

LEGISLATIVE ASSEMBLY OF MANITOBA
Tuesday, 1 April, 1980

Time: 8:00 p.m.

COMMITTEE OF THE WHOLE

BILL NO. 22 - THE INTERIM APPROPRIATION ACT, 1980

MR. CHAIRMAN, Mr. Abe Kovnats (Radisson): Committee will come to order.
Bill 22, Section 2.

The Honourable Member for St. Vital.

MR. D. JAMES WALDING: Thank you, Mr. Chairman. When the Committee adjourned at 4:30 this afternoon I was indicating that I had a number of questions to pose to the Minister of Finance, also the Minister of Energy, arising partly from the Western Electric Power System study that was tabled in the House a few days ago. I'm pleased to see that the Minister has now joined us, and perhaps he has an answer to the questions that I posed to him late this afternoon regarding the choice of a consulting firm to do this particular work; and along with that question, when the question as to how the amount of the professional fee was arrived at and why Manitoba paid some \$100,000, I believe it was, and the balance of \$200,000 split between the three other provinces.

MR. CHAIRMAN: The Honourable Minister.

HON. DONALD W. CRAIK (Riel): Mr. Speaker, the study undertaken was a four-province study which emerged from the First Ministers' Western Premiers' Conference in April, 1978, and it was funded 1/3 by Manitoba, 1/3 by Alberta and the remaining third between Saskatchewan and British Columbia. And the reason for that was that the initial discussions on this question were initiated by the provinces of Manitoba and Alberta, who felt that there was potential to undertake this kind of an examination. And at that time and at that point, it was felt that that distribution, through discussion with the other provinces, was an equitable cost distribution.

The work was undertaken by the UNIES firm primarily because Gordon Spafford, of that firm, is one of the most competent men in Canada in the systems' field, in the hydraulics field, and had also already published works in the Engineering Institute of Canada Publications with regard to the potential for a partial integration of Systems in western Canada.

There had of course also been work done on a national power grid by the Inter-provincial Advisory Committee on Energy, better known as the IPACE Committee, which had recommended that a Systems tie-in on a regional basis should be further examined, and that the national grid system may emerge at some point in time as a result of that.

So, Mr. Chairman, the UNIES firm, which seems to be a matter of some pre-occupation across the way, was chosen primarily because of Gordon Spafford's obvious pre-eminent qualifications in the field, as I say, one of the highest qualified and most recognized men in this field in Canada, recognized by the four provinces undertaking the study.

Mr. Chairman, also it wasn't entirely the UNIES firm. One staff member from the University of Manitoba was involved; one from British Columbia; one from Saskatchewan and, as I recall there was not an individual from Alberta on the study team. So it was a group brought together by that firm which acted as the administrative vehicle for the study.

So, Mr. Chairman, I think perhaps that probably gives the basis and the background. As the member is concerned about whether or not the matter was tendered. Then I suggest to him that he would probably find that 90 to 100 percent of the contracts that are entered into for this type of work are not treated on a tender basis. Perhaps close to all of them are not generally on a tender, as if you were

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building a bridge or a sidewalk or whatever normally goes to tender. So that, Mr. Chairman, is the background.

I notice that the member has said that the study that was performed was outdated. Well, I guess it's a matter of semantics. I think the First Minister indicated when he tabled the report the other day, that the concept that was now under study and that had led to the final study, was not that particular study. But that was the study that initiated the examination of the firm power sale and has now led to the final study, which does not involve an integration of the systems, but rather involves specific sales of power, primarily in a one-way direction from Manitoba to Saskatchewan and Alberta, but not excluding the possibility of reverse sales at some point in time. So the study that's now under way is much more specific. I suppose the member may be partially correct in saying it's outdated. It's probably more accurate to say that that study was the one that brought to a jell, the whole number of ideas, concepts that were being entertained by the various provinces. So it was the sort of matrix that drew it all together.

It was, Mr. Chairman, probably a very economic investment as far as the provinces were concerned because if, in fact, this does come to pass, which I happen to be a believer in that it will, I think you will probably find that that study and those efforts and the papers that preceded that study and the others, were the genesis of the entire concept. And, Mr. Chairman, I think that as I said last night, that if the members of the House can come to grasp the idea, I think that perhaps they'll find that it contains a lot of merit for not only the short-term but the long-term hydro development and entire electrical energy supply, as a matter of fact, for the entire province of Manitoba. If there are other questions, Mr. Chairman, the member can remind me of them, but that gives him some background.

I want to also remark on some other comments. The Member for St. Johns seems to have been making some issue of the fact that the Interim Supply may have come in late. I have gone back and checked over 10 years, Mr. Chairman, and I can perhaps read you the dates. The Interim Supply record here shows that it was introduced last Wednesday, March 26. Now working backwards from that, the dates were 1977, March 22; in 1976, March 17; 1975, March 18; 1974, March 18; 1973, March 19; but 1972, Mr. Chairman, when the member opposite who is doing the complaining was the Minister, the date was March 28. --(Interjection)-- No, that was the introduction. --(Interjection)-- Mr. Chairman, this is the man that's complaining about the date and he's two days after. --(Interjection)-- No, this is where you get into this hypocrisy that goes on in here. The year before that, Mr. Chairman, was March 26, the same date, exactly the same date and the year before that in 1970, it was March 25. And I remind you again that those last three dates I gave you are all the dates of his occupying this responsibility of bringing the Bill in. So, Mr. Chairman, --(Interjection)-- yes, 1971. The date is an average sort of a date, entirely in context with what's been done in the past.

But they have this great propensity to feel so God-awful sorry for themselves across the way that they have to bend things just a little bit and sometimes a little more than others. He had to stand up and say today, he only had three days. It was brought in a week ago tomorrow. It was brought in last Wednesday. They only had three days, Mr. Chairman. Well, if you don't pick him up, he'll bend it a little further. He'll drop to two. If you didn't tell him it was five, he drops that to two, if he could get away with it. It seems to be the characteristics of the members across the way.

It just so happens - and I suspect that the one thing that may be a little different - is that every year the payroll falls at a different time and I don't know where the payrolls fall in relation to other years. This year they happened to fall at a time that does not allow the opposition to bend it past the date of April 1. But on normal years the usual passage of the Interim Supply is somewhere around the 1st of April, pretty close, not too far off where we are now.

So, Mr. Chairman, I won't take any longer time but simply to put on the record the fact that we have another complete example of what the members seem to be preoccupied with across the way, doing one thing and saying another. And I suspect, Mr. Chairman, that kind of action is not going to, in the long run, win them favour and in fact it's going to show through for being exactly what it is. So

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with those two comments I deal with anything other than that the Member for St. Vital has raised if I may have missed it.

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

MR. SAUL CHERNIACK: Mr. Chairman, it's not even amusing to listen to the Minister of Finance with his accusations and with his snide remarks. Now it's not amusing to me. He knows it. But he no longer has the ability to get a rise out of me.

Might I say, Mr. Chairman, that the Conservative party and the Minister of Finance in particular, seems to be living in the past and I have suggested to him that he start looking ahead. Yesterday, was it, that he fought the battle of the election of 1977 and now he's going further back. I would point out to him in regard to the dating, that it was his party; he was a member; he was sitting here on this side of the House and I suggested to the Minister of Consumer Affairs, who was the one that taught us a lesson. Now he taught us a lesson but not his own Minister of Finance, who doesn't even know when payday is. It seems to me the Minister of Finance ought to know when payday is and that the Government House Leader and the Minister of Finance have to look ahead to see how they work out their management of the affairs of the province.

He talked yesterday in beautiful language. What did he say, "God damn managers", was his words. --(Interjection)--

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

MR. CRAIK: Point of privilege. The member who is now burying his head in his desk is doing it for good reason. --(Interjection)-- He's never heard me use that word in this House, nor have I ever heard anyone else use that word in this House. Retract.

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

MR. CHERNIACK: Mr. Chairman, I will make a point of looking at Hansard. --(Interjection)-- Mr. Chairman, I will look at Hansard and I will see what he said and if he is correct I will retract. And if he is not correct I will not retract.

MR. CRAIK: Point of privilege, Mr. Chairman.

MR. CHAIRMAN: To the honourable members, the Minister has said that he has not made the remark. I think that you would have a point of order, to the Honourable Member for St. Johns, of the retraction, if you do retract and you do find him to be incorrect.

The Honourable Minister on a point of privilege.

MR. CRAIK: Mr. Chairman, on a point of privilege. I simply ask the member to withdraw his comment until he can prove it otherwise.

MR. CHAIRMAN: I have remarked on the point of privilege. I would ask the Honourable Member for St. Johns to withdraw his remark.

MR. CHERNIACK: Mr. Chairman, I'm just looking for my notes to decide how to deal with this. --(Interjection)--

Mr. Chairman, is it your ruling that because he said he didn't say it, it has to be accepted and retracted and then, Mr. Chairman, what is your ruling in the event that I find Hansard reports that I was correct? What is your ruling as to how we deal with it then?

MR. CHAIRMAN: At that point, to the Honourable Member for St. Johns, I would believe that you would have a point of privilege.

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MR. CHERNIACK: And then, Mr. Chairman, would the Minister of Finance have to retract the statement that he made today that he did not say what he says he did not say?

MR. CHAIRMAN: Most certainly.

MR. CHERNIACK: All right. On that basis, of course I will retract.

Mr. Chairman, it is the Minister of Finance who made statements yesterday, and I suppose he will say he didn't use the word "fraud" yesterday. I suppose that in talking to the Member for Churchill, or responding to him, he didn't use the word "fraud" either. Does he want me to retract that he used the word "fraud" or "fraudulent" about the Member for Churchill yesterday? Does he say he did not use that word? --(Interjection)-- Oh, he's going to explain it. Mr. Chairman, he is going to explain that he did use that word, and he may, because I say he used it. Now, if he wants me to retract it, let him demand it. Let him make the statement. All right, Mr. Chairman.

Now, all I was saying in regard to the dating, was that he should have learned the lesson that we had to learn when we found how the Conservative Opposition tried to blackmail the government of the day by holding up Interim Supply, holding it up in such a way as to threaten that cheques could not go out, and it was not related to the issue of Supply. It was related to the question of the Conservatives wanting to hold a public inquiry of some kind, or a commission. And that was blackmail on their part and that's what I said then and I say that good management requires the Minister of Finance, whose responsibility it is to have the money he needs, and the House Leader, to see to it that there is ample time provided for the business they have to do in the House. That's what I said before, and I say that again. Tomorrow I hope I will have an opportunity to check Hansard of yesterday and see just what was said, what the Minister of Finance said.

But, Mr. Chairman, I want to make it clear that no matter how many snide remarks he makes about me, I want to be able to say that my conduct in the House is immeasurably superior to his and I think that can be proven from time to time.

MR. CHAIRMAN: The Honourable Member for St. Vital.

MR. WALDING: Thank you, Mr. Chairman. I would like to thank the Minister for some information. He did raise a number of questions in the reply that I would like to go into. First of all, I would like to thank him for speaking of UNIES Limited and his friend, Mr. Spafford. I have never questioned Mr. Spafford's competence as a hydraulic engineer for one moment and I would not like it to be assumed that there was any criticism implied of Mr. Spafford as a hydraulic engineer.

The only point that I would just make in passing is that what we have here is a systems study. I understand that Mr. Spafford has done consulting work for Manitoba Hydro in the past as a hydraulic engineer . . .

MR. CHAIRMAN: Order please. The Honourable Member for Winnipeg Centre on a point of order.

MR. J. R. (Bud) BOYCE (Winnipeg Centre): Mr. Chairman, on a point of order, I am having great difficulty in hearing my colleague.

MR. CHAIRMAN: I would ask the honourable members, on the point of order, that we give the respect and dignity of this House and this Chamber to listening to the member who has the floor and is standing in his place and speaking.

The Honourable Member for St. Johns on a point of privilege.

MR. CHERNIACK: On a point of privilege, I was supposed to rise as soon as I saw it. The Minister of Finance was correct. My note was that he said, "Damn fool managers."

MR. CHAIRMAN: The Honourable Minister on the same point of privilege.

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MR. CRAIK: Mr. Chairman, yes, I would suggest to the member that to some of us, there is an important difference.

MR. CHAIRMAN: The Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, one of the questions that I had raised with the Minister was to how the amount of \$300,000 for this particular study was arrived at, and the Minister didn't answer that. Perhaps he could when he next rises to reply. I was somewhat confused with the references that he made to consultants from other provinces. I see in the report such references as the management committee study team and their consultants. Now, in reading the report, I get the impression that the Ministers of the four provinces, when they set up the committee, had their own team of advisors, and that it was this team of advisors, through their governments perhaps, that had retained the consultants and the consultants had reported to this group that was advising the Ministers. Now I am unsure as to whether it is that group that is referred to as the management committee or whether it's that group that is termed the study team, in which case, I am unclear as to who their consultants are. I wonder if the Minister could clarify this matter for me.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Mr. Chairman, I think the member is referring to the same consultants. The management team was made up of, in that study, a report of a member from each province, and I think the consultants referred to here are exactly the same ones.

MR. WALDING: In that case, can the Minister confirm that the consultants are to the study team, and that is, UNIES Limited, or are the consultants to the Ministers' representatives, and if so, are they the management committee referred to?

MR. CRAIK: Yes, Mr. Chairman, there was a four member management committee, one from each of the provinces, and the consultants reported to the management committee.

MR. WALDING: Mr. Chairman, I would like to ask the Minister then whether the management committee had its own consultants, or were they sufficiently knowledgeable on Hydro matters, electrical matters, and systems matters, to be able to assess the results and the reports themselves?

MR. CRAIK: Mr. Chairman, the management committee, as I have indicated, were one representative from each of the four provinces in their own right. Whether or not they were systems specialists, I would suggest to the member that probably half - two of them were and two of them were not in the utility business as such. The representative from Manitoba, for instance, was an engineer by background, but his field would not have been perhaps in the utility business. The member for Manitoba was Mr. Chochinov, who was with the Energy Council in Manitoba. The member for Saskatchewan, as I recall, was with the Department of Energy and Mineral Resources in Saskatchewan. The member for Alberta was an economist with the Ministry of Utilities in Alberta. The member for British Columbia was either with the utility there, the electrical utility, or was with the British Columbia Energy Board. So those were the four representatives that made up the Management Committee.

MR. CHAIRMAN: The Honourable Member for St. Vital.

MR. WALDING: Thank you, Mr. Chairman. It's becoming clearer to me now. I have one further question along this same line, and that is the letter that's addressed to the Management Committee that appears at the back of the report, where it says in the opening paragraph, "We have had the opportunity to review our findings with the advisors to your committee." Can the Minister indicate who were the advisors to that Management Committee?

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MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: I don't think so, Mr. Chairman, I perhaps could if the member would provide me with a little more background to it. Offhand, I don't, you know, recall the exact structure. They perhaps did have advisors other than the consultants involved.

MR. WALDING: Mr. Chairman, I was not asking for the names of the people who happened to be advisors to the Committee. What I was curious to know was whether the Committee itself had other consulting firms or other experts to advise it in assessing the work of those who had produced this committee. Can the Minister elaborate on that for me, please?

MR. CRAIK: Well, Mr. Chairman, there was another report done called the Foster Report. It was commissioned by the Province of Alberta to do a further assessment on the UNIES Report, and that report was tabled in the Alberta Legislature last week at the same time the UNIES Report was tabled. It was commissioned by the Province of Alberta apart and separate from the UNIES study and if the member wanted to obtain a copy of it, I think perhaps we could assist him in obtaining such. We haven't got any number of copies available here. I believe that the people that are involved in it do have a copy of it. If they don't have an extra, I think we could probably assist him in obtaining the same, but it was commissioned exclusively by the Province of Alberta to do a separate examination of the UNIES study.

MR. WALDING: Well, I thank the Minister for that offer, Mr. Chairman. I would appreciate if a copy could be made available to the opposition. We would read it with great interest and perhaps it would answer a few of the questions that we do have.

There was another expression that the Minister used in answering the question initially that I found rather intriguing and rather difficult to understand, and it arose further to a comment that I had made that the report was out of date. My remark at that time had to do with the date on the report which was February of 1979. I'd like to come back to that later. The Minister explained that the present agreement, which has just been signed, does arise from this original work but then he went on to say that what is being proposed here is not integration. And I wrote those two words down just as he said them, and he went on after that to say that what was being discussed was a one-way transfer of power out of Manitoba.

The reason I find it intriguing, Mr. Chairman, is that the news service release that I received this morning - I quote from the very first line of the first paragraph which says, "Significance of agreement among the three prairie governments to proceed with final feasibility study on co-operative development of a western electric power grid has been underscored by Manitoba Premier Sterling Lyon." And then in quotes it says, "All three governments, the Premier said March 27 in a statement to the Legislature, are optimistic that the final study will result in transforming the concept of a grid into reality."

Now it seems that the First Minister from his statement was firmly of the opinion that a western grid, or perhaps more accurately a prairie grid is to be developed, and that is what this new agreement between the three prairie provinces is all about. Now the Minister reporting for Energy, who in fact signed it and presumably would be more knowledgeable about the matter than his Premier, says that this is really not a power grid, that this is more a transfer of power in one direction only. Now perhaps he could explain to us and to the people of Manitoba whether this is to be a grid, contingent that is upon a favourable final report, or whether he is speaking strictly of the export of some thousand megawatts directly to Alberta, which is mentioned also in the news release and in the statement, and I want to get back to that a little bit later.

MR. CRAIK: Well, Mr. Chairman, the member is correct in interpreting the word "grid" in the fashion in which I think he is, because it usually implies a system with more than one dimension to it. It implies a north-south probably as well as an east-west, just by the use of the word "grid." But the studies that

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were initially done in the UNIES Report, if I can repeat it, was looked at a partial, at least, integration of the systems and a joint planning type of arrangement on future capital expansion, and there derived the benefits to a large extent that they refer to in the report. Subsequent to that, the Provinces of Alberta and Manitoba looked specifically at the feasibility of, rather than any integration at all, whether or not it was economically feasible to transfer power from Manitoba to Alberta to displace new thermal power construction in Alberta and could it be done economically at this point in time. The first round answer indicated that yes, it was within the realm of economic feasibility for that to occur, and therefore we came to the conclusion that we ought to recommend with Saskatchewan that we move on to the next phase, because Saskatchewan also has given some consideration to the possibility of a further firm power sale or purchase from the province of Manitoba for two different periods of time, and although it is in a very preliminary state, because of the past association and the similarity of the systems between Saskatchewan and Manitoba, then there appeared to be some possibility that the line that was being considered with Alberta would serve commonly for purposes of Saskatchewan as well.

So this leads into a further consideration, not only of a direct sale to Alberta but a possible tie-in with the province of Saskatchewan, which, Mr. Chairman, as I indicated, has occurred on a small scale in the past and other arrangements are currently under discussion that could lead, and logically, to a further strengthening of that tie with the province of Saskatchewan.

Now albeit they are direct sales, but a line such as that in the future, logically leads to the next conclusion that perhaps the power could go the other direction as well at some point in time, and in order for that to happen, you're going to have to be tying in other facilities wherever it passes to it to move the power off of it or on to it as time goes by. Therein lies the idea of the grid.

So from the point of view of the semantics of it, the original study which is called a system study is an all-embracing study; the word "grid" is perhaps not descriptive of a direct power sale, but is descriptive of the fact that there are going to be other tie-ins running laterally off. Therein lies the matter of the terminology, but it is different in the original concept, that is what led to this final stage of the studies.

What comes out at the end of it next fall, Mr. Chairman, still remains an open question. I would think that perhaps by that point in time the word "grid" will be fully descriptive of the project that is being undertaken and we will probably find that there are other dimensions that have come into it that haven't been described or evaluated in full as a result of the studies that have taken place and the conclusions that have been drawn as of about January of this current year.

MR. WALDING: Thank you, Mr. Chairman. The Minister has partly confirmed what I said, and that was that his understanding of the words "power grid" were very similar to mine and were very similar to what was proposed in the original study. The same words are used I understand in the U.S. to the south of us, where they have a very extensive power grid in the eastern States and another western power grid too, which takes in or links together several utilities. So again, I repeat, Mr. Chairman, that the words used in the First Minister's statement and the news service that went out in support of it, are really misleading, because I suggest that to anyone reading them, they would come to the conclusion that a power grid in the manner in which the expression is generally recognized is what is being suggested here and is what is suggested in the original report.

However, I want to come back to that a little bit later, and in the meantime ask the Minister why there was a one year delay in making public this particular study on which all of this other work was based. I believe that we had requested that such studies be tabled in the past and that the Minister had refused. Can he now explain why the delay in making this material public? I don't really see anything particularly secretive or sensitive about it. Why could this not have been made available to interested persons before this time?

Another question along the same lines: There are several references made in the body of this report to a number of appendices from A through to D, I believe, but looking at the back of the report for these appendices I don't find them in my copy of the report and I'm intrigued to know why they were deleted from the copy

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that the Minister has tabled. I wonder if he could give us the answers to these questions, please.

MR. CRAIK: Mr. Chairman, on the first question: The report became available to the First Ministers only a matter of weeks, I think two or three weeks before the April meeting in 1979, last year, and as a result the provinces hadn't had a very adequate time to examine the report and the First Minister's conclusion was that some of the provinces at least wanted more time to digest it before the report was tabled. Since the First Ministers' meeting it was commissioned by the First Ministers to start with - and they meet only once a year generally, and there's not all that much day-to-day communication on these matters - the matter of the tabling of the report didn't get dealt with until the initiation of the final studies, at which time it was cleared with them. So that's basically the explanation.

As far as the appendices are concerned, I'll have to have a look at that. I don't recollect exactly what there are in the way of appendices. There are perhaps some appendices that could be tabled with it. We'll have a look at it and if I can obtain those for the member, he is welcome to them.

MR. WALDING: Mr. Chairman, there is no indication in the text of the report that those appendices are particularly lengthy or bulky. Had they run to several hundred pages I could understand why they were left out, but they seem to refer to tables of figures, perhaps, and I was rather intrigued to know why they were deleted from the report.

The next question that I wanted to ask of the Minister was whether this report had been submitted to Hydro for their reaction as the main utility in this province? Was the report in fact referred to Hydro for their comments, and if that is so, did Hydro give a response to the report and would the Minister table that response?

MR. CRAIK: Mr. Chairman, Hydro was involved, I believe in some of the computer runs that were done on the calculations, as I recall, and some of the Hydro people were fairly familiar with the procedures as they went along. At the current time of course, the Hydro is involved in the studies to the extent of consultation on a fairly regular basis between the people who are representing the government interests at the present time and the Hydro. There is a fairly close communication and as we enter into now the detailed studies there will have to be a very close integration of the Hydro personnel and the Hydro input into the studies.

MR. WALDING: Mr. Chairman, the Minister didn't answer either of the questions that I posed to him. The first one was: Was the report sent to Hydro for their reaction to it? And if there was a reaction, a response from Hydro, would the Minister be prepared to table that response?

MR. CRAIK: I don't recall, Mr. Chairman, that there was any formal assessment done of it. As I indicated to the member some of the Hydro people were involved in it along the way, but I suppose they would be primarily people at the programming level that would have some involvement in it. It would not have been at a policy-making level of the Utility. But a formal examination and report on the study was not, as I recall, requested or received from the Utility.

MR. WALDING: Mr. Chairman, I am a little puzzled and surprised by the Minister's answer. It is my understanding that certain information, certain facts, and certain policies were requested of Hydro, but it was not Manitoba Hydro themselves who are entrusted with providing this sort of systems report on a possible Western Power Grid, which is a little surprising since that is their business after all. The work instead was contracted out to an independent private agency and I don't object to the Minister doing that if he wants another opinion, but it would seem rather strange that such a report having been produced, that even out of courtesy if nothing else that Hydro would have been asked to read it over and give their professional opinion on it, put forward any constructive criticism that they might have or any suggestions for future studies or perhaps

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even volunteering how they might be involved. So let me ask the Minister again, is he telling us that Hydro was not asked to review the report and to give a report to the Minister?

MR. CRAIK: Mr. Chairman, I think that has already been answered.

MR. CHAIRMAN: Section 2--pass. The Honourable Member for St. Vital.

MR. WALDING: I am sorry, Mr. Chairman, I didn't pick up my earpiece quickly enough to hear the Minister's response.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, Mr. Chairman, I indicated that question has already been answered.

MR. WALDING: Well, thank you, Mr. Chairman. I suppose that we will have to inquire of Hydro when they come to the Public Utilities Board. Perhaps the Minister could tell the Committee what dealings Manitoba Hydro has had with its sister utilities in the other three western provinces on the matter of a Western Grid.

MR. CRAIK: Would the member repeat that question, Mr. Chairman?

MR. WALDING: I would like to ask the Minister, Mr. Chairman, whether Manitoba Hydro has had any discussions concerning a Western Power Grid, has it had discussions with its sister utilities in the other three provinces?

MR. CRAIK: Mr. Chairman, there are discussions that go on between the utilities primarily in Manitoba and Saskatchewan on a time-to-time basis, which I presume may have included discussions on the Western Grid, and in fact I guess have been, because I have been present at at least one of the discussions. I would suspect that there have not been any formal discussions to the west of Saskatchewan between the various utilities. There are in Alberta a number of utilities and there is at the present time no connection between Saskatchewan and Alberta. So I would think probably the most likely answer would be that although there may well have been discussions, I am not aware of any between the utilities west of Saskatchewan.

MR. WALDING: Well, Mr. Chairman, let me put the question more plainly and ask whether Manitoba Hydro was forbidden by the Minister from discussing any of these types of matters with its sister utilities to the west?

MR. CRAIK: Quite the opposite, Mr. Chairman, they were encouraged to.

MR. CHAIRMAN: Section 2--pass. The Honourable Member for St. Vital.

MR. CRAIK: Thank you, Mr. Chairman. The other point that I made the other evening in the Minister's absence was the fact that Mr. Spafford had drawn up his report on the basis of an integration of the power utilities of four western provinces. The agreement signed last week makes reference only to the three prairie provinces, which would indicate that British Columbia is now no longer interested. The report makes it clear that British Columbia or Manitoba, the two of the four provinces that are most heavily involved with hydro-electric production as opposed to the thermal production of Saskatchewan and Alberta, and it would have seemed to have been in the best interests of the two hydro provinces to be most involved in such a Grid. The question that arises is: When did British Columbia opt out of this arrangement and why? Did they think it not in their best interests to be involved in such a Power Grid or where there problems with linking up the Power Grid in the Pacific Northwest right across the prairies and indirectly into the Eastern States?

MR. CHAIRMAN: Section 2--pass. The Honourable Member for St. Vital.

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MR. WALDING: Mr. Chairman, I had asked the Minister a couple of questions there as to, in brief, when did British Columbia opt out of this - what was the expression - management committee and for what reason?

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Mr. Chairman, I think the way we're going and perhaps the Member should place any number of his questions that he might want to at committee stage on this topic and I'll keep a list of them and deal with them.

MR. CHAIRMAN: Section 2--pass. The Honourable Member for St. Vital.

MR. WALDING: Well, there are still a number of questions that I had asked the Minister - I'm not sure whether he's getting tired of answering them, Mr. Chairman, or whether there was a particularly sensitive question that he doesn't want to answer at this time. I would remind him that we are at the committee stage that he recommended that I wait for, and if I cannot ask the questions at this stage there would hardly seem to be much point in asking them at the third reading stage. So I wonder if now the Minister could give me the answer to those two questions?

MR. CHAIRMAN: Mr. Chairman, I'm just suggesting that the member give me a list of his questions and I'll deal with them all at once.

MR. WALDING: Well, Mr. Chairman, the reason that I was asking the questions in the manner that I did, is that sometimes a further question will arise out of one that I ask. I have a number of questions, as the Minister has noticed, in a number of different areas, and to have a number of answers to questions come in a lump sum and then have to perhaps go back and ask for some elaboration of them, is likely to take more time than to simply do it in this manner. However, if that's the way the Minister wants to deal with it, let me ask him also about any independent reports that the other three provinces might have commissioned into this matter. The Minister did mention early on a report called the Foster Report that he said was produced by Alberta. Did British Columbia and Saskatchewan also commission separate reports and are they available?

The question that I had of the Minister goes back to a report in the press as of about last October - the Minister was quoted as saying that economic feasibility studies were under way into the matter of a Western Power Grid and were expected to be ready by December. The question arising out of those is, have those reports now been completed, and would the Minister table them so that we can understand the situation somewhat better?

The question that I had of the Minister had to do with the negotiations with Alberta as to this one-way power flow that he mentioned earlier on. I am unclear from the remarks that have been made whether these discussions or negotiations, whichever they might be - and perhaps the Minister would clarify that for me - were done in the management committee that was referred to earlier on, or whether these were bilateral discussions between this province and Alberta, and if so, would the Minister inform the committee with whom were these discussions held in Alberta? Were they with the government itself, as would seem to be indicated by the agreement, or were they with the actual power utilities themselves, which are, as the Minister well knows, private companies?

Perhaps the Minister could give us some elaboration on the final report that was referred to in the statement of last week. There was a reference in the press only today that that report could cost a million dollars. I'd like to ask the Minister whether he could confirm that, and could he also explain how the consultant will be chosen or has been chosen. Is it proposed that it be another Manitoba consulting company, or perhaps this time from one of the other two prairie provinces, or would it perhaps be for someone from outside so as to be perhaps more neutral?

I'd like to ask the Minister further to that as to the negotiations with whom-ever in Alberta - and this was a question that, of course, flows from an earlier one - who would this power be sold to? Is it proposed to be sold to one of the three main Alberta utilities? Is it proposed to be sold to the government of

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Alberta? The next question that arises from that is, at what price is it proposed to sell this power? Now I would presume from what has been said, that part of the final report will have to do with the feasibility studies into actually physically moving that power to Alberta, so I don't expect the Minister to have a hard and fast figure to three or four decimal places of what it will cost per kilowatt hour, but he must have a fairly clear indication of roughly the price range that Manitoba can produce power and ship it to Alberta. Perhaps I can wait till the Minister gives me the answers to those questions before making that final point, Mr. Chairman.

MR. CRAIK: Mr. Chairman, going down the list from start to finish, the B.C. position was after their assessment following the April meeting. Sometime in mid-1979 they indicated that they felt that their own best interest probably lay north-south rather than east-west, partly because of the rocky mountains I suppose and partly because they have things that are already under way in their province. Were there other provincial reports? Not that I'm aware of, Mr. Chairman, certainly not that were circulated amongst the group. What about the economic feasibility referred to in December '79? Well that was basically what was the information that came out, that in initiating the final phase of the study we had hoped that it would be completed by the end of December '79 - it was closer to February '80 when we were able to get all the parties together for it. The bilateral agreement - was it a bilateral study with Alberta with regard to the firm power sale, and if so, who with? It was between the governments primarily; he made some reference to the fact that the utilities in Alberta were private - there are both privates and public. The two largest, I think - the largest one is probably a private; the next largest the City of Edmonton, I think, is public. The cost of the next phase of study has been very roughly indicated, probably in the range of \$1 million. The selection of the consultants is currently being considered by the management committee for the three provinces. They seem to be worried that there might be a Manitoba consultant chosen; if selected I would hope it would accrue some benefits to that business in Manitoba. Who to sell the power to and at what price - that of course is part of the study. There are some fairly extensive studies that are going to have to be done in Alberta because there are a number of utilities there. The price of the transaction is something else that has to come out as a result of the final phase studies.

MR. CHAIRMAN: The Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, I would like to thank the Minister for those answers. There were a couple of other questions that arose from his answers, as I suspected there would be. He mentioned the economic feasibility studies that were not completed by December as expected, but somewhat later than that. It was unclear from the answer whether those economic feasibility studies mentioned by the Minister have in fact been completed, and I ask the Minister whether, if they have been completed, that he would table them in the House.

MR. CRAIK: Mr. Chairman, there is no formal report as such to be tabled.

MR. CHAIRMAN: Section 2--pass. The Honourable Member for St. Vital.

MR. WALDING: Can he confirm that those feasibility studies have been completed, and could he also inform the committee who was doing them? I was unclear as to who was actually carrying out those studies and whether it was part of the original report.

MR. CRAIK: No, Mr. Chairman, it's not part of the original report. The original report dealt with the system study.

MR. WALDING: Mr. Chairman, can the Minister tell me who carried out those economic feasibility studies?

MR. CRAIK: Mr. Chairman, the same people that were involved in the original management committee studies involving primarily the Manitoba and Alberta

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people in this particular case, with some support in both cases in both provinces from personnel that were required for the evaluation.

MR. WALDING: Mr. Chairman, it's becoming a little clearer to me now. The Minister did mention that the discussions on a bilateral basis between Manitoba and Alberta are on a government-to-government basis. Can the Minister indicate to us how the Government of Alberta will handle 1,000 megawatts of electricity that it purchases from Manitoba?

MR. CHAIRMAN: 2--pass. The Honourable Member for St. Vital.

MR. WALDING: Well, Mr. Chairman, the Minister is not answering the question. I am still unclear as to whether the government of Alberta is somehow acting as agent for the utilities in that province, so that somehow they will purchase the power directly from Manitoba, or whether the government of Alberta itself will act, if you like, as wholesaler of the power and somehow distribute that on some basis to its utilities. Could the Minister clarify this matter for me please?

MR. CRAIK: Mr. Chairman, the member already asked it. He asked earlier, who was the power sold to, and I indicated that's part of the final phase of the studies.

MR. WALDING: Well, Mr. Chairman, I'm still a little confused. If the government is negotiating with another government, perhaps he can explain how the Alberta utilities are involved in this matter, or are they not involved at all, in which case it's simply a matter of the purchase of energy by one government to another. Perhaps it's none of our business what the Government of Alberta does with the energy once it has purchased it, but I'm not clear from the Minister as to what the intent is. Now perhaps the appropriate Minister in Alberta won't say anything about this, but I would find it most surprising if there were no discussion whatsoever between one of the partners, that is Manitoba, not having some idea of what is to happen to this power when it goes to Alberta. And surely the Minister is at least interested to know how the power from the Nelson River is to get into the homes of people who live in Calgary and Edmonton and various other parts there, or is he not interested at all? Is he telling us that he expects that when the final agreement is entered into for this grid or non-grid or whatever it happens to be, is simply going to be between two governments? Is that what is being understood here? That being the case, is the Government of Manitoba to purchase the power from Hydro and sell it to the Government of Alberta, or is Manitoba Hydro actually involved and will Manitoba Hydro be the selling agent?

MR. CRAIK: Mr. Chairman, the ultimate transaction will be between utilities, but at the present time the distribution is part of the final study and I have answered that now for the third time. There will be substantial studies required in Alberta to establish the distribution patterns in the province, but the discussions that may take place within the province of Alberta are not at this point in time the type of matter with which the province of Manitoba has found it necessary to deal with.

MR. WALDING: Yes, the Minister gave me a little bit of information that time, Mr. Chairman, that I was probing for when he said that it would be the utilities themselves that would be involved in the actual purchasing of power. Now I want to ask the Minister whether the construction of the line between here and Alberta will be a matter between the utilities themselves, or is this where the government involvement comes in?

MR. CHAIRMAN: Section 2--pass. The Honourable Member for St. Vital.

MR. WALDING: Well, Mr. Chairman, the Minister said something from his seat that I couldn't hear. Perhaps he's going to give me the same answer again, that it's a matter of the negotiation. But the other matter that I asked the Minister

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on was could he give us a rough indication of the price involved on a per kilowatt-hour basis? Now I mentioned before that I'm not asking for an accurate quote to three decimal places, but surely the Minister has some idea of the cost of producing electricity and transporting it some 900 miles. I have been given a figure from Manitoba Hydro, so presumably they have an indication of at least an approximate figure. Now, has the Minister been informed of that approximate figure, has his management committee informed him of such an approximate figure, and if so would he tell us the range in which it is?

MR. CRAIK: Mr. Chairman, I think that one should be commented on. The member has now said that he has obtained from Manitoba Hydro a figure on the cost of production of power. Would he believe that in the entire eight years of questioning the former government, that never once at a Public Utilities Committee in this House or anywhere else were they able to put a mill rate figure on any dam construction - and I mean dam - on any generating construction in the province of Manitoba? Never once could they ever put a figure? They said it couldn't be done. And he's telling me now that he can put a figure on it? It's amazing what a change in the side of the House does, Mr. Chairman. The member is telling me now that he has figures on cost of production of power in the province of Manitoba.

Yes, we will have to evaluate that. We will also have to deal with the cost of the pricing, but the interim study based on the costs of thermal power in very general terms has been established. The information that has been presented is the conclusion that is within the realm of economic feasibility, and that's as far as it goes. The member is going to have to hold his breath until the final detailed studies are done, and that's going to be some time about the end of September.

The other question - he indicated, does the construction involve the utilities? The construction, I would think in all likelihood would involve the utilities, Mr. Chairman. Again, the details of that and pricing, who to, by what format, what mechanism was in Alberta and so on, are part of the final study phase.

MR. WALDING: Well, I'm surprised that the Minister said that the previous opposition could never get a - what was the expression he used, a "dam price" or something? That was one of the main criticisms of Mr. Tritschler's report, I understand, that there was a price put on the construction of a certain generating station that turned out afterwards to be somewhat inaccurate.

The reason I was asking these questions, Mr. Chairman, is that it's a well known fact that Alberta has fast reserves of natural gas and coal, and I have been informed that the utilities in Alberta can build a thermal station and produce electricity at a very reasonable price, a price far less than Manitoba could produce hydro power and ship it to Alberta. I was interested to hear from the Minister whether he had a ballpark figure for such costs, and he is not prepared to give even a very rough price range for such a thing.

The questions that I was asking him previously as to the bilateral discussions between two governments raised the question in my mind, Mr. Chairman, whether the government of Alberta was prepared to pay certain rates for Manitoba hydro-electric power and then to sell them at a subsidized rate to its local power utilities. Now if this is the case, that is obviously a decision for the government of Alberta to make, and if it results in saving natural gas or coal, I would not criticize it on that basis. That would be obviously a most important policy decision for the government of Alberta to take.

If the actual business transaction will be from utility to utility, I find it difficult to understand why Calgary Power would buy hydro power from Manitoba at a price 50 percent, or double what it could produce power for in its own thermal plants. However, the Minister is obviously not prepared to be any more forthcoming, and I suppose we will have to wait for those final feasibility studies to enlighten us on that point. But until that time, Mr. Chairman, the questions obviously arise and it makes us wonder why British Columbia backed out of the deal last year and why Saskatchewan is reported as not being overly keen on the idea of a power grid. I know that they are a signatory to the agreement, but information reaching me is that they are not really jumping up and down in glee about the idea.

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It also raises the question of why Alberta would be purchasing power from Manitoba, almost 1,000 miles away, when its neighbour to the west is also a hydro-electric producing province; and again, according to Mr. Spafford, it has a very healthy reserve, or even a surplus, in members' opposite terms, of power. It would seem more logical and certainly more economical to buy it from a neighbouring province than to buy from a province 1,000 miles away.

There is a member in the back making some comments from his seat, Mr. Chairman. I can't hear what it is he is saying; if he would like to stand up when I am finished, I would be glad to try to answer him.

But I want to refer to the report itself, Mr. Chairman, and try to correct an impression that the government gave when the First Minister made his statement last week. As I understand the situation from reading the report, and I did get something out of it, was that it makes sense to have a power grid, because it enables the necessary reserve of each individual utility to be pooled so that the reserve needed by the system is less than the sum of the individual systems, particularly with hydro-electric power, because hydro systems, again according to Mr. Spafford, are designed to provide sufficient power in a low water system. When they are in an average water situation or a high water situation, then again there is excess power there and it would make good sense to tie that in to a power grid.

The chief benefit of such a power grid is referred to at least a couple of times by Mr. Spafford, and I would like to quote it in the principal findings and conclusions. He says, "from 1985 onward, the combined system, with additional transmission interconnections, causes a four-year delay in the need for supply system capital expansion, in the electric utilities of the four provinces." And this makes sense when you think about it, Mr. Chairman, because if you are going to tie in and make the best use of hydro facilities or electrical facilities, I should say, the chief benefit will be a delay in new capital expenditures. The First Minister's report to us last week tied in an early resumption of Limestone in with his same announcement of a Prairie Power Grid as if one thing follows from another, Mr. Chairman. Quite the opposite is the case. If the prairie provinces were to go for a Power Grid the effect of it would be to delay for a further four years, Mr. Spafford says, but certainly by a period of time the necessity to begin construction on the next phase of the Nelson River Development. The present completion date, I understand, is around 1986 or 1987, and if Mr. Spafford is correct it would indicate that Limestone should not be started again for another four years from now or until about 1984.

The two points put forward by the First Minister and really not denied by the Minister of Finance are in contradiction to themselves. You really cannot have it both ways. If you want the advantages of a Grid, even a modified Grid that the Minister was talking about tonight, surely the chief benefit of that is that you will delay the need to start the next construction. Such a Grid does not make necessary or advisable the need for the government to recommence the construction of Limestone.

I understand very clearly the government's dilemma, that they have been criticizing for the last ten years that the former government had overbuilt and now has a surplus, yet at the same time realizing the economic situation that the province finds itself in would dearly love to have a very good reason to begin the construction of Limestone.

So Mr. Chairman, the First Minister is really not being fair with the people of this province. In fact, I might even go so far as to say that he was misleading the people and the House. The immediate reaction of members on this side was that this is a good thing that Limestone is being reactivated and my colleague from Churchill spoke a couple of days ago on the benefits that would accrue to the north and to the province in general of the recommencement of this particular construction.

However, if we are to be really logical in following what has happened in here, the argument for a Power Grid is the same argument that would argue for a delay in Limestone and not at the early commencement for it. I don't know whether the Minister would care to comment on that, but I notice that the First Minister himself is not here to hear these remarks.

That is all that I wanted to comment on at this stage, Mr. Chairman.

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MR. CHAIRMAN: . . .pass; Section 3.1(1) - the Honourable Member for St. Johns.

MR. CHERNIACK: Thank you, Mr. Chairman. I would like to get clarification on the need for this section in Interim Supply. Is there an expectation that the government will commit certain expenditures in the next three months say, for work to be completed in the next fiscal year, that means 12 and more months ahead of today?

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, Mr. Chairman, there isn't a particular commitment that is indicated by the figure here. The total \$100 million figure that is provided for in the Act has simply been taken 30 percent of and we have put it in as a general figure, there is no specific commitment that it is intended for at this point in time.

MR. CHERNIACK: Well, Mr. Chairman, I believe that there is a principle that there is no use putting in legislation that you don't need and in this particular case I personally cannot conceive of the need for this Section and I don't know the extent to which the government was embarrassed, frustrated or put in any difficulty last year, but it was not included in the Appropriation Bill. It seems to me that this may have been just a blind copying of the last year's Appropriation Bill, main Appropriation Bill, and just an arithmetic division, but I don't see the point to it and I would like clarification. Under what type of circumstance would the government be committing in this next three months an expenditure for a year and more than a year from now? I don't have the explanation of that.

MR. CRAIK: Mr. Chairman, the administrative people working on it and in discussion I gather in particular it was the Department of Highways, although there was no one project that was specifically in mind could foresee a possibility of some ongoing commitments that could arise on projects that run for a period of greater than a year, in which case they may want to do some advance committing on structures in that particular department. So I gather that that is the area from which it has arisen, although there is not at this time, as I indicated, one particular project in mind, but from time to time this matter could arise where there are some forward commitments required.

MR. CHERNIACK: Well, Mr. Chairman, the reason that this type of provision is made in The Appropriation Act is to permit the contracting well in advance of the following season so that there can be pre-tendering and so that there can be advantage taken of an exceptionally good season say, where you can proceed to do more than you had expected to do because of the normal seasonal limitations. My point is that I don't understand how it is possible that within the next three months, and that surely is the longest possible period of time before we get the Appropriation Bill passed, that the commitment would be for 9, 10, 12 months beyond that time. I am under the impression, not that I received it from anybody, but I have come to the conclusion that this is just put in almost blindly just to copy what was done a year ago in the Appropriation Bill, so I again ask the Minister what frustration, what difficulty, what problem was created by the fact that it wasn't there last year?

MR. CRAIK: Well, Mr. Chairman, the likelihood of the need for it is unlikely, but it is not impossible. For instance, in last year the main Appropriation Bill was passed - no, I guess in the year previous - was passed in July, July 21st of 1978, and there was some concern that if, for instance, the main appropriations are not passed until July that there will be occasions where there are forward commitment required and therefore the provision is made.

I guess the question is, to reverse it, since the full \$100 million would be approved with the approval of the main appropriation, when that time comes, as to whether there should be any concern about passing 30 percent of it. As I say, the need for it is unlikely but not impossible and that is the reason for its inclusion.

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MR. CHERNIACK: Mr. Chairman, there is not the slightest doubt in my mind that when we come to the main Appropriation Bill we will pass that item, but the fact that it is possible but not likely is still, I think, beyond the realm of imagination. I cannot understand how next July there would be a contract let for an expenditure of money in excess of the total overall 30 percent provided in this Bill for payment in the year beyond this year, and I have not heard the Minister say that there was any embarrassment, frustration, problem created - I asked last year, in any year that I am aware of - was there any problem created by the failure to have this kind of a provision in the Interim Supply? And as I say I suspect it was just there because arithmetically it was thought, let's copy the Appropriation Bill and do it, and yet the Minister when he used his introduction notes when we were in Committee of Supply on this item suggested that this had followed a discussion of accounting for commitments in Public Accounts Committee. Now I don't recall any such need expressed in Public Accounts, which doesn't necessarily mean that it wasn't discussed, but I did ask the Provincial Auditor about it and he had no understanding of the need for this Section in this Interim Supply Bill.

I guess it is not important, but, Mr. Chairman, I don't believe we ought to be passing provisions legislation unless there is a need for it, and certainly there is no need demonstrated. The Minister said it may be likely, I don't conceive of any possibility at all, because commitments are made in the fall and in the winter for the following year. Surely commitments are not made in the summer, early summer, for the following year.

Now we do have a government which made a change with which I do not quarrel at all and never did quarrel, where they blended together Capital and Current Estimates and eliminated the Capital Supply for governmental operations. But now they are sort of working their way backward and I don't see the point to it.

MR. CRAIK: Well, Mr. Chairman, I think there is probably a parallel argument that could be used in the carry-forward authority that is provided for under Schedule A for the Utilities and other government agencies. I think the member probably is aware that there is occasion when we carry forward \$100 million, \$200 million or more from year to year of authority without voting it in a given year and coming back to the Legislature for authority. I know that it is not an exact parallel, but I think that his arguments for not providing this could equally as well be applied for not carrying forward quite as much authority under Schedule A - Capital, but the provision is made here in the event of a requirement that might arise before the main appropriation went through, which the year before last was July 21st, and that is the rationale for its inclusion.

MR. CHERNIACK: Well, Mr. Chairman, we know very well that the 30 percent that is available is not limited to 30 percent per department, the total of 30 percent is available, and I do think the comparison with the Utilities is not an apt one because this government did not separate utility Capital Supply, or rather I should say kept separate Capital Supply for the Utilities but eliminated it for the current operations of government. I think the explanation is either lame or non-existent. I don't feel that it is dangerous in any way to include it, but, Mr. Chairman, I would like to ask the Minister to come back to Public Accounts Committee in due course, after this July date or whenever the date that this is passed, and indicate a good reason for leaving this in. I personally would like to just vote against it because I don't see the purpose of having it. The Minister feels that he needs it, it may be possible he says, and this would be during the term of this Legislature. It's not as if it is something that would put the government in any particularly serious position because the government would - we will be in Session until Main Supply - I shouldn't say that because in 1969 it didn't happen but special warrants could come into effect then and I repeat, Mr. Chairman, there's been no justification given to us for including this section in the bill. However if, out of some over-abundance of caution, the Minister feels he needs it, I wouldn't want to deny him this reserve power that he seems to need. But I must say he certainly hasn't justified it to my way of thinking and I would like to explore it further in Public Accounts, maybe when the auditor is here or when the Deputy Minister of Finance is freer to speak as he is in Public

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Accounts to justify the inclusion into a bill of something for which they cannot give any historical need.

MR. CHAIRMAN: (1)--pass; (2)--pass; Section 3--pass; Section 4--pass; Section 5--pass; Section 6, (1)--pass - the Honourable Member for Lac du Bonnet.

MR. SAM USKIW: Mr. Chairman, I'm just wondering whether the Minister has had an opportunity to give further thought to the point that I raised with him the other day with respect to what his department is going to do on the demands for refunds on property tax credits for 1978. It seems to me the Minister has had an opportunity to fully explore the avenues open to him since that time. I think the Minister is aware, at least he should be at this stage of the game, that the question is purely a matter of discretion on his part and does not at all involve the government of Canada in that they have no particular interest in the question one way or the other. Whether or not the property tax rebates that were paid to married couples in 1978 are refunded or not is of no consequence to the government of Canada.

So given that is the case, Mr. Chairman, and given the fact that the Minister can in his discretion decide to continue in the way that the credits were applied from the first year and on into 1978, I suggest to the Minister that he has some obligation to at least clear the air because if he intends not to proceed, as we have over the course of the history of the program, then he should clarify for the members of the House here, just whether it's his intention to collect payments or refunds from all of the people who were married in 1978 and who received the benefits or whether he is going to continue with somewhat of a loose random sampling arrangement or "catch as catch can" arrangement, in which case it would be terribly, very much rather, an inequity. Either we're going to go with all of them or we shouldn't go retroactive at all. And if we're going to go retroactive, Mr. Speaker, I would like to know why retroactive one year. I mean where is the logic of catching it in 1978 and not in 1976 or 1977? I can't understand that logic.

It seems to me if the Minister wants to pursue it from a revenue point of view, and that is the only reason that I could understand his pursuit of this point, this question, then I suggest to him that he should pursue it for the year 1979 on where there is no retroactivity involved, where we don't have to redo all of our tax returns for previous years. Surely that is not too much to ask of the Minister given the fact that the revelation is so current and that something still could be done about it to dispel the anxiety and concern on the part of so many Manitobans who feel somehow taken advantage of by the government, because when they filed their returns, Mr. Chairman, they filed them in good faith and they filed them pursuant to directions that were given to them by the Manitoba government each year, by the tax department, by the authorities that were in charge of the tax credit program.

So I think it's just totally unfair, Mr. Chairman, to pursue it in the manner that it is being pursued at this point. I would hope the Minister would be in a position to indicate to us that we are either suspending the whole idea of retroactivity as far as the collections go and, that if we are going to proceed with a change that it not take effect until the taxation year of 1979 so that people who are still . . . And there will be some problems there too because, well I suppose it's early enough in the year that there aren't too many months to claim credits for 1979 and they won't be claimed, they're just being claimed at this point in time and of course we've got until the end of April before all tax filers have filed legally.

So, Mr. Chairman, I think it would be appropriate for the Minister to give us some indication as to the direction of this question so that we have no further confusion on the issue.

MR. CRAIK: Mr. Chairman, a couple of comments. First of all it's not quite accurate to say that the federal people are not involved. Whatever the form is of the tax form and the legislation that may provide for the use of the tax form is usually worked out in conjunction with the federal revenue people mainly because if they object to some complicated formula which they feel is not compatible with their tax collection system, they are under no obligation to perform

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the act that a province may want to perform through provincial legislation. So there is a degree of consultation required with the federal revenue people in that regard.

It is the government's intention to clarify this legislation. The options that may be available are still under examination and discussion and will be taken up with the federal people and our hope would be that we can clarify this during this current Session.

In the mean time the confusion referred to will remain to an extent until it is clarified. We have asked them to look at the possibility of, in proceeding under the current interpretation of the Act, and where collections are made, to not ask for, request interest payments. Our intention would be to try and clarify it during this current sitting of the Legislature.

MR. CHAIRMAN: (1)--pass - the Honourable Member for Lac du Bonnet.

MR. USKIW: Well, Mr. Chairman, I'm really astonished at the Minister's sort of obvious disinterest in the fact that this particular new interpretation is creating a tremendous amount of difficulty for an awful lot of Manitobans, totally unnecessarily. The Minister says yes, there's a need for a degree of consultation with federal authorities who do the collecting and who make out the payments and so on and that is true. But, Mr. Chairman, I am aware that the federal government merely advised this government that they are losing some sums of money if they carry on with the existing interpretation. It was just a matter of opinion and advice that they gave to this government to show them how they could recapture some dollars if they were to change to the interpretation. The federal government is not insisting that the interpretation be changed although they may want to have it more uniform for whatever reasons they have, Mr. Chairman. But they are not insisting on it. It is really a decision of this Minister and of this government as to whether or not we are going to put these people through this onerous exercise just to recover a couple of hundred thousand dollars. It is not only the individual tax filers that are involved, it's their accountants that are involved and people who have been assisting them in preparing their returns who have to now go back and redo the 1978 returns.

I think it's a terribly unfair burden that is being placed on these people completely unnecessarily and certainly all it takes is a statement of the Minister that we will suspend the new interpretation until we do clarify the legislation and when we clarify the legislation it will be effective henceforth not retroactively. I don't think that is too much to ask, Mr. Chairman.

MR. CHAIRMAN: (1)--pass; (2)--pass; 6--pass. Section 7--pass - the Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, on 7, I fail to comprehend the purpose of Section 7, as it relates to the appropriations and to Interim Supply. Could the Minister explain the relevance of this section to this bill?

MR. CRAIK: Mr. Chairman, I apologize for the delay. I'm advised that the provision makes it possible for one department to make an expenditure on behalf of another department and for the transfer from one to the other to be able to take place. I gather the most common example is a department that performs a service for Northern Affairs where the vote takes place, that this makes provision for the Department of Government Services for instance to deliver that service and the money to have been voted through the Department of Northern Affairs to be transferred for that purpose.

MR. CHAIRMAN: 7--pass - the Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, does that imply that there's authority needed to create an expenditure chargeable to any one of the resolutions in the main estimates that they could not be charged otherwise unless there was this provision?

MR. CRAIK: Mr. Chairman, I'm not sure that this is even going to adequately answer the question, but there is some revision here compared to the 1979

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Interim Supply Bill. Instead of listing appropriations which have nil votes, or listing appropriations where timing problems could be experienced in effecting recoveries from other appropriations, a section has been used which is the same as one included in The Appropriation Act 1979. This provides the same authority to make expenditures, but as a general procedure without specifying the individual appropriations. Again, I can't explain it to the member beyond that, except that technically, as required in those cases where there is not a vote in Government Services to administer a Northern Affairs appropriation vote, but this makes it possible for that to occur.

MR. CHERNIAK: Mr. Chairman, I appreciate the fact that the Minister is labouring under dealing with notes which are maybe complicated and technical. Nevertheless, to try to understand the legislation before us, and dealing and voting on it, implies that we know what it is we're voting for. And the Minister's claim that this has to do as between departments - would he explain how he can take the same rationale for his explanation and relate it to agencies of government referred to in this section?

MR. CRAIK: Mr. Chairman, I gather it would cover such agencies as the Water Services Board as an agency, the MHRC, where Government Services again may undertake to perform some function for one of the agencies and the agency would be regarded in the same way as a department, in the same manner that services are done, one for the other. The MHRC at the present time, for instance, has been administering the Insulation Loan Program, the inspection part of it, with charges back and forth to the government for that purpose. This allows it to occur as if it were a department.

MR. CHERNIAK: Mr. Chairman, that would then imply that moneys that are provided in this Interim Supply will be used to finance operations which will be paid for out of resources of agencies which do not receive money under Interim Supply. And therefore, I have to ask the Minister why we have Section 39 of The Financial Administration Act and then he brings in legislation that sets it aside? This seems like an anomaly, doesn't it, Mr. Chairman? Here we have Section 39, Financial Administration Act and then we say, well notwithstanding that law, we are now giving certain powers to the Minister of Finance. Could he explain why it is that we have to set aside a law that we have on the statute books, The Financial Administration Act, which I think should be paramount in covering all aspects of financial administration? So could the Minister please explain how it is that we have to set aside Section 39 in order to accomplish this purpose?

MR. CRAIK: Mr. Chairman, I don't have the wording for Section 39 here.

MR. CHERNIAK: Well, in sending a copy of Section 39 to the Minister, I would point out to him that if he looks at the bottom under the Section, he'll see that he brought in that Section 39 only last year. Mr. Chairman, he brought it in last year. It was designed to, I assume to impose certain restraints on dealing with the finances of the province, and at the same time now he is setting it aside. My question would be, firstly, why doesn't he change Section 39 if he drew it badly last year and deal with The Financial Administration Act, and what does it have to do with Interim Supply?

MR. CRAIK: Mr. Chairman, the Section 39 states that no payment shall be made from the Consolidated Fund for any purpose (a) which, where the payment is to be charged to an appropriation authorized for that purpose, is in excess of the sums remaining unexpended in that appropriation; or (b) which, when the expenditure is to be charged to a trust account held in trust for that purpose, is in excess of the sums remaining in that trust account; or (c) which, where the expenditure is to be charged to an account for funds received for that purpose, is in excess of amounts remaining in that account.

Mr. Chairman, I can only suggest that there, in the interim period, that there are cases where it is necessary for that to occur, but not on an annual basis when the main appropriations are passed - that on an annual basis that cannot occur. I can't give the member an example. If he wishes I can perhaps obtain for him the

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specific example or examples that require it to be included, but I can't give him an example at this point in time, precisely where that will occur.

MR. CHERNIAK: I'd like to suggest to the Honourable Minister that he should obtain it for himself, not necessarily for me, so that he can understand what it is that he is asking us to pass. Because Mr. Chairman, I'll go one step further - last year he brought an amendment to The Financial Administration Act bringing in Section 39. Now - and it may be the last year as well, and I don't recall whether it was or whether we noticed it - but now he's bringing in a section to set aside the impact of Section 39 under certain circumstances, and in an Interim Supply Bill, of all places. And Mr. Chairman, I have to point out to him that Section 41, which last year he repealed, contains more than but at least as much as, in my way of reading, the provisions that he has brought in in Section 7, which is before us now. So I have to say, why is it that last year he repealed a section, he brought in another section, and now he's bringing in legislation before us in Interim Supply which says, notwithstanding what I imposed on us last year, I want to have certain additional powers, which obviously I didn't have because of the changes that I made last year, and I'm bringing it in the back door, not through The Financial Administration Act, but indeed through the Bill.

And, Mr. Chairman, I know there can be mistakes. I even heard the Minister refer to some mistake that was discovered by somebody, I'm not clear yet, raised by the Member for Lac du Bonnet. He said, why that government - what did he term our government - he knows the words he used - did something that was wrong. But I'm saying here, last year he brought in changes to The Financial Administration Act and this year he's coming and trying to - well, not trying to, planning to - set aside certain provisions which he had us enact last year and now say, well, notwithstanding - that's literally what he's saying at the beginning of Section 7 - notwithstanding Section 39, the Minister has certain powers. Had I known that Section 39 was a section that is 10 years, 20 years old and we discover as time changes and administrative procedures change that there are necessary variations to be made, I would still say, why change The Financial Administration Act. But he didn't. Last year he changed The Financial Administration Act, and I think I'm going to try and look up whether in The Appropriation Act of last year he didn't already exclude Section 39. I don't know whether he did or not.

Mr. Chairman, it's obvious they won't give third reading to this Bill tonight, and I would like to think that the Minister will indeed come back tomorrow and explain this contradiction of passing something one year and next year say, well, in certain respects ignore what we passed and give me powers that I denied myself. And he said, if for my sake he will try to bring an explanation, or bring an example, I would suggest that he has time before tomorrow morning to find that example for his sake - I mean Thursday morning, I mean Thursday, Mr. Chairman - to be able to explain why it is we are now being asked to pass a law that sets aside a law he passed last year. I think that's a valid question, and one which begs a response.

MR. CHAIRMAN: Section 7--pass. The Honourable Minister.

MR. CRAIK: Mr. Chairman, the Section 39 says that you can't spend money out of appropriation if it is not an appropriation, unless it's an appropriation that is approved and passed in the authority of the Main Supply Bill. This makes it possible to do as I indicated before, to . . .

MR. CHAIRMAN: Order, please. The hour is 10:00 o'clock. Committee rise. Call in the Speaker.

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

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IN SESSION

MR. SPEAKER: The Honourable Member for Radisson.

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

MOTION presented and carried.

MR. SPEAKER: The hour being 10:00 o'clock the House is adjourned and stands adjourned till 10:00 o'clock Thursday morning.