

THE LEGISLATIVE ASSEMBLY OF MANITOBA

2:30 o'clock, Wednesday, May 14, 1975

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 19 students, Grade 8 to 10 standing of the Morweena School. These students are under the direction of Mr. Siemens. This school is located in the constituency of the Honourable Member for St. George, the Minister responsible for the Manitoba Public Insurance Corporation.

We have 27 students, Grade 5 standing of Robertson School under the direction of Miss Schroeder. This school is located in the constituency of the Honourable Member for Inkster, the Minister of Mines, Resources and Environmental Management.

And we have 16 students, Grade 7 and 8 standing of Kinloss Elementary School from North Dakota under the direction of Mr. Buck.

And 40 students, Grade 6 standing Sacred Heart School from East Grand Forks, North Dakota under the direction of Mr. Kuznia and Miss Maves.

On behalf of all the honourable members I welcome you here this afternoon.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports. The Honourable Minister of Health.

TABLING OF REPORTS

HON. LAURENT L. DESJARDINS (Minister of Health and Social Development) (St. Boniface): Mr. Speaker, I'd like to Table the Return to and Order of the House No. 1 of March 17, 1975.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports. The Honourable Minister of Mines.

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I wonder if it would be agreeable to have a meeting of the Private Bills Committee on Tuesday at 10 if it's agreed, Mr. Speaker.

MR. SPEAKER: Notices of Motion; Introduction of Bills; Questions; Orders of the Day. The Honourable House Leader.

ORDERS OF THE DAY

MR. GREEN: Mr. Speaker, I would like to move, seconded by the Honourable the Attorney-General that Mr. Speaker, do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

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

COMMITTEE OF SUPPLY - CAPITAL SUPPLY

MR. CHAIRMAN (Mr. Jenkins): I refer honourable members to the Capital Supply motions before the House. Schedule A - Manitoba Hydro Electric Board. The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Well, Mr. Speaker, just to follow up on one of the questions that was asked the other day and which I did not reply the same day, was a question by the Honourable Member for Riel with respect to the allocation of costs in the case of the Jenpeg construction as between generation and regulation. I could not answer it any better than it is on Page 20 of the transcript of the Standing Committee meeting of April 1. So I would merely refer the honourable member to Page 20 of the April 1 meeting of the Utilities Committee.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): The further part of the question, Mr. Chairman, was the breakdown of the capital moneys requested for capital investment in the project as opposed to that for carrying charges, and the further question was whether or not Jenpeg was going to be carried capitalizing the interest charges until such time as all the plants downstream from it

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(MR. CRAIK cont'd) were going to have assumed part of the costs. In other words, the Jenpeg plant it isn't just the place of generation at Jenpeg plus recreational or other reasons for establishing it, it's a case of also taking the part invested in generation and then proportioning it out over the other plants. The question was, how much of the cost of Jenpeg are going to be capitalized and for how long until this is paid off by the other plants downstream from it?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Speaker, I'm not sure that the honourable member's question lends itself to any definitive answer. Clearly there is an imputing of cost, or allocation of cost, as between generation and Lake Winnipeg Regulation. As to how much of that total cost relates to financing charges or interest, that is in the order of \$30 million. With respect to the allocation in turn of the regulation costs, Lake Winnipeg Regulation, if one has to impute that to any given power plant it would have to be imputed to the entirety of power plants that lie downstream, that are located downstream of that. I'm sure my honourable friend is quite aware of that, so I'm not sure that that in fact is what he's asking about.

MR. CRAIK: . . . if there's any rough breakdown even of the . . . the last day the First Minister said that the capital requirements for interest purposes was in the order of 30-odd million. I wonder if there is any breakdown of what portion of the 30 million of 30-odd is Jenpeg, and what portion is the other facilities that have been developed?

MR. SCHREYER: Well very very roughly of the 33 million I would think that approximately 40 to 50 percent would be related to Jenpeg generation and the balance would be relating to regulation, which in turn would have to be apportioned among all downstream plants in relation to their capacity.

MR. CRAIK: Well I think that answers the question then, Mr. Speaker, if it's 40 to 50 percent, then it's roughly \$15 million, and I would then conclude that that portion is probably going to be carried on a continual basis until those plants are built. I question whether this, at this point, isn't postponing a pretty sizable chunk of capital for repayment. Under the circumstances to charge . . . one-half of our interest cost being on Jenpeg alone.

MR. SCHREYER: Well, Mr. Speaker, I am not aware of any unusual treatment of interest costs with respect to the Lake Winnipeg project and Jenpeg. As the Member for Riel I'm sure is aware, the interest costs are transferred to operating account at the time when the project goes into service, and that I believe to be a very conventional and historic treatment by any utility, including Manitoba Hydro.

MR. CHAIRMAN: I wonder before we recognize the Honourable . . . Oh, fine. The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Chairman, I'd like if I may to address some comments on the question of the position of Manitoba Hydro. I'd like first if I might, Mr. Chairman, first to express in part some concern about the tenor of some of the exchanges that has occurred on this question of the position of Hydro and the supply of energy that we've heard up to this point. There has been some interesting, and I would perhaps have to say somewhat surprising and disturbing presentations concerning the need to develop some form of western energy policy, which in fact carries with it a very strong tinge of a western separatist energy policy. I think that in this particular position it's important that we clarify who in the House exactly is in favour of such kinds of conditions. Because I think that the one thing that we haven't really heard back fully yet from the First Minister on this issue is some clear definition of the respective costs and benefits that would be related if we were to follow the advice of some of the members of this House, and that is to share in the kind of bargaining position that has been taken by Saskatchewan and Alberta in relation to energy prices, and whether in fact we are to go along with some form of elimination of the two-price energy policy that we now follow. It strikes me that this would end up costing consumers in Manitoba about \$100 million in additional energy costs, which I find surprising because the same people who are advocating that we associate ourselves with Alberta are the same people who seem to be saying, or expressing, taking up a good deal of the time of this House talking about the problems of inflation and the additional cost that would be passed on to consumers and yet they're advocating a position that would probably cost every man, woman and child in this province an extra \$100 a year in energy costs.

There's a certain, I guess all we can say to be kind when we talk about the position taken by the Member for Morris, the Member for Lakeside, and others, and I realize that's not the

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(MR. AXWORTHY cont'd) position taken by the Leader of the Opposition but we know that there are certain differences, and we have to accept that. But they at least are more in a majority than he is and I would wonder first how they would reconcile what is an obvious contradiction between their position where they are concerned about the inflationary pressures in the province, and at the same time advocating a policy position to the government which would in fact cost every person in this province - I would estimate about \$100 each - if we were to adopt that kind of policy.

I think that that is something, Mr. Chairman, which I would hope that the First Minister might have been more explicit about in terms of delineating the Manitoba position carefully about why in fact we're not involved in that sort of association or that kind of alignment. I would think that of course the First Minister has very different political reasons for not associating himself with such a policy, because I would realize that there would be a certain affinity between the policies promoted by the Premier of Alberta and those endorsed by members of the Conservative Party in this House, and I think for political reasons which we don't have to go into. I would have hoped, Mr. Chairman, that in this discussion of the energy policy that we would have been able to receive from the First Minister a clear enunciation of the kind of energy policy that we have in Manitoba that would relate directly to those kinds of consumer interests that we have to be ultimately concerned with. That we have talked a great deal, I suppose almost like . . . the First Minister has appeared like an old testament prophet sort of wandering the earth, telling us about the Armageddon that's to come if we don't sort of find a more virtuous and righteous way of living in energy consumption. But it still hasn't exclusively, to my mind, stated how, in fact, the present energy policies other than some, oh, gesture towards expanding our use of renewable resources, in fact is going to affect industry and consumers in Manitoba over the next say five years, to take a time frame just for sake of argument.

And, Mr. Chairman, this comes back to what I think is a very critical question because we can't talk about the allocation of energy development in this province in terms of our own allocation of capital unless we have some policy in mind, other than something, as I say, a sort of a prophetic challenge to make better use of our renewable resources. Because one of the things that strikes me that is happening in this country is that we're becoming rapidly capital short in the investment in energy resources. That the first thing that any provincial government must do in order for us to develop a proper and effective national policy is to begin looking at its own capital requirements which is what we're talking about here. And to look at those capital requirements in relation to some plan as to where we want to go, other than simply keeping up with demand, keeping our heads above water or making sure that we can turn the lights on, that doesn't seem to me really a policy or a plan. That's simply reaction to a crisis or a reaction to events. And that one of the real reasons and the most effective way of offsetting the kind of separatists or semi-separatist or pseudo-separatist kind of language we have heard expressed here, and to develop a much more comprehensive national policy as when we put our own house in order, when we have a pretty clear example of the kinds of requirements that we have.

And frankly, Mr. Chairman, I'm very much concerned about the capital position of Manitoba Hydro. I think that there a number of really serious issues that have to be raised about whether we are using the capital in the right places and whether we are getting effective use out of that capital. And these are really the questions I want to raise with the First Minister who is responsible for this area because I don't think that we can provide an effective countervail or counterploys to the position that we have heard about, sort of this kind of western chauvinism that we've heard, unless we are able to very accurately prescribe our own requirements and make sure that what we're doing in Manitoba will very quickly and easily and profitably fit into a national energy policy. And that I think should be the focus of the debate or discussion about the Capital Supply for Manitoba Hydro that we are now engaged in.

And I'd like first, Mr. Chairman, if I might, to raise some questions which have to deal with the application of capital in Manitoba Hydro. And the one thing that we are all aware of is that Manitoba Hydro over the years has become a gargantuan organization. It has become, I suppose, the closest thing in Manitoba to a multi-national corporation. It is just certainly one of the largest enterprises of any kind, public or private, in Western Canada. It is a very big operation. And I suppose it carries with it, as do all big operations, certain drawback that

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(MR. AXWORTHY cont'd) that kind of bigness and organizational complexity carries about. And one of the first primary laws of large corporations is they begin to have a certain disregard for efficiencies and costs and effectiveness, that they begin to once they start dealing in hundreds of millions of dollars and start talking in that kind of language, you begin forgetting about how you can save on the tens of thousands or the hundreds of thousands of dollars.

Well let me point out, Mr. Chairman, that right now in the Province of Manitoba, for every single dollar of revenue, every single dollar of hydro rates that are raised from the users of hydro, 42 cents goes in to pay the interest on capital. And it was close to half of the money that Hydro acquires from its users, goes in to pay interest on capital. Forty-two cents out of every dollar. Now that simply represents, Mr. Chairman, a very very big commitment in terms of capital supply. And it would seem to me that because of that tremendous kind of investment and portfolio that it is important that the application of that be examined pretty carefully.

And let me point out one example, Mr. Chairman, that in the operation of Hydro, they undertake almost exclusively the installation of all major fixtures or facilities for hydro or electrical power. So that if a major industrial plant is setting up industrial machinery requiring electrical power, the estimating work is done by Hydro and eventually the construction and implementation work is done by Hydro. Now there are some very curious kinds of business practices followed because Hydro covers all that but to begin with, they will do estimating without any charge to the prospective client unless the client happens to use that facility. In other words, unlike most consulting firms or estimating firms, which will say that they'll do a detailed estimate but even if the client isn't going to use that kind of plan, they're still charged for that fee. Well, Hydro doesn't do that. The cost is absorbed by the ratepayer. He takes the cost under his account.

A second practice and perhaps something which is even more important, that when Hydro goes about to do this major kind of capital fixture and facility installation, they will give a fixed price to the potential client. They will say, it's going to cost this much. But on the other side of the coin, the suppliers to Hydro, the people who supply the cable and the generators and the transformers and all the equipment, have a cost-plus arrangement, which really means that in many cases Hydro is forced, because it had a fixed price, its costs exceed what the fixed price brings in, and again the subsidy is paid by the ratepayers. Again in terms of its use of capital, it's going out around doing its business and saying, boy . . . You know, if there was any kind of private electrical engineering firm working on that basis, they'd be in business about a week. Well, you just can't afford to do that kind of thing, and yet here we are sort of every single year facing an 18-25 percent increase in Hydro rates and we've got Hydro going out basically subsidizing big users. And I guess you could really as a paradox say, here is an NDP government which if you look at it, is basically subsidizing large business operations through this kind of somewhat free gift of estimating, and certainly giving it an almost sort of bargain-basement deal in terms of the kind of construction work that it is prepared to do.

I suppose, Mr. Chairman, people in Hydro say, well gee whiz, you know, for a million-or-two dollar job, that's small potatoes. I mean, we're talking about \$300 million dams and we can't be concerned about things like that. But the point is, is that in this kind of operation, it's the \$100,000 there and the \$50,000 there, and the \$200,000 there, that begin to add up to represent really major indifference towards the stewardship or husbandry of those capital resources, which is a very important requirement I think of any large organization. And I think that that is one of the major concerns that we have had. And that is the fact that Hydro as a major public utility and supplier, if it is to follow the commands of our prophet to go out and multiply yourselves and develop more dams and more utilities and nuclear energy plants; that if it goes forward with the same kind of relative indifference towards cost control and towards the contracting of that kind of facility; then we are simply going to be putting an awful lot of capital in, which we're asking sort of the Hydro users, the people who are paying the rates, to subsidize, if the bill's going to go up and it's going to expand. And we are simply providing then a consumer subsidy to Hydro so they can go about sort of basically doing a fairly faulty and oftentimes very loose business practices.

Now, Mr. Chairman, that's what concerns me in the operation of Hydro, and I only pick it out, I suppose, because of my own political philosophy, I just have a great deal of concern of

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(MR. AXWORTHY cont'd) . . . any large enterprise, public or private. I just feel that there's a certain kind of characteristic takes over when organizations get to be too large, and that is that they begin to forget some of the basic requirements of good, effective operation and certainly we have the example of government itself; that Hydro is a major Crown corporation, is also a prime example of that kind of relative indifference to its successes. So that would be one major question that I would like to focus upon, Mr. Chairman, and is really that sort of internal application of Hydro.

The second question, I raise, again comes back to the fact that the Premier has talked about the requirement both of fulfilling our potential in the use of Hydro power and then eventually moving into the nuclear field and beginning to develop a series of nuclear fired plants to provide electrical power in the Province of Manitoba. And as I gather, according to the report by Mr. Bateman in the interview he gave in the Financial Post of about two weeks ago, that in fact the site has already been picked out close to Selkirk, Manitoba and that work is going ahead and it's no longer in our conjecture, it's now a matter of fact. And that we're simply now into the nuclear era, we're now making commitments in this nuclear field, so I think it's time we began raising some serious questions about the use of nuclear power. Because it itself I think while it's an important alternative source of power doesn't come without its own headaches and its own problems. And certainly there has been a good deal of disruption in the United States caused by the problems related to hydro or related to the development of nuclear energy because of all kinds of safety problems and hazard problems that they must cope with.

And I just finished reading (I would recommend to the First Minister in fact) a fascinating account in the New Yorker magazine of how the State of New Jersey is now trying to develop a major nuclear plant in the Atlantic Ocean, using it as a site, all designed, I gather, because they simply can't any longer put nuclear sites in the ground. I'm certainly not against the use of nuclear energy and I think that it is one of the resources we must use and use well, but that would be the question I would like to raise.

But let me point out, for example, this kind of argument to the First Minister, that nuclear energy can be used for different kinds of power sources. It can be used to create electrical power, it can be also used for a form of electrolysis; in other words, taking water and using nuclear energy to break it down into its components, primarily hydrogen, and hydrogen as we know is a full replacement for natural gas. So the question that comes to my mind is that we are talking about nuclear energy in Manitoba as a replacement for electricity, or to complement and supplement electrical flow. If however we are facing, as I think we are in Manitoba, a series of headaches and problems in getting proper supplies of natural gas because of pipeline problems, because of Alberta problems, because of all kinds of problems, and natural gas fulfills now about 80 percent of the heating requirements in the City of Winnipeg, that it seems to me that we have one of two alternatives; either we convert to electricity, which is a very expensive conversion item, it's probably one of the most expensive capital conversion activities one can go into, or we find a replacement for natural gas. And so the question raises to me, has Manitoba Hydro or the Government of Manitoba considered, for example, that when they go into nuclear energy, that rather than using it as a form of generation of electrical power, they will in fact be using it as a form of conversion into hydrogen to replace the natural gas or to supplement our natural gas supplies. Both are equal forms of energy. It just may be that if you start counting up the amount of capital that it's going to take to build the nuclear plants, develop the electrical generating capacity and then convert many homes and businesses in Winnipeg in the use of electrical power for heating and industrial purposes, it may be a much more expedient use of the capital to use those same nuclear plants as a conversion into hydrogen resources, using it, locating them up on the shores of the Hudson's Bay close to Churchill and then pipeline them down, which would also fit in, I gather, as part of a program or a package for the development of an Arctic pipeline coming down through the north. That it just may be and again having talked to some energy engineers in the area, they just might say that that kind of additional source of fluid energy sources such as hydrogen, added to the natural gas pipeline, might make that a feasible economic operation.

And the question raised to me, I don't believe, at least we haven't heard the First Minister or the Energy Council or anybody involved in presumably the decision-making on energy for Manitoba talk about that as an alternative. Nor, Mr. Chairman, have we heard

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(MR. AXWORTHY cont'd) . . . anybody dealing with energy problems talk about the use of solar energy as a form of capital investment. And yet again if you read the Financial Post, you find out that the Federal Government is prepared to invest money in solar energy; Central Mortgage and Housing is doing some experiments down east; the United States Congress has invested a quarter of a billion dollars into the research and development on solar energy.

And again talking with engineers at our university, I discovered that one of the important aspects is that Winnipeg has an awful lot more sunlight than Washington, D.C. In fact we have about three times the sunlight. And even though it may seem somewhat sort of out of the question that, you know, on a February day that we could use solar energy for heat, in fact it's the solar ray, it's not the heat it generates which becomes transferred energy, it would seem to me again that that would be a major complement or supplement to our hydro supply or hydro electric supplies. And yet that alternative isn't being considered. One of the plans that I've heard talked about in terms of the Manitoba context is that for many smaller towns and cities in particular, that rather than trying to invest large amounts of excess capital, that we could be sort of developing almost small solar type sites in small towns and cities as a supplement to their present electrical facilities at far less cost.

So that comes down, Mr. Chairman, again to the question of a stewardship that is being exercised by the government in relation to the use of very expensive capital, a use estimated in the next decade in Canada, we are going to require close to \$115 billion worth of capital for energy purposes. Well, I quote from the Financial Post of April 26, 1975, that's a lot of money. We've already got a lot of money invested, and as I said we're already paying 42 cents on the dollar to pay for the interest on that development. So it seemed very incumbent upon the energy planners for the Province of Manitoba to be finding ways of getting more "bang for the buck" or more energy for the dollar or more use out of the very expensive and very scarce capital that is available to us.

And it seems to me, Mr. Chairman, that many of the alternatives which are less capital costly, which could produce other forms of energy, haven't been explored, talked about or discussed. Now somewhere there may be someone sitting on Taylor Avenue worrying about it or dealing with it; there may be someone on our Energy Council which we keep hearing the Minister of Industry and Commerce talking about but never see anything about; but the fact of the matter is, it doesn't seem to be part of the energy plans of this province. It doesn't seem to be part of the full application of all the kinds of energy alternatives that we could explore.

So, Mr. Chairman, I ask myself the question, why? I think it comes back to a point that we have raised in this House now I think about five or six times going back the last year, that simply it appears to me that the way we go about making decisions on energy in this province is not adequate. That there is Manitoba Hydro which is the dominant energy planner for the Province of Manitoba. Now Manitoba Hydro, as we all know and recognize, has had a long and distinguished history in this province. But let's recognize what they are: they are electrical engineers, they are interested in electrical power, that's what they were set up to do, that's what they do best, that's what they know how to do and that's what they want to continue doing. And they become sort of captivated or dominated by that particular objective. Now that's a valuable objective, but it does mean that other kinds of alternatives tend to be excluded, other kinds of options captivated or dominated by that particular objective. Now that's a valuable objective but it does mean that other kinds of alternatives tend to be excluded: other kinds of options tend not to be recognized or considered or brought in and given the same right. So we say, well obviously there's got to be some alternative to Manitoba Hydro. We can't rely upon them simply to do all our energy planning because if that's the case we're going to end up with simple electrical energy and tend to ignore or be indifferent to other alternatives which may be less costly, less expensive, and more useful. So we say we have an Energy Council. That's supposed to be the decision-maker for energy policy. Well when we find out who sits on the Energy Council we find out it's the Vice-Chairman of Hydro. In other words, it simply has become in effect an appendage of Manitoba Hydro again.

And that's the point that we keep coming back to, Mr. Chairman, is that we have asked time and again in this House for an energy board or commission or department, I don't care what mechanism it is, but one which would be able to fully plan the energy alternatives, fully look at questions of conservation and fully look at questions of demand, fully look at the

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(MR. AXWORTHY cont'd). . . . questions of the different kinds of energy sources, and also look at where the capital could best be used, and someone that would be in a position to arbitrate between the demands for investment in electrical energy or begin investing in other forms of energy sources. Mr. Chairman, we would strongly put forward that that does not take place, that Manitoba and the Manitoba Government is still one-dimensional in its outlook. When the First Minister talks about renewable resources he's basically talking about one kind of renewable resource. He's not talking about sunlight for example. I haven't heard him raise that as an alternative and say we're going to put some money into looking about how that can be applied to Manitoba. I think the reason for it is simply that the advice and expertise and knowledge and kind of information that is given to the First Minister basically comes from the Hydro Corporation. We're simply saying that is a major source and it shouldn't be discounted, but it shouldn't be the only source. What we really require in Manitoba is a more effective kind of energy planning operation that would give us the ability to consider alternatives and consider how the capital in those resources would be applied. Now that is the concern that we have, Mr. Chairman, considering the Capital Supply of Manitoba Hydro.

What it raises in our minds is that perhaps we're not getting the best use out of that capital because we're putting our bets on one spot on the table, and we should be spreading them around a little bit more and hopefully getting a better use out of that money. I think that it is incumbent because the grand old days of cheap hydro in Manitoba are over. The Chairman of Hydro says that we can now expect an increase of up to 20 percent almost every year. No if, butts or maybes. I quote, he says: "Manitoba Hydro Chairman Len Bateman recently announced a 20 percent increase and said that it will continue to happen on an annual event." Well if that's the case, Mr. Chairman, it seems to me the time has come, the time has come seriously to look at the energy planning that's going on and to see whether we shouldn't now restructure the operation, and I don't intend by these remarks, Mr. Chairman, to suggest that the First Minister has not been doing his job because I think that certainly from his statement and his actions he has indicated that this is his priority concern. But what we feel should be done now is that the bases upon which those decisions are being made and that priority arrived at, be broader based and be based on other considerations than those which are simply concentrating on the use of electrical power.

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Before I recognize the First Minister I wonder if I could draw the attention of the honourable members to the gallery where we have 29 students of the Cranberry Portage School, Grade 5 standing, under the direction of Mr. Kostynyk. This school is located in the constituency of the Honourable Member for Flin Flon. On behalf of the members of the Assembly I bid you welcome here this afternoon.

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MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I really believe that the remarks of the Honourable Member for Fort Rouge deserve some response, and I will accordingly try to respond point by point.

To begin with I quite agree with the Honourable Member for Fort Rouge that there is little point in speaking in terms of some future Armageddon in terms of world energy problems. I think that there is very great need to try and maintain a balanced view with respect to future energy problems. All the more reason then why the Member for Fort Rouge in admonishing me, or anyone else, to avoid speaking in terms of a future Armageddon should take some pains himself to avoid the other extreme, which is that of the ostrich. The belief that all is for the best in the best of all possible worlds, that we really have no impending problems in energy supply and price and cost of securing adequate supplies for the future, that certainly is an admonition which I would put in front of his doorstep, because there is equal danger that there are, and I think history demonstrates that there have been far too many people for far too long who take with complete equanimity the pattern of the past quarter of a century. That's about all I'd like to say to him in that respect.

Now, he goes on to make some critical observations with respect to the capital structure of Manitoba Hydro and what obviously by tone he implied to be such a fantastically large ratio of

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(MR. SCHREYER cont'd) interest coverage charges to total operating budget. I would only ask the Honourable Member for Fort Rouge, where has he been? Because analysis of any major public utility, and any major energy utility in particular, will demonstrate that there is indeed, by definition and by its very nature, a very seemingly high ratio of debt service cost to total budget. That is an essential, well if not essential at least it is an obvious characteristic of any utility operating in this or any other continent.

Then in any case I would say to the Honourable Member for Fort Rouge that he must maintain a perspective when looking at Manitoba Hydro's operations by relating it to operations of utilities anywhere else in our country. When viewed in that perspective then I do not believe that Manitoba Hydro compares badly at all. If he thinks that the total size of Manitoba Hydro is too large, that its debt service cost is too high a ratio, then I would invite him to do an analysis of utilities in Ontario Hydro, Quebec Hydro, British Columbia Hydro, and his great fears will be largely assuaged and he will achieve some semblance of perspective, some proportionate view of things. Because in relation to those three utilities, which I've just mentioned, Manitoba Hydro is relatively speaking not a large corporation, certainly not overly large, and its operating systems and total budgetary size is not something about which to be intimidated.

Of course it is very easy for the Member from Fort Rouge, or anyone else, to make the criticism that there are unnecessary expenditures being incurred by the utility and that as a result rates are higher than they otherwise need be, and that the consumer has to pay for it in the end. To that I can only say, what else is new? Because it doesn't matter whether it is Manitoba Hydro, Quebec Hydro, Ontario Hydro or Consolidated Edison of New York or Florida Light and Power, the fact of the matter is that anyone can come along and say that they are incurring unnecessary expenses, expenditures, that they are operating at less than optimum efficiency, and that therefore the consumer is being victimized.

I happen to believe that Manitoba Hydro's operations, in relation to counterpart utilities anywhere else in this continent, compare very favourably indeed. As a matter of fact, what standard of measure is the honourable member using? Does he feel that rates for Hydro Electric energy or electrical energy in Manitoba are too high? Well, perhaps they are too high in comparison with yesteryear, but in comparison with rates as they exist at this point in time anywhere else in Canada or North America, compare very favourably indeed. As a matter of fact, as of May, 1975, as of this point in time, in looking at electricity rates in cities over 100,000 population across Canada, the rates in Winnipeg are next only to those of Regina and Saskatoon in terms of favourability or lowness of rates, and are indeed lower than cities such as Toronto, Montreal, Vancouver, Victoria, you name it. Again, just for purposes of trying to bring some semblance of perspective to bear, the entire rate being charged consumers or users by Manitoba Hydro is less than the amount of the increment or the increase alone that went into effect in the past 12 months with utilities such as Consolidated Edison, Florida Light and Power, Southern Florida Light and Power, etc.

So while there are problems, Mr. Chairman, the problems must be viewed in perspective. They must not be viewed in some kind of simplistic and unreal isolation of the world around us.

Well the member goes on to speak of nuclear energy. I hesitate to say much as a layman because frankly it is a rather confusing and disturbing picture. On the one hand there are those who still persist in raising the spectre of great technological problems, the spectre of radio-active poisoning over the years and decades, while at the same time in places of the world not favourably endowed with renewable energy resources, they are proceeding to build nuclear generating capacity with great momentum. Are we to conclude that all of these jurisdictions and the best of their scientific brains are somehow mad and that they are allowing the construction of energy capacity of a kind that is so potentially dangerous and poisonous? I rather suspect that here too, there is need to bring some semblance of perspective and balance to bear.

I am not advocating that we rush blindly ahead with the construction of nuclear capacity. But given, and I think it is a fact in our day and age, that because of the need for environmental analysis and environmental impact analysis that in order to do the proper job of an environmental analysis rather than lip service, you cannot give notice a year ahead, but something closer ahead of the date by which you actually intend or hope to have something on stream in operation.

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(MR. SCHREYER cont'd) So all we have really in effect done is to serve notice that some time by the middle to late 1980s, as matters now seem, that it would seem to be necessary to have nuclear capacity, you might say the first generation of nuclear capacity actually operating, and in order to meet that kind of time target it is necessary to give notice today, this year, with respect to future intentions, so that all the critics can have their say and the environmental analysis can be carried out, etc.

But, you know, I cannot resist expressing the very personal view that I frankly do not understand those people, who seem to pose as the great protectors of the environment, it would seem happen in many cases to be the ones that are most unconcerned about the phenomenon which has been at work now for many years relative to the relentless drawing down of the reservoir of the world's non-renewable energy resources. However, if they can reconcile that in their own mind I'd be most genuinely curious to know what their thought process and reasoning is.

The Honourable Member goes on to mention solar energy, and in that regard I really will discipline myself to resist making any observations because I have not seen anything yet to indicate that this is something that should be treated seriously. It is something that is being carried out as a matter of more pure than applied research, and of course there's nothing wrong with that. But if the honourable member is suggesting that Manitoba who is a province of one million souls, should be appropriating significant amount of funds to carry out pure or only semi-practical research into solar energy, then I say to him that that is the most unwise kind of counsel that he is giving. As a matter of fact research into some of the more difficult and unlikely sources of energy is best carried out at the national level, and indeed I would go a step further and say that even a national effort might be too localized and fragmented a way in which to handle that kind of research. It is one which perhaps deserves a much closer knit international co-operation and international effort.

But for a province of one million people, it is almost absurd to suggest that we should be mounting a major large scale and costly research into solar energy. What about the other nine provinces and wouldn't this best be co-ordinated through the National Research Council? And because the National Research Council may not be getting the funding from the Federal Government is no reason for a partisan attack on a provincial government that they should be carrying the burden of the nation on its shoulders with respect to some semi-far out type of research. Wherever some modest research can be carried out that happens to coincide with something that is logical in the circumstances to any one province, there we would not hesitate to carry out some modest research, and indeed I believe it is a fact that right here above this very building that we're sitting in, we have a small, mundane, modest project of research going on with respect to solar energy. Now, I don't know if that pleases the honourable member for Fort Rouge, but if that's his preoccupation, then only some 100 feet up we have a solar energy research project going on. But I wouldn't advise him to hold his breath as to the practical applicability of the results of that research.

Beyond that, Mr. Speaker, does the honourable member not know that one of the most effective applications of solar energy is the energy that is created through the sun lifting moisture from the earth and the oceans into the atmosphere and letting it back down again as precipitation, which finds its way through the turbines on the Nelson River? That is the ultimate form of solar energy, and my honourable friend need not get too excited about using mirrors and glass and coloured glass in terms of these other solar energy projects.

But I do not feel at all competent, and I would suggest neither does my honourable friend, to speculate as to the relative merits of solar energy as compared to other, perhaps more esoteric, you might put it that way, possibilities of harnessing renewable energy.

There is, my honourable friend, if he's interested in these matters, there is a very good question to be raised, I believe, in Canada, not only in Manitoba - why just in Manitoba - but a very good question to be raised with respect to a country of our size, endowed with vast quantities of timber, much of it scrub timber not lending itself to pulp or lumber very well, diseased timber, scrub timber, waste by-products of timber, I really would invite my honourable friend to check with his connections in Ottawa - and I believe he has some, quite a few I should think - as to why Canada is not mounting by itself or in co-operation with provinces like Ontario and Manitoba. I think we would be quite willing to co-operate in a research and even pilot project, pilot plant in methanol production from woodstuffs as opposed to foodstuffs. But, you know,

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(MR. SCHREYER cont'd) we can speculate endlessly as to the possibilities. What I regret and I would think my honourable friend regrets too is that thus far there has not been any significant preoccupation on the part of certain obvious federal agencies with respect to doing more systematic R and D into some of the very possibilities he's talking about.

MR. CHAIRMAN: The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): I rise, Mr. Chairman, I just rise to express a concern on behalf of a number of citizens of Manitoba, and this should not be construed that I'm speaking in opposition to the Capital Supply for the Hydro. But I rise to express a few concerns about the last few rivers where we have the most finest fishing in the North American Continent and that is the speckled trout. These are one of the few streams that are tributaries of the Nelson River that will be affected after the limestone site is completed. I would like to see, and direct to the Minister responsible for Manitoba Hydro that he would express some interest in doing some study on possible ways and means where the fish population, the speckled trout, could be saved in the tributaries: the Upper Limestone River, there is the Weir River which is going to be affected after Gillam Island. But these, the speckled trout in these rivers are rather unique on the North American continent because these are the only streams where the speckled trout goes into the Hudson Bay. It is like the Atlantic salmon.

A MEMBER: Have you been there?

MR. SHAFRANSKY: Yes, I have been there. There are a few streams on the North American continent where the trout, the speckled trout, unlike the God's River where they stay the year round, the speckled trout from the Limestone, the Weir River and I believe there's the Roblin River, they go out into the Hudson Bay and they come back in the fall for spawning and then return to the sea. They're similar I suppose to the Atlantic salmon, but the fact is that they are the most beautiful fish, if anybody has had the pleasure of catching speckled trout . . .

A MEMBER: And you have?

MR. SHAFRANSKY: Yes, I have. I caught it on the God's River.

A MEMBER: How far and how deep?

MR. SHAFRANSKY: But I would like to express this concern on behalf of the number of people, there's one or two people in particular, very good friends of mine, Don McMaster who has been involved with the Wildlife Federation and with the Naturalist and with the Fly Fishermen's Association of Manitoba; and Lawrence Heska - in fact they did a film last fall on their fishing expedition to the Limestone River. I think members should see this film to see the beautiful stream and to look at the possible ways where the fish could be saved by being able to continue going upstream, whether it be on the - some fish ladder or the system that has been used in British Columbia I believe, on the Nelson River, where they have sort of container tanks where the fish come up and then they're just lifted over the power sites so they're allowed to continue moving upstream to the spawning areas.

I'd like to see the Minister look into this question and possibly ask for some research to be done in this regard. I know that the cost, when you compare the total overall cost of construction, is really going to be very minimal. I understand that there has been a study made on the - is it the Dauphin River at Fairford - for establishing some system where the pickerel can go upstream and they found they estimated the cost of around 60,000 to 100,000, so if you multiply that by 2 - 3, I think it would be a worthwhile project to save some of the streams that have for many centuries been the fishing areas for the people living in the North and then there are many fishermen now who are discovering it. It is a strange fact that very few people were aware of this speckled trout until there were ardent fishermen like the people I mentioned, have gone out there on expeditions. They get off the train at the Limestone Bridge and then go upstream to the areas where they can do some excellent fishing.

I would mention that the - in the film that I saw yesterday, they took one fish a day and one fish - there were three of them - was enough for a meal for all of them. They only brought back one. They were all about four pounds, which is a good size, a minimum of about four pounds. --(Interjection)-- Well, they just took flour and they made bannock. Mr. Chairman, I would like to direct this concern on behalf of these people who would like to see some action, at least some study made whether it's going to be feasible or not, and I think they would be quite content with that. Thank you.

MR. CHAIRMAN: The Honourable Member for Riel.

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MR. CRAIK: Mr. Chairman, I'd like to join in this hard-hitting academic debate that's going forth here and take part in it and straighten everybody out on this matter.

I couldn't help but listen with great interest to the Member for Fort Rouge in his comments, because I've had some interest in the energy debate. But I must admit it's one that fascinates a great many people, and the people that are involved in eyeing and watching, particularly these days, the development of energy types and progress in different areas, are legion in number now compared to what they were several years ago.

Mr. Chairman, if I can take a few minutes of the Chamber's time to bore them with some personal background in this, away back in about 1958 when I undertook to do some post-graduate work in engineering I was very interested in the energy field. Having trotted off to the University of Minnesota where there was a fair amount of work going on in this area, I immediately was sort of captivated by the sort of thing that seems to be captivating the Member for Fort Rouge now. I remember then particularly reading one article in Solar Energy magazine that said, "If you took all the known sources of coal, oil, gas, uranium, converted them all into the amount of energy and know reserves in the whole world and put them all into one big pile, turned them into all the available energy you could get out of it, that it would amount to two days of the amount of solar energy that falls on the surface of the earth." I said, boy that's for me and I did a master's thesis on solar energy. It took me about two years to do it and I built solar collectors, and I built the first solar collector in Western Canada, and it's probably still parked out on the roof at the university and it's been rusting there for the last 10 or 12 years; produced the first technical paper, I think, in Western Canada on the availability of solar energy and proved to the world that it was viable in Western Canada. And that's just about the spot that the Member for Fort Rouge is at. It's interesting to see that once in a while in this Chamber the politics becomes more than just the art of the possible and we can speculate on some of these heretofore areas that are going to be of great interest to us.

Now, in that particular field though before leaving it, I can say with probably a degree of some experience in it - probably a degree more experience than I have in many other areas I comment on in this House - that solar energy will have a place here at some point. I would like to say that it is always an ace in the hole for mankind. When they quit fighting about all the other energy sources at some point in time they'll probably resort to utilization of solar energy because it's a matter of economics and that's about the size of it.

Now I think we should be doing work in this area, too, but I have to admit that when we really get down to the practicalities of it that the technology we'll use on utilization of solar energy in this part of the world will come from places other than Manitoba, and other than probably the prairies. Probably other than Canada. Strictly speaking, I think that always it's a good idea to keep up with the state of the art and keep active in it. You have to keep credible people working in the area. But you have to look at it from hard, cold necessity. The necessity for development of solar energy in the United States is much much greater than it is in Canada. We do have an abundant supply of solar energy mainly on the prairies because we have the clear skies. But we have the perennial problem of how do you store the energy from the time of the year when you don't need it to the time of year when you do need it? And that always boils down to be the basic problem. So if some members want to address themselves to the storage from the bad times of the year to the other times of the year and vice versa, then they'll be doing Manitobans a favour.

As a matter of fact, when the Member for Fort Rouge brought in his resolution regarding a city - fifty miles located out of Winnipeg - when the resolution was presented to this House to discuss the feasibility of a new city located somewhere fifty miles or thereabouts from the present City of Winnipeg, I couldn't help but again sit back and speculate, you know, as one can do with this type of resolution. I could see moving into just west to the Town of Miami on the escarpment on the west side of the Great Agassiz Lake and boring into the side of that great escarpment and hauling out a massive cavern inside there, miles in breadth and yards in height - and that's not in the metric measure, Mr. Chairman - but nevertheless a massive cavern in there and with massive solar collectors above and collection of body heat inside, and no vehicles spewing out all these undesirable things and I thought, well, why just build a city? Let's go out and build a cave in the bank of the great escarpment and we'll suddenly put to use all the natural resources we have in Manitoba. We've solved the space problem: we're not using all this farm space up that the Member for Morris worries about.

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(MR. CRAIK cont'd) We're not using up all this energy that everybody else is worried about. We can build solar collectors on the top of it. We can heat it. We can solve all the urban congestion problems by doing away with automobiles. I mean, why think small? We might as well go the whole way. So having given this impetus now to the Members of the Legislature, I'm sure that next year we'll see in Capital Supply a provision to build a city of this nature, buried in the banks of the escarpment and with all these other very desirable features that have been mentioned. --(Interjection)--

I couldn't also help but think, when the Member for Fort Rouge was talking, getting down to more of the practicalities of the matter, that the leader of the debate of his party in opposition to the Churchill diversion, to some extent took their impetus from the professional people in water resources at the university. There was one man in particular there who I always regarded very highly who was a very capable engineer by the name of Professor Cooper, who is now, I think, adviser to the World Bank on Utilization. Prior to his strenuous opposition to the diversion of the Churchill River, preceding it by perhaps eight years or ten years, he had devised a scheme to export water to the United States from Canada. He was right to the extent that why should people get excited about the export of water when it's a renewable resource, when they are willingly exporting all their gas and oil without any reservations whatsoever. Now that scene is changed, everybody's concerned about that now. He was ahead of his time. It was a very accurate assessment, a rationalization from his point of view. But the point was that he was going to dam up all the eastward flowing systems of water, the Churchill and Saskatchewan and Nelson, and pump and dig big trenches and run it down from Northern Manitoba with a big trench down to the American border. He was going to put on a massive metering system and he was going to have the sale of all this water to the United States, and this was going to be the mecca for the economic problems of Manitoba, particularly, because we were going to have the channel on our side of the border between here and Saskatchewan. We were going to have a big meter, and this water was going to get used, not wasted on simple power production, but get used for irrigation and all these other things.

But when Professor Cooper - and I have told him this, I'm not relaying anything that's out of school, I used to argue with him on this matter in a joking manner - when he got terribly exercised about the environmental impact on the Churchill River, mainly because he became somewhat of a naturalist along the way, I used to remind him of this scheme that he was proposing for the export, where he was not only going to dam those rivers, he was going to channel right through Manitoba, north to south and cut through all sorts of territory that had been heretofore unexplored and occupied only by Mother Nature, cut through farmlands and everything else and build massive structures to get this water down to the United States. And I said what's happened in the last six or eight years? Did you do an environmental impact study on your proposal for exporting water to the United States? And somehow the question never really got answered. I think in all fairness that at that stage of the game he rationalized the justification for it, but nevertheless, environmental impact at that stage of the game was not a priority in the scheme of things. But it became a priority later on when he became conscious of the environmental damage of what, in relation to that, was a very simple, very simple natural resource project, namely, the damming of South Indian Lake and the Churchill River.

But the Liberal Party got all choked up on this. And I have to say that I really believe that they at some point in time, if the Member for Fort Rouge carries on with his present preoccupation about other energy sources, he will come around to the realization that in Manitoba in particular to not utilize the renewable natural resource of water in Northern Manitoba, is to the way of the thinking of our group and now the government's - and it wasn't when the government first came to power - would be a mistake to not utilize that to its maximum. I think that given his present line of thought in carrying along these lines he'll arrive at the conclusion that, to have Stopped, Looked and Listened on Churchill River would not have been in the best interests of Manitoba and utilizing that energy source, that renewable source - the natural cycle put to poetry by the First Minister here several minutes ago, the flow of water to the ocean and so on - is in fact a very sensible use. Nobody denies the environmental impact. Nobody denies that it takes place. You balance off that against the argument of the utilization of a renewable natural resource. After you've fought it all through, particularly when you get into the problems of energy sources now, I don't think there's any doubt about the fact that you come down on the side of harnessing the sources of renewable power that we have in the

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(MR. CRAIK cont'd) Province of Manitoba. And that, Mr. Chairman, has always been the position of our party on this matter. The only item on which we have hit the government, and hit them as hard as we could, is the delays in making the decisions that have been made, and then the sequence of the decisions and the implementation of the programs that Manitoba Hydro has done. We think it has been unnecessarily expensive, we think that the cost, the excess cost, has run in the hundreds of millions because of the pattern followed. I think there has been some lost energy in the changes that have been made too, but by and large it is secondary to the excessive costs that have been involved in the delay in decisions. So it's with a degree of satisfaction that we see now the First Minister becoming what he wasn't in the first year or two of his occupying the chair, and that is the strong advocate of maximizing the use of renewable natural resources, and that has always been our position. We support it. Again I say wholeheartedly. We think it'll stand the test of time. Our main criticism is simply that the capital costs that we're dealing with here now are too high.

So, Mr. Chairman, with those few scattered remarks, I want to say here in conclusion, there's no doubt that the capital requirements being asked for here for Manitoba Hydro are staggering in relation to the other capital requirements of the province. But I think you have to come down on the side, that even though we feel that they're higher than they should have been over the period of the last two years, that to vote against them would be irresponsible, just because we think they're on the high side, because in total they're a good investment in Manitoba's future and therefore we support them.

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MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, before the First Minister responds to the problem of the speckled trout, and indicates whether he's about prepared to build an underground city, there are some comments I'd like to make. One was really sparked - first I was going to react to what I thought was a slightly gratuitous passage in the Minister's remarks concerning those who, you know, in a fairly honest and genuine way have expressed concern about their environment. I think the First Minister tended to provide some scorn to their motives and their outlook, and I think that the Member from Riel came back with the same points, suggesting that he knew a scientist who had sort of changed his mind along the way. It brings to mind. Mr. Chairman, I think one of the more interesting books I read several years back written by Robert Oppenheimer, who was the father of the atomic bomb, and who said that during a period of his scientific life as a scientist and engineer working on nuclear energy, he had been trained, conditioned to become mesmerized by the technological achievements, how one could use science for the betterment of man, but over time became captive to the game itself, forgetting what the end of the game should be. It was only after that bomb exploded and hundreds of thousands of people were killed, that he and a number of other scientists began realizing that as scientists, with the kind of knowledge and wisdom and skill that they had acquired, they bore a much heavier responsibility to society to begin asking themselves about the consequences of their acts.

I think that that is in many cases the issue that this party two or three years ago tried to raise. I don't think there is, at least to my knowledge, and I wasn't in the House at that time so I can't recall exactly, but I don't think the former leader of this party, and I certainly as a candidate in the last election never at any time said, don't build the thing, don't build the conversion, but are simply saying, "How are you going to do it and what's the consequences"? No one in this party has ever been against the maximum use of natural resources, as long as the benefits outweigh the damages, and as long as we would have some proper concern being expressed by those who are doing the planning and the construction, that in fact they were doing so with all the interests of this community involved taken into account. When the slogan came about, sort of "Stop, look and listen", the stop part was on the basis that it was time to take a good and cautious look at the kind of actions and investments that we were making in this province for the use of energy.

I would like to suggest to the Member for Riel, and to the First Minister, that the wisdom of that particular point in part has been borne out because right now up at the, sort of in that Churchill Diversion Project the government is facing a possible lawsuit; it's facing the kind of anguish of Indian reserves up in that area; it could possibly have the construction held up. I don't know what's going to happen, if there's going to be an injunction laid down in the courts in the next while or not, but the fact of the matter is if there had been a little bit more time spent looking at what that project was going to do, and preparing with some foresight to its consequences and overcoming them, then we wouldn't be in the kind of continual legal mess and hassles that we get ourselves into now. One of the problems that Hydro itself has to face is its commitment of capital to large projects, which may be tied up in a legal battle that could last two or three years, we don't know; as well as denying in many cases sort of some fundamental legal rights to the reserve people on the reserves up in that area.

Now that was the kind of question we were raising then. We didn't say, "Don't build it." We said, "Of course we have to use our water power and we have to make maximum use of it, it's one of our natural resources." What we were saying is that scientists and engineers and planners can become sort of the modicum sort of execution of the technical goal and forget that that technical achievement carried with it many kinds of social and economic and legal and human kinds of consequences that we must take an account of to our own sorrow. I think we should, rather than trying to pat ourselves on the back in this province, say, "Boy, didn't we do a great job on the Churchill," we should be treating it with some sorrow and learning from the mistakes. I agree with the use of the Churchill for its power, but I certainly have many questions about the way it was done, and the kinds of damage it's going to do to the, not just to the environment of the people along that way, and whether in fact the costs are going to justify and warrant it along the way. When we were talking in those periods, we were saying, "Stop for a year, take a good look at the problem. Let's find out. Let's hold the hearings. Let's find out what people are concerned about," and then incorporate those kinds of concerns into

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(MR. AXWORTHY cont'd) your planning. And frankly, Mr. Chairman, we are paying a very heavy price for not doing that.

I think that is the same question I am trying to raise with the First Minister at this point. I'm not talking about esoteric things, I'm talking about real practical problems, because one thing you learn about, or try to learn about in this energy field, is there's a very long time line. That when you start talking about investing in nuclear energy, or more hydro power, or other alternatives, you're talking about investments that will have a life span of 50, 75 or 100 years, and it will probably take 5, 10, 15, 20 years for execution. I'm simply saying the time has now come when we should be looking at those other alternatives, not as some sort of esoteric research design, but looking at them as alternatives. I think the Minister simply didn't answer the question I was raising about what kind of planning is going on. And if he's right saying - he says to me, "Why don't you use your connections in Ottawa"? You know, he is the Premier of this province. The Provincial Government is, you know, is invited down to attend conference after conference. They discuss things with the Prime Minister and the Minister of Energy, why aren't they raising it with them?

MR. SCHREYER: We have.

MR. AXWORTHY: Well, where is it? Where is the example, that in terms of the plants - I read the Minister's statement at the Energy Conference; I didn't see these things being raised. I'm not denying they were very noble words, but your noble words, plus 25 cents, gets you a ride on the bus these days. What we're really looking forward to is really the kind of recommendation in terms of a national energy policy for this country that would include the kinds of imperatives that exist in Manitoba.

I was interested to hear the Member for Riel talk about his own work in the area of solar energy; I don't pretend to be an expert in it. But I do know that it is not an esoteric exercise, it's now going on in practical research and design application in parts of this country. There is the Brace Research Institute at McGill University which is conducting it in the Province of Quebec. The Central Mortgage and Housing is now building houses using it and testing out its alternatives.

MR. SCHREYER: Don't hold your breath.

MR. AXWORTHY: Well, you see, this is the point, is that the problems with prophets is they become narrow minded very quickly; they become fixed on their own prophesy and they become self-fulfilling. The problem with narrow-minded people is that all of a sudden everyone else becomes, you know, everything else is esoteric and not to be considered because they know what's best. Well, that's the problem with having someone becoming elevated to the status of an Old Testament prophet, he ceases to become a Premier, and is now sort of more interested in giving us sort of religious canons and kinds of scriptural lessons about the virtues of men, and less interested in the practical problems of developing a very effective energy policy for this province. That's the kind of question we're raising with them, is simply saying is --(Interjection)--Well, I think, you know - I suppose he has a kind of a Charlton Heston look or something, or I guess it's a Cecil B. De Mille Old Testament prophet I would suggest would be his requirement. And actually, you know, and that's the old 1950's movies, and that's the problem we're still going, you know, we're still using sort of 1950 scripts to write our energy policy, and we're still coming down with sort of tablets from the stone, and sort of somehow assuming that it's going to sort of, that the truth will be revealed.

Well, I'm suggesting that I'm not sort of hung up on solar energy, I use it as an example, as an alternative. I'm also sure we have timber uses. We also have a lot of coal resources in western Canada that we should be looking at. I used the example of conversion into hydrogen as an alternative for natural gas tied in with forms of Arctic pipelines. All these are technologically feasible.

I think the Member for Riel pointed to the right question, and that is, it comes down to questions of costs. The important thing that has happened in the last couple of years in the energy problem in Canada is that we are now getting a more realistic appraisal of cost, and so that many of the other things which used to be esoteric now become practical because the cost threshold is now raised for the hydrocarbon fields much higher than it was before, and therefore many of these other things which were not possible before become within the range of possibility because their costs now are comparable to those of hydrocarbon fields and the price is being . . . And that is the major question.

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(MR. AXWORTHY cont'd)

But the other issue that we raised in terms of the position of Manitoba is that we realize that we're not Alberta and we can't live off those fat reserves that they've got, and that's why I totally discount the position I've heard from the Conservatives coming along, that I think it's a silly position to start talking about associating ourselves with Alberta. What we should be saying as part of an energy policy whether Manitoba needs, where there are alternatives, and if it requires major investment from the Federal Government, which I believe it does, because I want to see those things being laid out to them, in public, in open, and saying, "Here's what we want; here's what we should be doing; here's our contribution to a national energy policy." That is the kind of exercise that we should be getting into.

And that is really the kind of question we raise because we don't think that at the present moment we're getting that kind of planning coming forward in Manitoba, simply because the planning is primarily dominated by an electrical energy utility, which has as we say, a good track record in that field, but it is one field. All I'm trying to suggest to the Minister when I talk about the position of Hydro is that any large organization they develop fairly narrow-gauged organizational goals, and then they tend to sort of get allies to support those goals. I'm simply saying that that should not be sort of the fixed idea that we move on in this province, that we should be looking at those other alternatives and how they fit in, and if it requires federal investment and co-operation, then let's start saying so, and let's put the knuckles to the Federal Government. I'm in favour of that. But I am saying that I think it should be something that is decided on in this province in terms of that kind of an assessment and need. I don't think presently having some kind of sort of Mickey Mouse energy council that meets inside sort of closed chamber doors is a way of achieving it.

I think we have to get the right kind of machinery to make the right kind of policies, and the present process we follow leaves an awful lot to be desired. And that's the message we're getting. You know, I don't think anyone here is pretending that we can . . . the Member from Riel perhaps comes closest to being able to provide technical appraisal of different alternatives, but we're saying that there's enough evidence coming forward, that those alternatives can be applied and could be of benefit to this province, and in fact could provide an effective counterpoint to the advantages now garnered in Alberta. As we pointed out in an earlier debate, Mr. Chairman, we were concerned about the industrial development of this province, because with the heavy investment of petroleum money going into Alberta, they're obviously engaging in a very heavy industrial build-up in that province, and much of the locus of commercial and managerial and industrial activity is that if there's not some counterpoint established, will leave this province and not come here, and therefore we have to develop those alternative sources. I think electrical energy is one of them.

But maybe we should be saying okay, maybe we have to concentrate the use of electrical energy to compete for industrial energy, but therefore we have to find some alternative for heating homes. And that's what we say, okay, what's the alternative, using our nuclear plants as a way of converting into hydrogen. Now I say, I'm not pretending that I know whether that can be, you know, the exact cost of them, but I think that is the kind of thinking that should be going on, and if we can't do it in our own resources, then we should be legitimately saying to Ottawa, to Mr. Macdonald and to Mr. Trudeau, then you say, you've got to do that for us, give us the resources or you do it, but let's find out, otherwise you're going to be dealing with a depleted region in a short period of time. And that's the kind of case that we're trying to make on a national policy.

As I say, I realize the Premier has larger horizons than I do. I'm simply talking as a representative in this province concerned about its energy policy and its position. I know that he has wider horizons and goals and dimensions, but that's the thing that we're trying to put our minds to work on in terms of it. That is why we're anxious and worried and concerned that the process we're now following is too dominating in terms of its technical expertise that's being applied to the public utility requirements, the electrical utility requirements, and doesn't engage the other resources, nor does it engage properly in looking at questions of conservation, of how you can cut back demands in certain areas, whether it's in building codes, or whatever kinds of alternatives, uses of transportation and the rest of it, and combine it in so that we can also reduce much of our energy demand in, say, northern industrial areas so that we can conserve and compete industrially with Alberta in western Canada and make sure we get our fair share.

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(MR. AXWORTHY cont'd)

Now those are the kinds of options that should be balanced. And also, Mr. Chairman, I think they should be being discussed in an open public way. Perhaps this is, you know, in part this debate on the capital supply for Hydro. It's the first time we've heard it, it's the first time I knew that the Member from Riel was an expert in solar energy and had written his thesis on it. And that's good to know, that we've got someone around in the province. I think we should put him to work right now and get him busy doing it. But the fact of the matter is that one reason that's not happening is that energy has been kind of a, you know, sort of a talk about - it's been treated as an esoteric thing, and it's been talked about in these kind of highly generalized rhetorical terms and we haven't got down to hard business in a public way. Because I would suggest that there are probably many other people like the Member from Riel who also have knowledge and expertise and outlooks, and things that can be applied if that decision making could be a much more open and engrossing one involving much more of the energy and outlook of a wider range of people in this province, rather than having a group of civil servants sort of sitting, appointed to an energy council, chaired by a vice-chairman of Manitoba Hydro. That's just too narrow a range and too limited a form, or machinery, for the kind of major commitment we should be making.

So I start off agreeing with the First Minister's priorities. I think they're dead right, but I do think that there should be some very major change and reorganization in the way that we begin applying ourselves to how we treat that priority.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I listened carefully and I am really trying to understand what the main or substantive points of disagreement or difference of view are. The Honourable Member from Fort Rouge will forgive me if I'm a little confused, because I sense that he is really wanting to have his cake and eat it too. He is talking about the necessity of keeping all our options open - and of course that's fine, one should always keep options open as long as possible, but in the final analysis you have to lay hard plans and arrange for concrete specific design in engineering and get on with the construction, construction of whatever it is that relates to this particular case, energy supply for the future.

I am not scornful of environmentalists nor am I scornful of whatever research activity is being undertaken anywhere in the world with respect to what - well for lack of a better description, one at this point in time has to describe as relatively esoteric forms of potential energy. But goodness knows if in the years ahead there seems to be greater tangibility attaching to one or other of these still relatively esoteric forms of potential energy, then of course, fine, mankind can breathe the easier for it. So it's not a matter of disagreeing.

The point I have to re-emphasize, though, is that for a province of one million people we are engaged rather heavily in investment in energy for the future. For us to be distracted or to commit additional financing on any substantial scale for research into some of these forms that the Member for Fort Rouge is talking about does not seem justifiable. I'm sorry if we disagree but that is the consensus of view of the government. When someone else, some other group are voted the responsibility for administering the affairs of the province they can change the policy and priorities.

The Member for Riel has, in his discourse - I mean if there's ever a case, maybe it's a red letter day - but listening to him I could only agree as a layman one hundred percent with what he was saying with the exception of the last two minutes of his speech. But you know, even there it's a very interesting and closely reasoned difference of opinion. I mean, well to begin with he says that he is pleased to see that the government has, in more recent years, come round to the view of all out effort relative to the renewable energy resource harnessing. I guess I have to accept that observation, but it is - it implies that at one point in time some of my colleagues may have been opposed to that, and I don't believe that would be true. It might be more correct to say that until 1969 or 1970 we never had an opportunity to demonstrate our policy position with respect to energy development.

But I can give my honourable friend one concrete example which I think does demonstrate that we very quickly did assert our policy with respect to energy and that was back in the very early '70s, I think it was the first few months of 1970. We faced a rather immediate or imminent decision as to whether to approve of the placing of an order for gas turbine generation capacity or whether we should avoid doing so and take some calculated risk, but then proceed

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(MR. SCHREYER cont'd) all the more quickly with harnessing of the Nelson. And the decision is history now. We decided not to put any millions of dollars into gas turbine capacity or extension of thermal capacity, but rather to go ahead with the harnessing of the Nelson River.

The honourable member of course can say that we delayed or dithered for one or two years when construction should have proceeded in its full momentum and I accept that there is that area for plausible argument. My counter argument would be however, that we did take the decision not to delay but to advance by a few years regulation of Lake Winnipeg. So that is not a delaying of harnessing of renewable energy, but in that one aspect at least it is a speeding up of the harnessing of renewable energy.

With respect to whether or not it has cost us, cost us dearly, or cost us significantly, the fact that there has been a delay of approximately 30 months in the diversion of the Churchill River, I would say that with the benefit of hindsight now, I think we can demonstrate that we didn't really need the energy that much sooner. We do have sufficient capacity in place. That had we started three years earlier with Churchill River diversion, I believe it would have been with the result that we would have had that much more energy for extra-provincial sales to Ontario, Saskatchewan or Minnesota. So I'm not quite sure that I can understand or agree with the honourable member's specific criticism with respect to delay. As a matter of fact in some sense I've already said, we have really done the opposite of delay and that is speeded up. But other than that I wondered if whether this was perhaps one of those unique days in this Assembly's deliberations when one could be 100 percent in agreement on both sides of the floor with respect to any issue. And certainly I was, with the Honourable Member for Riel.

I want to take this opportunity to say to the Member for Fort Rouge that he is exhorting us or admonishing us for even thinking about the advisability of investing Manitoba public funds into Syncrude. Well, as I said on Friday - on Monday, the day before yesterday, that having listened to the arguments of honourable members of the Conservative Party that we should have put funds into Syncrude. Our position was stated that we feel that we are investing heavily enough in energy development. I personally do not quarrel with the amount of public financing involved in Syncrude by those jurisdictions that did become involved. For our part, if the Government of Canada would be willing to do likewise in terms of quantum of federal financing or proportionately scaled down with respect to research development, pilot plant construction with respect to methanol, the Province of Manitoba would be willing to invest, putting this more in terms of principle and policy rather than with the benefits of a specific cost benefit analysis. But theoretically and in principle we would be willing to invest in other than Hydro electric energy development with the Federal Government. And indeed one can ask the question rhetorically, and more than rhetorically, if the Government of Canada is prepared to invest in Syncrude - for the reasoning used by the Member for Fort Rouge himself - what if not to spread its risks, spread its insurance so to speak, and put some funds into the development of methanol production which has qualities or characteristics that lend themselves to fairly practical use even in the present day and age, let alone a distant future. So there are indeed some interesting and exciting possibilities. But the Member for Fort Rouge, if he is so pre-occupied with this he ought to be contemplating running for the Federal Parliament in 1977, or 1978 in Winnipeg South or Winnipeg South Centre. I suppose the Liberal Party will be looking for candidates in both places according to rumours. And he may well like to return to the Ottawa scene where his comments would have a little more relevance than they would here.

The Member for Riel also referred to a certain controversy that was going on a few years back about the export of water as opposed to the export of renewable energy. I am not as familiar in detail as the Member for Riel is with that particular episode in our political history. But from everything I know the Member for Riel certainly seems to be correct, and it really raises the question which I really cannot resist referring to from time to time, and that is back in the early '60s when important decisions were taken with respect to the building of the Red River Floodway, Portage la Prairie Floodway, the Assessipi, the Shellmouth Dam. I felt then and I feel now that two of those three decisions were the right ones. I don't think there were any alternatives really, and they were the right decisions. Namely, there was no alternative to the floodway here; and I rather suspect that the Member for Roblin would nod his head in agreement that the Shellmouth Dam was and is a useful water control development - and he is - and a pity therefore that the Holland Dam which I know that a former Minister of

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(MR. SCHREYER cont'd) the Crown was very enamoured of and very much in favour of for some reason which still remains mysterious to me, was, despite his support for it, never proceeded with. I suspect that the Member for Riel could indicate some of the reasons for that. It relates back to the same phenomenon with respect to who was involved in water control advice in those days. However, that perhaps is history, although one would hope that it is not completely academic, that perhaps a decade from now, if it's not too late, perhaps a decade from now the cost benefit will come back round so that a dam at Holland, Manitoba, will indeed become a reality as it ideally speaking should have in place of the Portage Diversion back in 1962 or 1963.

Just before I conclude I would like to respond to the Member for Radisson.

I want to point out to the Member for Fort Rouge that he is raising the spectre again of some kind of a grave legal complication with respect to Churchill River diversion. He need not remind us of the possibility of continued and protracted litigation. But you know, that has been more or less the order of the day for the past six years. I am not going to take this opportunity to express my deeply felt feelings as to how the Government of Canada has been conducting itself in this rather thorny problem, except that I feel that there has been some breaching of ethics in the sense that certain current ministers of the Federal Crown seem to be blissfully unaware of the signing of the Canada-Manitoba-Nelson River Agreement of 1966. They're now providing, perhaps unbeknownst to themselves, providing financing not only to ensure that there's adequate legal counsel for the dealing of claims which is perfectly fine, I mean that should be done, but some of those funds may well be used for the thwarting or the attempted thwarting of an energy development project which is specifically provided for in a Federal-Provincial agreement that is now nine years old. I don't know if it causes any embarrassment or discomfort to persons such as the former Minister Jean Luc Pepin but it would seem as though current Federal action is rendering his signature absolutely meaningless. So that if there is, in fact, serious litigation upon which Manitoba is involved with respect to the Churchill River diversion then as quick as one can say Jack Robinson the Federal Government will be involved as a Defendant as well. That much is clear. --(Interjection)-- Just one moment.

The Member for Fort Rouge says - I believe he indeed did use the word "rushing" - that we were rushing ahead with something and in fact what is being proceeded with is what the Honourable Member for Riel has intimated we have been delaying with, so that I feel that the two gentlemen have a very different perception of the timing and the problem involved here. There is no questioning the fact, however, that we have attempted to minimize any dislocation with respect to Churchill River diversion. In the final analysis however, it still involves a trade-off as between conflicting and opposing desires, environmental protection, human settlement protection. But on the other hand to go any further with respect to minimization of the dislocation or the amount of shoreline flooding would be to render practically valueless the Churchill River diversion concept itself. So, honourable members who have had experience in government on the other side will realize that the process of trade-off of conflicting requirements and arguments is never ending.

With respect to the question of fish, the protection of certain species of speckled trout, I am completely at a loss as to how to respond to my honourable colleague. He is perhaps in as good a position as I am to try to influence the decision-making with respect to the possibility of building weirs or whatever that might provide some protection to that particular species of fish. I'm referring to the rivers that are near the site of Limestone, the proposed Limestone generating plant. I just cannot see how any assurance can be given inasmuch as whatever is behind the dam itself needed for the head for the generating plant, just how you can achieve that, and yet not flood some of the rivers that flow into the - oh, I've forgotten the word - the lake that forms behind the dam, the forebay. I don't believe that any kind of assurance can be given there except that I would be surprised if all rivers that are habitat for the speckled trout will be affected to equal or serious degree. So I don't think there's need to be completely pessimistic about it.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Chairman, I just have one question to the First Minister. I believe the First Minister passed over very lightly in respect to the negotiating team with the native people up North with the Indian people. I just wonder what is the progress

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(MR. PATRICK cont'd) and where are we at at the present time?

The other point that concerns me and I would like to know, the First Minister indicated that some Federal Ministers were thwarting progress, and I'm really interested and I'm concerned. I'd like to know just what he meant? Perhaps he can expand on both of those questions.

MR. SCHREYER: Well, Mr. Speaker, as the Honourable Member for Assiniboia is perhaps aware, the Federal Government announced approximately a year ago - it may be slightly more than a year ago - that they would be providing funding to an entity known as the Northern Flood Committee for purposes of legal counsel and related expenses. We wanted to be advised as to the precise nature of the applicability of these funds, and were advised at a meeting in Ottawa that these funds were for the purpose of ensuring adequate legal counsel and representation with respect to the settlement of claims. We regarded that as somewhat redundant but we didn't quarrel with the objective. Although it was redundant in the sense that the province has given an undertaking all along that it would provide funding for legal counsel, legal representation on settlement of claims for damage. However, what seems to have been at least possible of happening, transpiring, is that some of that funding would be going towards the legal costs of trying to scuttle or block the project being proceeded with, and in that regard we do have a very definite position indeed, and that is, that any efforts to scuttle or thwart the project would be not only impractical but ignoring the fact of the Canada-Manitoba-Nelson River Agreement which right on Page 4, I believe, provides, in fact, enumerates that diversion of the Churchill River shall be one of the four major features of the carrying out of the intent of the Canada-Manitoba-Nelson River Agreement so I was assured personally that, of course that federal funding would not be, could not be used for that purpose. But by indirection it may still be, and that's of course one of the things that I can't answer as to what ultimately will happen. But it is however one of the reasons why we were quite determined to proceed with Lake Winnipeg regulation simultaneous with Churchill River diversion because in the event that Churchill River Diversion were blocked by litigation, which I think is a pretty far out prospect but in the event it were, we would have been in a fine pickle indeed in 1975-76 and for the next couple of years. Lake Winnipeg regulation eases the criticalness that might be caused by such a prospect.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I would like to, if I might, pursue some of the comments made by the First Minister in the matter of the legal funding of counsel. First the Minister seems to indicate that there was, under the signing of the agreement between the Federal and Provincial Government on the Churchill Diversion a legal right of . . . the Federal Government is involved in this as a legal partner with the province. Would the First Minister not also believe though that the Federal Government because it has a prior legal claim on it in terms of the treaty rights of Indians, treaties being signed many many years, far before that particular power arrangement was arrived at, and that they must have the right to live up to their legal requirements under the treaty assignments; and secondly, I find myself perplexed by his definition of what legal counsel requires. As I gather he said it was all right to fund legal counsel but not all right for legal counsel to take what they considered to be the legal interests of their clients. I would like to, because I assume that legal counsel in this case would sit down and work with their clients and as legal counsel always does, or should do, work out the best position in relation to the protecting of interests of that client and if that interest happens to be to go to court, then that becomes part of the proper relationship between a counsel and his client. I find myself wondering if the Premier feels that that was not the proper course of action, that that legal counsel should not have advised his clients such, and if there's some caveat or something that he felt should have been entered into, or was entered into, to prevent that from happening, if so, it being a very strange legal arrangement indeed.

MR. CHAIRMAN: Honourable First Minister.

MR. SCHREYER: Mr. Chairman, one thing I will not easily agree to is to the Honourable Member for Fort Rouge putting words in my mouth. It is obvious that legal counsel acting on behalf of anyone will try to maximize the bargaining position of his client or clients, and no one is questioning that fact. However, we think that we would be not only naive but not protecting the public interest of the Province of Manitoba if we were to sit quietly by and see certain assumptions being made, and action being taken on the basis of those assumptions, which was

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(MR. SCHREYER cont'd) inimical to the interests of the province, but not only that, sir, also departing and deviating from fact. One of the facts of the matter is that Canada and Manitoba signed the 1966 Canada-Manitoba-Nelson River Agreement, which enumerates for the proceeding with the construction of Churchill River Diversion. Unless a Minister of the Crown knew what he was signing, he must have known that such a diversion would involve some quantum of flooding.

There are only two entities in Canada that have sovereign jurisdiction over land, a province and the Government of Canada. There is no third entity with sovereign jurisdiction. Also, the current action seems to be ignoring completely the fact that there is a fulness of precedent with respect to the transfer of land between one jurisdiction and another, with respect to necessary public works. And this has taken place in every province in Canada during this and even the previous century, so that there seems to be a bit of playing of games here which we are not particularly willing to go along with. Certainly we want all of the conditions and facts that surrounded the proceeding with Nelson River Development to be fully understood by all parties involved.

We have never, Mr. Chairman, resisted the argument that there should be adequate legal counsel with respect to settlement of claims, offers of which were not found to be satisfactory by those affected. And indeed, we have committed in writing, that if there is no satisfaction, that Manitoba, willingly and in advance, agrees to submit to third party arbitration, and we would find no great difficulty in having Canada named the third party arbitrator. But one fiction we cannot live with is that there is no precedent for what is being done, or that secondly, the fiction that we have no right to proceed and therefore negotiations on specific damage and specific claims will somehow take place in an atmosphere of extortion because we have no right to proceed.

MR. CHAIRMAN: Manitoba Hydro Electric Board 335 . . . The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, a year ago in the debate on this capital supply item for Manitoba Hydro, the First Minister related the decisions by Manitoba Hydro on nuclear powered generating plants with the completion of a third structure on the Nelson, and in this debate he has related it to the mid 1980s, and I don't know whether there's anything inconsistent with the two but in the year that has just gone by, is there any change now in the timetable with respect to nuclear generation? Do the firm commitments take place really with the completion of upper limestone, or are they now taken in respect?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I believe that the Member for Brandon West will have no problem in understanding the time sequence here, if I simply outline, you know, the one sort of assumption, and that is, that when we are looking to a nuclear insertion into Manitoba's electric or energy development program, long-term program for the next 20 years, the reference to the first nuclear plant coming on stream, it's really a band rather than a specific year and that band is at or about 1985-86 - that could be altered by a year or two later but not likely earlier - and so the Systems Planning decision that Manitoba Hydro is having to wrestle with now is whether a nuclear insertion should be brought about before or after lower limestone. I believe that's the \$64 dollar question, the multi-million dollar question.

MR. MCGILL: One other question, unrelated really, but in terms of the \$335 million that Hydro needs for its capital supply this year, what money markets has Hydro been investigating with respect to raising this money, or have they proceeded to that point.

MR. SCHREYER: Mr. Speaker, the money market investigation is one that is carried out largely by the Department of Finance, and as I had occasion to mention on budget night, this and previous governments have been fortunate to be well served by one of the top people in the field in Canada. You know specifically we have been looking at the European money market and the New York, largely, and watching the Canadian money market, although in recent months it has not been particularly attractive. There is no one single answer to my honourable friend's question. The dependency is still on the New York and European markets. I don't believe there is any immediate intention to look seriously at the Japanese capital market, although it looked interesting 2 1/2 years ago, 2 years ago or so. If my honourable friend has something more specific in mind, I'll try to reply.

MR. MCGILL: Mr. Chairman, I recall that a year ago there were some specific names

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(MR. MCGILL cont'd) of investment houses in the Boston area that were mentioned - whether or not they're also in the market again this year - but I was thinking particularly of the declining position with respect to the Canadian dollar, and whether this is going to make any difference in the sources of money that are open to Hydro in the next few months.

MR. SCHREYER: I would try to answer this way, Mr. Chairman, that I don't think that the movement in terms of foreign exchange rates of the Canadian dollar will have any material bearing on the financing plans because candidly I don't think we had any heavy expectations with respect to the Canadian money market in any case. I don't think it's realistic to think in those terms of heavy reliance in the Canadian money market now, so that foreign exchange rate notwithstanding, we are in all probability still committed to dependency on the same money market sources that we were a year or two ago.

MR. CHAIRMAN: Item passed. Manitoba Telephone Systems, 40,576,000. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, I hesitate somewhat to rise at this time. I had thought about it, and then I thought that perhaps I should tell the First Minister a story, a personal story that occurred to me over this past weekend. I'll tell you the story first, and then I'll give you the explanation of why I'm telling the story, afterwards.

A MEMBER: Give him the answer and then ask the question.

MR. GRAHAM: I had a friend of mine came in from Minneapolis - he's with the Burlington Northern Railway - and I wanted to meet him either Sunday night or have breakfast with him Monday morning before he went back to the Twin Cities. Being home over the weekend and this being seeding and myself being a farmer, I am the first to admit that I wasn't in the house too much of the time, but every time that I came into the house I tried to phone this person, and every time that I tried to get the phone the operator told me that she was very sorry, there were no circuits. Now I realize that Sunday being Mother's Day there is probably a greater than normal use of long distance, but at the same time I had tried Sunday morning, I tried at noon when I came in, I tried again in the late afternoon, and then when I came out of the field at 10:00 o'clock at night I tried again from then consistently till almost midnight. Finally in desperation, Mr. Chairman, when I was already on my way into Winnipeg, and this was very close to midnight, I had stopped in Foxwarren for fuel and tried to phone there; I tried to phone from Shoal Lake; I tried to phone from Minnedosa, and finally I asked the operator how many circuits they had available for long distance to Winnipeg and they told me 14. Now fortunately it was not an emergency but I had been unable to get a call through, and on the whole day I had been unable to get through, and I was not able to get through until I stopped in Neepawa, which came under a different exchange system, and then I was able to get my call through to Winnipeg.

The reason I raise this, Mr. Chairman, is that several years ago when changes were being contemplated in the Russell exchange, there was considerable concern expressed to Manitoba Telephone System at that time, and there were several meetings held regarding the proposal to make the Russell Exchange a toll office because concern was expressed at that time that there would be an overloading through the central exchange where all that area now channels its long distance phone calls through the Minnedosa exchange. We're finding now, sir, that the fears that were expressed at that time are now becoming a reality because it's only in the last four or five months that the Russell exchange has become an automatic exchange and all the calls now are being channelled through Minnedosa.

MR. CHAIRMAN: Order please. The hour being 4:30, Committee rise and report. Call in the Speaker.

Mr. Speaker, your committee has considered certain resolutions, reports progress and begs leave to sit again.

IN SESSION

MR. SPEAKER: Order please. The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move seconded by the Honourable Member for Emerson, that the report of the committee be received.

MOTION presented and carried.

PRIVATE MEMBERS' HOUR

MR. SPEAKER: First item is private members resolution. Resolution No. 11. The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, in view of the foregoing debate and comments I'll have this matter stand.

MR. SPEAKER: Very well. Resolution No. 12. The Honourable Member for St. Matthews has 16 minutes.

RESOLUTION NO. 12

MR. WALLY JOHANNSON (St. Matthews): Mr. Speaker, some weeks ago when we last discussed this Resolution No. 12, I entered the debate primarily because we had just heard a series of Tory speakers rise in their seats, from their seats, and launch an attack on this government because it was doing nothing to help the beef growers and the cow-calf producers. This struck me as being so funny coming from a group who pride themselves in being free enterprisers. Here they were calling on us to come to the support, come to the help of the cow-calf producers who were in trouble financially, because of the fact that they're not getting adequate prices for their products. But the thing that I found even more funny, more ironic, was the fact that time after time they stood up in their place and they called on the government to help the cow-calf producers, but they wouldn't make a statement about their policy. They wouldn't make any kind of commitment as to what they would do. The cow-calf producers were asking us, the government, to give them \$40 million. The Conservative Opposition stood up and told us to help the cow-calf producers. At the same time they have been attacking us for years now for spending too much money, and yet they wouldn't stand up and tell us what they would do. The reason is very simple, Mr. Speaker, they don't have a policy.

You know, Mr. Speaker, the members opposite pose as free enterprisers, but they're hypocrites, they are the worst collection of hypocrites that I have ever seen in my life, and I have seen a few hypocrites in my day, but that collection opposite is the worst collection of hypocrites that I have ever seen. As I've said before, as I've said before, Benjamin Disraeli once described a Conservative government as an organized hypocrisy, and I've used this in the past just to have a bit of fun. But over the past year, sitting with the Conservative members on the Committee of Land Use I've really come to realize how true Disraeli's statement is. I've really come to realize what a collection of hypocrites Conservatives are in this province.

There was an article by Frances Russell some weeks ago in the Free Press, and I'll quote it because she makes a very preceptive point. And she says, and I quote: "There is little question that the long Tory hegemony in rural Manitoba, particularly the southwestern part, is merely being solidified by the current government programs in agriculture, and in other areas. Farmers, particularly wealthy ones, are notoriously anti-socialists, although they are always, wealthy or not, the first on the government's doorstep when financial problems loom." And what happens, Mr. Speaker, when the cow-calf producers are in trouble? They're at the government's doorstep.

The Leader of the Opposition made a statement in his reply to the Throne Speech, which really betrays the Conservative position. He said, he referred to us as taking our turn at the public trough, taking our turn at the public trough. It's not our attitude to government, but it certainly is their attitude to government. They regard government as the public trough to be used. And, Mr. Speaker, there's a fundamental difference between their attitude to government and ours. George Bernard Shaw once described a socialist as one who believes that he has a responsibility to pay back to society everything that society has given him, with an additional amount to be used as capital for the next generation. Now that's a socialist attitude towards government, it's a responsible attitude towards society; it doesn't use society as something to be used. But it's not a Conservative attitude to society or to government.

These Tories claim to be great free enterprisers. Now what are the facts? What are the facts? We found out on our tour of the province, for example, that MACC has loaned out over something like \$88 million in loans throughout the province, and we're given a map which shows the breakdown by region, and, Mr. Speaker, what do you think we found? That the loans go to the poor farmers, to the areas of poverty in the province? No. The bulk of the loans, about two-thirds of the loans went into the southwest, into the wealthiest farming area in this province. And who -- (Interjection)-- They work hard. But they certainly use the money of the public in Manitoba.

RESOLUTION 12

A MEMBER: They're smart operators.

MR. JOHANNSON: Yes, they're smart operators, they use the public trough, they have used it for many years. And who represents that area, Mr. Speaker? Who represents this area that feeds at the public trough more than any other part of the province? The Tories. These great free enterprisers. --(Interjection)-- Oh yes, he was an interesting fellow too, another free enterpriser who used public money.

We also found, Mr. Speaker, on our little tour of the province on the Land Use Committee, that the Conservative Government when they were in power, set up a system of MACC guarantees to the banks. This was their agricultural policy, one of their agricultural policies. It was a nice system, Mr. Speaker. They were promoting free enterprise. It was a beautiful system. The bank would make a loan to a farmer; it would get either all or part of the loan guaranteed by MACC. If the loan was repaid, the bank made money; if the loan wasn't repaid, who lost? The people of Manitoba. What a beautiful system. The banks couldn't lose; the only people who could lose were the people in Manitoba. Another example of Tory free enterprise.

Mr. Speaker, I've been connected or associated with the housing program in the province since about 1970. I've been following it very closely. And we've built a lot of housing in rural Manitoba, and I was quite proud of this fact. In fact I've made a number of speeches in the House congratulating us on building in rural Manitoba. Then a year or so ago, I started looking at the map, and started checking up on where the housing was being built, and what do you think I found? This great free enterprise area of the province, the area represented by those great free enterprisers, was getting more public housing than any other part of the province. They hate government but they sure love our housing.

I also can recall, Mr. Speaker, the period when we had our PEP program, the pensioner home repair program, the PEP grants to various municipalities and communities, municipal loans. I can recall getting up in this House and being quite pleased about the fact that our loans, our money had gone primarily into non-government constituencies, and I was proud of the fact that we were being non-political in our handling of this program. I was stupid and naive in those days, Mr. Speaker, I was really stupid and naive. I thought that this was something to be proud of. The members opposite knew better. They knew that their areas were making use of public money more than any other, and I'm sure they probably promoted it. I don't fault them, they made use of money that was available. But once again, once again, Mr. Speaker, this free enterprise area, these great free enterprisers, were first at the public trough, they were first in line.

Some time ago, just before the election, I recall there was a controversy in the House here. The Premier brought up the fact that even though the Opposition were screaming in the House and on the hustings that this government was giving welfare to everyone; that we were destroying private initiative by giving welfare too easily. At the same time as they were doing that, the Premier said, members opposite, the Member for Roblin and the Member for Swan River were first in line at the Minister's office, at the Minister of Health and Social Development's office to plead to put their constituencies on welfare. And I can recall the members opposite screaming in indignation that the Premier should be using private letters. Yes, I can recall their indignation. Yes, I can recall the indignation. But you know, Mr. Speaker, I would be prepared to bet, I would be prepared to bet that most of those free enterprisers over there who get out in the public hustings and scream about welfare abuse, I would be willing to bet that almost any one of them has pleaded or put more people on welfare than myself. I would be willing to place a fair amount of money in a bet. --(Interjection)-- There are very few people that I go to see the Minister of Health about welfare cases, very few.

MR. SPEAKER: Order please.

MR. JOHANNSON: And I am a socialist who's supposed to be pro welfare and supposed to be putting people on welfare. But I would be willing to bet that most of those people opposite have been putting far more people on welfare than I have. I missed the last meeting of Economic Development Committee which was looking at the MDC report, and I gather that the proposal of an additional \$4 million investment in Morden Fine Foods was brought up. --(Interjections)-- Do they what? I wasn't there so I didn't find out whether the members opposite are promoting this or opposing it. But, you know, I challenged the Member for Pembina before, and he hasn't answered. I want to find out how true you are to your principles of free enterprise.

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(MR. JOHANNSON cont'd) I want to find out whether you're promoting Morden Fine Foods, which is a fine organization, but it's government enterprise. I want to find out if you're promoting it. I want to find out if you're supporting an additional \$4 million public investment in a government-owned public enterprise in your constituency. I want to find out whether these people are going to be true to their principles or whether they're going to continue in their hypocrisy.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Speaker. You know, the member who has just spoken knows whereof he speaks when he talks about hypocrisy. Mr. Speaker, the problem that he has been addressing himself to has been one that has been self-induced by this government. Mr. Speaker, I don't think, I don't think the farmers of Manitoba ever asked the province for the programs that the government has introduced. I don't think that the government ever consulted with the farmers before they brought forward their program. But, Mr. Speaker, if the Member for St. Matthews conveniently forgets - and I don't think that his memory is really that bad, so I have to say that he must conveniently forget - let me refer him to the NDP Bible again, the Guidelines for the Seventies, and let's look at Volume 1, and the programs that this government has brought forward for agriculture in Manitoba. It's no secret that everyone in Manitoba, they hope that everyone in Manitoba at least, has read their Bible and they would like every farmer to follow their policy, they would like every person in Manitoba to follow in blind obedience to their dictates, and like sheep they can all then be led to the slaughter.

Mr. Speaker, it's no secret that the Minister of Agriculture and the government have been dissatisfied with the agricultural program. They brought out their Guidelines in which they stated that the expanding agricultural output in Manitoba must be in beef production. The development of the cattle industry in Manitoba has been a policy of long standing. Manitoba agriculture has not maximized the income potential from the livestock production in the province. And it goes on and on and on. And this government, and other NDP governments, because they're all alike, they all follow the Bible, they brought forward their program which was going to bring this about. They offered special forgiveness to anyone that was purchasing livestock. This occurred in Manitoba, it occurred in Saskatchewan, it's a consistent NDP philosophy that what one government brings forward another one will implement; they all follow the same blind approach.

So when they brought forward their program to help the young farmer get started in livestock production, the first thing that they failed to realize was that the program they envisaged would not help him at all. In fact it hurt him. When they put forward their grant program, what happened? Immediately the price of cows and bred heifers jumped \$100, just overnight. It didn't help the fellow that was getting into livestock, it helped the fellow that was getting out. And this government said that they were going to help and encourage the livestock industry. And I would say that those that took part in the program were those that believed, actually believed that government was going to help them. They were people that had been convinced of the wisdom of this government, and they said, well, the government must know best, and we will do what we can to follow the dictates of the government. And when the Member for St. Matthews stands up and then condemns those very same people that followed the dictate of this government, how hypocritical can he be? So I think that the member can't have it both ways. If he would say that we're very sorry, if this government had the courage and the fortitude to say to these farmers, "We're very sorry we erred in our policy. We should not have encouraged you to get into the business." They haven't said that yet. At no time have I ever heard any member on that side say that the policy was wrong.

MR. JORGENSON: Yet we told them it was wrong at the time they were implementing it.

MR. GRAHAM: But they still insist that their policy is right, but those that are hurt by their policy they say, "Well, we're very sorry we can't do anything for you. Here take this responsibility, it's properly Ottawa's. "Take it to Ottawa." You talk about shifting. This government has a double standard that has never been equalled in any government anywhere in the western world. (Hear Hear)

Mr. Speaker, when you read the Guidelines for the Seventies, and you read them carefully, I'm sure that any farmer that had read this doctrinaire Bible, first of all they wouldn't have believed --(Interjection)-- Yes, there's something here on special crops, too. But, sir, when they do they'll find out that most of the things while it's a dreamer's paradise, the

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(MR. GRAHAM cont'd) practical farmer realized that much of it doesn't work.

For instance, they talk about some of the problems that will occur in the beef industry. And I want to read these. "There may be many reasons for farmers in this province to sell off their feeder cattle and calves. A major factor is improper land use. The second cause could be lack of equipment and facilities to harvest and store hay and forage. A third may be a distaste for the prospects of being tied down by livestock chores on a year-round basis. And finally, farmers may decide to sell because they are badly in need of cash." But what is the solution that the government offers? They don't have too much hope really when they come to handling it. They have real problems. Because the only answer that they can suggest is the organization of a marketing board. They say that the marketing structure pioneered for the Manitoba hog producers marketing board is proving to be an excellent vehicle to exploit the market potential.

Mr. Speaker, time has now shown us that even in the hog industry the marketing board concept is not all that they had hoped it would be.

Sir, it's certainly distressing when you read this chapter on the ideology of this government in agriculture and to find out that some members of the agricultural community have followed their advice. They've been led down the garden path and then left in the lurch when they needed some help, because this government even though they helped them get started, they're helping them faster to get finished by refusing to assist them at all.

Sir, I'm not one that believes in a lot of government involvement in my business. I have always felt that I would be far better off without government involvement at all. But at the same time, when I am powerless at times to prevent government interference, I have to accept. But I say this and I think that the cow-calf producers are saying this also, that when government has a definite influence in their affairs, and by its very nature government can almost dictate, then government also has to have a responsibility if things don't go the way government thought they would go. And this is really what the cow-calf operators were saying to government. They said, "You got us into the business. It cost us an extra \$100 to buy our bred heifers and bred cows because of the program you announced, when you announced that the price of cows jumped \$100. Now can we get that \$100 back?" This is really what the cow-calf producers were saying. And I don't think it's an unfair request. If it was action of government that caused it in the first place, then why should the cow-calf producer not get it back now? And so, Mr. Speaker, when the Member for St. Matthews wants to quote Disraeli and all his other authorities, George Bernard Shaw, and all the rest of it, let him also remember some of the quotations that came out of their own policy which he conveniently forgets at this time.

So, Mr. Speaker, with those few words, I want to point out that the problem of the cow-calf producers is one of this government's making, and this government in turn refuses to recognize that it was their problem in the beginning. They caused it and now they're turning a deaf ear to the cow-calf producers.

MR. SPEAKER: The Honourable Member for Souris-Killarney.

MR. EARL McKELLAR (Souris-Killarney): Mr. Speaker, I just want to say a few words on this resolution, and what brought me to my feet was I was called a hypocrite and I guess maybe there's phrases you can call a Conservative, but that's one, when you call a Conservative a hypocrite that usually brings him to his feet and he challenges the very person that's made that statement.

Now, why would a person from the City of Winnipeg who hasn't got a cow in his constituency, he hasn't got a calf, why would he be so interested in the farmers' problems of the day, and how would he be so knowledgeable, Mr. Speaker? I often wonder how he's so knowledgeable. --(Interjection)-- Yeah, well, that's right. I think the Member for Morris pretty well explained it.

It always amazes me, you know, everybody's an expert in somebody else's field. And I don't pretend to be an expert in the communications that are involved in the City of Winnipeg, or anything like that, and I pertain myself to the subject matter usually in which I have some knowledge about. But we do hear some very brilliant speeches from the back benches over there, and they come out and they accuse us of everything, and when you haven't got - your own policies are no good, Mr. Speaker, well the best thing is to hit the Conservatives on the head, blame all those Conservative farmers in southern Manitoba, and tell them they're

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(MR. McKELLAR cont'd) going to the dogs as long as they vote for the Conservatives.

Well, the very speech that the member made this afternoon will cause those very same farmers in southern Manitoba to continue to vote Conservative, when they hear that on the radio. Why would they continue? Because the leadership that they're getting from the government of the day is not their kind of leadership.

I remember so well back in 1950 when the father-in-law of the First Minister came to Wawanesa, and he'd just be about as welcome as any member of that party over there coming to Wawanesa at this stage of the game, Mr. Jake Schulz, came and he had a debate on whether cattle should be under the marketing board system in the Province of Manitoba. And he debated with the late Elwood Downey, who most of us people in the Province of Manitoba knew so well. And I tell you that the hall was full, that everything, and the whole Main Street was full of cars. Then in the end result he said, "Some day, some day, we'll see marketing boards involved with livestock in the Province of Manitoba, cattle, and the cattle industry." Well we haven't seen it today so far. Why haven't we seen it, Mr. Speaker? Because the farmers will not buy it. And I suppose some day the government may bring it in on their own. Bring it in on their own like they did the hogs. They'll bring it in. They'll know what's best for the farmers of the day.

Well, I want to say something, too. I never had the pleasure of attending any of those meetings this winter, Mr. Speaker, on the land program that the government brought in, but I've heard a lot about them.

And I was amazed, I was amazed at the statements the Member for St. Matthews made this afternoon, Mr. Speaker, because he was saying to the farmers, that they shouldn't have got their loans through the government aids. And I was here. I was part of the government of the day in 1958 that brought the Manitoba Agricultural Credit Corporation into existence. And why did we bring it in? To help the young farmers. To help the young farmers. That's the principal reason why we brought it in. To get them established. And you weren't even around. In 1958 you weren't old enough to know what was going on in our society. Things were bad in the farming industry. They were real bad. They were real bad. And we brought this in. We brought this Agricultural Credit Corporation policy in to the Province of Manitoba, and it was very successful, 4 percent interest to young farmers, 4 percent interest, and it was successful. I'll bet, Mr. Speaker, that 99 percent of those loans, their payments have been kept up, because they were good farmers. He said they were all in the southwestern part of the province, or to that extent, the southern part of the province. A good loaning agency will look at a risk on its own merit, and I tell you, some of them were turned down in my area, some of them were accepted. But if you went to the board in the Manitoba Agricultural Credit office and looked at all the red pins, those were the ones that were turned down, and there were some all over the province.

Now, I tell you, as I said before, they were good risks those young farmers, and the young farmers of the day are good risks today. And I want to say that the Federal Government are on the right track, this new policy they've brought out, the low interest rates for farmers up to over \$100,000 worth of credit at 90 percent on the dollar - 90 cents on the dollar. That's what this government should be doing. But no, they want to buy all the land in my constituency and everybody else's constituency, and then lease it back. Well, that won't do that much for the country. It won't do that much for the young farmers. And I tell them right now, if you want to make responsible citizens out of people, young people - young people are going to be in our communities for many years - give them a loan. and I tell you they'll --(Interjection)-- Well, there we go again. There we go again. How would you get your education unless you were subsidized, the Member of St. Matthews? Who educated you? Did you go to university? Did you go to university? --(Interjection)-- Well, you were subsidized by my taxation and everybody else's taxation. And don't tell me you weren't. Don't tell me you weren't. And this is a lot of nonsense. I tell you, Mr. Speaker, it's about time that these instant experts over there took a course in something - I don't know whether it's in agriculture or what they want to take a course in. But until they know their facts, they'd better listen for awhile.

Mr. Speaker, we have problems in the cow-calf industry right now, and I don't suppose they're quite as bad today as they were a month ago, because cattle have gone up in price, and the Member for Birtle-Russell mentioned the reason, mentioned the reason. I remember when I told farmer after farmer, "Don't touch that program. You'll be really in trouble in

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(MR. McKELLAR cont'd) five years' time." And why would they be in trouble? Why would they be in trouble? Because as the Member for Birtle-Russell mentioned, and I remember those people getting a handful of money and they went into the stockyards at Brandon, they were paying \$400 and \$500 for cows that never could have a calf. They were too old. They were too old. And many of them got them home, 30 or 40 cows, and they ended up the next spring with 20 calves. They had to sell the rest of them to get rid of them, because they were just baloney cows. That's all they were. That's all they were, baloney cows. And why did they get that loan? Because the government said they were going to give them a 20 percent - 20 percent of the amount of money would be written off, subsidy on old cows, at inflated values of \$100.00. The farmers lost in that very same deal. There was more dang cows changing hands across this province going from Brandon to Winnipeg, Winnipeg to Brandon, up to Moosomin and all over the country, and I tell you, the truckers never had it so good. Every day the price went up. Every day it went up, and everybody lost.

Now another policy they had, Mr. Speaker, they put up this housing for the farmers, and they sent a gang around to put this housing up and 20 percent of that would be written off too.

Then they had another fellow in my area from Killarney that would go out looking over the farmer's shoulder about once a week, seeing whether he was up in the morning or whether he went to bed at night. And this is the kind of supervision that was given. Well, maybe this is a new way of farming, but the last thing I want to have is a man looking over my shoulder. And the Manitoba Agricultural Credit Corporation up to 1969 did an excellent job. Their record is good. The people that got the loans were responsible people, and I tell you, it'll be long remembered, they'll long remember the Conservative Party for what they did for them - long remember them.

Now, how are the people today, the cow-calf man - and I want to say, I don't think there's one person in my constituency that belongs to the cow-calf organization. Most of them are in the Interlake area, and most of them are represented by the very men opposite. They're represented. Now, did you listen to your people who were in trouble? Did every one of you - did the Member for Ste. Rose, the Minister for Autopac, the Minister of Agriculture, did you listen to your people who were in trouble? That were caused by your own policies? I bet you they never listened. Did you answer the letters that they wrote you telling you how serious it was? I'll bet they didn't answer the letters. --(Interjection)--

MR. SPEAKER: The Honourable Member for Ste. Rose state his privilege.

MR. A. R. (PETE) ADAM (Ste. Rose): The honourable member has mentioned my name in regard to disregard that I've had for representations made to me. I've never had one letter, not one letter in my constituency, complaining about a program that we introduced that got them into trouble. Not one. (Applause)

MR. SPEAKER: There was no matter of privilege there.

MR. McKELLAR: Well, there's other ways of communication. Maybe I was wrong. Maybe I was wrong. There's other ways of communicating besides writing a letter, and I guess those very same people are on the doorstep out there. They're on the doorstep. Now, I don't know. Maybe Conservatives operate differently than New Democrats. I don't know. People phone me; they tell me all their troubles, and they usually get in knee-deep with the government and then they come to me wanting help. Maybe the Member for Ste. Rose operates on a different system. Maybe he lets them dig themselves right in, dig themselves right in, and then the government has the first mortgage and the government says, "We'll take over your property. You retire from farming." Maybe that's the way they operate in Ste. Rose. --(Interjection)-- Are you in this debate, too?

A MEMBER: Yeah.

MR. McKELLAR: How many cows have you got in your constituency? How many cows have you got in your constituency?

A MEMBER: I've got a few that look like . . . --(Interjections)--

MR. SPEAKER: Order please. Order . . .

MR. McKELLAR: There's a lot of statements made in here. Well I want to get one other, and this is getting away from cow-calves. This deals with all the great housing the Member for St. Matthews made. But he found out through his involvement in government as a - I don't know - Legislative Assistant to some Minister here, Urban Affairs, that a lot of housing was built in the rural parts of Manitoba with Provincial Government money, and I

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(MR. McKELLAR cont'd) suppose there was a certain . . . There's some in my area, Killarney, got low rental housing, Boissevain's getting a little now. Glenboro has got housing there. Sure. But where did that money come from? 90 percent of it comes from the Federal Government. 90 percent of this money comes from the Federal Government. Now you think to hear the member talk, that all this money, 100 percent of it, comes from the government of Manitoba. He built them. He took the credit. He cut the ribbons, and he did everything around the Province of Manitoba. Well, 90 percent of this comes from the Government of Canada - the Government of Canada, who are . . . involved with the housing program. Not the Province of Manitoba. Not the Province of Manitoba - it's the Government of Canada. Your money and my money. Tax money, this year.

Mr. Speaker, all I want to say is, and I know there's other speakers that want to speak on this particular subject matter, it's pretty important; it's pretty important to the Province of Manitoba when Conservatives are called hypocrites, when the people of southern Manitoba who vote Conservative are told they're not intelligent voters, they haven't seen the light yet. I tell you, this is getting pretty serious. Well I tell you, all we need in southern Manitoba to keep more Conservatives elected in Western Manitoba is to have the Member from St. Matthews speak on the cow-calf resolution. One more speech like that and we've swept Dauphin, Brandon East and a few more constituencies, and we'll have the whole south. Because the word will get around. The word will get around, it's going to get around the province, that the Conservatives and the people who vote in the western part of Manitoba are not intelligent.

MR. CHAIRMAN: The Honourable Member for St. Matthews has a question?

MR. JOHANNSON: On a point of privilege, I did not say that the farmers of the southwest were stupid. If anything, I implied the opposite. All I said was that they are not free enterprisers.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Speaker, the Member for St. Matthews, of course, has provoked a number of speeches on this side of the House, and I could not very easily resist the temptation to respond to some of the - and I don't like to say this - naive and rather ill-informed comments that he made, because he displays - and I am not criticizing him for that because I suspect that there are many things that he is involved in that I would be very badly informed on as well - but I do think that the record should be put straight and that the member should know just precisely who was asking for what, and he suggests that we had advised the government to accede to the request of the cow-calf operators and dish out \$40 million to those people who had been asking for it. I don't think there was anybody on this side of the House that suggested that that should happen. What we did suggest, and I'm going to reiterate that point again, was that the government did find itself in the position where we felt they had an obligation to help those people that they themselves got into trouble.

Now, I don't want to go into all of the details of how this happened - it was touched upon by the Member for Birtle-Russell - but there were other government decisions that were involved as well, both federally and some internationally. But there's no question that the involvement of the Provincial Government in Manitoba did mislead a good many young people into going into the livestock business at a time when we on this side of the House, I personally in 1969, when the government announced their program and began to extol its virtues to tell this House and the farmers of this country what a wonderful thing it would be if they would increase the livestock population in Manitoba.

Now, increasing the livestock population in Western Canada is all very nice in theory - and that's one of the strong points of my honourable friends opposite. They have a lot of nice-sounding theories, none of which work out in practice, of course. But theoretically it sounded as though there was an unlimited market for beef, while in fact world conditions were changing in such a way that any undue encouragement for livestock producers to go into the business of livestock was inevitably going to result in disaster to those people. And that's exactly what happened. And that's what I said in this House in 1969, that such an encouragement was unwarranted because there would be a natural tendency, without any encouragement from the government at all, there was going to be a natural tendency because of the tight grain situation that existed at that time, for farmers to try and get rid of that grain and they would be processing it through livestock. And for the government to add a further incentive to that kind of an already existing desire on the part of farmers, would lead into difficulty - and indeed it did.

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(MR. JORGENSEN cont'd) There's no question that the Provincial Government's role in assisting those farmers to the tune of some \$15,000 each, played a major role in creating the situation that currently exists. As an example, in 1965 - and I want to use the proper figure here because it's the only one that is really meaningful in the context in which we're speaking - in 1965 the beef-cow herd, which must not be confused with the slaughtering or the marketing because they present an entirely different picture, the Minister when we were discussing this on his Estimates, had handed to him by his Deputy a rebuttal to a statement that I had made, which was so misleading and so erroneous that I couldn't help but realize why the government had been so misguided on this whole thing that's been giving that kind of advice, because the real figure that is important is the question of the size of the beef-cow herd and how it has either increased or decreased. And for 1965, there was a total basic herd of about 355,000 cattle.

Now the basic cow herd is the production plant. It is the capacity to produce beef for the market, and if that capacity is increased, then there's going to be more beef produced. That's inevitable. If you maintain that production plant at levels consistent with market demands, then the tendency is that increased consumption will be balanced with that increased production. And that's what the beef producers have been doing all through the years. They have been increasing that basic cow herd in some years when the market looked favorable, they've been decreasing it in other years when the market looked unfavorable. And their judgment has been pretty good. Their judgment was good in 1969, when they warned the government not to provide any further incentives because it would distort the production pattern.

Notwithstanding that good advice on the part of the cow-calf operators and the beef producers, the government proceeded on the basis of their own theoretical ideas, which have subsequently proven to be false, that there should be an increase in the beef-cow herd. How disastrous that has been for those poor people who were involved. And the Member for Souris-Killarney pointed out how cows, which would normally have gone to the market and been slaughtered and been unserviceable again for reproduction, would have been taken out of that production cycle and would have maintained the production cycle at an even keel. But instead of those cows going to the market, as they should have, they were going to the very people that this government encouraged to go into beef production. So in addition to the normal pattern, you had this added incentive. And what happened in this province was that the cow population increased from 355,000 in 1969 or 1970, to 455,000 in 1975. That's an increase of 39 percent in that period.

Just prior to that time, to give you an illustration of what the normal pattern was and the pattern that provided for a consistent supply of beef without unduly loading the market and depressing prices, the previous six years the cow population went up by 10 percent, a more reasonable figure, an average of around 2 percent a year. And the beef people feel, have felt, that an increase of 2 percent per year in the cow population, on the basis of the normal increase in the population and the increase in the per capita consumption, would have been sufficient to take care of it, and they warned the government, they pleaded with the government, not to become involved in these incentive programs because it would distort the picture.

Now the very people that came before - and I spoke to them - that came before the caucus of the honourable gentlemen opposite, they came to us, they came to the Minister, and they did whatever they thought they could do to draw attention to the problem that they were faced with. To no avail. They are the people that were encouraged by this government, in the main, to go into production, and the Member for St. Matthews, you know, does himself a disservice by suggesting that is characteristic of the farmers in general, because essentially those producers, or the livestock producers who have been in business for a long time, have had expertise and have had knowledge of the markets and have been following the patterns. They're not the ones that are in that trouble. It's the young fellows and the small operators that my friends opposite encouraged to go into business, and that's the people that were here. All we suggested was that in order to assist them over this difficulty - and it will be corrected eventually - but essentially the way it's going to be corrected is that the people of this country are going to eat their way out of that surplus. Corrective measures have already been taken in the United States to the extent that there has been a reduction in that cow herd by about seven percent. That's the only encouraging sign in this present situation, the fact that the Americans have started to reduce, or have reduced, their cow herds by about 7 percent. That will mean

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(MR. JORGENSON cont'd) that there will be a levelling off of that production cycle and greater opportunity for markets.

Now, the Americans did that without any assistance to their producers. In fact, the American government contributed a great deal to their problems as well, perhaps even more so than they did in this country, by the imposition of price controls on beef. That created an almost incredible problem until the beef producers were successful in getting the government to remove those price controls. But in this province, with an increase of 39 percent of the cow population without any additional markets, it did prove to be a problem. Because Australia did the same thing. Their markets increased over that same period even greater - over 50 percent I understand. They're selling their beef today for about \$14 a hundred. That's an incredibly low price, notwithstanding the fact that it doesn't cost them as much to produce beef in that country.

But the increase across the world in beef production was far too optimistic and there were different reasons for that increase. In Australia it was the loss of markets for wool, to a large extent, because of the replacement of that commodity by synthetics. That encouraged them to shift from sheep to beef. I suspect there will be a return. Now that oil is becoming such a precious commodity and a high-priced commodity, it could well be that cotton and wool products will again be the kind of investment that people in those countries may be looking towards in the future.

But another statement that was made by the Member for St. Matthews gives us some idea of the tendency and the thinking of this government. The statement, Mr. Speaker, was an inaudible one insofar as the record is concerned, but I happened to catch it when he mentioned it. When the Member for Birtle-Russell was suggesting that the government should provide some assistance to these people and he made the comment that it would not be remiss for them to ask the government to give them assistance when they're in trouble, the comment that was made by the Member for St. Matthews was, "Would they give us the profits?" you know, and that's typical of those people.

There is one thing that is consistent throughout the ranks of my honourable friends opposite, and it was reflected again in the quotation that the Member for St. Matthews used from George Bernard Shaw, and I don't recall the precise quotation but it was to the effect that a socialist was one who will give everything back to the government that he's taken out. And they're certainly following that philosophy, because have you paid your income tax lately? You know, we're sure doing that all right. We're giving everything back to the government and then some. And the suggestion that if they helped the cow-calf operators when they are in trouble created by the government in the first place, that if they do get back on their feet they've got to turn over the profits to them, is one that is so characteristic and so typical that I don't think one should refrain from drawing it to the attention of the House.

The fact is, Mr. Speaker, that this situation is a very serious one, not only from the immediate point of view, because if these people - and they are just one part of the entire beef cycle; it consists of two or three parts - if these people are allowed to go bankrupt and go out of production, then there will be a shortage of beef. Then who will suffer? Then it will be the consumers. Because what is even more intolerable than a surplus of beef in this country would be a shortage, and a shortage of our food production plant. I suggest to the honourable member that he read his remarks very carefully when Hansard comes around, because the remarks that he made were inappropriate, they were ill-advised, I won't go so far as to say they were stupid, but the honourable member did not do himself any good in making that kind of a speech today.

MR. SPEAKER: The hour being 5:30, the House is now adjourned and stands adjourned until 2:30 tomorrow afternoon (Thursday).