal to operate receiving equipment without fairly elaborate antenna system. Practically no service could be rendered in the areas contiguous to the town of Dauphin because of inadequate signal strength. Generally speaking, the performance of the system was so far below the acceptable standard that it was not considered worthwhile carrying out detailed measurements at each relay station or the system as a whole such as would normally have been conducted on a properly engineered

(Mr. Roblin, cont'd.) . . . system. The indications are that there is a substantial deterioration of the picture quality of a progressive nature as the signal is passed from station to station. I am enclosing for your information pertinent excerpts from our engineers report on the tests made on January 24th of the Northwest Electronics Limited Translator System. The conclusions expressed in this report are substantiated by other technical opinions of experts who have made observations on the system. It is therefore the view of this Department that the system as such is of such poor quality as to be virtually useless as a means of bringing television service to the Dauphin area.' Signed the Minister of Transport. Now as I started to read it I realized I had probably broken one of the rules that I am not supposed to read correspondence from Ottawa without their consent. I know that their consent is being asked for this -- I hope they give it now because the letter has been placed before the Committee. But I merely want to read this letter to re-assure any members who might feel that this system was not given a fair chance or that for ulterior motives, the government in any way did anything that would hinder this system or arrived at this conclusion that it could not be proceeded with on some other reasons but the technical facts involved.

Now, this is not to say that somebody doesn't get a good signal. I don't know. But it is to say that it is the best advice and information that we have saying that it's no good and that we shouldn't do it. So there you are. It's a matter that's in the hands of Ottawa anyway. If they don't license these people, we can't use them in the television business -- the honourable members know that. They won't license them. They say it's no good; I think we have to accept their advice. My colleague tells me we have consent from Ottawa, so I feel a lot better.

MR. McLEAN: Mr. Chairman, I would like to take a small part in this. I was rather confused by the reference to the tests and the fact that some people who knew about the tests were having good reception and then the reference by the Honourable the Leader of the Opposition to the fact that the Mayor of Flin Flon was present, brought it to me immediately. This is neat transposition of times and I would like to explain what took place. There was a test and the Mayor of Flin Flon was there and two sets in the Dauphin area were tuned in. Officials of the Government of Manitoba were also present. That test was carried on in the utmost secrecy. Then one official of the Province of Manitoba who was there told me himself that he didn't want anybody to know that he was even within 100 miles of the town of Dauphin. But, that test was carried on when our friends opposite were in government and was carried on with their officials in full knowledge in charge of it. That was the occasion that the test was carried on. And the people who were there said that it was a very poor performance -- a very poor performance.

Now as to the test that was carried on upon which the Minister of Transport has reported, the fact that those tests were being carried on and those were carried on after this government was in office was well publicized by myself among others, who said repeatedly -- in fact I told the people of the Dauphin constituency when the test would be, I gave them the dates within which the tests would be carried on. And they were carried on and the report came as indicated here. But the secret test was carried on when the chaps opposite were in charge.

MR. MOLGAT: Mr. Chairman, I disagree completely with the statements made by the Honourable Minister. As a matter of fact some of his own very good supporters in my constituency took in the first test, then wrote letters to the papers about it, recommending what a fine picture was held, what a fine picture they got out of those tests, and to say that the first test was secret so far as the public is concerned, does not stand up.

MR. GUTTORMSON: Mr. Chairman, I would like to ask one question of the Minister. Are there any experiments being conducted at the present time to see if TV can be given to the people in the rural areas? What is the answer, please? Mr. Chairman, I want . . . Mr. Chairman! I'd like the Minister to give me an answer please.

MR. CARROLL: The answer was 'no'.

MR. CHAIRMAN: Item 2 (a) Passed, (b) Passed. Resolution 59 -- Municipal and Public Utility Board -- Passed. Item 3 (a), (b). Resolution 60 -- Passed. Item 4, (a), (b). Resolution 61 -- Passed. Item 5 -- Passed.

MR. MOLGAT: On Item 5, would the Chairman explain the basis of this grant; how it is calculated and what is the purpose of it?

MR. CARROLL: I can give you the history of it. It will take five or ten minutes. You've passed it for years though if you want it I'll give it to you.

(Mr. Carroll, cont'd.)

The payment of an annual subsidy to the Manitoba Power Commission was established in 1929 and was stated to be for the purpose of assisting the extension of electrical service to rural areas including farms, where the low density of customers in relation to investment for transmission lines were such as to make such undertakings either impossible or at best required rates too high to allow reasonable use of the service. The precedent for such assistance to utility had been established in the Province of Ontario, where 50% of the cost is paid by the Government to Ontario Hydro. The original provision in Manitoba was that monies received by the province as rentals for water power were set aside in a special fund from which The Manitoba Power Commission would receive an annual grant not to exceed 50% of their annual interest in sinking fund costs on capital invested in transmission, substations and farm lines. Capital investment in distribution systems was excluded from calculations. An annual grant equal to the maximum allowance as set out above was made to the commission in each year from 1930 to 1946.

In 1946 the legislation governing the payment of the subsidy to the commission was altered to provide for the basis on which the grant would be calculated would be a percentage as determined by the Lieutenant-Governor-in-Council but in any event would not exceed 3% of the capital investment by the Commission for the purposes as previously stated. The source of funds from which the grant was paid continued to be water power rentals. The annual grant equal to the maximum allowance of 3% was made to the Commission for each year 1946 to 1954.

In 1954 the legislation governing the payment of the subsidy to the commission was further altered to provide that the source of the funds from which the grant was to be paid by the province would be the Consolidated Fund. Water resource rentals were no longer reserved for this purpose. No change was made in the provisions for the calculation of the annual subsidy. Commencing with the fiscal year ending March 31, 1955, the commission was instructed by the Provincial Treasurer to prepare an Order-in-Council that would provide for the annual subsidy to be calculated on a percentage basis below the maximum 3% allowable and at an exact percentage that would produce a figure for the subsidy of \$775,000. This practice has been followed in each of the subsequent years to date. The result of the new basis of calculation was to reduce the subsidy from a previous high of \$1,071,573.94 in 1954, to \$775,000 in 1955 on the same amount in each subsequent year.

To the year ended March 31, 1959 the subsidy calculated on the maximum base of 3% would have been \$1,783,690.06 as compared to the actual payment of \$775,000.

In terms of percentage of total operating revenues of the Commission the subsidy received from the province is ranged from a high of 15% from this source in 1934 to a low of 4.07 from this source in the year ended March 31, 1959.

MR. PAULLEY: Mr. Chairman, in view of the last oration of the Honourable, the Minister of Public Utilities, I wonder if the Honourable Member for Selkirk would include him now in the remarks he made in respect to myself when he started to speak.

MR. ROBLIN: Mr. Chairman, I rise to the defence of the Minister. He's only been answering and answering very well some of the questions. If the questions were as good as the answers we'd have made progress tonight. I move the Committee rise.

MR. CHAIRMAN: Mr. Speaker, the Committee of Supply has adopted certain resolutions and directed me to report the same and ask leave to sit again.

MR. MARTIN: Mr. Speaker, I beg to move, seconded by the Honourable Member for Roblin that the Report of the Committee be received.

Mr. Speaker presented the motion and after a voice vote declared the motion carried.

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

Mr. Speaker presented the motion and after a voice vote declared the motion carried, and the House adjourned until 2:30 Monday afternoon.