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THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, March 7th, 1960.

MR. CHAIRMAN: Department 10(l) a - passed.

MR. PAULLEY: Mr. Chairman, there were some questions before the Committee in reference to television before the Committee rose at 5:30. I have a little different subject to talk on; I was wondering whether the Minister would like to or intended to answer the questions on TV first?

MR. CARROLL: Mr. Chairman, I had planned to get all the questions at one time. However, if there is any desire that we should discuss television and dispose of it first, I would have no objection to that. I think we'll get the questions in -- we'll wait till after then.

MR. PAULLEY: Well, that is entirely, of course, up to the Minister Mr. Chairman and I'd like to say a word or two. First of all I appreciate very much the remarks of the Minister in introducing his estimates to the House. He has a very important portfolio -- it covers many diversified activities of government and I thought that his outline was very, very interesting. Now then, Sir, I would like to make one or two comments on it. The Minister made reference to automobile insurance, which I appreciate, but I must say to him that I would have preferred to have heard his comments on the resolution which we had before the House, and have now concluded. But I only think that it would be proper for me, Mr. Chairman, to refer to the press item of Saturday in connection with automobile insurance which I think reflects fairly well what the Minister had to say. One paragraph of the news report which is supposed to be a quote, of the Minister, indicates that he said that compulsory insurance removes those incentives which would seem to make our system so satisfactory. When the onus is on the driver to drive safely, it is a very compelling reason to be a very careful driver. I think, Sir, that that is pretty well what the Minister said at that particular time, of his remarks. And I would like to point out to the Minister that if that were the case, well then there doesn't seem to be much purpose if you're driving carefully, to carry insurance at all, which I doubt and disagree with. However, as I've said, we've dealt with the question of automobile insurance in general for this year. It seems that in our proposal, we have not the support of either of the two old-line parties in the House but we will leave that for another debate in the future.

Now, Sir, I would like to say a word or two in connection with the Utility Board and the very important question of natural gas and also the -- what to me is most vital, and that is the assurance to the people of Manitoba and the gas-users that our interests in the field of natural gas are being protected at all times. First of all Sir, I'm sorry that I have not the news comment before me in detail at the present time but it appears that on January 20th, there was a news item in the Winnipeg Free Press referring to the Honourable the Minister of Industry and Commerce, commenting about the board, that is the Utility Board, not appearing before the National Energy Board at Ottawa, in connection with the export of natural gas. And according to the news report, the Honourable Gurney Evans, Minister of Industry and Commerce said that the Utility Board were not appearing before the National Energy Board at Ottawa because they must appear in a neutral capacity in the province. I wonder if that is a correct statement of the Honourable the Minister of Industry and Commerce? In other words that in reference to the export of

HON. GURNEY EVANS (Provincial Secretary) (Fort Rouge): I don't remember, Mr. Chairman, saying anything on that subject. I think what I said was that we were following the proceedings before the meeting in Ottawa which we did by way of having one of the consultants of the Department of Industry and Commerce attend at the meetings, and I don't think I would presume to speak about the Utility Board which is not in my department.

MR. PAULLEY: Well, the direct quote that I have on my notes, Mr. Chairman, it said in addition, to what the Honourable the Minister has told us, that he is alleged to have said, according to this news report, "that the Board must take a neutral attitude in respect of the hearings of the National Energy Board on the export of gas".

MR. EVANS: I don't see anything wrong with the statement -- I'm not trying to escape responsibility for it except that it's not my department and as far as I'm aware, I made no remark on that subject.

MR. PAULLEY: Well, first of all I must say that I'm sure that the newspaper would

(Mr. Paulley, cont'd)...not have quoted my honourable friend or I don't think that it's likely that they would have had there not been some comment of that nature. It may have been that the Honourable the Minister of Utilities was not available or away from town or that the question was directed to the Honourable the Minister of Industry and Commerce due to the expansion program of the department. However, he has just stated that he had -- what was it he just said, something about no disagreement with the general statement of the Board being neutral. Did I not gather that from your remarks just now?

MR. EVANS: What I intended to convey was that I did not say or it would not be my place to say, that because the Utility Board is in a neutral position, that it had no place to make representations at Ottawa. That's the aspect of it, to which I referred. Well, again I apologize to the Committee, Mr. Chairman, because I haven't got the actual report here. But -- well, I think there is -- I think that there would be a great issue had the Minister made these remarks that the Board was not appearing before the National Energy Commission because of its 'neutral' position, if it was or in fact, did have a neutral position. (Interjection) Pardon?

MR. CARROLL: That quotation was not made by Mr. Evans.

MR. PAULLEY: Well, then I'll just have to stand corrected or accept -- I certainly accept it, Mr. Chairman, I certainly don't think I'm the type of individual that wants to put any words in anybody's mouth that they did not say but that was what I gathered. Because I want to say this, that in my opinion the Utility Board cannot take a neutral position at all, in respect of the -- any matter concerning natural gas, whether it's in the field of just local affairs or the national field. Because I think that the Minister of Utilities -- and here I do happen to have the actual newspaper report -- that on the setting up of the new Municipal Board and also the new Utility Board, the Minister of Public Utilities, and this, Sir, was on November 28th of last year, I believe, the Minister said that one of the reasons for the new board was that it would take a more active role in protecting the public interests, not only in the matter of rate charges and service but in all other related utility fields. I think in that Sir, that the Minister made a correct statement that it is the duty of the Utility Board to take active participation in protecting the interests of the users of natural gas in our province. Because if they were not to do that, then who would be? And that, to me, is the one of the prime functions of the Utility Board, to protect the interests of the consumer. And while I have a great respect for the members of the Utility Board, I wonder whether or not they are doing that to the greatest degree possible? I say that, Sir, because we just received today -- and unfortunately, time has not permitted a full study of the Order for Return at my request of a few days ago -- that that return was just tabled today, in which I asked certain questions. One was the copy of all correspondence directed from the Public Utility Board and/or the Province of Manitoba to the National Energy Board in respect of the export of natural gas. The answer is contained in three letters which are in this return, to which I shall make reference in a moment or two.

Question No. 2 asks for a copy of all briefs presented to the Utility Board and/or the Province of Manitoba in respect of the above to the national Energy Board, and we are told in the answers that no briefs were presented by the Province of Manitoba or the Public Utility Board to the National Energy Board in connection with the export of natural gas from Canada. Question No. 3 asked, was there any representation made to the National Energy Board regarding the export of natural gas by the Utility Board or the Province; if not, why not? The answer given is yes, that on December 1st, the Honourable Gurney Evans -- so apparently my honourable friend does get in on natural gas as well -- but on December 1st, 1959, the Honourable Gurney Evans met in Ottawa with Messrs. McKinnon and Howland of the National Energy Board, at which time, Mr. Evans expressed the keen concern of our government, with respect to the export of natural gas to the United States and reiterated the points made in the letter of November 19th, 1959. The next paragraph says: "A research economist from the Department of Industry and Commerce" -- again I say, my honourable friend and his department are in there -- "was present at the National Energy Board hearings at Ottawa to conduct their watching brief on the hearings which took place." And then the answers to my Order for Return go on to say, "There has been very close liaison between the Public Utilities Board and the Department of Industry and Commerce, with respect to the hearings for the export of natural gas to the United States". A moment or two ago, Mr. Chairman, we heard -- if I heard him correctly, and I think I did -- the Minister of Industry and Commerce tell us in reference to what I thought

(Mr. Paulley, cont'd).....was a news article of January 20th, referring to him, something to the effect that well, this isn't my baby, it's the baby of the Minister of Public Utilities. And yet in all of the replies.....

MR. EVANS:clear up a point with - of my honourable friend, that I didn't intend to say anything more than that any remark concerning the status of the Utility Board would properly come from him, not from me. I was just referring to nothing beyond that.

MR. PAULLEY: Oh, no, I appreciate that, Sir, very much. But the point that I'm getting at in my remarks at this particular time, Mr. Chairman, is simply this, that thus far, thus far as we have been made aware of in the House in this Committee, that neither has the Department of Public Utilities or the Utility Board had any part or made any representations to the National Energy Board in respect of the export of natural gas. I said that I was going to refer to the three letters, and possibly would temper to some degree my last statement where it appears that there hasn't been anything from the Utility Board. I shouldn't have really said that, Mr. Chairman, because two of the letters referred to were from the Utility Board to the National Energy Board. But I think, Sir, that when I read the contents of those letters I think I can establish that notwithstanding the fact that they were from the Utility Board to the National Energy Board, they weren't the type of representation or types of letters that the Utility Board, in protecting the interests of Manitoba in respect of natural gas, might have written.

But first of all, Sir, let me refer to the first letter. This letter was again written by the Honourable the Minister of Industry & Commerce and not to the National Energy Board at all. It was a letter written to the Honourable Gordon Churchill, a Minister of the Government of Canada.

MR. EVANS: That's a bad word.

MR. PAULLEY: No, I don't say it's a bad word at all.

MR. EVANS:the pain on his face at the mention of the word.

MR. PAULLEY: But, Sir, is it not the duty of the province itself rather than simply writing a letter to a Minister of the Crown of the Federal Government in respect of this? If it has the interest, and I suggest it has or should have, the interest of the protection of the users of natural gas in the Province of Manitoba; that its representation should be directed to the board concerned who is dealing with this matter. Or did my honourable friend feel that by transmitting a communication to a member of the Cabinet at Ottawa that it might achieve more than direct representation to the National Energy Board? And I'd like to.... I beg pardon?

MR. EVANS:follow it up with a visit to the Board.

MR. PAULLEY: Fine, fine. I've now followed it up and that's one of my points, that it appears to me that the representation on behalf of the citizens of Manitoba has been through, in general, through a letter first of all from the Minister of Industry and Commerce here, to the Honourable Gordon Churchill at Ottawa followed up as the Minister says with a conference or representations to two members of the National Energy Board. I think, Sir, that the people of Manitoba are entitled to more active representation in respect of this matter than that. But I would like to quote, I would like to quote from the letter of my honourable friend to the Honourable Gordon Churchill, Minister of Trade and Commerce at Ottawa; this, Sir, dated November 19th "Dear Mr. Churchill: My colleagues and I understand an application for the export of natural gas in Alberta, to the mid-western United States via Emerson, Manitoba will be under consideration in due course by the National Energy Board. In this connection we would like to place before you for your consideration the views of the Government of Manitoba on two aspects that should be given careful examination before the export of natural gas from Canada is authorized." Are we to gather from this that notwithstanding the fact that the Government of Canada as one of the recommendations, I believe, of the Borden Commission on energy, that they have set this up, that the proper approach to that board is not to the board itself that has been set up, but through ministerial action of the government of Ottawa. I ask you, how often have we been criticized in this House for similar actions? Oh, we've set up boards for the purpose of hearing all aspects of this and that. And if you have any representations to make you make them to them because they're apart from us. Haven't we been told that? I suggest that we have; and I suggest that while it's fine for the Minister of Industry and Commerce to write to the Minister of Trade and Commerce in the Federal jurisdiction that proper representations of the people of Manitoba should have been made to the Board that was set up to hear these, and to make its

(Mr. Pauley, cont'd)..... recommendation to the Government at Ottawa; and then, Sir, the letter goes on "Firstly, we are of the view that purchasers of natural gas in foreign countries should not be able to buy Canadian natural gas at prices at which are lower than those paid by Canadian users." No argument at all. "It would not be equitable, we believe, for Canadian consumers to be placed in the position where in fact, through payment of higher prices they were subsidizing consumers in other countries." Agree most heartily. "Secondly, we believe that export of natural gas should only be authorized provided that sufficient reserves are available for use by Canadians in future years. In this respect we have been assured by the findings of the Board and Royal Commission on Energy on the adequacy of reserves for both domestic and export use."

I would like to comment on that particular paragraph. I appreciate the fact that at the hearings and the findings of the Borden Royal Commission on Energy, as far as I can find out, there has been a detailed study into the availabilities of reserves for the Canadian people. But I have yet to hear from the Minister of Utilities, or any Minister opposite, or from the Utility Board, that reservation has been made on the Trans-Canada line for adequate reserves to take care of possible expansion in the Province of Manitoba for its requirements in the future in respect of natural gas; and I trust and hope that the Minister of Utilities will be able to tell us, that notwithstanding the report of the Borden Royal Commission I hope that he can assure us that adequate provision has been made by either the Winnipeg and Central Gas and the other two gas companies for an adequate provision for the future expansion in Manitoba. Thus far, we have no evidence of that.

And the, Sir, the letter goes on "We know that you and your colleagues in the National Energy Board are giving these matters the full consideration which they deserve. We thought, however, that you would wish to have our views before you. You are aware also of the importance which we attach to the availability of natural gas in facilitating the further growth and diversification of Industry and Commerce within Manitoba. You will appreciate, therefore, our concern that natural gas should be made available in the Province for distribution at minimum economic prices which are not higher than those charged to the board for export of this important energy source." Fine! Fine! But it still comes back to the very pertinent point that here in the Province of Manitoba we are relying on a Minister of the Crown at Ottawa to further the representation, which is the responsibility of this government here in Manitoba.

And then, Sir, I said that I would also refer to the letters which were sent by the Public Utility Board of Manitoba to the Energy Board; and in the brief time that I've had an opportunity of studying these letters all that the letters contained, to me, is just drawing to the attention of the Board that we here in the Province of Manitoba are expanding insofar as the use of natural gas is concerned.

Second paragraph of the letter of February 5th, says this: "I would like to warn you with respect to the sales of natural gas as they do not properly reflect the current use of it, as the attachment of gas was largely made in the Greater Winnipeg area during 1959 and is reflected in the months of October, November and December rather than on an annual basis. In addition to that, the present attachment in the City of Winnipeg is approximately 17,907 space heating customers at the end of '59 and it is anticipated that by the end of 1964 there will be approximately 76,358, so that the present use of natural gas and the consumption shown is a comparatively small figure when it is related to the need within the next few years." It's fine. It points out to the Board that we are expanding. But what action has been taken to reserve either on the present Trans-Canada or contemplated expansion of Trans-Canada Pipelines that these needs for the future in Manitoba will be adequately taken care of. Again, I suggest that thus far there have been no concrete statements that we are going to be protected.

The second letter from the Utility Board to the Energy Board February 16th, is further to our letter of February 5th with respect to quantities of oil and gas used in '59. "We thought you might be interested in the record of the amount of coal and coke used during that period and also the electrical energy, plus all forms of energy expressed in billions of BTU's for the years 1955 to 1980. A further point you may want to consider is that the Trans-Canada submission specifically lists the requirements of the three Manitoba distributors up to 1963-64. From there until 1980 only totals of all distributors under contract with Trans-Canada are shown. There may be additional distributors come into being in Manitoba in the next twenty years who

(Mr. Paulley, cont'd).... will require gas. These requirements would be in addition to those of the three distributors now operating. Trusting this further information may be of some assistance to you." I suggest, Mr. Chairman, this was very, very vital and I suggest that rather than letters there should have been proper representation made by the Province of Manitoba through its government and through the Utility Board to endeavour to assure in a concrete manner that the needs of the Province of Manitoba would be taken care of.

I was interested the other day in reading a report which was made to the Province of Saskatchewan by the Stanford Research Institute of California in respect to these resources and industrial opportunities to the Province of Saskatchewan. It's a very interesting book and I suggest that this is a company similar to that of the Arthur D. Little Company; but I was interested in a statement or two in respect of natural gas. Now, the Province of Saskatchewan is in a more fortunate position than we are here in Manitoba in that it has got some natural gas wells, and I thought this was quite pertinent and interesting. Page 224 of the report says this: "Although Saskatchewan has substantial reserves of natural gas, in fact sufficient to meet the projected provincial demand until approximately 1970, without a draw on total gas reserves, the fact that Saskatchewan Power Corporation is planning to sell approximately 7 billion cubic feet of gas per year to the Trans-Canada Pipe Lines for export to Eastern Canada, makes the reserve situation anything but bright. Consequently, it is probable that in the not too distant future increasing quantities of gas from Alberta will be needed to supplement production in the province to meet Saskatchewan's long term requirements for natural gas. Such action is possible because Trans Canada Pipe Line crosses Saskatchewan Power Corporation's gas transmission system in several places. In the long run, it appears that Saskatchewan is bound to be a net importer of gas." The reason I read that, Sir, is that here is a province which has at the present time a fair amount of natural gas, wells and reserves, that they're worrying now of 1970 and the possibility that notwithstanding the fact that they have within their boundaries gas wells; that they may become an importer in it. Also, they say that the matter of exporting natural gas is one which will greatly concern the new National Energy Board but one which will pose no problem at all to Saskatchewan. Any gas reserves of commercial size discovered in the province will be produced on the completion of development. The problem in Saskatchewan is inadequacy of provincial gas reserves at the present time rather than one of surplus; accordingly natural gas is being imported from the Alberta fields. In other words, there they have it and they're concerned about it now, and it seems to me that here in the Province of Manitoba we're not taking enough concern in respect of it, and we have none of our own. And I suggest that there should have been more activity and more representations of the Utility Board and the Province of Manitoba to the representations before the National Energy Board. I've asked the question of the Minister, through him to the Utility Board, "What provisions have been made to assure that we will have an agreement with Trans Canada to supply us with natural gas - not for the distant future, Mr. Chairman, but the rather near future?" Or on page 34 of one report of the Enquiry Commission into natural gas, we find that the Chief Engineer of Winnipeg & Central Gas Company stated in public hearing that the quantity of gas contracted for in 1962 is a demand of 46,400 thousand cubic feet but the report of the company consultants indicated a demand in 1962 of 62,000 thousand cubic feet. He informed the Commission that the company has already received every assurance that the pipe line company possesses the supplies and the capacity to provide such additional quantities as may be required and he could not say what the price of this extra gas would be. And while in the return I got this afternoon and I haven't had time to convert the figures, it appears to me that the curve is rapidly up insofar as billion BTU's are concerned and I haven't that converted into cubic feet of natural gas energy in order to make a proper comparison.

Now then one other thing that I just want to touch on briefly and I certainly hope the Minister is going to be able to tell us what reserves are being reserved now for Manitoba's future requirements. I don't think I need to tell him that insofar as the use of natural gas, we've just touched the surface; I don't need to remind him, as we have reminded him in the past, that in the Province of Saskatchewan under public ownership, the distribution of natural gas is being made available to the whole of the province -- and that very rapidly; but I will ask him this: "What plans if any has this Government got to expand the facilities of natural gas in the Province of Manitoba to other jurisdictions than those that are receiving it now

(Mr. Paulley, cont'd)... because the Commission, the Deutsch Commission on the distribution of natural gas told us that it was beyond their scope to consider the question of the province wide distribution system of gas?" I wonder what plan if any, the Minister has either as a provincial undertaking or through co-operation with other companies, in making available to other areas in the province, natural gas.

But there's one other point, Mr. Chairman, that the Minister spoke of when he was introducing his estimates yesterday. I believe he referred to the question of uniformity of accounts. What progress has actually been made in having uniformity of accounting in respect of natural gas between the three distributors as I understand we have at the present time? Has he gone further than that or the Board gone further than that in attempting to get with other jurisdictions also, some uniform classification of accounts so that we, in this House, the users of the gas outside and also the Utility Board itself, may be in a position to readily compare the price of Natural gas between the jurisdictions in Manitoba, and those outside? And I would like to know through the Minister whether the Utility Board has under consideration the question of uniformity of classification of accounts in respect of the Manitoba Telephone System and the Manitoba Power Commission. I think it's very vital that this be done in order that the Board can arrive at logical comparative conclusions, for while we do appreciate that there are differences in the cost of production of the various energies, that it is only through uniform classification of rates that real comparison is possible.

Now then, Sir, there are many other aspects in connection with the natural gas utilities and the public utilities that we should be taking a look at. For the moment, I think I will leave with the Minister those thoughts. I know one or two other colleagues of mine and the Honourable the Member for Brokenhead have some further questions in respect of natural gas that he will be directing to the Minister.

There's just one other, and possibly my colleague will expand on it. The Minister told us the other day on introducing his estimates that the Utility Board has made a report or two to the Lieutenant-Governor-in-Council as to its activities in supervising the affairs of the Winnipeg and Central Gas. I would like to know from the Minister what these reports contained and whether it is possible or not for those reports to be made available to the members of this Committee. Because you will recall, Mr. Chairman, that last year when we were considering the whole question of natural gas, when we were considering the report of the Enquiry Commission into natural gas, there were many recommendations made of the continuing study of the affairs of the company as to how they may affect the setting of rates basis. Now just briefly we'll touch on this that one of the most important aspects of that consideration was that the Utility Board should ever be vigilant to make sure that through affiliated interests of the various companies, that the consumer of gas was protected at all times. I noted in the Financial Post of September 12th, that in the reports of Public Utilities and the Power Corporation of Canada in particular, that in their portfolio there were three companies, which are of vital concern to the users of natural gas here in the Province of Manitoba, and in particular in Greater Winnipeg, and more so, Sir, because of the nature of the franchise held by the Winnipeg and Central Gas. And just to refer to those three companies in the portfolio of the Power Corporation of Canada, there is the G. M. Gest Co, the Trans Canada Pipe Lines and the Winnipeg and Central Gas. All three of these, it appears to me, in the portfolio of the Power Corporation of Canada and each and every one of them has its bearing on the price that the consumer of natural gas is going to have to pay in Manitoba. So I say that there was the question of protecting the interests of the user of natural gas. The question arose as to the net effect of affiliated interests in the establishment of those rates and if I recall correctly that one of the amendments that was made to the Public Utilities Act which was passed last session, that was one of them, that the Board should be vigilant at all times to make sure that the contracts et al of Winnipeg and Central, with the affiliated interests, should be scrutinized constantly. I'd like to know from the Minister how much of that has been done?

And so I say Mr. Chairman, and I have taken a considerable time of the Committee in respect of this, but I think that it is vital. We know that because of certain conditions it was deemed advisable to set up a Commission of Enquiry into the distribution of natural gas in the Greater Winnipeg area. We know as a result of the tabling of information, or at least I shouldn't say we know, Mr. Chairman, it is my opinion that with the very very bare indication

(Mr. Paulley, cont'd)... of activity of the Board and the province in respect of the hearings and protection of the users of gas, in respect of the National Energy Board as indicated by the return that was tabled today, that we must be ever vigilant to make sure that the consumer is protected, not only insofar as the rates he may have to pay for the gas, but also that the gas will be available, and that the company has taken these steps to make amply sure that there is provision for future expansion and that the Utility Board should make sure in fulfilling its duties, that the company does it or bring it back to the attention of we in this House.

MR. J. P. TANCHAK (Emerson): Mr. Chairman, I wish to say a few words at this time. First I wish to compliment and pay sincere tribute to the personnel of the different departments that come under Public Utilities and when I say the personnel I don't simply mean the white-collar workers, but all the way down to the last man. I've quite often seen them at work, especially last fall, the repairmen. After certain storms they were phoned that the power was out, and as we know, under our modern conditions, quite a number of people rely on hydro as far as heating, not only cooking -- but heating. Last fall these men came out to repair some damage done by storms in my area and they certainly tackled jobs that I wouldn't; I couldn't even watch some of them -- right in the middle of the storm they'd climb poles. So my sincere tribute to the way they're fulfilling their duties.

It seems to me that of all the departments, this one, at least in some areas, has failed the people of Manitoba miserably. And I don't know whether we should solely blame the Minister for that, or blame the policies of the Government. Maybe it is some new policies of the government that are hindering his work; maybe it is that the Minister is overworked. If the Minister is overworked I think there is a solution to that. He heads two departments and probably one solution to that would be to appoint another Minister. Of course it's not for me to say -- it's up to the Premier -- but if the Minister is overworked he could appoint another one, in one of the other two departments. I listened to what the Honourable Minister had to say on Friday and one remark he made that there was 5% increase in motorists in Manitoba. It's a good thing that there is an increase but I don't think it's such a huge increase, and I wonder whether it is better times that promote this increase or is it just a natural increase in population?

At one point the Minister did mention that he was vitally interested in highway safety. I think we're all interested in that, in highway safety, and there probably were some improvements on highway safety in certain areas. Naturally as the years go by we strive for improvements and I cannot say that there were no improvements at all, but there's some things I would like to draw the attention of the Minister to, and that I feel will come under Highway Safety. In certain areas you see certain signs left by the Public Works, and even coming in this morning on 59 I noticed that the signs were taken off, but the posts are still there. These posts, most of them, are painted gray in colour, at least these few on No. 59 are. Driving at night it's pretty hard to see them and they are right on the edge of the shoulder. I would suggest to the Minister that his truck -- the Public Works Department, in interests of safety, have these removed. When the billboard or the sign itself is removed I do not think that posts should be left there. One of the residents living in my home town had the misfortune of running into one of these. He didn't damage the car too much, because he happened to stop as soon as he came up against it but he got a good scare -- bent the post over a little bit. And we have had a bad example of that just a few days ago where one of these posts bent in, and impaled a man, and I think that's something that the Minister should, in the interests of safety, should look into it. That's not the only thing. As we drive on our highway, and I don't know how the Minister would be able to impress on the people that this is not safe, but we notice many beer bottles along the highway, on the highway. How to enforce law -- I know that there is a law forbidding the throwing of bottles or any trash along the highway, on the ditch and so on, but how to enforce this I'm not prepared at this time to say, but I think it would be a very good idea to look into this. Not only beer bottles but there are some other dangerous objects strewn about on the highways. Some highways, it's true, are not so littered, but quite a few are littered pretty badly but there is one thing that this Government could do and that is broken glass -- windshield glass or headlight glass on the highways. We often see a minor accident, then after the accident has been disposed of, many a time the glass is left littered -- windshield glass -- on the highways, and I know of at least two motorists who had their tires punctured by

(Mr. Tanchak, cont'd)....that. I think that should be looked into.

We're happy to note that the Manitoba Power Commission is expanding. I think if I'm right, something like 9,488 new customers, but there's certain areas that have asked for the expansion of power and they were not granted that. I know of one area which is a summer resort in my constituency -- the Honourable Member for Swan River, the Honourable Member from Gilbert Plains and some of the members here were boasting about all the recreational facilities in their area. I cannot boast too much; we haven't too many lakes in my area but we have one wonderful little lake at the east end, which is Moose Lake. Now Moose Lake is a very beautiful place. The lake isn't very large. Two years ago it was a very good place for fishing. In the winter of 1958, the fish in that lake during the winter suffocated, all of them. I think it took the Public Works Department about two weeks to rake off the fish and haul them away off the lake in trucks. But, and I think that could have been prevented in some way, but probably to compensate for the loss, the Department has planted fish there again. But, besides that, there was a road built this last summer, from Moose Lake to Birch Point, and that's one of the most beautiful, not the most beautiful, I would say, but one of the best fishing grounds I think in Manitoba. I had the privilege and the pleasure of going out there with some of the Forestry people this summer and the fish at Birch Point, which is on the western shore of Lake of the Woods, are just begging to be caught. In fact, when we went out in the boat you could see them poking out their snouts looking at us. The road from Moose Lake to Birch Point is going to bring a lot of tourists to Moose Lake and a lot of fishermen, once they learn that there is fish to be had there. The people of Moose Lake made a petition last year; they asked the government to extend electrical facilities to Moose Lake but so far the government hasn't indicated whether the construction will be extended. I would like the Minister to look into that and probably...

MR. CARROLL:the request made?

MR. TANCHAK: Pardon?

MR. CARROLL: When did you say the request was made?

MR. TANCHAK: There was a petition last summer signed.

MR. CARROLL: And there's been no answer to that petition?

MR. TANCHAK: There has been an answer but there's no action.

MR. CARROLL: Oh, I see.

MR. TANCHAK: Oh yes, there has been an answer.

MR. CARROLL: What did the answer say?

MR. TANCHAK: Well I don't think I'll go into it just now. The answer was that it may not pay, because it is a non-residential area. We know the answer but still that doesn't -- the tourists who stay there all summer would like to have hydro extended and I don't think it will cost so very much to extend it because there are hydro facilities about half way down and it could be extended, and as I mentioned, since the road from Moose Lake to Birch Point will be built, or is built and will be improved this year, and I understand that one of the Ministers did mention Birch Point as one of the developments of recreational area, I think that the hydro should be extended there.

Now as far as the Manitoba Telephone System - the automatic dial system expansion. I think it is a very good thing. I understand that one of the areas in my constituency, that's Vita, is on this program for this coming summer. In fact there is a building erected there -- it's all ready to go -- I'm not too sure just exactly when it will be transferred but I understand that we will have dial system at Vita this coming summer. But there are two places, two villages in Emerson constituency; one is Badger and one is Carrick. These two places have repeatedly, at least that's what they tell me, asked for telephone facilities and so far they haven't had any results. In 1958 the little village of Badger was completely isolated during the winter storm. I think for about three months of the year they had no way, no access to Badger at all, by car or truck, but the only way they could go was to the nearest town which is I'd say around nine miles or ten miles, and it's Piney, was by team. They had no telephone there; the only means of communication was the railroad. They have the railroad and probably the telegraph, so I think these people should be considered and the telephone should be extended to that village. I think in our modern age, modern times, no village or town in the Province of Manitoba should be without telephone facilities.

(Mr. Tanchak, cont'd)....

Now another village that has no telephone in my area, that's the village of Carrick. They have been pleading for a telephone but they haven't so far been successful. I think the Minister would be kind enough to look into this and extend the facility to them.

The Honourable Member from Fisher went in detail into the farm truck licences and the \$10 that the government is fining, or charging local truckers, farmers and so on, for going into hauling of pulp and timber. I don't know too much about the area that is concerned there. I seem to think that that's the first time it happened in Manitoba history. Well if that is the case, and I don't think I should explain it; maybe it's just a new form of tax, a new fee, maybe it's to enrich the Provincial Treasury, I do not know. But I know the same thing is happening in the southeastern part of Manitoba. But I have to admit in the southeastern part of Manitoba some of the truckers were required, even in the past, to pay a \$10 licence to haul pulp and timber during the winter months, unless they were hauling their own pulp from their own farm and happen to have a station where a larger truck picked up the pulp, they were not required at that time to pay an extra fee.

Now, I was going to say a little on the northern TV problem. I think it was covered very well by my colleague. I am not going to say too much about it. It seems to me that this is the greatest bungle in Manitoba history. The people in northern Manitoba were promised action but action seems to be coming very slowly. Not so long ago I heard the Minister say that there will be -- it was the intention to convene a meeting of all interested parties. It seems to me, and I am sure of it because I looked up Hansard, that the same thing, the same phrase, and I have it right here, the same sentence, in 1959 in the summer and I took it from Hansard, and this is the statement of the Minister. "It is our intention to convene a meeting of all interested parties at an early date in an effort to resolve the northern TV problem." That was the statement made by the Minister last year. He seems to make similar statements this year. I am not going to say that the interested parties were not convened; probably they were. Just what happened there, I don't know, because I wasn't there. But just to make statements like that and an effort to resolve the northern TV problem, I just wonder how much effort is being made to resolve that problem. It isn't enough simply to make the statement that we will make an effort but I think the department and the Minister will do well to really make a conscientious effort because these people in the north are begging for TV reception and they don't seem to get anywhere. I read in the paper that some of them even feel the same as the constituents of Emerson constituency feel, that they have been treated as second class citizens. The paper seems to say that or they say that when they signed the petition from Flin Flon, they say "second class citizens of Manitoba." So maybe the people of Emerson constituency and Boundary Division have some -- rather, feel the same way. Of course this doesn't concern the Minister of Public Utilities, it's the Minister for Education, but I just drew a parallel there.

Now I have another little clipping here and I'm not going to say which way my interest goes, but I would like to get an answer to this. It says "Out of Business", and this is June 22nd, a clipping. "The Manitoba Government is giving up its retail appliance business. The stores that the Manitoba Power Commission has been operating in Winnipeg, Brandon and Portage la Prairie are to clear their stock and close up shop by August the 31st. That is welcome news. It will be welcomed particularly by private appliance dealers in the province with whom the government has for years been needlessly in competition." I am not pleading my own cause -- I am not an appliance dealer! "The Power Commission appliance stores are a hold-over from the days when the then government's rural electrification program was probing into remote rural areas. To build up a satisfactory power load it was both sensible and useful, then, for the government to advertise and promote the sale of appliances. So at least it was argued, but that day is past. The Power Commission has since been successful in building up adequate power loads in all parts of the province and the usefulness of its appliance stores is past. It makes good sense to close them." This isn't my quotation; it's the quotation of Free Press, June 22nd. I wonder what has happened since in this as far as the sales of appliances go.

There are a few other items I wanted to bring but some of these will have a bearing on what the Minister answers to some questions raised before. Therefore I'll not pursue that

(Mr. Tanchak, cont'd) any further. After the Minister has answered some questions I may get up again. Thank you.

MR. ARTHUR E. WRIGHT (Seven Oaks): Mr. Chairman, I would like to make a few brief remarks in regard to the telephone service in the Greater Winnipeg area. Before I do so I would like to say how proud we are of the Manitoba Telephone System and also the Manitoba Power Commission, because I think we have every reason to be proud with the quite capable handling of the situation during the last few years, especially during the last 12 years of such rapid development in the Greater Winnipeg area.

But in 1946 when the building boom started in Winnipeg we very well realized the difficulties with which the Telephone System were faced and we were told that party lines were a necessity for some few years because of the lack of an exchange. But I submit, Mr. Chairman, that this is now 1960 and in the order that I received the other day, the Order for Return, it says that there are 47,112 telephone lines in the Greater Winnipeg area, that is, residential telephones. But there are 71,917 two-party residential telephones and 1,442 multi-party residential telephones making a total of 73,359 party lines. Now the Minister said the other night that it was the intent of the department to upgrade the service at the rate of about 7,500 per year. This will take about 10 years before we finally get this to where we want it. Now at the rate 12,800, which was the number of new telephones installed in the Greater Winnipeg area last year, I submit that we will never catch up. Now in the area that I have the honour to represent I don't know of any one thing that causes more concern than this lack of private telephone lines. The other night I had occasion to make a call and it took me some 3/4 of an hour and when I made the remark to my friend that it took me this time, he said, "Well, that's nothing, we have a party line here where two university boys are doing their homework over the telephone every night." Now I know that the department would try to rectify that but I submit that this isn't good enough. I submit that we have to do better than this in the Greater Winnipeg area because I believe the rate is \$3.90 for the private line and \$3.25 for a party line. A difference of 65 cents does not justify the inconvenience to which our Greater Winnipeg residents are being put.

Now with the building of the Edison Exchange in the West Kildonan area our residents can no longer see the need to be so tolerant in going along with these party lines, and I would ask the Minister, I know he is very anxious to oblige by reason of the fact that I received my Order for Return so promptly, and I would make an appeal to him to look into this question of upgrading this telephone system in Greater Winnipeg area because I for one do not think that enough money has been spent on public relations. I think that we have taken advantage of the building boom. For instance, in the general -- in the report of the Manitoba Telephone System, the annual report, and it's very complete, there is an item here under commercial which shows sales and local commercial expenses are close to a million dollars. And I submit, Mr. Chairman, that some of that money could very well be spent on public relations because the day may be not far off when we may have to maintain the good will of a lot of our subscribers and I think that more consideration should be given to this vital question of the party line system in the Greater Winnipeg area.

MR. DAVID ORLIKOW (St. John's): Mr. Chairman, the Minister spoke during his statement about the rapid expansion of the Hydro Electric System and the future plans for expansion. Because I believe that the expansion is important, because I believe that the people who work in the expansion of the Hydro Electric System are citizens who are as entitled to all the rights of Manitoba citizens as everybody else, and because I believe that they have been denied this right, I want to say a few words about this part of the Minister's statement.

Now, Mr. Chairman, I asked, during this session on two occasions, whether or not it was a fact that the Hydro Electric Board, in awarding the contract at Kelsey had issued instructions to the prospective contractors that in the calculation of their bid, they were to use the fair-wage rates of pay for the construction industry. I asked this on two occasions, Mr. Chairman, and I got a very specific answer from the Minister. I will just read the exchange that took place the second time I asked this. February 9th, 1960, Page 336 of Hansard. I asked the Minister, Mr. Chairman, and I will quote, "Mr. Speaker, before the Orders of the Day, I would like to direct a question to the Honourable the Minister of Public Utilities. What reference to the payment of fair wage rates is there in the instructions to the prospective

(Mr. Orlikow, cont'd)...contractors at Kelsey prepared by the Manitoba Hydro-Electric Board or in the agreement between the Manitoba Hydro-Electric Board and the contractors?" The Minister gave a fairly long answer, the end of which he says, and I quote, "We didn't at any time tell the contractor what he must pay in wages to his employees, or the hours of work that they must work." I think that's pretty specific, Mr. Chairman, and I am not suggesting for a moment that the Minister deliberately misrepresented the facts, but I must say that I am completely amazed at the reply which he gave me because since he gave me this reply I have had an opportunity to have read to me, Mr. Chairman, part of the transcript of the evidence of the hearing of the Commission, Industrial Enquiry Commission which the Minister appointed to enquire into conditions at Kelsey. And I want, Mr. Chairman,---

MR. CARROLL: I was just wondering where this information is made available, because that Commission has not reported yet. I think that if the member has information of this kind it should not be discussed until the report is made public. It's highly unusual.

MR. ORLIKOW: Mr. Chairman, I have no intention of telling the Minister where I got this information. I will tell him the page of the evidence from which I am quoting and who made the statement and the Minister can check whether my facts are right or not. If I am wrong the Minister can come and tell this Committee that I am wrong. On page 279 of the transcript, Mr. Funnell, an employee of the Hydro-Electric Board said, and I quote, "Instructions to tenderers required the tenderers to base their wage on the fair wage schedule of the Fair Wage Act. I will read you paragraph 16 of the instructions to the tenderers." That's the end of the quote, Mr. Chairman, so there is exactly the instruction that I was asking for when I asked the Minister. On page 301 he says further, "I quote from contractors' liabilities: 'The wages shall be no less favourable to the workmen employed on the work than is provided in the Fair Wage Act and the Regulations as scheduled thereinto applicable to a private work under the said Act.'" So I think, Mr. Chairman, that this is a very specific answer. The Minister said that there were no such instructions. I am not suggesting that the Minister at the time knew that there were instructions, but I am telling this House that there were such instructions. Now, Mr. Chairman, I think that ---

MR. CARROLL: Mr. Chairman, just to clear up this point. I'll be quite prepared in due course to read a section from the agreement, which I think is slightly different from the interpretation that the member is putting on the section of the Agreement. Now whether he got this honestly or whether he actually has a quote from it I do not know, but certainly that is not the --

MR. PAULLEY: Mr. Chairman, did the Honourable the Minister say he wondered if he got it honestly? What does he mean by that? Surely he is not casting reflection on my honourable colleague?

MR. CARROLL: No reflection meant.

MR. ORLIKOW: Mr. Chairman, I want to suggest that this is a very serious matter, because in my opinion and in the opinion of people who are in the industry other contractors who bid on the job took this instructions, the instructions which I have read here tonight, seriously. They calculated their bid on using the fair wage rate for labour and they therefore bid high. The company which got the job, MacNamara, Brown & Root, ignored the instructions from the Hydro-Electric Board. The Hydro-Electric Board had no organization to police the contract, nor has it such an organization today to police its own contracts and its own instructions, and MacNamara, Brown & Root got the job and is paying lower wages than it should have been paying under the instructions which the Hydro-Electric Board issued.

Now, Mr. Chairman, I want to deal with another matter. We operate in this province with a number of laws. One of the laws which we operate under, Mr. Chairman, is the Labour Relations Act. The Labour Relations Act; I have here a copy of the Province of Manitoba Office Consolidation of the Labour Relations Act. Mr. Chairman, it doesn't say southern Manitoba Labour Relations Act; it says the Province of Manitoba. All citizens, I think, are entitled to the same protection of this as every other Act. I want to read to this Committee, Mr. Chairman, just a few short sections of that Act. Section 3, subsection 1, "Every employee has the right to be a member of a trade union and to participate in the activities thereof." Section 4, subsection 1, "No employer, or employer's organization, and no person acting on behalf of an employer or employer's organization, shall participate in or interfere with the formation or

(Mr. Orlikow, cont'd)... administration of a trade union." I think this is pretty clear, Mr. Chairman. Section 4, subsection 3: "No employer and no person acting on behalf of an employer shall seek by intimidation, by threat of dismissal or by any kind of threat or by imposition of a pecuniary or other penalty, or by any other means, to compel an employee to refrain from becoming, or to cease to be a member or officer or representative of a trade union. Section 6, subsection 1: "No person shall seek by intimidation or coercion to compel an employee to become, or refrain from becoming, or to cease to be a member of a trade union." Now, these are pretty clear instructions, Mr. Chairman.

Now members of this Committee may remember, or may not, that during the last session I asked the then Minister of Labour whether the provisions of this Act applied to Kelsey. Whether, in fact, union organizers could exercise the right to go to Kelsey to see people to ask them to join unions. And the Minister was pretty specific and I want to just quote one of the answers which he gave me. Members will --- this is on page 955 of July 15th, 1959. My question was with regard to -- I pointed out to the Minister on a previous occasion I had asked if union people could go to Kelsey and Minister said they could. I pointed out that one couldn't get a ticket on the train to go from Pitt Siding to Kelsey and the Minister said, and here I quote his words exactly: "There are other ways of travel than rail, and there is nothing at all to prevent the honourable member or any member of any union or any citizen to fly into Kelsey, to land at the dock, and there to establish his camp in the area and to meet people as he or they may wish. There is nothing to stop air transport" etcetera. I think that is pretty clear, and I think the Honourable Minister meant this seriously.

Well, Mr. Chairman, I have with me copies of some telegrams which I think will indicate how seriously the MacNamara, Brown & Roote took the law of Manitoba and how seriously they considered the opinions of the then Minister of Labour. Here is a telegram from Mr. D. S. Duncan, Project Manager, MacNamara, Brown & Roote addressed to Mr. W. Corley, International Association of Bridge, Structural and Ornamental Ironworkers. It says, "You will not be allowed on the site." Here is another one in which he says, "Understand you intend to fly into Kelsey tomorrow. Be advised you will not be allowed to enter the project." Here is one dated July 7th, 1959, "Be advised that no pass will be issued for you to enter the project either by rail or air." Now here is one, Mr. Chairman, which I think really hits a new low. It says as follows: "You are granted permission to visit the site under the following conditions. (1) You will visit here for business purposes relating only to those people on the project for whom you are the certified bargaining agent, namely Dominion Structural Steel. Stop. (2) You will be allowed to stay in our guest house at no expense and can tour project only under our guidance due to dangers involved. (3) Your visit will be limited to 48 hours or to time between trains. (4) You will not approach any employee other than those you are certified bargaining agent for." Now, Mr. Chairman, I suggest to you that this is a complete disregard of the laws of this province which say that people may join unions. Now if they may join unions surely union organizers may talk to them.

MR. CARROLL: If the member would permit a question? Mr. Corley, I believe, asked to go in there specifically to service his employees, not to organize the job and I think that's the reason why the telegram was worded as specifically as it is on that particular date.

MR. ORLIKOW: Mr. Chairman, Mr. Corley asked to go there for that purpose, because that was the only way he could get there. The Minister knows -- because there have been delegations, innumerable delegations to see the government -- knows that MacNamara, Brown and Roote has refused and is still refusing to permit union organizers to get anywhere near the men on the project. This is the nub of the question. Does MacNamara, Brown & Roote -- are they required to observe the laws of this province or are they bigger than this province? This is the question which labour people are asking. I am not suggesting, Mr. Chairman, that the Government of Manitoba or the Hydro-Electric Board is to instruct MacNamara, Brown & Roote to sign a contract with the unions if the men don't want to join the unions. But I am suggesting to this Committee, Mr. Chairman, that the men -- that the union organizers have a right to talk to the men to ask them to join the unions and that if MacNamara, Brown & Roote can exclude them from the project then it makes the whole intent of the law a joke, and nothing more. A rather grim joke for the people concerned, it is true, but in fact a complete negation of the rights of these people.

(Mr. Orlikow, cont'd):

Now, on November the 13th the organizer of the International Hod Carriers Building and Common Labourers Union, Mr. Jules Cusson, put down a statement of his experiences, and I want to read just three paragraphs from that. And I quote as follows, and I can give the Minister a copy although I think he probably has a copy or has seen it. And here is what he says: "On September 12th, 1959, by chartered flight, flew to the Kelsey project one and a half miles behind the present living quarters of the job site known as Kelsey Hydro Project being built by McNamara-Brown and Root Contractors and conversation that took place, first with the security guard, Mr. Larry James, who resides in the City of Brandon, who paid us a visit at approximately 2 p.m. that same afternoon, advised the writer and his associate brother Dennis Flynn that they are anticipating our visit. During the course of our conversation Mr. Larry James said the following statement, in effect, that he, at approximately 11 a.m. of Saturday September 12th, 1959, had been called into Mr. D. S. Duncan's office on the Kelsey project, and was instructed to take the numbers, work numbers of any employees at McNamara-Brown and Root, who attempted to walk in the general direction of where the union organizers were standing." Now why did he want those numbers? For the obvious reason, Mr. Chairman, that anybody who went there would be fired off the job. And if this isn't intimidation under the provisions of the Act, I don't know what intimidation means. It says here that "During our conversation, the writer asked Mr. D. S. Duncan if he would interfere with the rights of his employees to join a union of their choosing. To this question there was no answer." The next question asked Mr. Duncan by Mr. Dennis Flynn was, in effect, if any man of McNamara-Brown and Root came down to see us, would they be on the next train? The answer from Mr. Duncan was "could be, could be." Well, Mr. Chairman, I suggest there is only one reason why Mr. Duncan would want the numbers of the people who would visit union organizers and that was precisely for the reason I have said, Sir; they would be fired.

Now, here's the last paragraph I want to read, Mr. Chairman, of Mr. Cusson's affidavit. "Later in the afternoon at approximately 2:30 p.m. an Indian chap by the name of Jacob Garson came to our camp and volunteered the following information: That he had heard about the two union organizers camping on the point and decided to take a walk and see us. On his way down he observed two checkers and on approaching one of the checkers asked what he was doing. The answer was that they were taking down the number, work numbers of any employee from MacNamara, Brown & Root who would endeavour to walk in the general direction of where we were camped." Now there, Mr. Chairman, is the record. I want to suggest to you, Mr. Chairman, that Mr. Duncan and McNamara-Brown and Root have deliberately and consistently, over the past two years, violated the provisions of the Labour Relations Act. They are as guilty of breaking the laws of Manitoba as a person who holds up a bank or a person who sells liquor illegally. I want to suggest to this Committee, Mr. Chairman, that other people who break the law would soon be brought to task by the police and that the Attorney-General would not take two years to get on the job, and when he got on the job, Mr. Chairman, that they wouldn't be given a polite little lecture and a pat on the wrist and say, "Please don't continue." They would be prosecuted and brought before the bar of justice. But Mr. Chairman, this government has ignored the representations which have been made to it, many representations; they've ignored the suggestions in this House that they take action; they finally appointed an Industrial Enquiries Commission. I presume that they will take some action when they get the report, but I wonder just what action they will take because there is nothing which the Enquiries Commission can tell them which they have not already been told on innumerable occasions by representatives of the unions concerned, because what has happened at Kelsey is a repetition of what International Nickel did at Thompson.

I'm not too concerned, Mr. Chairman, at this stage with Kelsey, because, unfortunately, the Kelsey project is almost completed -- at least the bulk of the work is done -- and the injuries to the people who worked there and the violation of their rights cannot at this stage be undone. But, Mr. Chairman, the Minister announced that another project will begin fairly soon at Grand Rapids and I for one, Mr. Chairman, would like to know from the Minister what the Government of Manitoba, either in his capacity as Minister of Public Utilities or in his capacity as Minister of Labour, what the Government of Manitoba or the Hydro-Electric Board intend to do so that we will not have a repetition at Grand Rapids of what we have had at Kelsey.

(Mr. Orlikow, cont'd)...I am not asking, Mr. Chairman, that the government organize the workers on this or any other project. It is the right of workers on any project, government or private, as set forth in the Labour Relations Act, to join or not join unions as they see fit. I'm not asking the Government of Manitoba or the Hydro-Electric Board to organize the workers although, Mr. Chairman, and the Minister probably knows it -- if he doesn't he can get the information from Mr. Stevens I'm certain -- that in most cases on large construction jobs agreements are signed between the building trade unions and the project organizers before the job even begins. But I'm not asking the government to do that. All I'm asking, Mr. Chairman, is that the government make sure that the people who are building Hydro Electric Plants for the people of Manitoba shall live up to the law of the province as set forth in the Labour Relations Act. Certainly we have a right that the government will see that on projects organized by the government and paid for by the people of Manitoba, that the employers will be expected -- should be expected to at least be as honest -- to at least be as observant of the laws which this legislature and past legislatures have passed as contractors and employers on any private job. I think we have at least that right to ask for, Mr. Chairman.

MR. E. GUTTORMSON (St. George): Mr. Chairman, this afternoon the member for Ste. Rose gave an excellent account of the situation on northern television. Following his remarks the member for Fisher pointed out the lack of television in Interlake and I couldn't agree with him more. I would like to inform the committee that we in the Interlake could have had television had the government not sabotaged the efforts of the Brandon station along with the CBC, putting television into Dauphin, Swan River, The Pas and Flin Flon, because a close check of the map shows that a television station erected at Dauphin would serve nearly all the area in my constituency which is not presently served by the CBC station in Winnipeg. During the past while petition after petition has been signed by the people of my constituency and forwarded to the powers that be, in an effort to get television brought to them, and up to this time their efforts have been to no avail. It seems inconceivable that a party, who went to the people and told them they would do everything in their power to bring them television, should scuttle the efforts that were so obviously made by the Brandon television station and the efforts of the CBC. When the true story gets to the people of northern Manitoba, and I'm thinking particularly of The Pas, I'll be most surprised if the Minister of Utilities isn't hanged in effigy over the blunder of the government.

In previous debate I've asked this government to consider the possibility of extending the present policy with the telephone system whereby they will build one mile of road allowance construction free for each subscriber, and up till now the Minister or the government have not seen fit to change this policy. I would once again like to emphasize the importance of changing this policy to furnish those persons in areas not now serviced because they are the people that really need service. They're further away from the towns; they need urgent medical assistance; they are the ones that really need the telephone service and I can't see for the life of me why the government won't extend this policy, because at the present time I believe that most of the people in Manitoba who want service and are within the policy now have telephone service.

A gentleman, a business man the other day approached me about getting a direct line for his business because at the present time he is using his telephone roughly for \$500 a year in long distance telephone charges. He is getting the same service as those persons on the same line who are paying \$2.65 a month, and it seems unfair to me that this gentleman shouldn't receive better treatment when he is providing the telephone company with such enormous revenues each year, considering the service that he is getting. As it is now, he wants to make a call to Winnipeg and he has to travel to the next town to make his call because there may be eight or ten other persons possibly listening in if they chose to do so. And I would ask the government to seriously consider assisting, or changing the policy whereby a man, a business man in this case, would get better attention than he has been in the past. He is prepared to pay more money for the service but the government of the day want him to pay over \$1000 to provide this service, and I think it is just too much. He just can't afford that type of payment.

Another item I would like to touch on, or ask the Minister, is regarding the licensing of trucks. I've had a number of complaints from truck owners who have CT and PSV licenses that they have to make a special trip into the city to purchase this license, whereas I think it

(Mr. Guttormson, cont'd) would be just as easy for the government or the Utility Board to send out an application form to the trucker who in previous years has had this type of license and then he could send in a cheque, a certified cheque if that's what they'd want, and save him making a special trip into the city to obtain his license. Motorists are able to get their license through the mail and it seems hard for me to believe that the truck owner or the CT and PSV owners can't get the same service.

During the past year the government has set up a board to review licenses of drivers who have been suspended, and one of the unfair things about this board is the \$20 charge that each applicant must make before his application will be considered. I know the Minister in the past has said that at the discretion of the board that this \$20 can be returned to the applicant, but there seems to be some confusion somewhere because when you ask the board about it they say it's a mandatory \$20 and there is no return. Now the Minister says there is. I wish he'd tell the board about it -- (Interjection)-- I'm not complaining about the Act, I'm complaining about the \$20 charge.

MR. CARROLL: The provision is in the Act.

MR. GUTTORMSON: That was probably done by Order-in-Council.

MR. CARROLL: No. . . .

MR. GUTTORMSON: You're unlucky -- (Interjection)-- I know of some persons who have a terrific hardship because they have lost their licenses, and because of the \$20 fee to have their applications heard, are just not able to have the board review their cases. I think it's a serious injustice to these people because the board was supposed to have been established to help those persons whose livelihood was jeopardized by the loss of their license. And as I said before, the board when asked about this \$20, they say there is no appeal on it and the Minister says they can get it back -- (Interjection)-- That isn't the argument at all. You say that they can get it back; the board says they can't get it back. Now which is true?

Another matter that I would like to have the Minister touch on is that of the licenses for Manitoba truckers. There seems to be some discrimination between the Manitoba truckers and those in the United States. American trucks can come into Manitoba and go back with fish and other produce, whereas the same courtesy is not extended to our local truckers. It seems to me that this discrimination should be stopped because I don't know why the American truckers should get special privileges over the Manitoba truckers. I think the Minister knows what I am talking about and I would appreciate him, when he replies tonight, to explain why this discrimination exists at the present time.

MR. CARROLL: Mr. Speaker, maybe I should touch on some of these points that have been mentioned because I must confess there are getting to be quite a few. Dealing with the last speaker first, the member for St. George. I think his remarks about television and the efforts of the government which sabotaged Northwest Electronics, and apparently scuttled Brandon, can be dealt with probably better when I deal with the remarks of the member from Ste. Rose.

I think I understood you correctly to say that now that most people in Manitoba had been served by telephones, that we should now consider the policy of expanding our policy with respect to the one mile per customer in rural Manitoba. I would like to say that last year was the greatest expansion in the telephone system in the history of the province, in which there was something -- well just 10 telephones short of 19,000-- the biggest year as I say in their history, so I think there is no suggestion that everybody in the province have telephones. There's still plenty of expansion possible and I think that the system would be only too happy to expand beyond this one mile limit if it were economic, if the cost could be absorbed by the system without seriously affecting the whole rate structure that we have here in the province.

Now I can't say that I know all about the request of the individual for a direct line service. However, I did see a letter a few days ago which seemed to indicate to me that this particular customer suggested at least that he paid about \$300 per year in long distance charges. I believe the figure that the member from St. George is using is \$500. There appears to be quite a discrepancy there. However, in investigation we find that he actually is not paying these long distance charges but they are being reversed and being paid by various wholesales throughout the City of Winnipeg, and apparently we can get no information to confirm actually how much revenue that particular telephone is bringing in, and under the circumstances we

(Mr. Carroll, cont'd)... can only quote him on the basis that we would quote to anybody else that the customer should pay the additional capital cost of providing the special service that he would be receiving.

I was not aware that you could not renew CT and PSV licenses by mail. I think it is a very good point and one which I will pass along to the department if this particular service is not already available. However, if it's the question of applying initially for the service, then an application must be made before the board of course.

The question of the \$20 charge to appear before the Appeal Board -- it is spelled out very clearly in the Act that if in the view of the Board there are exceptional hardships they can remit the charge, the \$20 fee, for appearing before the board. It seems inconceivable to me that anyone who can afford to drive cannot afford at least the \$20 to appear before the board. However, this in fact may be a reality but no cases have come to my attention where people were dissuaded from appearing before the board because of financial inability to make that appearance.

There has been in the papers recently some talk about United States truckers having some preferential treatment over Manitoba truckers, and I would like to point out that this frankly is not the case. All Manitoba truckers must have PSV licenses in order to run a franchise operation between here and the border. We do have reciprocity agreements with many states in the union and those trucks who can travel to our border will have reciprocal arrangement, that they can come in to our province and return loaded in some cases with fish and other produce. This is something which is being considered very carefully by the board at this time and we would hope that we might be able to arrive at a more equitable solution with respect to these haulers from the United States. In the United States they have a special arrangement for those truckers which haul unmanufactured agricultural products and they can run free throughout the States, and these are the truckers which apparently are coming into this province and about which we have had some complaints lately. However, all Manitoba truckers are treated the same and some efforts are being made at the present time to get some control over the foreign operators that are coming into our province.

With respect to the questions raised by the honourable member who is not in his seat now, regarding Kelsey -- (Interjection)-- Good, good, good. The instructions which went out to contractors, or the instructions which were written into the agreement with respect to the Kelsey job reads as follows -- and I would like to read this out for the benefit of the House -- "Except as these general conditions expressly provided, the price or prices payable to the contractor under his tender and the agreement resulting therefrom, whether at unit price, bulk sum price, or otherwise, shall not be subject to adjustment or be increased or decreased by increased or decreased costs to the contractor whether for wages, material, or otherwise, over or below those contemplated by him at the time of making the tender, provided however, that the direct labour costs entered into unit prices and bulk sum prices as distinct from the cost of materials, overhead, indirect supervision and the like, shall be subject to adjustment for changes to direct labour costs as herein provided. For the purpose of this paragraph, 50% of each unit price and bulk sum price shall be deemed to represent direct labour cost. Such adjustment shall be made monthly upon filling in progress estimates for the previous month and shall be based upon the average hourly earnings on an assumed 54 hour week for a composite group of trades as hereinafter detailed at Thompson, Manitoba, hereinafter called The Thompson Labour Index; the average hourly earnings as at May 1, 1957 on the assumed 54 hour week for an identical composite group of trades in the Winnipeg area, hereinafter called the Winnipeg Labour Index. It shall be accepted as the base and the percentage of increase or decrease will be obtained by a comparison of the monthly Thompson Labour Index to be computed on the 15th day of each month with the Winnipeg Labour Index."

Now I think that that's fairly specific. I could read on, but it says that the price to the contractor shall vary insofar as the Thompson Labour Index varies with the Winnipeg Labour Index. The price that the contractor pays to his employees is another thing again, but the only relation to this labour index is insofar as the contractor receives his pay from the Hydro-Electric Board.

Now as I pointed out at the time of bringing this in initially, there were two large jobs going on in the area at the same time and to prevent the contractor from making provisions

(Mr. Carroll, cont'd)....for unusually high wages which he might have had to pay in that area, inflated wages such as occurred on the Dew Line and in Kitimat and places like that where the wage rates were substantially higher than the normal rates of pay in urban areas, so we said we wanted the best price we could get, therefore, we will compensate you for any increase you have or for any increase that there may be in this labour index at Thompson as it varies above the labour index in Winnipeg. The Thompson job being the larger job, we felt that the Kelsey wage rate would certainly reflect the wages that would have to be paid at Thompson at that particular time. I don't know now whether I should put on my other hat to talk about labour or not, but I think my honourable friend seems to misinterpret the Labour Relations Act. I don't think the Labour Relations Act says that a labour union has the right to go in to organize men. It does say that every employee has the right to be a member of a trade union and so on, but I think that is where some of the misinterpretation comes in. I don't want to comment on this further because I think the House is well aware that there is an Industrial Enquiry Commission sitting at the present time on this subject, which will have I think more authoritative information than what any gentleman in this House can provide this committee with at this time.

The Member for Emerson -- I think that my colleague the Minister of Public Works was in the House at the time that these remarks were made and will probably have taken note of your suggestion that the gray sign posts be removed when the signs have been taken down. Insofar as beer bottles on highways are concerned and the penalty for windshield glass, I think if my honourable friend had been with us during the time of the discussions of the Highway Traffic Act, I think he would have seen that provisions are in the new Highway Traffic Act to take care of broken glass on highways, and beer bottles and so on.

With respect to the extension of Manitoba Power Commission service in the Moose Lake area, which is a very beautiful lake, and I must offer my condolences that all the fish have died, but I think that as far as the Manitoba Power Commission and the extension of their service is concerned, that if this is an economic proposition or comes close to an economic proposition, or if the future expansion will warrant this kind of a proposition; in other words, if it's that close and we can anticipate growth, I'm sure the power will be provided to that area. In view of the very beautiful country and all those fine things that the member said about it, I am sure that some energetic promoter might certainly take this up as a commercial proposition and undertake to pay any additional charges that might be required. He'll recoup them when the area develops as the result of sales through other people in the area and so on. Well I think this is something he could maybe take home and consider for awhile and see if he can't promote during the long summer months.

With respect to the telephone service at Badger and Carrick I would be very pleased to pass that information along to Mr. Mills. I'm rather surprised that it hasn't already been brought to his attention, or perhaps it has. Has this been brought to his attention previously? Carrick and so on? It has. The same answer there. It is not a commercial proposition, is that right? Yes. I think that we'll find that the policy of the system is to co-operate in every way they can to see their service is expanded to meet the needs of the people of this province.

I would like to advise the Honourable Member from Emerson that in spite of the fact that we do not have television in northern Manitoba, that we do not have any second class citizens in that area. Retail appliances were discontinued I believe, September 1st, 1959.

The member from Seven Oaks was discussing the provision of telephone service in the Greater Winnipeg area and mentioning the very large number of two-party and multi-party lines. I believe he said something in the order of 70,000. Well that may be quite true, and as you know, we announced in the House last year that we were embarking upon a program in which we could give very fast relief to this particular situation, in fact, we were aiming at a five year program that would upgrade some 50,000 telephones in the Greater Winnipeg area to the point where we would take care of all those on two-party service who would desire the single party service. You will recall that that was mentioned at estimate time last year and I have a report here that they have upgraded during the last year 5842 two-party subscribers in the 11 months of the last fiscal year. They say it is interesting to note that 587 subscribers who were offered straight line service preferred to retain the two-party service so that's about 10% who desire to remain with the two-party service that they were getting. They felt that

(Mr. Carroll, contid.).....this was adequate. Of this group who wanted to remain with two-party service, 98% said they were satisfied with the two-party service; 2% said they couldn't afford the additional monies required to upgrade to the single party service.

The Leader of the CCF party has raised some very interesting points, about automobile insurance to begin with. I think and I didn't correct him at that time, but he referred to a statement that I had made in connection with compulsory automobile insurance. I think I said that where a compulsory assigned risk plan is operated in conjunction with the compulsory insurance feature, then there is less incentive for that individual to maintain a safe record, because under the assigned risk plan he is warned that if he is not very careful that he will lose his insurance and will therefore lose his right to drive an automobile. This is a very important feature and one that I would like to point out to the Leader of the CCF party.

MR. PAULLEY: Does that not prevail where there is compulsory automobile insurance?

MR. CARROLL: What I had suggested was that in some areas they have a compulsory assigned risk plan in conjunction with the driver licensing program, and if a man owns a driver's licence he must be insured. Here we say yes, that's fine, but you must find your own insurance and make your own arrangements for insurance. It's not compulsory and in some cases the assigned risk plan won't accept these people because their record is too bad. They are warned when they're taken on this plan that if they get out of line at all their insurance would be cancelled, so I think there is that kind of a feature to this program of ours.

With respect to the news release in which -- there was some discussion a while ago -- I have checked with the news release itself and I find that there was a misquote here, at least it's different from the way it left our press release here. It does say in the Free Press on January 20th that Mr. Evans did say this. However, in the government news release that went out, it said that, "the government had considered a recommendation of the Provincial Natural Gas Enquiry Commission which suggested that the Public Utility Board be used at hearings outside the province to protect Manitoba's interests. Mr. Carroll said it was felt, however, that as the Utility Board had to sit in a neutral semi-judicial capacity within the province, it would be improper for it to take a partisan role on similar subjects outside the province." I think that pretty well sums up the government's view with respect.....

MR. PAULLEY: I wonder if the Minister would mind reading that once again.

MR. CARROLL: Yes, I'd be very pleased to.

MR. PAULLEY: Particularly the part that mentions the neutrality or semi-judicial aspects of

MR. CARROLL: Mr. Carroll said it was felt, however, that as the Utility Board had to sit in a neutral semi-judicial capacity within the province, it would be improper for it to take a partisan role on similar subjects outside the province. In other words, we can see a case where the Public Utilities Board may be actively pursuing a course of action outside the province, possibly on telephone rate hearings before the Board of Transport or some other hearings of that kind, and then they must come back here and sit in an impartial way and hear both sides of the story and make up their minds without being prejudiced. Now I think that this is a role that we feel the Board should not be required to be in.

I notice that it's suggested that the board should take a more active role in the protecting of the public interests. Are they performing? I think the question is answered in the close liaison between the board to begin with and the Department of Industry and Commerce and I think that we must say that the Government of Manitoba was well represented at these board hearings. Our case was made known to the board members well in advance by the Minister of Industry and Commerce himself, and we kept a very close watching brief during the time of the hearings to ensure that those points which Manitoba was interested in was brought to the attention of the commission at that time. My friend is asking if the reserves for Manitoba have been guaranteed. Well I think that this is really the job that the Energy Board are set up to do. They're set up to find out whether or not there are adequate reserves to take care of the needs of Canada before they consider any export to the United States. I think that while we show great concern in this particular thing at the moment, this is the prime function of that board and we'll certainly be looking forward with interest to get their report. Now with respect to the reserve, I think that there is some evidence that the needs of Canada will be protected for some length of time. However, perhaps we shouldn't comment on that until the official word is out from the commission itself.

(Mr. Carroll, cont'd.)....With respect to the question of uniformity of accounts -- what progress has been made with respect to the Greater Winnipeg Gas Company? Well we have had meetings with the Greater Winnipeg Gas Company; we've taken on two special accountants to work along with the Board and the companies in setting up a uniform system of accounts and this work is now in progress. In my opening remarks a few days ago there was some mention made of setting up a rate base at some later date this year. The purpose of that is to consider those assets and make sure that those assets are on the books at a realistic figure at this particular time. You will recall that the rate base was spelled out in our public utilities legislation as being the historic cost of assets prudently acquired, less depreciation, plus a reasonable amount for working capital. Well I think the purpose of these rate hearings, at least these rate base hearings, will be to make sure that the assets on the books of the operating gas companies in the Greater Winnipeg area and in Manitoba are in reality set up according to this particular formula. This will assist immeasurably in a uniform system of accounting and in any assets that are added to this system as time goes on.

The Public Utility Board report as to the operation of the Greater Winnipeg Gas Company-- I believe that I read that section of the report out in full on Friday night. And this is taken from the Board Order dated January 26th and reads as follows: "after making such enquiries as it considered necessary, subject only to receipt from the company of audited financial statements confirming preliminary information furnished by the company, the board is of the opinion that the Greater Winnipeg Gas Company has made satisfactory progress during 1959 towards fulfilling the undertakings made pursuant to the findings of the Natural Gas Enquiry Commission of Greater Winnipeg." Now in this respect of course the Public Utilities Board have at their disposal certain technical advisors, accountants, and engineering advisors, to assist them in making an appraisal of the situation and we have complete confidence in the reports that we have been getting from them in this regard. I think that there is adequate protection -- I glanced through the Public Utilities Board today and I'm quite sure that there is the kind of protection there that's necessary to make sure that these dealings of the company with respect to other companies, the insurance is there, that we are required to protect the public interest and make sure that they're getting value for their money in the gas business.

Now we go for a moment to a more interesting subject and that is television. However, before I do I would like to comment first of all on the pulpwood hauling problem of the member for Fisher. You know we've heard a great deal in the House in the last few months about discrimination against this constituency of Fisher so we, at least somebody decided that they should inspect motor vehicles in that area; enforce the law in that area the same as in any other section of the Province of Manitoba; so we want you to know that you don't have to feel discriminated against any more because we're giving you the same treatment exactly as we're providing to the other parts of the province. I also note that he wants television the same as other members in the House, and he has my full sympathy in this respect -- (Interjection).-- Sympathetic consideration.

Now I notice that the Member for Ste. Rose has made some very interesting statements about television, beginning with their arrangement with Northwest Electronics. The history of the Northwest Electronics -- an agreement was signed with that company on June 11th, 1958, a very important date because June 15th I believe or 16th, I don't recall at the moment, was an election date. It's very strange that this contract which was signed on the 11th should have been so widely publicized throughout the Province of Manitoba, because even in the Town of Churchill we were told that if you elect a Liberal Government that you would have television in that area within three months. This is how the news of this particular contract travelled throughout the province. My honourable friend tells us that the government never gave it a fair chance; we never gave any assistance. Well frankly I don't know what more assistance we could have given. I don't have a copy of the contract with me at the moment, but as I recall it, the Northwest Electronics was to do two things. One, they were to get a licence from the Department of Transport; and number two, they were to get permission from the CBC to carry the programming. Now as I recall, they had done neither when they approached me late in August and they wanted -- at that time they said they were talking in terms of a temporary licence of some kind for testing this particular system.

Well before we get there though, I'm just wondering how it is that our honourable friends,

(Mr. Carroll, cont'd.) who say that they're so concerned about television and everything else, did not look into this system to see whether it had a reasonable chance of performing the way this company said this equipment of theirs would perform. We have no evidence here, that I've seen that Northwest Electronics had any chance of success over the kind of distances that our honourable friends were trying to carry this particular signal. In fact, I think that the people in Ottawa were looking pretty seriously at this thing because they had had no evidence that this system would work over the kind of distances that they were contemplating. However, we didn't give it a fair chance of success. However, Mr. Parker came to me around the end of August and asked me to provide them with sites and power and other things so that they could continue and carry out their contract with the government. Well that was fine except that he still at that time didn't have his temporary licence. However, in anticipation of a temporary licence, and we did some telephone calling to see if we couldn't hurry this thing along on behalf of Mr. Parker, we did send out a man from the Lands Branch to assist in selecting sites for our friend. We even made available a portable generator from the Manitoba Power Commission and we interceded to make arrangements for our friend to place a tower in Riding Mountain National Park, because there's nothing in the National Park's Act that would allow them to put a television tower up. In view of the fact that the Manitoba Government had requested it I believe that special considerations were made and that tower was placed in there so that these people could conduct their tests. Well now, the tests were carried out and we all know what the results of the tests were. They had two tests, one mid-January and one towards the end of January or early February, and the tests were a failure. They did not get their licence and we paid them off, and I think we paid them something like \$8,000. The former member from Flin Flon said in this House, he said it was a gamble. We thought it would work, although Heaven knows they had never tried to find out whether it would work or not, but they gambled on it; they lost; they spent \$18,000 of the province's money on this pipedream that was to get television north. Now we said at that time, at least a year ago, that this Northwest Electronics scheme was holding up television. Well I think that we honestly thought at that time that this was the case, because there had been a great many enquiries from Dauphin, from Brandon, from Yorkton, from Calgary and other places, for people who appeared to be interested in getting a television station who appeared to be interested in getting further information with respect to providing television to the people of that part of the country.

There was some mention of a Board of Broadcast Governors' meeting held in the summer of 1959 where the Brandon stations were making an application for the provision of service to Dauphin, Swan River, The Pas and Flin Flon. Well certainly the Board of Broadcast Governors knew that we as a province were in favour of a Manitoba network as opposed to a Saskatchewan station coming in from the other way. They were certainly wellaware of the case that we presented to the CBC in July of that year. But to say that we did not support Brandon is a mistake, because Brandon's whole application was premised on the CBC network carrying on the programming. He said if you carry my program I'll put up some stations that would give a degree of coverage to the people in that area. And the Honourable Member from Ste. Rose says that they'll give complete coverage; there'll be no antennas; nothing like this. Well I think that's a very interesting statement because a very surprising thing--I wouldn't want the member to miss it because the Brandon station--the Brandon series of stations, four stations, one at Dauphin, Swan River, The Pas and Flin Flon, those four stations would serve 33,150 people. The Yorkton application on the other hand, according to the calculations that we've got, would serve 37,200 with one station only. Well I think that the assumption can be made that while Brandon were making an offer which we certainly were not unfriendly to at all, but it would certainly indicate to me that the kind of stations that they were providing weren't adequate to get the kind of coverage that was necessary to serve the people of our province. When you have 33,000 people served with four stations as compared to 37,200 served by one station only, I think this is a rather interesting point.

I'm wondering--I'm going so quickly here I seem to be missing some of the important things that I had wanted to say. I'd just like to draw the attention of the House to a statement that I made here a year ago when we were discussing Northwest Electronics. Apparently, Mr. Parker was trying in many ways to put pressure on the Provincial Government, why I don't know because he was getting our fullest co-operation, but he undertook to write a letter, and all the

(Mr. Carroll, cont'd.) . . . time he hadn't done any of those things that he was to have done with respect to this contract. He wrote to the former member from Flin Flon and said that we weren't co-operating; he wrote to the Mayor of Flin Flon and said we weren't co-operating. He told a different story to the people of Dauphin because he told the people of Dauphin they'd have television within a month and was trying to promote the sale of television sets in the Dauphin area at the same time. But I wrote to the former member, at least at that time the member for Flin Flon because he was still a member then, and I did say to him that I would appreciate hearing from him further if he felt that there was anything that we could do that we weren't doing to assist Mr. Parker. Now I outlined at that time very fully all those things that we were doing to assist him, and my letter to him at that time was dated on September 9th and I have yet to hear from the member from Flin Flon. He had no suggestions to offer except that we weren't helping out, but he would offer no concrete suggestions.

I notice some very interesting remarks here about--oh, yes, it says the MTS was quite prepared to go--at least all that Brandon was asking was extra equipment on the MTS microwave line. The CBC would pay the rental, that's the statement my honourable friend made, the CBC would pay the rental and the CBC was prepared to make concessions; that is, they would delay certain decisions until others could be heard I suppose. Well we had several meetings with the CBC. One of them resulted in a technical team who came out here to survey the television situation. They travelled the country; they tried to assess the number of people and so on. My honourable friend says the technical report was never made public. Well I must confess that this technical report really has never been made public. We've never seen it; we don't know exactly what the result was. The only thing we know was that we provided certain information to the CBC, who in turn I suppose added their costs for the transmitters; and they told us at that time that it would cost, and this is without some of the refinements, it would cost approximately \$17,000--I'm sorry, \$17 per television home; and they told us at that time too that the extensions which they were making were running in the order of \$6.00 to \$7.00. I assumed by that statement that they certainly were taking things in the order of priority, so that if we wanted to qualify our price would have to be in the order of \$6.00 to \$7.00 per television home rather than the \$17.00 which was being quoted then.

Well I think it would be very interesting to--my friend is talking about the 15-year write-off, the 5.25% interest and so on. Well the write-off is over a 15-year period because this is the length of time that our engineers tell us that this equipment should be depreciated over. They say that all electronics equipment depreciates over a 15-year period. It's very special equipment and I suppose that we must accept their advice in matters of this kind. Now the contract quoted an interest rate of 5.25. This contract is no different from any of the others for special services that are made by the Manitoba Telephone System, and they have contracts of various kinds with rights-of-way companies, with railroads, with pipe lines; they have contracts with other communications carriers; they have contracts with private industry; Department of National Defence and many others; and this is the only practical way in which they can handle their depreciation. It would be impractical to have a number of ways of providing for depreciation in a system of this kind. This is the way that the contracts have been let for many years, and one question that I wonder about is if it were altered, would not the Public Utility Board wonder whether it was proper to unduly differentiate between various customers in this system? A straight line method of depreciation is recognized as sound business practice. It's approved by all the rate-making authorities in Canada; and all the telephone utilities are operating under this same system of depreciation. It's a part of the uniform system of accounts for telephone utilities. It's also a principle which was recognized and was recommended by the chartered accountants who worked with the Royal Commission advising the Goldenberg Commission that reported on the operation of the telephone system in 1939.

Now the question has been asked, what has this government done with respect to television? Well, we've had two official delegations who've travelled east to meet with the CBC; we've set forth certain concrete suggestions with respect to how a solution may be found to this problem of supplying television to the north. The Telephone System has co-operated in providing the technical material that's necessary, and we think they've done it at quite reasonable cost. On the last quotation of the MTS their figure per mile runs at \$45 per mile, and the standard cost, I would say the average cost may be slightly higher; but a cost that is used by a

(Mr. Carroll; cont'd.) . . . great many companies works out to \$55 per mile so that the price which is actually quoted by the system for this particular extension is reasonable in comparison to what other utilities were quoting; and of course we have very difficult terrain to cover in getting this facility to the north. Well the contract that has been discussed is a ten-year contract and we're writing off our assets over a 15-year period, which leaves five years that are unaccounted for. Our operating and maintenance charges that were quoted on this particular extension were for present-day costs and it's reasonable of course to assume that possibly these costs might change in the next few years. Well now we don't have the network; it hasn't been approved at the present time, but it isn't because the capital costs or the annual charges have been too high. The plain fact of the matter is that there haven't been sufficient people in that area to justify this television service within the present policy of the CBC. Now we're working to find a way in which this can be done, and as I said before, we're meeting shortly to discuss this matter further. But we have made very concrete and very conscientious efforts with respect to television, and I think our record is outstanding by comparison to the efforts of the previous government with respect to this same problem.

HON. STEWART E. McLEAN (Minister of Education)(Dauphin): Mr. Chairman, the Honourable the Member for Ste. Rose very graciously made reference to the constituency which I have the honour to represent, and to make also some reference to a statement which I made on another occasion concerning the subject of television. I would like to speak briefly in this committee concerning this important subject.

Now, Mr. Chairman, I should like to associate myself with the members of this committee who are interested in the subject of television and the provision of television to northern Manitoba. It is an important service for which all of those people are providing, helping to pay through the medium of their taxes and through the usual tax support for the Canadian Broadcasting Corporation, which is the instrument through which Canada provides radio and television services to our people. I believe that it is the job and the function of the CBC to provide that service for the people of central and northern Manitoba, indeed as it is their job and function to provide it for the people of other parts of Canada as well. Now the difficulty about the speech of the Honourable the Member for Ste. Rose is that he speaks as though television were only discovered on the 30th of June, 1958; as though the Brandon television station were only discovered on the 30th of June, 1958; and as though northern Manitoba only existed as from the 30th of June, 1958. If he will direct himself to the facts, which are always interesting, he will probably not be so much impressed with the line of reasoning which he has presented to this House. Now the fact of the matter is, Mr. Chairman, that all of these facts were here and existed quite some time before we became responsible for what goes on in the Province of Manitoba. And there are two important things which illustrate the extent to which the previous administration in this province, which was supported by the member for Ste. Rose, bungled the whole matter of providing television service to the people of central and northern Manitoba. The Honourable the Member for Emerson says it's the worst bungle in the history of Manitoba, and that's taking in a lot of territory considering the long time we had a Liberal administration in this province. But if anybody bungled it was those who are now opposite and who at one time sat on this side.

Let us just take a look at the picture. The Manitoba Telephone System, no doubt with the concurrence of the government and as part of a policy that was developed, built across the Province of Manitoba from east to west the Manitoba portion of the Trans-Canada microwave system and they equipped that system with the necessary devices to carry the television signal. They did that in order to carry, under contract with the Canadian Broadcasting Corporation, television signals from east to west and no doubt from west to east on just the carrier through the province, and also to carry that same signal to a television station established at the City of Brandon in the Province of Manitoba. So they were aware of the fact that you could equip microwave towers with the necessary equipment to carry television signals. They were in the business. The Manitoba Telephone System established that line. Then they did something else. They constructed a microwave system starting at Brandon, linking in with the Trans-Canada system; they constructed a microwave system extending up through the Riding Mountain National Park through the Garden of Eden at Dauphin, up through Swan River to The Pas and Flin Flon. That was done in the years 1956 and 1957 when the Honourable Member for Ste. Rose was

(Mr. McLean, cont'd.) . . . sitting on this side of the House supporting the government of that day. And what did they do? With all this experience, knowing that the towers could be equipped to carry the television signals, in fact carrying it to the City of Brandon, what did they do? They constructed the whole system without making one effort to provide the facilities to carry television service to northern Manitoba. Now northern Manitoba was there at that time; they didn't have television. They knew that and they knew that these towers could be equipped to do that job, and yet for what reason no one will ever know, it would be interesting to have an explanation, they constructed that whole system from Brandon to Flin Flon and not one tower equipped to carry television service. Now, Mr. Chairman, there is the bungle; there's where the mistake was made; and they were the people who made it. If they had used their ingenuity for one minute and applied the knowledge which they already had, those towers would have been equipped for the purpose of carrying the television signal and no problem would have existed in the provision of television service to every part of that part of the Province of Manitoba. And I say, Sir, that if anyone is going to lay blame for the fact that there is no television provided to the people of Dauphin and northern Manitoba, that's where it belongs, because the whole matter could have been settled at that time.

Now the second thing to add to this bungle of the previous administration occurred, it was a deathbed repentance I must admit, on the 10th of June, 1958, and six days before that great day, the 16th of June, 1958. And what happened then? What happened? By a letter of authority, not by an agreement, by a letter of authority the Government of Manitoba, the then Government of Manitoba entered into an arrangement with a firm, Northwest Electronics, to construct a number of towers under a system that had never been operated in the Dominion of Canada at any place with anything more than one tower. There was no experience to show that anything more than one tower under that particular system would operate, but they made this deal to provide a series of towers that would, theoretically at least, transmit television programs. But what was the deal? What was the deal? The deal was \$50,000 to construct five towers. To where? To Dauphin--not northern Manitoba, to Dauphin. Although they represented that it was a plan to provide television for all of northern Manitoba no such arrangement had been made, but it was an arrangement to erect five towers for \$50,000 to take television to Dauphin.

Well that was a very important project but it wasn't providing television to northern Manitoba and my learned--pardon me--the Honourable Member for Ste. Rose was supporting the government of that day who made that arrangement and he has no right, Mr. Chairman, to stand up in this House and point his finger at anybody over here. But not only was that a half-baked idea and a half-baked deal to begin with, but it did something else, Mr. Chairman. First of all, it stopped everything else because of course when you had this kind of a deal going on no one else was likely to become interested, least of all the CBC who were the people who should have been interested, and so we had to wait until this series of towers were erected; until they were tested; and until the Department of Transport had an opportunity of testing them. And there was the greatest cloak of mystery about this whole arrangement. As a matter of fact, Mr. Chairman, I have a pretty good idea that the government of the day knew even before the 16th of June that this scheme wouldn't work, but as my colleague the Minister of Public Utilities has pointed out, it was described by another member in this House on a previous occasion as a gamble, and gamble indeed it was. But we lost the time; we lost the time while this fantastic idea was being experimented with and of course it turned out to be not satisfactory and that's most unfortunate. But it did one other thing which has been very damaging and that is that it created the impression--it created the impression in the minds of the CBC that for some reason or other the Province of Manitoba, as a province, had some financial obligations to put--some obligations to put money into television facilities and that had never been done in any province in the Dominion of Canada before, and indeed hasn't been done yet except to the extent that the Province of Manitoba paid \$18,000 to Northwest Electronics for these towers, but it created the impression in their minds that, well if they put on enough pressure, we were going to take the responsibility of providing the money to provide television.

Now, Mr. Chairman, that is no part and parcel of the responsibility of a provincial administration. That is the job of the CBC. That is the job of the Government of Canada through the CBC who are responsible for radio and television service for the people of Canada.

(Mr. McLean, cont'd.) . . . But it has made our task that much more difficult in dealing with the CBC and in endeavouring to get them to accept their obligations to provide television service for the people of central and northern Manitoba. And that was done, Mr. Chairman, by the Honourable Member for Ste. Rose and the group that he supported at that time. Now we haven't been successful in getting ourselves out of the mess that was created by those unfortunate events and I think though that it would be only right and proper that this committee should acknowledge, and I want to make it a matter of record, that the Minister of Utilities has done his very best under all the circumstances and he's made all kinds of representations to the proper authorities and proper people to see that this television service is provided, because the policy of this government is very simple, very simple, that we believe that the people of Manitoba are entitled to good television service in all parts of the province and that we have been lending our best efforts to accomplish that objective and we stand four square behind that policy.

Now as far as the position of Brandon and Yorkton is concerned, when the Northwest Electronics scheme fell down the two stations of Brandon and Yorkton became interested in providing television service. The position of the Province of Manitoba was, as I have stated it, that we were anxious that there should be television service provided. The selection as between those two groups of course was a matter for the Board of Broadcast Governors to decide. If that decision was to be made, and we also pointed out that we wanted the CBC people to consider it, that is the idea of providing television as well. But the Honourable Member for Ste. Rose will have to acknowledge, and I'm certain he's aware of this, that there was a good deal of local opinion, local opinion as to whether this application of Brandon or the application of Yorkton should be granted. And I think, I think that one must acknowledge that the balance of the opinion, the balance of the local public opinion was in favour of the Yorkton application for this reason, that so far as the part of the province which is comprised in the constituency of the Honourable Member for Ste. Rose and my own constituency, it was felt that the proposal of Yorkton to establish their tower on Baldy Mountain in the Duck Mountains would serve a larger territory than the proposal of Brandon who only proposed to erect their tower at Moon Lake in the Riding Mountain, and where it was considered that the coverage would not be as great and my colleague has given comparison in the figures. Those are matters, however, for which the Board of Broadcast Governors were better qualified to decide than we, and no doubt they made their decision as between those two.

But, Mr. Chairman, the reason I got up was because I'm just as vitally interested in this subject as anyone in this Legislature, and I say this, from the examination and the consideration of this problem that I have given, that our whole problem stems from the actions that in one instance were not taken; and in the second instance were taken by the previous administration in this province; and no one over there needs to stand and cloak themselves in great indignation and point their finger over here because they're pointing in the wrong direction.

MR. MOLGAT: I'm certainly delighted that the Honourable the Minister of Education has got in this debate to bolster the morale of his troops for one thing, which was sorely lacking, and to bolster the argument of his honourable colleague the Minister of Public Utilities, because he certainly didn't give us an explanation of what was going on. Now I'd like to say at the outset to my honourable friend the Minister of Education that I disagree with his statement that I have no right to point my finger at anyone on TV. I have every right to do so, and I think I have every right in the statements I made this afternoon about he and his administration.

Now he said, and I'll start with the end of his speech, that the majority of the local people favoured the Yorkton station. I questioned that. I think what happened is that the impression was left in the area that the Yorkton station would have a better chance of getting the licence because this government was not prepared to give the assistance necessary to get the microwave system operating. I have here an advertisement that appeared in the Dauphin Herald on the 24th of September before, long before the hearings and the decisions were made by the Board of Broadcast Governors, and it's entitled: "Progress Report on Television for the Dauphin and Swan River Regions by CKOS TV", and it finishes off by saying, "CKOS TV has the unqualified approval of 90% of all the influential organizations and businesses in the proposed area of Dauphin and Swan River regions" and so on. Mr. Chairman, I submit that that is one of the reasons that the people down in my area were tempted to support Yorkton, because they felt that Yorkton would have a better chance of getting the approval, not for any other

(Mr. Molgat, cont'd.) . . reason that they preferred Yorkton. What they wanted was the TV coverage, and if this was the fastest way of getting it then they were prepared to go for Yorkton, but to say that they preferred it was not correct.

Now when my honourable friend says that the provision of TV is the responsibility of the CBC, I agree with him. Certainly it's the responsibility of the CBC. I've never questioned that. All I said this afternoon, and I repeat now, is that the province could have done a great deal more to insure that the service came here than it did, and sure he talks--(interjection)--Fine. Fine. We'll come back. We'll come back; just bide your time. He tells us about the representations that my honourable friend the Minister of Public Utilities made. Well I suggest to him, a little less representation and a little more action would have gone a long way to solve this problem. Insofar as the two bumbles he talks about, the arrangements with Northwest because they had no previous experience, no indication that it would work, and so on and so forth. Well in that regard there'll be more said on that later. My honourable friend the Leader of our party has some particular comments to make in this regard. I won't cover it; it has been done before, except to say that the system does work down in the United States. I understand it is working in other parts of Canada; I understand this type of system is under investigation by the CBC. To say that it was a bungle is not at all the truth; and to say that it held up TV in this province is not at all the truth; because if it had held up there's been ample time since then, ample time since June, 1958 when this was going on, for my honourable friends over there to take the action that they claim was necessary to change it.

Going back to what he claims was the first bungle, and that was not to put the microwave TV system on the microwave relay to the north. I think the situation was simply this, that at that time there was no commercial group who was prepared to look after the distribution of the TV in those centres and that the addition of the microwave relay system to carry the TV signal was not necessary at that time. It could be added at any time as soon as there was commercial enterprises prepared to look after the actual distribution of the system. I think our group was very clear in that regard; we always said that we had no intention of getting involved in programming or getting involved in the TV business. All that we were concerned about was seeing to it that those areas not now served were able to get the signal, then of the private enterprise to see to it that the studios were run. And to say that it was a bungle not to put that on at that time is incorrect, because it can be added at any time onto the microwave system. Now I'm no engineer. I'm no specialist in these matters, but I understand that you can add to microwave systems both for telephone signal and for TV signals as is required, so this hasn't held up things at all. As soon as there's a commercial request for it it can be added.

Now that was the gist of my comments this afternoon, that my honourable friends over there did not make a serious attempt at getting a decent price structure here that the CBC could pay. My honourable friend the Minister of Public Utilities has neglected to answer a number of my questions. He said nothing, for example, on the interest charge. I claim--he may have figures to show otherwise, but as I said this afternoon, my honourable friend comes out with new figures the further we go on along the discussion. If he had come out and given us the facts at the very start, possibly this debate would have been unnecessary. I doubt it, but it might have saved a lot of time.

Now this afternoon I said that it appeared to me from the figures that he gave us that the interest figure was calculated on the first year of the investment, and that surely as the investment was paid off the interest should decrease. And I submit that he hasn't answered that and that would make a difference to the cost. Tonight he tells us that the CBC told him that their average cost in this area was \$17 per TV family, but that in other areas it was costing \$6.00 to \$7.00. Well then on Monday of last week or Tuesday was it, he told us that the average cost elsewhere was \$8.00 to \$9.00--(interjection)--Well now what time are you talking about? That's the difficulty discussing--my honourable friend. His figures change just every time you discuss it.

MR. CARROLL: So that my honourable friend will be perfectly clear, last summer they were talking in terms of extensions which would cost \$6.00 to \$7.00 per television home. At the present time they're costing in terms of figures of \$8.00 to \$9.00.

MR. MOLGAT: Fine, now we're getting a little closer to the truth then. I asked my honourable friend this afternoon how much the CBC was prepared to pay for the rental of the

(Mr. Molgat, cont'd.) . . system. He didn't give me an answer. As I read the new reports of that time in that fine newspaper the Dauphin Herald, I understand that my honourable friends over there were acting on the basis of the CBC being prepared to pay \$15 per TV family. Well that's the statement that was in the newspaper, subsequent to meetings that my honourable friends held in Dauphin I might add. Now if the CBC were prepared to pay \$15 and the cost in this particular area, according to what the Minister tells us tonight, was \$17, surely for \$2.00 something could be done. It would appear to me that if the government wasn't prepared to subsidize this in some way or other, then what about the proposition of approaching the people in the area to see if they were prepared to do something on their own? My honourable friend may have noticed in the paper last night that somewhere along in northern Ontario, I think in a place called Red Rock, there was a system set up of low power relay by an individual. The people in the area were prepared to pay \$100 each to get it set up. The tower was set up but he unfortunately neglected to get a license from the CBC and CBC subsequently took it over, but the fact is that the people in the area gladly paid. Now was that ever investigated with the people in the north? I have no knowledge that my friends did anything of the sort. I think my honourable friend should tell us--he told us tonight that there were 33,000, I presume this is individuals, to be served by Brandon and 37,200 by the Mount Baldy station. Could he tell us what is the total number of TV families on which this was based? I would imagine if my honourable friends were really interested in this matter that either the CBC took a survey or they did, and they should know exactly what the total count would be so that we can arrive at a figure as to what the cost is.

I may have missed some points here. If I have I'd be delighted to get up again because I think we have some more information here we can get from the Minister. I notice that the Minister told us that this was exactly the type of contract that the MTS made with everyone else, and he gave us a long discourse on how this is a uniform system of accounting; how the chartered accountants recommended it and so on. And that's exactly my point, Mr. Chairman, there has been no attempt here at all to do anything particular for this case. It's been exactly the straight standard method of accounting. Insofar as the MTS is concerned, that's fine. I don't question it. They're there strictly to supply a service at a profit, or at least at cost. That's fine, but I think this government could have taken the steps themselves; that they could have taken the initiative to assist this case, because unless my figures are incorrect, there's a difference here of only \$2.00 per family, and I would like to hear from the Minister on those matters.

.....(continued on next page.)

MR. CAMPBELL: Mr. Chairman, before the Honourable the Minister replies, I have a very very few comments to add to what the Honourable the Member for Ste. Rose has already said. I don't intend to go into the technical arena because I'm not qualified to discuss it, but I am interested in the suggestions that both the Honourable the Minister of Public Utilities and the Honourable the Minister of Education have laid some emphasis on, and that is the close connection of this particular project with the election. Both of them seem to get a certain amount of unholy glee out of the fact that this came so close to the election. My honourable friends are very suspicious apparently of anything that happens close to an election.

Well it did begin close to an election but the question is, what election? And I want to remind the honourable members of what I told them on the other occasion in this House that the first mention that we had that this government, our government of that day, had of this proposal was when we saw in the newspapers of this city the following report. This is from the Tribune of March 6th, 1958, headed: "North will get TV soon with Relay Setup - Hees", and the dispatches -- "approval of television for northern Manitoba is a matter of weeks away, Transport Minister George Hees indicated here Wednesday." Well if my honourable friends want to make such a big point of the fact that this came close to an election, I ask them, what election? Because this was just before the March 31st, 1958 election and the very first that our government heard of this proposal at all was when this dispatch came to our notice. "Mr. Hees said he will recommend approval of an application now before the Transport Board. Mr. Hees did not say who made the application. It is believed here to be the Northwest Electronic Co. of Winnipeg", and so on and so on. The other report in the Free Press is very similar. Now if my honourable friends think that this is tied up to an election and that that automatically proves it wrong, then let's get it straight, what election? That's the first that we heard of this proposal. And when the proposal was first brought to us, as far as I am aware -- my honourable friend the Minister of Education talks about the 10th of June but surely he is aware I think that tests had been going on in his own area before that time -- and when we were approached on this matter and had these articles pointed out to us and had the proposer of this program telling us that he had travelled in the aeroplane with Mr. Hees; that he'd had very satisfactory discussions with him; that he had, as this report says, the support of Mr. Hees before the Transport Board; we were naturally interested. And you say it was election time. Sure that was election time but it started in election time, and we were quite concerned to find out the details of this proposal.

You can't count on me to give you any of the technical details, but when my honourable friend the Minister of Education says that this was to go to Dauphin -- Dauphin is an important place, that's right -- but this program was envisaged as going on to The Pas and Flin Flon because it was from The Pas and Flin Flon that they had to pick up the microwave towers. And because the telephone company, the Manitoba Telephone System, were apprehensive, shall I say, that there might in any way be any interference with their system, we had to try and make certain that the Manitoba Telephone System was quite prepared to okay the tests that were made, so that these tests were going on a long time before the 10th of June -- the discussions and tests were going on a long time before the 10th of June that my honourable friend the Minister of Education mentions. As a matter of fact I have some of the clippings that appeared -- I'm sure that the Honourable the Minister of Education must have seen some of these or several of them -- they go back as far as May 20th, May 21st, dealing with the tests, and of course there had been some consideration given to the question, discussions with these people before that, and we thought it was worthwhile. We thought it was worthwhile to try this experiment -- gamble if you wish and experiment, because it wasn't only Dauphin, and it wasn't only Dauphin and The Pas and Flin Flon. The fact is, I understand, that there still are areas in this province in the southeast, that there are some blind spots so far as television is concerned, that there's some even in the southwest. There are certainly some up in the Interlake and the hope was that if this low relay system so-called, and equally important, low cost system, if it was feasible then not only would those areas be served but these others as well; and so we arranged for these tests; and just as the Honourable the Minister of Public Utilities says, both the Telephone System and the Manitoba Power Commission co-operated. Sure they did under our setup.

I must say that the Telephone System were pretty skeptical for fear that in some way

(Mr. Campbell, cont'd.).... this proposal might interfere with their transmission system but they still co-operated completely, and I want to call the attention of the Minister of Education to a Tribune dispatch of Friday, May 23rd. I have some here from as early as the 20th, perhaps earlier than that, but this one of the 23rd was following a test that had been held and I believe that Mayor Dembinski of Flin Flon had attended the test -- and this is reading only part of it but I'll gladly show it to the Honourable the Minister -- "Mayor Dembinski who attended the demonstration in Dauphin," -- oh yes, it says he attended the demonstration in Dauphin -- "Mayor Dembinski who attended the demonstration in Dauphin, Tuesday, reported to town council that the system worked and it appeared it can be extended into northern Manitoba." Now I put some credence in the fact that Mayor Dembinski was quite impressed with it. I had a report and I issued a statement to the paper. I had a report from the telephone officials who attended the same demonstration and they were not favourably impressed, and on the basis of that, I had said to the press that I understood that the test was not satisfactory, the first one that was held. And very soon after that there was a letter appeared in the paper from a Mr. J. A. Hamlin, a Laurier man, and the letter was dated May 22nd, 1958, and he says, "I would like to correct Premier Campbell's impression that the Tuesday, May 20th test transmission for the north of the CBWT Winnipeg program was unsatisfactory. I wish to inform the TV owners who did not know which channel to tune in on, and the non TV owners, that it was most satisfactory at Laurier, McCreary, Ste. Rose and outlying districts. We had excellent reception for approximately one week prior to that", and he goes on at some length. He set me straight once again, "I certainly hope Mr. Campbell takes the necessary steps to have these transmissions renewed as it is certainly a great source of entertainment and enjoyment for the people of this northern part of the country."

Now Mr. Chairman, the only point that I am making is, number one, that we were not the ones who initiated this program at election time. It was first initiated at the election time of March 31st, before the March 31st election of 1958. And thinking that there was an experiment there that was worthwhile we carried on with the experiment hoping that if it worked, and quite frankly I was not in a position to judge whether it would work or not and we at all times made it very plain that it had to be satisfactory to the officials, particularly of the Manitoba Telephone System whose microwave towers had to carry it if it was going on further north, even if it was only going as far as Dauphin and serving the community there, if it could establish that it could go at this small cost to the Interlake, to the southeast and to the southwest, we thought it was worth a try. I don't have the reputation I know of being a great gambler where the money of the taxpayers of Manitoba is concerned, but I thought it was well worth while to gamble on this one, and I resent the suggestion of my two honourable friends about this being put on just at election time, because it started at the election time before ours -- not in ours.

MR. WITNEY: Mr. Chairman, I feel compelled to get into this argument because it was impuned this afternoon that I was one of those who have not been active in trying to promote television for the north country. I have been in this television problem many years before I got into this Legislature, and it has been continued since that time. I think, Mr. Chairman, that we do have to take a look at some of the technical aspects of this television proposition. I am very interested that the honourable members have been so solicitous toward the north country and to Flin Flon, but I would suggest that they should be a little more solicitous to their own constituency, for had they taken the trouble to really investigate these systems and to thoroughly investigate them, I think that they would have found that their own constituencies would not be served by television from them, that there were very grave doubts that they would get a signal at all -- places such as Ethelbert, Alonsa, Winnipegosis, Ste. Rose, Cowan, Lundar, McCreary, Roblin, Russell, Bowsman, Grandview and even Swan River. Now the Brandon scheme and I was familiar with it when I was in the radio business, utilized small transmitters and they chose in the Dauphin Area, Moon Lake. Now everybody in the business knows that you can't get coverage with low power and that coverage would have been coverage to Dauphin, to Swan River, to The Pas and Flin Flon only. In these other areas it was very doubtful whether they would have received any signal. I am surprised that these men are at this moment starting to promote the Brandon system of television for I was interested in the fact that the head of it is the past president of the Liberal Association of Brandon and I didn't know that at the time. Thank you for the information.

(Mr. Witney, cont'd.)..... Further, on the matter of Northwest Electronics, I think had they taken the trouble to investigate a little more fully they would have found that anyone with a technical opinion of any value in the country was very much concerned about the success of this outfit. Now the Honourable Leader of the Opposition has mentioned that Mayor Dembinski of Flin Flon had a good picture and I was very curious about it. But it turned out when the investigation was made that he didn't know it but he was sitting right underneath the tower at the time. Now, Mr. Chairman, this system of Northwest Electronics is using what they term a yagi arrays which is a system of dipoles which is used to concentrate the funnel energy from one point to another. If you were in that beam of energy you got reception but if you were outside that beam of energy you didn't get reception, and there was a narrow beam. And then this system used translators. It would pick up on channel 4; translate to channel 8; transmit again on channel 11; come back down 11, 8 and 4 over and over again; and they would stick up in Dauphin in a field, stick up in Swan River in a field, in The Pas in a field, in Flin Flon on a rock on a little wee tiny stub of a pole such as this, on a crank-up tower, feed 10 watts of power, at one time it was 1/10 of a watt, and expect to get coverage. Now this system has worked in the States all in one hop or two hops, but no more. And when you have to take this signal and thrash it over up from channel 4 to channel 8, to channel 11, back down again to channel 8, to channel 4, up to channel 8, up to channel 11, and back down again, in the meantime you are adding more tube noise; you are adding thermal noise; you are adding circuit noise; your signal to noise ratio is decreased all the way down the line; the stability decreased all the way down the line; the clarity decreased all the way down the line; the phase differences between the voice and the film were altered all the way down the line; and any technical man without these tests knew that. But the tests were made; this government carried on with those tests until they were made; and what we expected occurred. It was a failure -- and I am surprised that they still bring it up.

Now there are small powered relays operating in the States on microwave, on different frequencies, not with these yagi arrays that we use in radar but more modern equipment, technical equipment. Now this government, since I have come in here, have been at the CBC and been at the BBG endeavouring to get CBC network up to the north country and it was possible on Baldy Mountain to erect a full-fledged, high-powered station that would have given all the coverage necessary in the Interlake country, in Ethelbert, in Alonsa, in Winnipegosis, in Ste. Rose, in Lundar, in McCreary, in Fisher, in Cowan, Roblin, Russell, Bowsman, Grandview, Swan River, Birch River, The Pas and Flin Flon. That's what we were after -- real coverage, good coverage. We had the mountain -- Baldy Mountain. We saw the CBC; we got them to put their engineers together with the MTS engineers. They got together and I am sure that they were working on this plan when the BBG came up with the announcement that Yorkton had got the licence and could erect on Baldy Mountain. Now I wonder whether the two groups, the BBG and the CBC really got together. And this is one of the questions which I should like an answer to.

Now Yorkton got it so we had lost Baldy Mountain for a while at any rate, but we examined the contour, we examined the B contour and the C contour and we found that Swan River was outside the C contour; we found that Ste. Rose was outside the C contour; we found that McCreary was outside the C contour. When I was investigating the matter of private television in Flin Flon that could cover The Pas and Snow Lake with the engineers, we spoke in terms of microwave relays to The Pas; then a small transmitter there; then we also spoke in terms of high power and we found that with high power we could get from Flin Flon to about 10 miles north of The Pas with a B contour. From that point on it became C and the engineers told me then that they would not guarantee anything beyond the B contour, and remember that Swan River, Ste. Rose and McCreary and Pine River are all outside that C contour. Now before we granted that lease on that mountain, which is one of the finest spots in Manitoba for television, we brought the Yorkton people in; we showed them this contour. They had got permission from the Department of Transport to build, and we asked them what they were going to do about it. And we did get a guarantee from them that they would serve Swan River and Ste. Rose and those other areas, and we are still working. When the CBC announced that they were going to put the second station, or compete for the second station in Edmonton, this government protested because they felt it was wrong that they should spend their money to give additional service

(Mr. Witney, cont'd.) to an area that was already being adequately covered and was already receiving national service through microwave. We wanted the other areas of Canada that did not have television served first. And as a result of that, by telephone conversation we had the matter reopened once more.

Now we have worked here to get proper television, not only for The Pas and Flin Flon but for that whole country in between, from the border right across the Interlake country; into the constituency of St. George; into the constituency of Ste. Rose; into the constituency of Ethelbert Plains; into the constituency of Fisher, Swan River and The Pas and Flin Flon. We have temporarily lost, but that does not mean that we have stopped, because following this House session, on a telephone call with the CBC, we go down to see them again. And I would suggest to these honourable members, and I thank them for their solicitude in the north country, but I would suggest to them that they ought to also take a look at their own constituencies and what these systems they have been advocating, the Brandon system and the Northwest Electronics system, will actually do for them. We are on the right track to get proper television to give those people good service, and while we may have lost Baldy Mountain for the time being, we still keep at it. Now it doesn't mean that that one tower on Baldy Mountain will affect any other tower going up here. Another tower can go on Baldy Mountain and can still give service without interference, and that's the job that we have to do. And I'd suggest to these honourable members, instead of bringing up the Northwest Electronic deal and stating that they didn't have a fair chance; instead of arguing about the Brandon station, whose president apparently was a past president of the Liberal Association; that they should get behind this government in its work on the CBC to try to get better coverage for the whole of this province or as much of it as we possibly can. That's the job that has to be done.

MR. MOLGAT: Mr. Chairman, it's certainly a good thing that we have the Minister of Education and the Minister of Mines and Natural Resources to tell us what's going on in TV. Each time one of them gets up we get more information on what is happening in TV in this province. The mystery starts to disappear a little because it's certainly been difficult to get information out of my honourable friends in the past.

Now the Minister of Mines and Natural Resources says that we should be interested in our constituencies, and we are. That's exactly why we discussed this matter of TV and we have no proof right now that this station on Mount Baldy will give coverage to these towns that he has been naming, and a number of them in my constituency. I have grave doubts that it will. That's exactly why I am concerned about this setup, because as long as this setup is going and is in operation, it will be that much more difficult to get any other setup in the province. Now I know that my honourable friend wasn't in favour of the Mount Baldy operation, in fact he apparently stated, and this is from again the Dauphin Herald. On December 2nd, he said in his opinion, a commitment had been made--as the Minister in charge of lands he would have no alternative but to grant the parcel of land. He said a commitment to this effect had been made to the Yorkton station by the former Minister of Mines and Natural Resources, who, I presume, is his colleague the present Minister of Industry and Commerce. Well I am delighted to learn, Mr. Chairman, that the Province of Manitoba wanted to put up a very large tower on Mount Baldy and give coverage all through the Province of Manitoba. It's certainly the first time we have ever heard about it. I hope that it's a policy that has been operated on for some time because in all the statements made about TV by my honourable friend the Minister of Public Utilities, who should be responsible, never a word of this has come out before, not a single peep, that this was the intention of the government. Now I come back to my honourable friend the Minister of Public Utilities. Could he tell us then in answer to the questions that I asked, the various figures that he has available?

MR. CARROLL: Mr. Chairman, before I speak I don't want our honourable friend from Ste. Rose to get the impression that the Provincial Government were going to put this station up at Baldy Mountain. I don't think there has been any such suggestion made by my colleague the Minister of Mines and Natural Resources. And for his benefit I would also like to tell him what kind of coverage he would have got from Moose Lake, or Moon Lake, by his friends from Brandon. They would have served in the A contour, 1,000 rural individuals--people. It would have served altogether within the--

MR. MOLGAT: Are these individuals or are these TV families?

MR. CARROLL: Individuals--population--1,000 population. Altogether within the B contour the total, sum total, A and B contour 13, 300 people would be served from Moon Lake as compared to, I think it was 37, 200 to be served from the Baldy Mountain site. So you'll see the difference in the kind of state and the kind of coverage between these two particular sites, ones that he I would hope would be particularly interested in because I would expect that his constituency would be served--or he would hope that they would be served from these sites.

With respect to the suggestions a while ago about the interest charge, the interest charge is bound up in the rates of depreciation. The Manitoba Telephone System for years have been operating under a straight line method of depreciation. As I said before, it's considered to be a very sound business practice; it's one that's used by all other telephone utilities in the Dominion of Canada. It's accepted by all rate-making authorities and it is inconceivable that we could charge one particular phase of an operation at a different rate of depreciation than what is being used in the general system practice.

With respect to the \$17 per television home, this suggestion came to us last fall after the technical survey and I believe that the misinformation about the \$15 per television home came from a statement, possibly by Mr. Bushnell at one time, at that time I believe he was vice-president of the CBC, when he said that we will be prepared to consider all those areas which will come within this \$15 per television home maximum. But of course there was no suggestion at that time that they would be prepared to pay \$15 per television home in every area. They were still taking them in order of priority. So this apparently is where our honourable friends opposite have become confused and where, I must confess, we ourselves were confused. So there is a great difference between a government trying to look for \$2 per television home and trying to look for something which may be more of the order of \$9 or \$10 per television home.

I think there is a basic difference between what the Honourable the Leader of the Opposition has said about television promises and what his party said about television. I understand that Mr. Hees did make some statement with respect to Northwest Electronics, a statement which I believe he made in all honesty, that he felt that this system should be looked into and investigated, but I give him the credit for the good sense to drop it as soon as he did have a look at it. But I'll say one other thing, that to my knowledge none of the federal members campaigned on this particular issue, which is something I can't say for his particular party because it was used very widely, particularly in northern Manitoba.

With respect to Mayor Dembinsky, I grew up with him and I think he's got about as much technical knowledge of television as I have, which isn't a great deal, and so I frankly wonder though that when the MTS officials and technicians warned that this thing did not appear to be satisfactory, I wonder why it is that he should take the advice of the Mayor of Flin Flon as opposed to his own technical advisors at that time.

MR. MOLGAT: Mr. Chairman, on this matter of interest, now the Honourable Minister tells us that the telephone system uses a straight line method of calculation. Well that's fine. Let's take for example the figure he gave us on the lower price system, the one that wasn't fully protected. He gave us a cost figure of \$1,100,000; he gave us a depreciation figure of 73,700. Now you multiply that by 15 and you get approximately 1,100,000. In other words, in a straight 15 years it depreciates on that basis. Now his interest figure similarly of 57,750 is based, as I calculate it, on that 1,100,000; and according to the figures he gives us, it stays at 57,750 through the life of the contract. Now this I just cannot understand. Surely if the system is being depreciated at the rate of 150 every year, then the interest should be decreasing every year in the same way. Now how does he reconcile those figures?

MR. CARROLL: Mr. Chairman, I can't undertake to promise that I can make my friend understand. But I am given this as information from those who are my technical advisors in this matter, and they say that this is the straight line method of depreciation which is the common practice, in fact, it's the uniform system of accounts of all telephone systems. This is the system which they use and which they find to be satisfactory, and which is satisfactory to the rate-making authorities. And that's it. I think my honourable friend is referring to another method, a sinking fund method of depreciation which does in fact reduce over a period of time. But this has a great many other disadvantages. It was recommended against by the accountants to the Royal Commission who studied the Manitoba Telephone System when his friends were around in 1939. Now frankly I can't go against this kind of technical advice. This is sound business

(Mr. Carroll, cont'd.)....practice, accepted by the system. It can't be altered for one contract.

MR. MOLGAT: Mr. Chairman, it appears to me that if this government was really interested in seeing TV for the north that an item like that could be altered in a situation of this type. I can quite agree with the depreciation in a straight line but I cannot see how an interest charge based on an original cost of 1,100,000 can still be the same amount after 15 years when the debt is covered. Could the Minister tell us how much the CBC was prepared to pay?

MR. CARROLL: I regret to say that the CBC have never made any offer to this government at any time.

MR. MOLGAT: I can only say that it's an odd system of negotiation that my honourable friends are undertaking if they don't even find out what the other party is prepared to do. I don't think that indicates too much of an interest in getting this thing settled if they don't even find out what the CBC wants to do.

MR. CARROLL: I think it's been made abundantly clear on a number of occasions that the policy of the CBC is to serve those areas which can be served at least cost to the system per television home, and in order for us to qualify we would have to come within their present price-range which at the present time, I understand, is in the order of \$8 to \$9 per television home. We appear to be substantially apart from that particular area at the present time.

MR. ROBLIN: Mr. Chairman, I would think that we might have exhausted the possibilities of this fascinating subject.

MR. PAULLEY: Well we have.

MR. ROBLIN: And perhaps we might be prepared to pass a few items here that have to deal with some of these matters.

MR. ORLIKOW: Mr. Chairman, when I raised the questions which I did with respect to Kelsey, the Minister at first seemed to question the veracity of the quotations which I used. And then possibly he got information that the statements which I quoted were correct because in his reply to me he very conveniently completely ignored the quotations which I used and simply contented himself with quoting another section of the instructions. I don't question his veracity; I don't question the quotation which he used; but I suggest to the Minister that the quotation he used has nothing to do with the matter which I raised. I am not suggesting now, nor did I suggest earlier, that the Hydro Electric Board was instructing the contractor to vary, as the Fair Wage Act changed, the wage it paid to the people on the job. But I suggest to the Minister that the quotations which I gave earlier, and which I will not repeat now, were a clear and specific instruction to the contractor to use those rates of pay in their calculations. There can be no question about it; this is what it says. And I say that that company did not do this and the government did nothing to see that they did it, not then or since. Now I am not going to—

MR. CARROLL: I'd like to correct my honourable friend because the instructions that were given to the contractor, at no time did they tell the contractor what rates of pay or hours of work he must pay, or what hours they must work.

MR. ORLIKOW: Mr. Chairman, now Mr. Chairman, I didn't draft these instructions, but surely English can be interpreted. And I'll repeat it, it's 11:30 and I didn't want to repeat it, but let me repeat what this says. If the Minister wants to say that my information is incorrect, let him say so. It's a very simple matter. Was this in the instructions or wasn't it? If the Minister says I am wrong let him table the instructions. If I am misinterpreting let him table the whole instructions so the members of this committee can know what they were. Let me repeat it for the Minister's information. Probably he doesn't want to hear it because he would prefer not to explain it. "The instructions" and this not my word these are the words of Mr. Funnell representing the Hydro Electric Board, this is the information which I have, if I am wrong let the Minister say so. I say that these are the exact words which are in the transcript of the Kelsey enquiry and the Minister can find out very easily whether this is true or not. He doesn't have to reply today; he can come back on Wednesday.

MR. CARROLL: I have a copy of the contract..

MR. ORLIKOW: All right, then I am telling you to look at page 279. And here is exactly what it says according to the information which I have and I quote again, "instructions to tenderers required if tenderer is to base their figures on the fair wage schedule of the Fair Wage Act." Can there be anything clearer than that, Mr. Chairman?

MR. CARROLL: I think the misinterpretation probably is that they were instructed to base their wage calculations; they weren't instructed to pay their men those wages.

MR. ORLIKOW: Well that's exactly the point I'm making, that the Hydro Electric Board had instructions and then did nothing about enforcing it. Now, Mr. Chairman, the Minister can answer later. He can suggest I'm wrong, that's his right. I have a right to my opinion. Now I'm not going to debate with the Minister now, because we can do it under the Labour Department, the question of whether if a contractor can say in effect to workers who live in the bunkhouses on a project and there's nowhere else that they can live, if the contractor can say to the workers you can't have any visitors of any kind, whether in fact they have any right under the Labour Relations Act or anything else. I'm not going to discuss that tonight, but when the Minister says to this committee that he does not want to say anything about the future of projects like Grand Rapids until he gets a report about Kelsey, I want to say, Mr. Chairman, in my opinion the Minister is shirking and the government is shirking completely their responsibility because, Mr. Chairman, the Grand Rapids project is a government project. It is being built for the Hydro Electric Board. The land is owned by the Manitoba Government. Now surely the Manitoba government has the right, I say it has more than the right, I say it has the responsibility, morally and legally, to say in advance to any contractor who gets the job, a very simple thing, to say to the contractor that if union organizers want to come on the project, not on the job, Mr. Chairman, I'm not suggesting for a moment that they should interfere with the men on the job, of course they shouldn't. But if they want to go and visit the men in the bunkhouses when the men are off the job, when the men are relaxing, if the men want to say to these people we don't want to talk to you, fine and dandy. But if the men, if the union organizer wants to visit the men on the project in the bunkhouses, which is the only place where they can live, that we will not permit you to exclude them. Surely this is not asking too much. The Honourable Member from Lac du Bonnet can, I'm sure, tell you that this is exactly what the paper company does. People working for the paper company live in bunkhouses on property owned by the company. The company has never suggested that union organizers cannot visit the men and talk to them and meet their problems, and then come back to the company, but that is because the company recognizes the right of people to join unions and to be serviced by unions. The contractor at Kelsey rejects that right and all I'm suggesting to the government is that the government face up to its responsibility of assuring people that they can in fact belong to unions like anybody else. I don't think that this government or the former government has to wait for an enquiry commission at Kelsey or anywhere else. This is the law and the right of the people to belong.

MR. FROESE: Mr. Chairman, we've heard so much about TV in the north and I think at this time we should switch to the south and hear something about TV in the south. Apparently there is going to be a satellite station set up somewhere in the vicinity of Pembina, North Dakota, and I was wondering, are there any requirements that have to be met insofar as this province is concerned? Or do these people have to deal with the CBC or with the Canadian Broadcasting Board of Governors when they beam into Manitoba on a station that is set up in the U.S.? Apparently this firm that is setting up a station at Pembina is soliciting donations and funds in local areas to assist the organization in getting established, and I think it would be advisable if there is any information on this station that we should get it here.

On a further matter which is of interest to me, and especially to the southern part of the province, is the matter of telephones. Earlier a return was made showing the number of party lines or multi-phone lines, and in our part of the province we have a good deal of these party lines. At first we start off and the number is not too large. It is an asset probably to have more phones in the community, but once it gets beyond a certain point, let's say once it gets beyond a point of 5 per party line, it's losing its value instead of increasing it, and when you want to call a person on a party line it's next to impossible to get them on the phone and your phone, instead of being an asset, loses its value. We also heard from the Minister that apparently there are plans for the city in reducing these party lines and a certain amount of progress has been made in that respect. Could the Minister tell us just what is being done as far as the rural lines are concerned? Are these party lines or these multi-phone lines being reduced? Will they be coming into the southern part especially and giving us more rural lines so that we can put more use to our telephones? I think this would be very much appreciated and it should be something that should be looked into and something should be done about it.

MR. CARROLL: Mr. Chairman, insofar as television is concerned in the southern part of the province, I would say at the outset that this is entirely a federal matter and not within the jurisdiction of this particular House. With respect to telephones I can quite sympathize with the problem, particularly on some rural exchanges. Now I think if you will remember last Friday in introducing the estimates I made mention of some ten, I believe it was ten new community dial offices throughout the country during the past construction year. This is part of an overall program of up-grading service throughout the rural areas and we hope that this will proceed. With the changeover to community dial offices, generally speaking, the number of subscribers on a telephone line is substantially reduced and the service is very much improved. We hope that this program will continue and that better service will result in your particular area. With respect to the comments of the member from St. John's, I regret that I don't have the information that he appears to have available to him. I have read an extract from the contract which has been used in this particular project. I'll look forward with interest, of course, to reading the report of the Industrial Enquiry Commissioner to see actually what statement was made by Mr. Funnell at the time of the hearing. With respect to conditions on northern projects, this is a matter which will be getting consideration by the government when we consider changes in labour legislation, and when we consider the letting of contracts for any northern jobs that we will be letting in connection with Grand Rapids.

MR. CHAIRMAN: 1 (a) - Passed.

MR. PAULLEY: Mr. Chairman, I wonder if the House Leader could give us any indication of how long we will sit in the committee? I have a few more remarks to make in connection with natural gas now we've had the show on television and.....

MR. ROBLIN: Proceed.

MR. PAULLEY: Fine. I asked the Honourable the Minister of Industry and Commerce and also the Minister of Public Utilities, at the outset of my remarks in connection with a newspaper report of January 20th wherein it was -- as I read the report it was stated that the Utility Board was not appearing at the hearings of the National Energy Board because of the fact that it should be in a neutral position and at that time both the Minister of Industry and Commerce and the Minister of Public Utilities said that the report was not correct, or inferred that to me. On pursuing the matter further, and that was the reason that I asked the Honourable the Minister of Public Utilities to repeat the news release of the Government, we find there the statement that the Utility Board did not appear at the National Energy Board because of its neutral and semi-judicial make-up. Now I ask the Minister of Public Utilities who is looking after the affairs of the consumer of natural gas in Manitoba because, Mr. Chairman, in the report of the commission into the question of natural gas distribution in Great Winnipeg, the Deutsch Commission was very emphatic in pointing out in their report that it was practically only a Board such as the Utility Board who could look after the interests of the consumer or to put it transversely they ask the question, who looks after the interests of the consumer if the Utility Board does not do it? On page 71 of the report of the Commission it has this to say: "The aims and purposes of control and regulation, the necessity for regulation of Public Utilities Board has been given some consideration already in this report." It can be stated briefly that since public utilities are natural monopolies the consumer has little or no possibility of obtaining the service from other than a single supplier, consequently there is always the possibility of the consumer being exploited. Therefore it is essential that he be protected, particularly in view of the fact that utility is usually granted its monopoly position as a privilege by government, that is, the consumer in general. And then further on at the bottom of the same page dealing with the commissions who are charged with the responsibility of protecting the consumer says that one of the oldest of these commissions is the Public Services Commission of the State of New York and the aims of this commission are bluntly and unequivocally stated, and I quote from that New York report; "Every function of the Public Service Commission is dedicated to one purpose, consumer protection." Then on page 72 about the centre of the page, it says the same intention probably exists in Canada with the exception that statements of purpose are not in general clear and unambiguous. For example, it appears upon study, that the Manitoba Municipal and Public Utility Board, in its operation with respect to utility, tends to take up more of the position of a referee in matters of dispute between public utilities and the public which they serve. That is to say it tends to take on the aspects of a quasi court in such matters.

(Mr. Paulley, cont'd.).... And then, Sir, in the recommendations of the Deutsch Commission it makes this recommendation, that the Board may take the necessary steps to have representation at any public hearings before any Federal or Provincial Board or Commission concerning itself with matters affecting the cost of natural gas for the purpose of protecting the interest of gas consumers in Manitoba. So I say that the position of the Board, if it is a neutral or a semi-judicial Board, I ask the Minister who's looking after the position of the consumer because it is one of the functions of the Board as pointed out so clearly in many passages in the Commission's report which we received that that should be the prime obligation and duty of the Utility Board. And yet the Minister has told us, supported by the evidence before us today, that the Board has not done this and he has not answered me other than the reference to the neutral-- the question of the neutral and semi-judicial board as to why they did not.

It is said in the correspondence that the only real representation that we had before the National Energy Board was a research economist from the Department of Industry and Commerce. Nobody there representing the Department of Public Utilities; nobody there representing the Public Utility Board and I ask the Minister this question; what authority did the research economist from the Department of Industry and Commerce have to make representations to the National Energy Board? Was he there armed with power to act on behalf of the government? I would like also to know from the Minister what he means by a watching brief? In this particular case, does it mean to listen to what goes on, to listen to the possible conclusions and then after they are made to report back as to what transpired? Surely to goodness, Mr. Chairman, we should have had somebody there with authority to protect the interests of the consumer in Manitoba. The Minister told us in reply to one or two of my questions that the Energy Board was protecting the reserves of Canada. And I appreciate that, appreciate it very much but my questions are directed who was protecting the interests of the consumer of natural gas in the Province of Manitoba, and from any evidence that either the Minister of Public Utilities or the Minister of Industry and Commerce has laid before this committee, tends to lead me to believe that there was nobody there with any authority to protect the interests of the consumer of Manitoba. I asked the Minister in my opening remarks, that if he could or would table the report of the Utility Board to the government which have already been made so that the committee can have an idea as to what is really going on in this very important field of protection in respect of natural gas.

Now, there are some other comments which may be made in connection with this, Mr. Chairman, but I would like the Minister to answer specifically the questions that I have directed to him in respect to representations on behalf of the Province of Manitoba of a concrete nature, before the National Energy Board and also the answer to what he considers a watching brief and whether or not the person that had that watching brief had the authority and the power throughout the whole hearing to act either on behalf of the Utility Board, who should be looking after our interests, or act on behalf of the Province of Manitoba.

MR. M. N. HRYHORCZUK, Q.C. (Ethelbert Plains): Mr. Chairman, before you go to 1 (a) maybe we'd better go back to television for just a little while. The Honourable Minister of Education made a very good speech and received due applause from the government members but it did one other thing. He established the point that the government would have done nothing for the people of Manitoba insofar as obtaining TV coverage if they had not been placed in that position by the former government. He made quite a point of the fact that Manitoba as a province was the only one that interceded on behalf of its people in the matter of TV. No other province had done so because it was none of their business. It was up to the CBC to provide these services and not up to the provinces. And if you listened to him very carefully you could have come to no other conclusion but that he felt that this province had no business in the TV business and what he calls a bungle, was really what started the people of this province to become interested in TV and put this government in the position where it has no choice but toe the line and do what it can because the eyes of a great many people of this province are on this government in that respect. Now as to what they have done -- it seems that they've been working at cross purposes. We in the area that is going to be served by Yorkton were very much interested in what Yorkton was doing, and for a while it looked as if the Yorkton station would not put up a tower on Baldy Mountain and many of us wondered why. Well, the Honourable the Minister of Mines and Natural Resources supplied the answer to us tonight and I was rather surprised that

(Mr. Hryhorczuk, cont'd.) that government would take as big a gamble as they were prepared to take. Evidently this government said either the north gets TV or nobody gets it, and that is why that particular project was held up for awhile. Now I think that was a gamble that no government had the right to take and I'm quite sure from what the Honourable Minister of Mines and Resources has said, if the CBC had not granted Yorkton a licence and that this government was asleep at the switch and got awake a little bit too late, but I doubt very much whether the area that is being covered by the Yorkton station or will be covered by the Yorkton station in the very near future, would have had that coverage. So we've had some very illuminating statements made tonight on the TV question and I'm sure that the people that are concerned in central Manitoba and northern Manitoba will be a little more than interested in some of the remarks that have been made by Members of the Cabinet across the way on TV for Manitoba. And I do hope, Mr. Chairman, that from here on if the government cannot find sufficient strength to influence CBC to give all of Manitoba services that they at least use their good offices to give those people of Manitoba the service who can get it through the efforts of CBC and other parties who are interested such as the Yorkton station. And I hope that we don't see any more of the type of gamble that that government was prepared to take just a short while ago.

. . . . continued on next page

MR. CHAIRMAN: 1 (a).

MR. GUTTORMSON: Mr. Chairman, did the Minister indicate why the government didn't support the Brandon application before the CBC meetings last November?

MR. CAMPBELL: Mr. Chairman, I have some remarks that I have to make of a general nature. They're not on TV. Does the Honourable the First Minister really wish us to continue at this time because my remarks are in connection with telephones and Hydro Electric Board, and although—for which there is no item, of course in the estimates before us and consequently I have to speak on them under Administration. The Power Commission I could deal with under Item No. 5, but because it ties in closely with the other two matters I intended to cover all three at this time. Still inclined to keep going, I guess. Well it's getting early, anyway. Mr. Chairman, this is one of the few times in my career, having often talked too long, this will be one of the few times that my speeches run into the second day.

Mr. Chairman, as far as the report of the Manitoba Telephone System is concerned I can be quite brief. I commend the practice that they imply of giving us a progress report of the calendar year in addition to the annual report that covers the period only up to March 31st, practically a year ago. And I think it's a good report that we have in the Manitoba Telephone System. I think it's quite encouraging and the officers should be congratulated. I'm quite willing to extend those to the Minister as well because I'm sure that he has given them every support. Certainly he stays right with their recommendations in this matter of the cost of the TV. He appears to support their point of view tenaciously. Now admitting that this is a good report, I want to ask my honourable friend just one question. That is, has the present government made plans to have an efficiency expert examine the Manitoba Telephone System because I am aware of the fact that a very influential member of the government, who was a member of the government for a year and a half, used to declaim from this side of the House long and loudly that the Manitoba Telephone System required an efficiency expert to--

MR. ROBLIN: the Honourable Member for Ste. Rose.

MR. CAMPBELL: Well that would be a good idea. He's not here to hear your vote of confidence in him but I recall that--

MR. ROBLIN: I think you should describe it as "ironic" vote of confidence.

MR. CAMPBELL: A former important member of the government whose influence I'm sure must have carried a great deal of weight, used to refer to the Manitoba Telephone System as a "sacred cow", as he used that term, and advocated his point of view with my honourable friend, and has the Honourable the Minister made any plans at all to accede to his request and see that such a program is implemented immediately?

So far as the Manitoba Hydro Electric Board is concerned I think there are a couple of points only that I should mention. The main one is contained on page seven of the report dealing with the financial situation and I think we should take note of the fact. I'm reading from the report now, "that during the fiscal year 1958-59 operating cost of the Board rose two million dollars odd above the proceeding year, notwithstanding a reduction in the provision for contingency reserve of over \$400,000". In other words, close to \$2 1/2 million higher operating costs and the reasons are given--a major factor was the introduction into the accounts of the Board of the carrying charges and operating costs pertaining to the Brandon Generating Station which represented almost the \$2 million of the total increase in costs. And I raise the question that when Selkirk also has to be incorporated into the system plus the borrowing of power, buying of power from the Province of Ontario we're going to have a considerable increase in the operating costs of the Hydro Electric Board which of course, they will have no option but to pass along to their customers; and the question that I want to ask of the Honourable the Minister is, does he see a rate rise to the consumers of electricity in the near future?

I turn over the next page of the report, and I note that the rate of growth in firm load on the systems of the inter-connected southern utilities showed marked improvement during 1958 and '59 over the previous year. This improvement was most apparent on the Manitoba Power Commission system where firm energy sales in 1958-59 increased over seven percent from the fiscal year previous. Now that's encouraging. Incidentally the City of Winnipeg Hydro Electric System increased only 4.4% but those increases are encouraging but the cost--the rising cost--which I am sure the Honourable the Minister will be afraid is going to be even greater in the next few years--must have an effect on the rates at which they sell to their customers.

(Mr. Campbell, cont'd.) . . . And so I move over briefly to the Manitoba Power Commission and I note one discrepancy, Mr. Chairman, that I would like the Minister to check on because on page six of the Power Commission we read this; "The substantial increase in total customers served and a continuing upward trend in the use of electrical service by all classes of consumers, resulted in an overall increase in firm energy distributed of 9.3% from the comparable figure for the prior year to reach a total of a billion and a half approximately kilowatt hours. Now as I read those two figures they do not tie in, and there may be something in the inter-connection system where there's some line loss or something of that kind; but in one that appears to me to be 7.2 extra sold to the Power Commission, the other is a Power Commission reports 9.3 increase. And in as much as the added costs of the Hydro Electric Board will have to be passed along to its two main customers, the City of Winnipeg Hydro Electric System and the Manitoba Power Commission, I am wondering what the Minister has to say about the likelihood of a rate increase. And in light of the facts that we have to face in that regard which are set out all too clearly in the reports of both commissions, we find that on page five of the Manitoba Power Commission report, that its total income increased by more than a million and a half dollars, but the cost of power alone has already increased to it by considerably more than that amount, plus an operating cost which is higher, and fixed charges of almost \$200,000 making an overall decrease as far as the operations of the Power Commission are concerned, of more than \$300,000; and I'm wondering why, in the face of that, that item 5 has been reduced by a half a million dollars. Now I know that this part I could discuss on the item No. 5 but I wanted to introduce a discussion on the Minister's salary because as apparent here that the statutory grant has been reduced by a half a million dollars; and in that connection I would like the Minister to be prepared to answer to at the next sitting--perhaps he's able to at this one--what percentage payment has been set by the Cabinet that results in that \$275,000 figure and why does the Government feel that in the light of the increasing costs both the Manitoba Hydro Electric Board and the Manitoba Power Commission, both of which appear to me at least as though they will continue into the next few years, why in view of that has the Government seen fit to reduce the statutory grant that is given to the Power Commission? While discussing that, perhaps the Minister would tell us if the amount of a little more than three-quarters of a million dollars that we voted in last year's estimates has been paid to the Power Commission? Has an order-in-council been passed to pay that to them? The amount was voted last year. Has it been paid to them? I think, Mr. Chairman, that though both of these commissions have been, in my opinion, doing a very excellent job, once again I would join with the Minister in paying tribute to the exceedingly capable men who are in charge of them, that we can't help but face, as I see it, an increase in costs to the Hydro Electric Board which in turn will mean an increase in costs to both of their major customers; and yet in the face of that, we see the Government reducing by half a million dollars the statutory grants to the Power Commission. All of these things taken together seem to me to indicate that what the Honourable the Minister is reported to have said to the Press some months ago of the possibility of a rate increase would be more imminent than ever; and I would appreciate it, Mr. Chairman, if the Minister would tell us, number one, why he is reducing this grant under these circumstances; whether the grant of last year has been paid; and what is the situation with regard to the likelihood of a rate increase to the consumers of electrical power?

MR. CARROLL: Mr. Chairman, I would like to advise the Honourable Leader of the Opposition that no plans have been made at the moment for an investigation of the "sacred cow", was it, that has been referred to by certain other members of this House With respect to the rate, of course, we have a \$25 million thermoplant brought into the system of the annual charges on that, including interest on the monies, depreciation and certain operating costs, maintenance costs, and things of that kind, as well as the cost of the fuel which I think last year possibly ran into something like \$600,000 because as you recall we had a very low flow in the Winnipeg River and there was a prolonged period of time during which the thermoplant had to be kept in operation to provide the power requirements for the province. I'd like to assure my friend that the rate increase is not imminent; that there is still fairly substantial reserves, and it will certainly be sometime before any changes are made in the rate structure.

With respect to the discrepancy between the Hydro Electric Board report and the

(Mr. Carroll, cont'd.) . . Power Commission report, I regret that I can't fully answer that question except possibly to say that the Power Commission have certain generation facilities which would add to their particular supply which they don't buy from the Hydro Electric Board. Now this may take care of this discrepancy but it may not, and if it doesn't, I will be quite prepared to bring in further information at a later date.

With respect to the subsidy which was paid to the Manitoba Power Commission, I would like just very briefly to refer to the history of this particular subsidy. The payment of an annual subsidy to the Power Commission was first established in 1929 and was stated to be for the purpose of assisting the extension of electrical services to rural areas including farms where low density of customers in relation to the investment for transition lines was such as to make undertakings either impossible or at best required rates too high to allow reasonable use of the service. It goes on to say that the precedent for this was established by the operation in Ontario where they paid one-half of the—I believe interest on the capital cost, as a subsidy for rural electrification. We believe that the time has come when the general expansion in rural Manitoba is pretty well complete, particularly in the farm areas. Manitoba's consumption of Hydro Electric power is certainly among the highest, if not the highest in the Dominion of Canada and I think at the same time we enjoy one of the lowest rates in the Dominion of Canada. And with the growth of revenue the subsidy has really become of relatively lesser importance in the overall operation of the system than it was at one time, and this combined with the fact that rural electrification is complete, we feel that the system should become more self-sustaining than it has in the past and we have actually followed the example of your government, Sir, when you reduced the subsidy for the Power Commission on several occasions. I could refer to that very briefly, I think. The last rate reduction was in 1955 where it was reduced to \$775,000 and had this reduction not taken place in 1955, I'm told the subsidy during 1959 would have been \$1,783,690 and in reality was only \$775,000 or a decrease of over a million dollars in annual subsidy which the former government made within the last five years. We've followed that precedent; we think we have a utility which is very efficiently managed; and we feel that it can certainly stand on its own feet in view of the fact that the expansion in rural areas is pretty well completed.

MR. J. M. FROESE (Rhineland): Mr. Chairman, on page 31 under Public Debt, we see a certain amount of interest to be received from the utilities; it mentions \$3,473,000 from the Telephone System and also an amount is given for the Power Commission. These amounts—do they have to be deducted from the operations of these utilities before they will show any earnings, or any profit—any surplus?

MR. CARROLL: I didn't get the first part of your question.

MR. FROESE: I mentioned that on page 31 you have a list of the amounts of interest to be received from the—

MR. CARROLL: Oh, the estimates. I'm sorry.

MR. FROESE: On page 31 you have a list of the interests to be received from these various utilities and it is my question—do these amounts have to be deducted from the operations of the utilities before they show any surplus or any earnings?

MR. CARROLL: Excuse me, I've just got the page now. These are sinking fund payments that are held by the Provincial Treasury in trust for the utilities and the sinking fund payments are made up out of their depreciation accounts I understand. —(interjection)— This is the interest on their loans from the Provincial Government. Yes, the interest would have to be paid.

MR. MOLGAT: Mr. Chairman, I still have some figures I'm waiting to have a reply from the Minister on. I asked him how many TV families were in the whole area that he covered? How many TV families were to be covered and I haven't got a reply on that. If he has the information I would like it broken down if possible between Dauphin, Swan River, The Pas, and Flin Flon.

MR. CARROLL: Well, I regret that I don't have that particular information because the TV families are based on the kind of coverage that the particular station will give. For instance, Moon Lake had some 13,000 people; that could be converted into potential television homes; I think they use the figure of something like 3.7 or 3.8 for television homes. For instance Baldy Mountain has 37,000 so it depends on the kind of equipment; where it's located;

(Mr. Carroll, cont'd.) .. how much power they're using and many other things; so I cannot give you that information.

MR. M. N. HRYHORCZUK, Q. C. (Ethelbert Plains): Was the figure 13,000 for Moon Lake?

MR. CARROLL: Thirteen thousand individuals were to be served from Moon Lake with the kind of power--with the location of the tower and the kind of power and everything else that Brandon were proposing. I understand it was to cover 13,000 people only.

MR. HRYHORCZUK: Because if I heard the Honourable the Minister of Natural Resources correctly, I think when he mentioned Moon Lake he said 1,000.

MR. CARROLL:

MR. MOLGAT: I think that really the difference was which contour you were talking about, was it not; that you were talking about "a" contour or "b" contour? If you're talking about "a" contour, it is 1,000; and if you're talking about "a" and "b" in total, it's 13,200 according to the statement of the Minister--that is his first statement--if he gives us another one it could be different. Now I still don't understand how my honourable friend can be negotiating with the CBC if he doesn't know how many TV families are going to be served, because he's talking to us about \$8.00 and \$9.00 a family--now at some time or another he must have been talking about \$15 a family, in spite of the fact that he says "no" because here is a report in the Free Press, February 10th, 1959, and I presume that it was issued by our Department of Propoganda here in the buildings; and it says that the Honourable the Minister was to appear before the CBC to present a brief, and the brief called for a re-examination of the present CBC policy of providing TV facilities only where the cost does not exceed \$15 per TV home in the area to be served. Now that, as I presume, is a statement from my honourable friend's department and yet he sits here tonight and tells us there is no such figure as \$15. It just doesn't make sense. Is it \$15 or is it not?

MR. CARROLL: Well, I think if my honourable friend remembers a few moments ago I did endeavour to explain that Mr. Bushnell at one time had made--put a maximum figure of 15,000--they wouldn't consider anything above that particular figure and we were under the misapprehension at that time that this was a figure which--if we came within that figure that we would be included. Of course, we didn't realize until we got down there negotiating with these people--yes, that's the outside figure but the figure they really want to get down to is around \$6.00 per television home.

MR. CHAIRMAN: 52.

MR. CAMPBELL: I didn't get the opportunity to answer my honourable friend in the reasons that he gave me for the half million dollar cut. I'm sorry that we have to be interspersing between TV and the other. I think maybe it would be better if we could clear one up at a time; but I wanted to check this figure with my honourable friend again because I commend him for one desirable practice because he said this is just following the pattern that we had set up. Well, any time that my honourable friend is doing that he's on pretty sound ground. But he should take a look--he should take a look at the differences in the situation because when we reduced the operation--and my honourable friend will be aware that according to the Act it's within the power of the Government to do that--but when we reduced the operation of that particular statutory grant, interest rates were about half what they are now, perhaps less than half. The Power Commission was not faced with the rise that they are in the cost of their power as they are now; wages, salaries and all the rest were not in the position that they are now; and the circumstances were very greatly different; and in the face of the situation that we have today as mentioned in the report here--it's a very different proposition to reduce that grant to what it was when we did it; and although that's a very sound policy to use the most of the time, my honourable friend must apply the circumstances of the situation to it, rather than just blindly following us without looking at all the factors involved.

MR. CARROLL: I would like to assure my honourable friend that I won't blindly follow him but what I read out earlier, the original reason for the subsidy, he nodded his head in agreement, that this was the reason why the subsidy had been given. Now I'll read it once again. "The payment of an annual subsidy to the Manitoba Power Commission was first established in 1929 and was stated to be for the purpose of assisting the extension of electrical service to rural areas including farms where low density" and so on. This was the purpose of

(Mr. Carroll, cont'd.) . . the subsidy at that particular time and I would like to point out to the Committee that circumstances have substantially changed that we don't have the same rate of rural expansion today that we have had over the years and very good reason why then that this subsidy--if that's the reason for it being there--and my honourable friend says it is--why I say that it's a very good reason why then it should be cut back again as he has done himself by over a million dollars in the last five years. We're only cutting it down a half million.

MR. CAMPBELL: My honourable friend correctly states the reason for it in the early days. That's true, but it was to continue. It was to continue as well. It wasn't just a grant that was given during the time that the system was being expanded. My honourable friend must know that the farm settlement is just as sparse as it ever was--it's even more so. There are less farms than there are now and the system was originally as he mentioned, that it was to be one half of the carrying charges and then as he will know, if he followed the history of it through the different years, he will find that that was cut down and it was such a percentage of the construction costs on transmission lines, sub-stations, farm lines, including the tap-off thereof and such like at whatever percentage was set by the government but not to exceed three percent and that was a continuing grant. But at the time that he mentions that we cut it down, Mr. Chairman, the Power Commission was enjoying very, very good times. They were making big profits. The interest situation on their borrowings was not what it is today. They were not faced with these rate increases which in spite of my honourable friend, I say that we are facing today. My honourable friend says that there's no immediate intention of a rate increase but what does he think of the longer term situation? And my point is that that's a very different kind, very different set of circumstances to cut down on the statutory grants to what existed when we cut it down and a half a million dollars now is a pretty big cut. This is going to be down to \$275,000. And by the way, my honourable friend didn't answer me as to what percentage that is now on the various items that qualify for the statutory grants.

MR. CARROLL: Well that I'll undertake on the item when it comes up to give you the calculation of percentage of this \$275,000 will be. I still maintain of course that the original premise for this particular subsidy was rural expansion. Those days are now past. Certainly if rural expansion must continue in the future we'll certainly re-examine our position with respect to the subsidy and be prepared, I would think, to give consideration to maybe changing if conditions change substantially.

MR. CAMPBELL: It wasn't just rural expansion. This was--he used the right word a little while ago--this was rural subsidization and the need for the subsidization is greater now than it has been for many years faced with the position that they are faced with. This is a subsidization. Most of the people don't like that word but that was the basis on which it was entered into--that rural electrification would be subsidized, and now my honourable friends are almost completely cutting out the subsidies at the time when the Power Commission faces the most difficult period that it has in many, many years.

Will my honourable friend answer the one other question? Perhaps he can't do that tonight either, but I'd like to know if the statutory subsidy voted in last estimates has been paid.

MR. CARROLL: I'm quite sure that the last statutory estimates has not been paid, but I would like to comment again very briefly that he and I seem to be working from different sets of information on this. My remarks are based on a statement which I got from the Electrical Utility concerned and they assure me that the purpose of assisting was for the assisting of an extension of electric service to rural areas including farms and they site as an example this was based on the farm electrification program that was starting in Ontario at that particular time, so I maintain that this certainly was not meant to be a subsidy to rural rates as such but to assist in the expansion of the system rather than as a direct subsidy to the rate structure.

MR. CAMPBELL: check that with them again. Because what Ontario did and in the early days, it was based on the Ontario Hydro-Electric System, but what Ontario did was actually bonus rural electrification, and that's what we were doing, and that's what we continued to do and that's why it made specifically on those line substations, farm line, that had to do with farm electrification, or rural electrification and certainly I'm not a bit afraid to use the term subsidy. That was the idea and it was intended as a continuing subsidy and my point is, don't cut it down at the time that they're facing the most difficult conditions that they have been for at least 20 years.

MR. CHAIRMAN: No. 2, (a), passed.

MR. GUTTORMSON: There's a reduction of approximately \$6,000. Could the Minister explain why?

MR. CARROLL: Under Salaries items?

MR. GUTTORMSON: Yes.

MR. CARROLL: Yes, there was provision there last year for an Executive Assistant, which has been cut out.

MR. CAMPBELL: Did we get the salaries of the first one? The number?

MR. CARROLL: Yes, one Minister, one secretary and one part-time summer assistant.

MR. CAMPBELL: And in number two?

MR. CARROLL: Oh, we're down at Public Utilities Board. Oh, good, we're making wonderful progress. Nine all together, Mr. Chairman.

MR. E. R. SCHREYER (Brokenhead): Mr. Chairman, Mr. Chairman, I, as the members opposite well know, I did not have any weighty contributions to make in the estimates of the last three departments so I did not take up much time. However I feel that I have some contribution to make here, and it involves more than just a few minutes so I would appeal to the First Minister to move that the Committee rise.

MR. ROBLIN: That's a very reasonable request. I'll be glad to move that the Committee rise.

MR. CHAIRMAN: Rise. Call the speaker.

MR. ROBLIN: He's got the right technique. He knows how--

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

MR. W. G. MARTIN (St. Matthews): Mr. Speaker, I beg to move, seconded by the Honourable Member for Minnedosa 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 Minister of Industry and Commerce that the House do not adjourn until 8:00 p. m. tomorrow evening.

Mr. Speaker presented the motion.

MR. PAULLEY: Mr. Speaker, just before the question is put. Will it be at 8:00 o'clock tomorrow evening if we're finished with Law Amendments and coming into the House that it will be Private Members' Business at 8:00 o'clock tomorrow evening or government business?

MR. ROBLIN: I think it ought to be Private Members', Mr. Speaker. I think that the plan will be that if we find that our delegations are finished in good time to meet again at 8:00 then we'll meet here. If they're still in full flower and it may well be, we'll come in here for a few minutes and then adjourn but should we continue with our business here I think it ought to be Private Members'.

MR. GUTTORMSON: Mr. Speaker, I would like to direct a question to the First Minister. If the delegations or there are still delegations to be heard in the evening, the House will still sit. Is that correct?

MR. ROBLIN: I explained that, Sir.

Mr. Speaker put the question and after a voice vote declared the motion carried and the House adjourned until 8:00 o'clock Tuesday evening.