



**Third Session - Thirty-Sixth Legislature**

**of the**

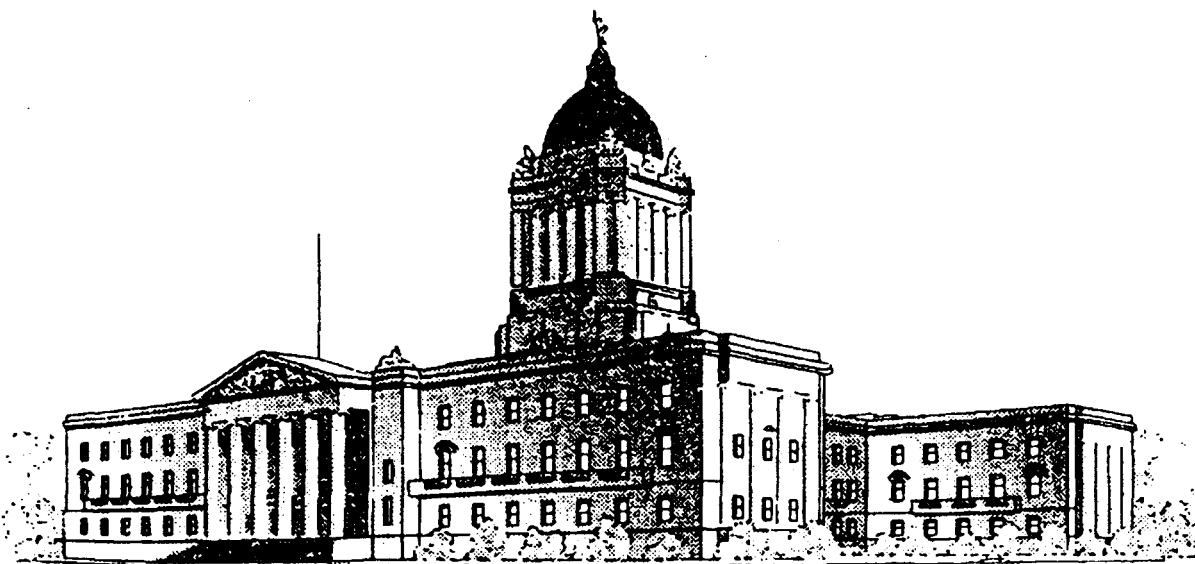
**Legislative Assembly of Manitoba**

**Standing Committee**

**on**

**Law Amendments**

*Chairperson*  
*Mr. Jack Penner*  
*Constituency of Emerson*



**Vol. XLVII No. 3 - 10 a.m., Friday, June 13, 1997**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

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BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
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HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
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KOWALSKI, Gary	The Maples	Ind.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
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MACKINTOSH, Gord	St. Johns	N.D.P.
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MIHYCHUK, MaryAnn	St. James	N.D.P.
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NEWMAN, David, Hon.	Riel	P.C.
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Vacant	Portage la Prairie	

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON LAW AMENDMENTS**

**Friday, June 13, 1997**

**TIME – 10 a.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Jack Penner (Emerson)**

**VICE-CHAIRPERSON – Mr. Gerry McAlpine  
(Sturgeon Creek)**

**ATTENDANCE - 10 – QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. McCrae, Newman, Praznik, Reimer

Messrs. Chomiak, Laurendeau, Martindale,  
McAlpine, Ms. Mihychuk, Mr. Penner

*Substitutions:*

Mr. Sale for Mr. Chomiak

**APPEARING:**

Mr. Gary Doer, MLA for Concordia  
Mr. Gary Kowalski, MLA for The Maples

**WITNESSES:**

Mr. Paul Moist, President, Canadian Union of  
Public Employees

Mr. Bob Maes, President, Canadian Union of  
Public Employees, Local 998

Mr. Ernest Gallant, President, International  
Brotherhood of Electrical Workers, Local 2034

Mr. John McKay, Private Citizen

**MATTERS UNDER DISCUSSION:**

Bill 55–The Manitoba Hydro Amendment Act

**Mr. Chairperson:** Could the committee please come to order. We have a bit of an unusual situation for committee's consideration this morning. We had a presenter that was not able to be here yesterday. Consequently, he was notified last week, Wednesday; a message was left on his voice mail. He asked whether his written presentation could be considered after the fact and entered in Hansard. If that is the will of the committee, we would then order it. It would not change anything, but it would then be shown as a presentation.

The presentation is a submission by the College of Physicians and Surgeons of Manitoba, and it is regarding The Midwifery and Consequential Amendments Act. If it is the wish of the committee, I would ask that we publish this with the rest of the reports that were issued yesterday. Agreed?

**Mr. Gary Doer (Leader of the Opposition):** Just on that, it appears that they had a considerable number of changes that they propose, so obviously it is just on the record. We had no way of examining this and asking questions about it. So be it, I guess.

**Mr. Chairperson:** The bill has been passed in committee, and that will stay as it is. This will simply be entered into the record, showing that they made a presentation and that was entered after the fact.

**Hon. James McCrae (Minister of Environment):** In any event, Mr. Chairman, I believe that it could be said that the College of Physicians and Surgeons would have been one of the organizations consulted by the Midwifery Implementation Council along the way. These concerns would not have been expressed for the first time in this presentation.

**Mr. Chairperson:** It is then agreed that the report will be shown as presented? [agreed]

There have been a number of requests for committee change.

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**Ms. MaryAnn Mihychuk (St. James):** I would move, with leave of the committee, that the honourable member for Crescentwood (Mr. Sale) replace the honourable member for Kildonan (Mr. Chomiak) as a member of the Standing Committee on Law Amendments effective immediately.

**Mr. Chairperson:** Is there leave? Is it agreed to? [agreed] Any other business before we proceed?

It has come to our attention that Mr. Allen Bleich and Bob Maes want to make a joint presentation. These two presentations are from CUPE. They will be done by Paul Moist. Is that agreed to by the committee? I would then ask Mr. Paul Moist to come forward.

Before Mr. Moist begins his presentation, I wonder whether there are any other people in the room who have not registered who might want to make presentations. If there are, I would ask that you register your name with the Clerk at the back of the room. Thank you.

Mr. Moist, you may proceed.

**Mr. Paul Moist (President, Canadian Union of Public Employees):** Mr. Chairman, members of the committee, good morning. My name is Paul Moist, and I am here today as president of CUPE Manitoba, on behalf of the 22,000 members we have throughout the province. Our opening remarks by myself and by Bob Maes, president of our Manitoba Hydro local, Local 998—we will both have a few brief opening remarks and then perhaps questions, if you are so inclined.

With respect to Bill 55 and the substance of it, just for openers, we did meet with the previous minister in early December of last year to talk about trends in the industry and contemplated moves of the nature outlined in Bill 55, and we advised Minister Praznik at the time that we had a concern. We were in the process of commissioning an economics professor, George Chuchman from the University of Manitoba, to provide some discourse on what would be the best route for Manitoba Hydro to go because the world is changing, of hydroelectricity.

We subsequently met in April with the current minister, David Newman, and again we reiterated that

we had engaged Mr. Chuchman, and we had some serious concerns with the pace at which government seemed to be moving. As of April you had not yet tabled legislative amendments, but Minister Newman advised us that would in fact be forthcoming, and that is the bill that is before your committee today.

We did state our general concerns. We outlined what we understand to be the process the Province of Ontario went through, the Macdonald Royal Commission. The Province of British Columbia has decided to step back for a moment and create a committee of all concerned parties to study the ramifications of how we function within the deregulated U.S. market. We are here today to make a presentation to you. Professor Chuchman, we would have preferred to have him here. He is out of the country right now. If, in fact, you acknowledge our argument and schedule public hearings, Professor Chuchman will be the first expert witness we produce to speak about the substance of Bill 55.

First and foremost we want to say that we are not here opposing change, and the world is changing out there rapidly. We are concerned with the pace that you are proceeding. We do not believe for a moment that your current exports, where we derive over a quarter of a billion dollars in revenue from sales, are threatened. Those deals are signed up. There is time for Manitobans to make a considered and informed decision beyond what has gone on to date.

For us and for Professor Chuchman the huge public policy objectives of Hydro, the main objectives are as follows: Hydroelectrical resource development is a major instrument of economic development in Manitoba, and it has been for many years. It has been an instrument of government risk-taking, research and development. Large-scale development of electrical power in Canada and in Manitoba, given the nature of our province and its sparse population, was something the private sector would not have done. Only the public sector took on that risk, and it has turned out to be a good move by previous governments.

Chuchman, before I turn over to Mr. Maes, Professor Chuchman talks on page 31 of his presentation, which I have tabled in front of you, about one of his core findings. The implications for the mandate and ownership of Manitoba Hydro represented by Bill 55,

and I will just go briefly to the bottom of page 31: "The planned changes to the Manitoba Hydro Act that are currently being debated, represent a major change in the mandate of Manitoba Hydro. The planned changes broaden the mandate of Manitoba Hydro and also, change its fundamental obligations to Manitobans, as follows," and he goes on to list what you are all versed in, the planned changes in Bill 55.

\* (1010)

He goes on to say on the bottom of page 32: "the broader mandate in the planned legislation, 'empowers' Manitoba Hydro to compete more effectively in export markets and potentially allows, but does not require, it to carry out its original mandate more effectively. On the other hand, the original mandate (obliging Manitoba Hydro to confine its activities to meeting the electric power needs of Manitoba) is now diluted to the point that Manitoba Hydro and the Manitoba government are now permitted a much freer hand to trade off virtually any other objectives against the prime objective of providing power to meet the needs of Manitobans."

He goes on to say, and I will conclude quoting from his brief: "As well it weakens the perception of Manitobans that Manitoba Hydro is owned collectively first and foremost to meet their basic needs for electricity." That is the part of Bill 55, Section 2 of your bill before you, that concerns us greatly, along with the pace at which this is proceeding. We believe strongly that public hearings in all regions of Manitoba, in the North, in the south, here in the city of Winnipeg, are desirable before we leap into such a fundamental change in the mandate of this most important of all Manitoba Crown corporations.

Mr. Maes has a few comments, and then we will answer any questions.

**Mr. Bob Maes (President, Canadian Union of Public Employees, Local 998):** Thanks, Paul. Thank you, Mr. Chairperson. Good morning. As Paul indicated, I am president of Local 998 of the Canadian Union of Public Employees. We represent approximately 800 clerical and technical employees at Manitoba Hydro.

Less than a month ago, the government introduced a bill in the Manitoba Legislature that would make

dramatic changes to the way Manitoba Hydro operates. Because of the sweeping nature of these changes, we commissioned an independent study of the bill. George Chuchman, a highly respected energy economist at the University of Manitoba was commissioned to prepare an assessment of Bill 55.

Because of the speed this bill is being pushed through the Legislature, we are releasing this report in draft form today. As you will see, it does not have the usual executive summary or formal conclusions. However, if we were to wait for the report to be completed, and I might add that Dr. Chuchman has worked very quickly in preparing this report, the bill may well be through the Legislature.

This report raises serious concerns for all Manitobans. The study indicates that proposed changes to The Manitoba Hydro Act could lead to higher electricity rates for residential and commercial consumers, lays the political groundwork for the privatization of Manitoba Hydro and dilutes Hydro's responsibility to meet the energy needs of Manitobans. Following on the heels of last winter's hurried sell-off of Manitoba's Telephone System, we cannot help but suspect that this government is preparing to sell Manitoba Hydro after the next election.

Before that happens, there must be a full public review of the changes that are being contemplated. Otherwise, Manitobans will find themselves paying increased electrical rates to a privatized Manitoba Hydro. For this reason, we are calling on you to hold extended public hearings throughout Manitoba before going ahead with any changes to The Manitoba Hydro Act. The government is rushing through dramatic changes to Manitoba Hydro. We are not opposed to change, but we feel Manitobans deserve to have input into changes. Instead, the bill is being rammed through the Legislature.

We are releasing a summary of some of the key observations made in the Chuchman report. I would like to draw your attention to the comments that Bill 55 amounts to a major change to the mandate of Manitoba Hydro which will alter Manitoba Hydro's fundamental obligations to Manitobans. Manitoba Hydro is now mandated to meet the electrical power needs of Manitobans. Under the new mandate it will have the

authority to enter into joint and foreign ventures, not related to supplying electricity to Manitobans, develop Hydro sites dedicated to serving export markets, allow U.S. and Canadian utilities to compete in the Manitoba wholesale electricity market.

This is a very different sort of Manitoba Hydro than the one Manitobans are used to. It is a Manitoba Hydro which will be running far more risks, possibly in foreign countries, possibly engaging in economic activities that have nothing to do with providing Manitobans with electricity. These changes may be beneficial or detrimental in the long run but they should not be undertaken in the dark. We want to know why the government is making these changes, what activities and risks are being contemplated.

Dr. Chuchman's report also lists the potential benefits and risks of deregulating Manitoba Hydro in this manner. The list raises many important questions. These are questions which we believe should be fully debated now before changes are made to Hydro. We have asked the government why the rush?

Manitoba Hydro is a profitable corporation. Our export contracts are secure until well into the 21st Century. We provide Manitobans with cheap power, generate considerable government revenue and serve as an engine for economic development. Manitobans are being told this bill is needed to facilitate further energy sales to the United States. The fact is that many of the changes in this bill have nothing to do with U.S. energy sales. If the government were to limit the bill to those changes which would facilitate further sales, we would not be here today. But the changes in the bill go far beyond this. We should look before we leap.

Both Ontario and British Columbia have recently undertaken an extended review of their provincial hydroelectric utilities. This is too important to do on a piecemeal basis. The report which we are releasing raises serious questions. Manitoba Hydro provides all Manitobans with cheap, dependable energy. We wish to ensure that this supply is not being placed in jeopardy. Manitobans deserve to be made aware of the risks the government is courting, and they deserve full answers to the questions that have been raised in this report. This can only happen if the government

withdraws the bill and holds public hearings before proceeding any further.

**Mr. Chairperson:** Thank you very much, gentlemen.

**Mr. Doer:** Yes, thank you very much, Mr. Moist and Mr. Maes for the presentation. Last evening Mr. McLean indicated that Bill 55 would allow Hydro to cut the chains of employee relations in terms of dealing with the provincial government set of guidelines and standards dealing with labour relations. Have you been given any indication that Hydro would be outside of the so-called public service negotiations and therefore the chains would be cut in terms of labour relations pursuant to this bill?

**Mr. Moist:** No, none at all.

**Mr. Doer:** You mention the speed of changes, as representatives of many of the people that work in contact with the public. Would it be your view that the public has any idea of what is contemplated in the changes in this Bill 55? Do they have any understanding at all of what this is and what are the possible upsides and downsides? I think your brief basically says that there is support dealing with the interconnection realities of Hydro, but, as people in contact on the front lines with the public, do you think there is any perception that the public would have of what is in this bill, and what are the long-term impacts for Manitobans who are now presently the owners of Hydro through their elected representatives?

**Mr. Moist:** Through the Chair, there have been a lot of events going on in Manitoba since this session of the Legislature convened, and it has not been a heavy legislative session compared to others. I do not think there are many Manitobans at all that know that this bill is here before the Legislature. I also know there are many Manitobans who do not take the provision of hydroelectric services for granted. Many Manitobans did not receive hydroelectricity until recently in rural Manitoba, and we would think, given the importance of Manitoba Hydro to the economy of Manitoba and to all Manitobans, that this would be something that would merit wide discourse throughout the province. I do not think for a moment a very large percentage of the public has any inkling that such a fundamental change is before the Legislature right now.

I heard yesterday the minister saying he had adequately briefed all parties in the Legislature. Well, that is fine. Those are not the only shareholders in Manitoba Hydro.

\* (1020)

**Mr. Doer:** There is a considerable amount of concern in your brief flowing from the privatization of the Manitoba Telephone System, and it was confirmed yesterday by a representative from the CFL who said that their members at the Telephone System believed that there would not be a privatization of MTS before the election, and the mandate changed after the election, and a majority government could proceed unilaterally to privatize. Is there a lot of fear that you mentioned after the election campaign? We would argue that the best way to deal with this is to change the government, but that is not the question I could ask you. Is there a lot of fear that employees would have?

**Floor Comment:** The committee cannot do that.

**Mr. Doer:** No, the people can do that. The real question is, you are supporting the interconnection and realities of interconnection as all of us would. Is there a lot of fear of employees that there is a potential for a repeat of the Telephones situation, where you have reassuring language before an election and then the Premier (Mr. Filmon) in essence making a decision over the management of the Telephones and over the management and the Minister of the Telephones after the election campaign?

**Mr. Maes:** Yes, that is definitely a concern of ours, that things like that happen. Like, all we can go on is the past record of the government and how they handled MTS, and many of our members see the same things happening here. There are the similarities, the restructuring, the deregulation. The parallels go on and many of our members see the same things happening now with Manitoba Hydro as what was happening with MTS.

**Mr. Moist:** As well, Mr. Chairperson, we are not here specifically today speaking on behalf of Winnipeg Hydro employees, but we have 500 employees of Winnipeg Hydro who read repeatedly that the mayor of the city would like to privatize Winnipeg Hydro, and I

have spoken to the minister and the previous minister about this. I believe at times the point is lost upon that elected official, that they do not have the authority to privatize Winnipeg Hydro, but I can tell you that it unsettles the workplace on a constant basis.

I think hydro development in Manitoba is an important subject matter that ought not to be flippantly considered, and on Main Street here in the city of Winnipeg, people talk openly about privatizing many things, including Winnipeg Hydro, which they do not have the authority to do without this Legislature's concurrence.

There is nothing in this bill that indicates that, but in specific answer to the question, employees should be focused upon providing basic and needed services to citizens and not having to go to work every morning fearing for their jobs. At the end of the day there is an element of trust that all Manitobans have with government or do not have. Based on the experience of last session of this Legislature, there is a real question of trust out there.

**Mr. Tim Sale (Crescentwood):** Mr. Moist or Mr. Maes, in your discussions with Dr. Chuchman, was he able to identify any elements that make the sale more urgent than would be required in order to allow for, say, a six-month process of public consultation? He is an expert in this area. Were there any areas where he could point to the government having a rationale for this kind of speedy transaction?

**Mr. Moist:** Through the Chair, Professor Chuchman, who incidentally up until recently was a member of the Crown Corporations Council of this province, dealt with it, I think, in a balanced way in his report on page 18 and page 19. He summarizes arguments for and claimed advantages of deregulation, and they are there. Some of them have been advanced in these chambers and in the Legislature by certain spokespersons. And he summarizes the arguments against or the claimed disadvantages of rapid deregulation. If you just look through points 1 through 4, the advantages, there is nothing in there of an urgent nature. He does say what we all know; this is the way the world is going.

In the area of disadvantages there are a number of things which I think speak to the necessity for taking a

step back. He lists them in 1 through 9 and I will only pick out a couple of them. On page 19, Nos. 7, 8, and 9 are key and fundamental points that merit six months hoist in order to consider things. He says one of the disadvantages might be, in Canada, privatized, de-integrated Crown electric utilities could evolve into foreign-owned oligopolies; 8, overall electricity rates may go up if transactions costs due to additional marketing and intermediation of electricity distribution exceed the cost savings from competitive generation; finally, 9, wholesale competition will lead to a tilting of electricity rates in favour of large industrial and commercial customers whose rates will decline and result in significantly higher electricity rates for residential consumers.

We might be in a hurry if we were pursuing lower rates for all Manitobans, but we have amongst the lowest rates in the world. So, Chuchman, I think, provides you with a balanced overview of the pros and the cons. To specifically answer the question, there is much more on the con side of the table that merits, I think, sober, considered reflection by all Manitobans.

We should do nothing to threaten the situation that we have now, which is a good situation, and we must enhance our market share in the U.S. Nothing in this bill is going to advance our market shares in the U.S., and they are not threatened right now despite what the Free Press editorial pages say. We have cheap power that U.S. customers want, and we have signed deals which are serving Manitobans well. Those deals are in place until 2006. We must move into this market; we must do it in a considered fashion.

**Mr. Chairperson:** Thank you. I have allowed the debate and the discussion to go beyond the time limit that was agreed to yesterday because I find that this discussion is important and that it is informative. I would ask that we allow one more question of the presenters, and I will ask Mr. Laurendeau for a final question.

**Mr. Marcel Laurendeau (St. Norbert):** Paul, Mr. Moist, to you. You quoted from Mr. Chuchman's paper on the one aspect, and it was on page 32 at the very bottom: "As well it weakens the perception of Manitobans that Manitoba Hydro is owned collectively first and foremost to meet their basic needs for

electricity." When we are talking perception and then we are talking basic needs, could you explain to me the two, the perception as well as what he would feel or you would feel those basic needs are, because you do speak within the report of government and Crown corporations being those risk takers which again at other times you are speaking against, and then you speak about the cost effectiveness of Manitoba Hydro and our competitive nature, and then you speak against it at another point? If you could explain me the two contradictory statements, I would appreciate that.

**Mr. Moist:** Mr. Chair, I commend you to read the whole Chuchman submission, which I will grant you you have not had the chance to do, but Chuchman argues in a history of the creation of Canadian utilities that the private sector would not have engaged in the generation investment needed to extend affordable electricity rates to all Manitobans, to all Ontarians, and he compares us to Quebec and B.C. as well. So that is an historical argument that he makes.

When we talk about perception of ownership, he is speaking specifically to Section 2 of the act, where most Manitobans, I think, without being people well versed in exact wordings in legislation, most people in Manitoba believe what exists in Section 2 is theirs. It is their Crown corporation. What most Manitobans do not know and have not had an opportunity to have discourse on is the proposed expansion of the purposes, intent and object of this act. It goes way beyond what most Manitobans feel Manitoba Hydro primarily exists for, and that is the provision of electrical services to citizens of this province.

Most Manitobans understand we sell power south. They do not understand we are taking our mandate, and Chuchman argues it may not be a bad move in the long run. It is a significant move to take the primary purpose of this act and to shift it in a manner such as you have done.

Under perceptions of ownership, I will just conclude by saying, most Manitobans do not get into these things to the extent that yourself or perhaps myself would get into them. Most Manitobans know that deregulation of the communications industry was followed by privatization. Most Manitobans know that deregulation of the airline industry and transportation industry was



followed by privatization of those industries, and most Manitobans know, whether it is communications services or airline services, certain segments of the population have benefited and certain consumers have not benefited.

Residential phone users are not going to benefit from the competition in long distance phone rates and the breakup of MTS. They are going to be hurt by it, just like citizens of other countries have been. In the airline industry, if you are a business traveller in Canada, it has been a good thing for you. If you travel to The Pas or to Thompson or to Thunder Bay to visit your family, it has been a bad thing for you. So regulation is a dirty word these days. During the General Motors strike last year, we saw the unions trying to defend their members' interests, talking about needed regulation, and we saw government turning a deaf ear to it.

\* (1030)

We are asking you with Bill 55 before you today to not turn a deaf ear to slowing this process down and looking very carefully at how we enter the new reality in the U.S., because surely we must enter it. We are not arguing like dinosaurs here against change; we are arguing that this is a fundamental shift, and we perceive, or Dr. Chuchman perceives that most Manitobans feel they own Manitoba Hydro, and they perceive correctly. They perceive that the mandate that exists now is the primary one that should exist. So I do not think we are being contradictory if you read the whole paper. The historical overview talks about the strength of government, and Manitoba Hydro has been a strong feature of government for all Manitobans.

**Mr. Chairperson:** For a final comment, the honourable minister.

**Hon. David Newman (Minister charged with the administration of The Manitoba Hydro Act):** Thanks very much for taking the time to get an academic review of this, which came in time for me to have a very close look at it, and for making a submission today.

I am very comfortable with this legislation and think all Manitobans are going to be very, very pleased with the increased freedom and capacities that Manitoba Hydro has as a publicly owned Crown corporation,

accountable to all Manitobans. I believe what was said yesterday, that this is a cautious, rational approach to deregulation. I agree also that it will allow business decisions to be made and tested against genuine business criteria. However, it still allows matters of public policy and consumer protection to stay with the duly elected government, and I would add to that, with the Public Utilities Board as well.

I would also endorse the comments made yesterday by presenters that all of the criteria used to evaluate the responses to deregulation by responsible stewards in the public interest are being satisfied, and satisfied up to a very high standard by the amendments and the approach taken by this legislation.

I would also remind you that we are responding to the requests of Manitoba Hydro, its management, its board of directors. They want this freedom and power. We are giving it to them. We did not give them all they wanted because we wanted to protect the public interest and continue to make them accountable. As a result, we have in fact reduced the capacity to engage in retail competition, so that it is actually precluded in the amendments.

With respect to the whole issue of ownership, we have confirmed in legislation, unlike in the previous act, the limits on the ability to divest themselves of assets, or with subsidiaries, to divest themselves of shares. So all of the kinds of anxieties, the fears that people have that this very fine Crown corporation might, in some way, be tampered with or dealt with in ways that the public does not believe in, are dealt with, I feel, in a very satisfactory way.

I am comforted that the official opposition and the Liberal opposition have not really come forward with substantive concerns. We still have to go over it line by line, and maybe they will raise some in the process. Now, I will listen to that, but I have not had any substantive arguments presented about the legislation. I have heard fears; I have heard emotions.

With respect to Chuchman's report—and I have had a chance to analyze it; I have not had any expert analyze it. I do not pretend to be an expert myself, but I am gaining an increasing knowledge of what is happening in the industry. Your choice of what is stated on pages

18 and 19 is really an unfortunate choice because that represents an overview of the whole national, the whole Canadian scene. Chuchman does not go into the Manitoba situation until page 31. There is nothing that Chuchman says that causes me any concern. If anything, his analysis, which I do not agree with some of the words he has used, in some ways is helpful because it gives the broad picture.

I agree with Chuchman when he says on page 36: "The changes in the Manitoba Hydro Act are obviously aimed at providing competitive access to non-adjacent wholesale markets in MAPP and beyond by gaining U.S. regulatory approval from FERC. Comparative advantage in hydro generation makes this prospect potentially very attractive for Manitoba Hydro. The changes in the Act also pave the way for development of hydro-electric sites dedicated to long term power exports."

The whole thing about rates that Chuchman deals with, when applied in the Manitoba situation, are not a problem at all. The only wholesalers in Manitoba are Manitoba Hydro and Winnipeg Hydro. On page 37 when he talks about a theoretical potential, which I do not agree with because there are checks, there is an agreement, a negotiating process, and there is also the Public Utilities Board, but even if his analysis were an accurate analysis, the solution, if there were any higher rates in the core area of the city of Winnipeg, which is served by Winnipeg Hydro, the only other wholesaler, would be to sell it off, merge it with Manitoba Hydro, and then it would not be an issue. I mean he even raises that possibility, and you know full well that is something that has been spoken about. It was raised publicly in the fall last year.

You and I have had conversations about that possibility, and if the city advances a case and says that it would be in the best interest of city of Winnipeg residents to have an integrated system involving them, we would listen very carefully to that as a government, and I am sure Hydro would listen carefully as the Crown corporation, and that debate and dialogue is something that can and probably should continue.

So there is nothing in Chuchman's report that causes me any concern. The people that really have concern are the Americans. I have just come back from a

meeting with governors in states that have serious problems, and the problem in the States is described as \$150-billion problem. That is the stranded asset problem which is going to mean increased rates. We have a competitive opportunity, increased rates in the States in the use of transmission lines. We have a competitive opportunity in Manitoba for Manitoba Hydro. If we give them the freedom capacity to do business, we have an opportunity to take advantage of what are entrenched weaknesses in the American marketplace.

So I am very enthusiastic and very optimistic about this bill and what is going to happen to Manitoba Hydro as a result. I think the people of Manitoba should be excited and pleased with the amendments and with the powers that Manitoba Hydro has. I think the proudest and most pleased should be the employees of Manitoba Hydro because they are going to be directly involved in this exciting process.

I am very pleased to see the IBEW has seen that and I am hoping your union and your local, Mr. Maes, will see it and embrace it enthusiastically, because we all as Manitoba citizens, and I am sure you as employees, me representing, as steward and trustee, the ownership. I want it to be successful, and I am sure you do, too. I am confident. Manitoba Hydro board is confident. Manitoba management is confident. IBEW is confident. All of my caucus is confident that will happen with these amendments.

That is not to say Manitoba Hydro does not have a lot of challenges, because it is a changing marketplace. We are going to have to allow them to exercise this freedom without us interfering when they seem to be going in a direction unnecessarily, because they are going to have to take some more risks; there is no doubt about it. We give them the right to take some more risks, but we also have limits on them. I hope that, without too much time going by, you will become as excited about this bill and the future of Manitoba Hydro as I and my colleagues, management, board of directors, and IBEW are.

\* (1040)

One final comment about the public information, I am very pleased with the dissemination of information

to the public. The Hydrograms, the open dialogue about this whole issue has been going on for over a year. Manitoba Hydro would have been in a better position, perhaps, to have had this legislation passed a year ago, because then they would even have had more ability to be proactive.

Once again, thank you very much for your contribution to this important process.

**Mr. Chairperson:** Thank you very much. That precludes the presentation—

**Mr. Moist:** Mr. Chairman, just one brief response to, if I could—

**Mr. Chairperson:** Mr. Moist, before I allow you to continue, I indicated before that I would allow a final closing statement. [interjection] Just a minute.

**Mr. Doer:** You let the minister go on in 10-minute speeches. This is debate.

**Mr. Chairperson:** I am sorry, Mr. Doer, order. I asked—

**Mr. Doer:** A double set of orders. Mr. Chair, may I—

**Mr. Chairperson:** Just a wee minute. I indicated before that I had allowed the debate to continue and the presentation to continue beyond the set time limits that this committee agreed to. I indicated that I found the presentation interesting, informative and I found the debate of importance enough to allow the debate to continue beyond the time limits that the committee had set. I have gone way beyond that time limit, and I ask that you give due consideration to the rules that this committee set for itself and you have asked me to abide by. I had given adequate leeway to give consideration. I will allow comments on procedure after I conclude this portion of the presentation. So I suggest, as Chairman, that I be given the right to run this committee in an orderly fashion. So I thank the gentlemen for their presentation; I thank the minister for his presentation.

#### Point of Order

**Mr. Chairperson:** On a point of order, Mr. Doer.

**Mr. Doer:** Yes, on a point of order. The Chairman said he will allow one more question over the time line for Mr. Laurendeau, and then the Chairman said he will allow the minister to speak for a minute, which was again inconsistent with his first ruling. The minister has made a number of statements after you had said that Mr. Laurendeau would be the last questioner. The minister has made a number of statements, spoke for at least 10 minutes on a number of issues that are important in the public interest. The presenters who heard the minister speak for 10 minutes wanted to respond to his points. I think you should allow them to do that after you allowed the minister to speak 10 minutes to them, and I think there are a lot of issues that the minister has put on the record in a parliamentary committee like this that are worthy of discussion in terms of another, perhaps, point of view.

So I think you should allow the presenters to answer the points raised by the minister because that is in the format under which the minister spoke. After the public presentations are over, which includes two-sided presentations, there are some other issues that we may want to respond to in terms of the minister's statement after the public presentation point of the hearings. But I would suggest to you, Sir, that if the minister is speaking in the period of time that the presenters are here, they should be allowed to answer the questions raised by the minister. I would ask you to rule that in order.

**Mr. Chairperson:** On the same point of order, I would grant Mr. Doer, he does have a point of order, because that is procedural in nature that we are talking about. Therefore, I will allow the point of order, and I will allow the minister to respond to the same point of order.

**Mr. Newman:** I appreciate, Mr. Chair, that you are doing your job. The committee set a rule, and you have to follow the rule as the Chair. However, I would invite the committee to grant leave to have the presenters respond to what I had to say, and I would invite several more questions. I know Mr. Sale had his hand up, Ms. Mihychuk, to ask a question or two each. I think it is an important issue and I took full advantage of my opportunity to speak, but I welcome discussion on the issue further.

**Mr. Gerry McAlpine (Sturgeon Creek):** On the same point of order, Mr. Chairman. That is exactly what I was going to say, that the committee can grant leave for the presenter to respond to the question, and I think that the Chair has that right to ask leave of the committee to do that.

**Mr. Chairperson:** Thank you, Mr. McAlpine. Ms. Mihychuk, on the same point of order.

**Ms. Mihychuk:** On the same point of order. I too have been very patient, and presumed that this was going to follow the standard procedure of questioning to the delegation. The minister's comments, I would view virtually as an opening statement, and I would request that the Chairman grant the opposition the same liberty to put on the record our position and respond to some of those very important issues.

**Mr. Chairperson:** Thank you very much. It is certainly within the powers of this committee to extend and change the decision that they had made yesterday. If they want to extend, if it is the committee's will to extend the discussion, I am quite prepared to hear this.

I want to correct Mr. Doer on one point he made. I did not indicate to the minister that he would have a minute. I suggested he would have a final position to state, and he did that. I did not indicate what the time limits would be allowed. So I want to correct that statement, and I think Hansard will show that.

\* \* \*

**Mr. Chairperson:** What is the will of the committee? Is it the will of the committee to continue the discussion? [agreed]

**Mr. Moist:** Mr. Chairman, one of the great features of the rules of the Manitoba Legislature is public hearings, and it has served us well in the past. I thank the minister for his comments in letting this continue.

Just in response to some of those comments, very briefly. With respect to the Manitoba Hydro Board of Directors requesting this legislation, through the Chair, to the minister and the previous minister, our union has spoken to you about a decision of the previous government to allow worker representation on board of

directors. Our board of director member, for reasons of promotion within Hydro, had to leave the board two years ago, and we have asked, through the Chair, the present minister and the previous minister about the merits of a worker sitting on the board of directors to have discourse as legislative requests are being formulated. I still think that is a good suggestion.

Secondly, with respect to those groups and those employees and others in the community open to change, if you read, in its entirety, Chuchman's document, it is a balanced overview of a very important decision that is before this committee. In fact, he offers an option on page 35 of how you might seek a new direction in the deregulated U.S. market without the change to the mandate that you are proposing, and it is only two sentences. He says: "An alternative to these changes in the Manitoba Hydro Act, that would retain the original mandate of Manitoba Hydro would be to set up a separate crown corporation with its own separate mandate to participate in international ventures and to develop hydro-electric resources for export."

Now I am advised—and I am, like the minister, not in any way, shape or form an expert on these matters—that paragraph could be the subject of days of discussion between us from all perspectives. We would produce, as a union, expert witnesses to speak to that proposition, which would allow Hydro to move in the direction it needs to move in while maintaining the original mandate of Manitoba Hydro. So I am not saying that Chuchman's argument there is the be-all and end-all. It merits consideration, especially when you consider what is in Bill 55 and the fundamental shift you are proposing. So I do not want in any way, shape or form our position in this submission to be characterized as us opposing change or not recognizing the reality of the world that Manitoba Hydro has to compete in.

\* (1050)

Finally, unless there are any further questions, you spoke of opportunities, and I believe there are opportunities. Coincident with opportunities go obligations, and you said at the outset of your remarks you think Manitobans will support this bill. There is a way for you to know what all Manitobans would think, and that would be to open up the dialogue such as was

done in the province of Ontario with the Macdonald Commission, and is currently being done in British Columbia. It would not be to allow CUPE to make representation. We have that opportunity here. It would be to allow all Manitobans and all stakeholders to make representation on this bill, or any other bill of a similar nature, so you would not be in a position of having to think what they think. You would know what they think.

**Mr. Chairperson:** Thank you, Mr. Moist.

**Ms. Mihychuk:** I do not have a question for the delegation, but I would like to have a few comments.

**Mr. Chairperson:** Proceed.

**Ms. Mihychuk:** The minister is very, very comfortable with this bill and that must be reassuring for him, but I must say that for most Manitobans what they are uncomfortable with is the uncertainty of Manitoba's ownership and its future. The decision to go into a fairly significant change of direction of Manitoba Hydro is significant and requires public debate, and I would like to say that indeed we on this side, and I, are open and in favour of interchange sales, open for Hydro to go out and market a resource that we built as a province, that all the people of Manitoba committed to. We are proud, we are proud of Manitoba Hydro's ability to go out there and secure sales in the northern power agreement and look for other opportunities, and use those investments to benefit Manitobans. We are not opposed to that. In fact, we are proud of Hydro's record and look for further development.

What we must have is Manitoba Hydro's commitment, its complete dedication, its foremost goal to the citizens of Manitoba that took the risk from the beginning, who covered the mortgage from the beginning, who believed in Manitoba Hydro through all of the years of development, through electrification of rural Manitoba to now, that the dedication in Manitoba Hydro remains first and foremost with the citizens of Manitoba. So we will be presenting a number of amendments that will deal with that issue.

The minister also feels that the issue of the sale has been dealt with. Well, the minister may be in a similar

situation as the minister of the telephone system who was not, we believe, aware of the sale, and it may not be his mandate at this time to sell Manitoba Hydro, part of or all of Manitoba Hydro. If he believes one clause in this bill is going to reassure the people of Manitoba or give them a feeling of comfort, I am afraid he is mistaken. The government's record is what is causing concern about this bill, and for that reason I feel that the government has an obligation, an obligation to listen to the valid proposal of this worker's group, CUPE, and the opposition which has asked for a six-month period of discussion where the people of Manitoba will have an opportunity to talk about what is called deregulation, will have an opportunity to talk about the new ventures that Manitoba Hydro is talking about. What are the joint ventures? What are these foreign markets? What is the vision of Manitoba Hydro and how can we be secure with the feeling that it is going to be there first and foremost for Manitobans?

So the minister is carrying a legacy, a legacy of the sale of MTS, fair or unfair, but his government and he, as the minister, carry that legacy. People do not believe the government, do not believe the minister and do not believe the clause. The clause is there presumably to assure Manitobans, to avoid this debate, but it is unavoidable. What we saw by MTS was a—

#### Point of Order

**Mr. McAlpine:** On a point of order. Mr. Chairman, and I do not mean to cut the honourable member off—St. James—but I think in the interest of the committee, I think in respect to the presenters here, that maybe the Chair could excuse the presenters that are here, because I think the presentations have been concluded at this point. So I think in fairness to the presenters that the committee should excuse them rather than put them through the—standing at the podium there.

**Mr. Chairperson:** Thank you very much, Mr. McAlpine. I certainly will do that. Mr. Moist and Mr. Maes, you may sit down. We are finished with the presentation.

So I thank you very much for your presentation at this time. Ms. Mihychuk, you may proceed.

**Ms. Mihychuk:** On a point of order, please. I would just like the committee to acknowledge that there are indeed two additional presenters to the committee. That does not conclude the presentations.

**Mr. Chairperson:** Ms. Mihychuk, as soon as you are finished with your presentation, I will indicate what the next procedure of order will be and how many people are still left to make presentations.

\* \* \*

**Ms. Mihychuk:** I was responding to the minister's statement that he feels very comfortable and feels the issue of the sale has been dealt with, and saying that the proposal for such a massive change of Manitoba Hydro's mandate and a significant change in the way Manitoba Hydro will operate, by very necessity, raises the concerns of the people of Manitoba. We feel that they do have or should have an opportunity to express them, to talk about the vision of Manitoba, and to express their vision to the government. Many Manitobans would like to have a say on the issue of the sale of Manitoba Hydro. This vehicle, this opportunity, when we are discussing Manitoba Hydro is the perfect one.

The problem with this bill, in the timing, is that it is after the worst winter of Manitoba's history. It is after a huge blizzard and after the largest flood that has ever been—to Manitoba Hydro's benefit, I am sure. Manitobans are exhausted from such a season. We now are in a legislative session that deals with over 60 bills, this one being a fairly substantive bill, because it deals with such an important issue and that is Manitoba Hydro. So we have asked the government to provide the time for Manitobans to discuss Manitoba Hydro, to express their commitment, to look at the vision, to review the government's plan, to then decide if they wish to express concerns to the government. We say to them why not allow it? Why not listen to the people of Manitoba and provide that opportunity? So I hope that you will have an opportunity to consider CUPE's suggestion of allowing public presentations, so that we can indeed have a broader discussion about Hydro's future and vision. Thank you.

**Mr. Chairperson:** I will now indicate to the committee that there are two further presenters that

have been put on the list. The first presenter will be Ernest Gallant. I would remind the committee that we will revert back to the time limit that has been set by the committee. That is, 10 minutes for presentation and five minutes for questions. I intend to, as Chairman, adhere to those guidelines very strictly.

Mr. Gallant, have you a presentation for distribution?

**Mr. Ernest Gallant (President, International Brotherhood of Electrical Workers, Local 2034):** No, I do not.

**Mr. Chairperson:** You may proceed.

**Mr. Gallant:** Thank you. I am Ernie Gallant. I am president of IBEW Local 2034 representing some 2,250 workers at Manitoba Hydro. I apologize, firstly, for not having been here last night. Certainly, it was my mistake not to have been available at that point, but I was in the process of celebrating my 26th wedding anniversary with my wife and family. So I hope you will bear with me on this.

\* (1100)

**Mr. Chairperson:** Congratulations.

**Mr. Gallant:** Thank you. I would also ask your indulgence. I am not a public speaker. I am a journeyman lineman by trade, for the past 25 years employed by Manitoba Hydro, actively in the field as I am today. I have been president of this local for two years now in a three-year mandate, and it has been proven to be a very interesting challenge for someone who, like myself, comes from a field-tools environment. So, once again, I beg your indulgence; public speaking is not my long suit. If you need power lines strung, I will be happy to help you out.

I would just like to say at the outset that I am here to support the submission made by my business manager, Mr. McLean, last night. I have a copy and have gone through it in detail, and certainly I do, fundamentally and exclusively, agree with all of it and all of its components, its eight points and so on. Therefore, I am here representing our members to ensure that there is no mistake, that on behalf of myself and the executive and the staff of the IBEW representing our workers, we

are in concurrence with Bill 55, and we wish to support it at this time.

I have some random notes which I have created while I was sitting at the back, so bear with me, please. We see this not as a threat to our membership but, in fact, as an enhancement. By looking for opportunities, extraprovincially and outside of our normally mandated area, I see this as an opportunity to guarantee continued employment for those members whom I represent today and, in fact, to build membership for the future. In my view, this is our opportunity to become more widely available across the country, across the nation, across the world for that matter, in terms of the provision of electrical or energy services as a whole.

I believe that we can no longer stand pat in our present situation. I believe the world environment is changing in a rapid course, and if we do not react to that, we will somehow be adversely affected down the road. Ultimately, that is one of the hardest decisions I have been asked to make in terms of the—it is a weighty responsibility to make decisions on behalf of 2,300 people who may well suffer consequences of any type from those decisions. But I have, in due consideration and in consultation with the members and the executive, come to the conclusion that this course of action will, in fact, enhance the future of our workers, and, ultimately, that is my responsibility. I am, as our members, a citizen of Manitoba and a consumer of electrical energy, and therefore I have a vested interest in that as well.

I do not consider the issue of privatization because I do not see it dealt with in this forum and, therefore, it does not represent a concern to me at this time. We, as a membership, as a union, do not have a position with respect to privatization at this time. Obviously, if down the road we need to consider that, that will be done at the appropriate time.

I have been in contact with some of our members in the United States over the past two years, and, rest assured, they are envious of our situation. They are going through hell, if you could excuse the language, with respect to the workers in their particular jurisdictions. Their future is uncertain at best; their numbers have been reduced substantially; and they are suffering. When I talk to them face to face about our

position and our situation here in Manitoba, it becomes eminently clear that we occupy a preferred position in the energy business in North America. They would love to have our resources and our future. So I am very positive about the future for our organization and the potential that we will be able to involve ourselves in over the next few years.

Manitoba Hydro and the IBEW have had a long, solid relationship. Since 1958, we have represented the members in that situation, and I have never had a work stoppage of any kind, and I attribute that to trust and respect. I think our management at this point is endeavouring through its quality initiatives to develop an even further enhanced relationship with the workers, to involve them in a fundamental way, and to empower them—that is the key word. It seems to be the buzzword that is being utilized everywhere.

I strongly believe that in order to motivate people to take ownership not only of their job but their whole company, you need to treat them as active participants, people who have a role to play, in fact, have positive things to add to the business. That relationship is critical. It is somewhat tottering at this point with respect to the present situation in our negotiating a renewed contract for the next three years, the issue being that they have been asked, through the quality initiative, to become an active player in our business and to be trusting and to be respectful and to take a more active role in the delivery of service to the customer. They really need to see something positive in the way of a wage increase in order to cement that relationship, and I would, of course, be in a position to ask for that consideration as well.

Here, again, I am glossing through what I have written here. Our sister local represents some 1,500 IBEW workers at MTS, and through consultation with them, we see ourselves in a fundamentally different situation than the Manitoba Telephone System in that their need for capital influx to accommodate technological changes is not prevalent in Manitoba Hydro. Therefore, we do not see that the deregulation or at least the privatization is an issue for us at this time.

I am strongly committed to this organization. I am a loyal worker for Manitoba Hydro. I am proud to be a

worker at Manitoba Hydro. I think we all are. I think pride is a fundamental which we all carry with us, and I think that is evidenced quite clearly by the quality of service that the people of Manitoba receive in terms of the continuation of services, the limitation of power outages and the phenomenal lengths to which my members go to provide service to the people in all types of adverse conditions, weather and otherwise.

That is basically all I have to say, and I thank you for your attention.

**Mr. Chairperson:** Thank you very much, Mr. Gallant.

**Mr. Sale:** I thank Mr. Gallant. I absolutely agree with him in terms of the dedication, the commitment, skill, quality. I have relatives and friends in other jurisdictions where outages and service quality do not begin to compare with Manitoba, so on behalf of all members, I am sure, I thank your members for that work and, in specific terms, the kinds of efforts that were extended during the mini-tornado last summer at Elie and the various disasters this past winter from blizzards to floods in which your members and all Manitobans, in fact, showed the things that make our province a good place to be and to work; so absolutely no question about that.

I do want to ask two specific questions. Has the minister or the government given you any commitment in regard to your request for cementing the right to a board position, which you have asked for as an amendment?

**Mr. Gallant:** No, they have not, but that should have been an issue I should have addressed at this time. We do have a board member presently, but we would, in fact, appreciate the opportunity to have that somehow entrenched in this legislation.

The uniqueness of our quality initiatives demonstrates what can be accomplished through a joint effort, through a team approach to doing business, and I firmly believe that entrenching a permanent representative on the board would, in fact, enhance our relationship and enhance the ability to work as a team and to make further improvements in our relationship.

**Mr. Sale:** Did you have discussions about an amendment? Did you raise the issue? Have you had an answer from the minister?

**Mr. Gallant:** No, I have not.

**Mr. Sale:** Sorry, Mr. Chairperson, perhaps I should have asked only one question at a time. Have you raised the issue in discussion? That is the first question. The second one is has the minister responded affirmatively, negatively, or just not at all.

**Mr. Gallant:** To my knowledge, it was raised last night here first, and I do not believe we have had discussions in that regard.

**Mr. Sale:** My last question is you raise in the second last paragraph on page 5 of your brief the issue of letting Manitoba Hydro operate as a business. I am not entirely clear what that means in your view. Maybe, in responding, you could clarify that, whether that means as a private business or whether that means—what business means.

But the specific issue here is whether Bill 55 in your view does, in fact, free you from constraints such as Filmon Fridays or government guidelines on wage raises or freezes which have been in place for many years now in this province. Is it your view that this legislation relieves you of that constraint?

\* (1110)

**Mr. Gallant:** No, it does not. I do not see that as an element of this legislation, but, vicariously, through being permitted the opportunity to operate more as an entrepreneur in the environment we are in, we will, I believe, evolve over time to a position more clearly approaching that of a private organization in terms of the way we do business.

We must compete. We must be able to move quickly to make business decisions in a very expeditious manner in order to be competitive, because we are competing; we are now competing. We have a level of expertise within our organization that is unique and that is marketable beyond the borders of Manitoba and within, for that matter, in areas we have not traditionally been involved in.



In order to do that, our management team has to be able to react to the immediacy of any situation. With respect to the issues of mandate and industrial relations constraints, that does not enhance my ability and our ability as a company to engrain the attitudes necessary amongst our workers to enhance their ability to do their jobs.

The quality initiative is designed to give workers the ability to make decisions that impact not only themselves, but the corporation to some degree, and in order to do that, they need to have a feeling of ownership. They need to have, how can I put it, the faith in their organization that they are doing their best for the organization and that the organization reciprocates in some way, that it recognizes their contribution in a meaningful way. I do not know if I can describe it any clearer than that.

**Mr. Chairperson:** Thank you very much for your presentation. That concludes the five minutes. Mr. Doer, did you have a point of order?

**Mr. Doer:** I just have one question.

**Mr. Chairperson:** There were eight seconds left. I will allow you that last question.

**Mr. Doer:** I was speaking at a school group. I apologize for not hearing your total presentation, but I am curious about this point last evening that I did not get a chance to ask on the—I know that Telephones were moved into a competitive environment with cellular phones but were maintained by the government completely under the civil service labour relations environment.

I note in the brief that there seems to be some indication that this cutting the chains on employee relations would take place. Has the minister or Hydro management given any of the employees any indication that this bill will allow them to be outside of the civil service labour relations environment that people feel are chains on their labour relations, or, as we understand it, is it still business as usual with the government's labour relations dictums coming from the Premier (Mr. Filmon) and Treasury Board and carrying on through to all the employee bargaining groups through the Crown corporations?

**Mr. Gallant:** I think it is fair to say that it is business as usual. There has been no commitment of any kind made. I think the comments probably are based on a prospective for the future, evolution, the changing face of the industry, the changing face of our company. We are not stationary; we are not stuck in the mud. We will move, and, ultimately, with the mandate given by this legislation, I see us moving very speedily, very quickly in a number of areas to capture the opportunities that are making themselves available.

**Mr. Chairperson:** Thank you, Mr. Gallant, for your presentation. Now, on behalf of all the committee members, and indeed, all the people in the Red River Valley and Dominion City and Ridgeville, I personally want to thank you and your linemen for the outstanding job that you did this spring, and indeed, the latter part of the winter when we had that major snowstorm. You and your people went above and beyond the call of duty in restoring power and maintaining power in the Red River Valley. Thank you from the bottom of our hearts.

**Mr. Gallant:** Thank you. I appreciate that, and we will continue to do so, rest assured.

**Mr. Chairperson:** Do we have one more presenter? Mr. John McKay. Mr. McKay, would you please come forward. Have you a written presentation for distribution to the committee?

**Mr. John McKay (Private Citizen):** No.

**Mr. Chairperson:** You may proceed.

**Mr. McKay:** First of all, I want to say good morning. My name is John McKay. I am citizen of Gillam and an employee of Manitoba Hydro. I am here today supporting Mr. Ron McLean, our business manager of IBEW Local 2034, on his presentation which took place yesterday.

We have a very good relationship with Manitoba Hydro at this time. The quality-improvement initiatives have proven very effective for our corporation. We have saved a lot of money in a proactive co-operation. Our local unit in Gillam and all other IBEW units are facing zero, zero and 2 percent. We are very concerned that this offer will provoke a

strike. It will destroy the relationship and undo all the good work.

**Mr. Chairperson:** Thank you very much. Are there any questions? Thank you very much for your presentation, Mr. McKay.

What I should probably do is canvass the audience. Are there any further presenters who have not yet presented? Seeing none, we will then proceed to clause-by-clause consideration of the bill.

Does the minister responsible for Bill 55 have an opening statement?

**Mr. Newman:** I just want to thank the presenters for participating in this unique opportunity, unique in Canada, to participate in this process of inputting before we go into passage of a bill. So thank you very, very much on behalf of all Manitobans and certainly Manitoba Hydro and my colleagues.

**Mr. Laurendeau:** Let us take a five-minute recess before we go into the bill, okay?

**Mr. Chairperson:** Before we do consider a recess, does the critic of the official opposition have a comment, a final comment?

**Ms. Mihychuk:** I have an opening statement.

**Mr. Chairperson:** Would you want to make that statement now?

**Ms. Mihychuk:** Maybe after the break.

**Mr. Chairperson:** Do you want to consider a break first? Five minutes and we will reconvene back here.

*The committee recessed at 11:17 a.m.*

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#### After Recess

*The committee resumed at 11:30 a.m.*

**Mr. Chairperson:** Will the committee come to order, please.

We had a fellow by the name of Dave Tesarski who made a presentation last night on Bill 55, and he forgot to bring along some books that he wanted to distribute. Is it the will of the committee that we distribute them now? [agreed]

Is the honourable critic not back? We will pause for two minutes of silence.

Will the committee please come to order.

**Ms. Mihychuk:** Mr. Chairman, I did want to put a few points on the record before we go through clause by clause, and I thank you for the ability to do that.

This bill basically sets the stage for open access of transmission lines, both for us to sell to the other markets and to receive sales. It provides for more flexibility and more autonomy to Manitoba Hydro, and there are both positives and negatives to these components.

The major point is that this bill is a fairly significant restructuring of Manitoba Hydro. We have known that Hydro has been asking for changes to the way it operates for a couple of years, actually since I have been critic in this area, but we have unfortunately not been able to have the time to discuss it. Even during the last legislative committee, time ran out, and we did not get to go through the process, the implications, of this type of change even in committee. That is why in the Legislature under second reading we asked for the six-month hoist to provide an opportunity for the public to become up to speed as to the implications of this bill and asked for some time to discuss the vision of Manitoba Hydro.

People have been saying to us that Manitoba Hydro is a sacred trust. It is a Crown corporation owned by every single one of us, adult, child, senior citizen. We have built and committed to Manitoba Hydro during good times and bad times. In fact, now we are in the good times. We are seeing record profits for the third year in a row. We have seen an excellent operation recognized worldwide as being one of the best electrical utility corporations, a very solid recommendation for a Crown corporation, and we as

New Democrats take a lot of credit for building that corporation, for being there and taking the risks and building that future.

Now, having such a successful Crown corporation also makes it extremely attractive to those interested in looking at getting into the business of the sale of electricity, particularly from our point of view, where we have surplus supplies and low prices and a market to the south and east and probably to the west of us interested in buying our power. So I think that Manitobans would say this is a very, very profitable and attractive corporation presently in the hands of the people of Manitoba and that is where they want to keep it. They are the ones that took the risk during the times of development, and now it is time to reap the benefits of Manitoba Hydro.

When we talk about more flexibility and a business mandate, that raises some concerns for the people of Manitoba who want Manitoba Hydro to still be that compassionate corporation whose vision is for the individual citizens of the province.

We are for intersales, interjurisdictional sales, obviously. We are in a wonderful, in the best situation to take advantage of that. We as the New Democrats are proud to cite the fact that we signed the Northern States agreement. We are proud to say, we built Limestone. We are proud to acknowledge that those sales to the U.S. will pay for that development and that we are going to reap the profits from that in the future and benefit from that development. We are proud of the fact that we were at the verge of a sale to Ontario. It is very unfortunate that the Conservative government could not secure that deal, but we were indeed very, very positive in terms of jurisdictional, interjurisdictional sales.

So it is not that New Democrats or the people of Manitoba are opposed to Hydro going out and marketing and bringing in revenues for Manitoba. What they are concerned about is, frankly, this government. This government has a record of selling Crown corporations, has a philosophy that wants to privatize and work on non publicly owned systems. This bill carries the legacy of MTS, carries the legacy of the MTS scandal, carries the legacy of this

government's record. So no matter how many phoney protection clauses are in this bill, such as the no-sale provision or the wholesale-only clause, people will still look to the government with sound reason to say, we do not believe you, we do not believe you, and we do not believe you.

This clause is as solid as the next session. The government still has a majority; they can come in with another piece of legislation and change it as quickly as they did the clause for the sale of the telephone system, or if they sense that the time is not right at this time, they could come in after the next general election and decide to divest themselves of this Crown corporation so, indeed, the sale of Manitoba Hydro would again bring in considerable revenues to be put into the rainy day fund to be used for whatever measures they want.

So the government's attempt to divert the attention of the debate from the sale has not done so, and that is because the people of Manitoba will not be duped again. We went through the Winnipeg Jets fiasco. We went through MTS. So the government can say we have no intentions; we are not going to sell Hydro; we will not sell Hydro; we have no plans; and, quite frankly, nobody believes you.

It is the government's legacy that stands here as a major point of contention that needs to be discussed. So for the actual bill itself, we have some suggestions that we feel will provide the government with the ability to actually say not only are we willing to put this clause in there, that we have no intentions to sell Manitoba Hydro, we will do the next step. We will assure the people of Manitoba that before we do this, in fact even before we adopt this bill, we will go out to the public for six months of consultation, and before any part of Manitoba Hydro or a subsidiary part of Hydro is sold, divested or transferred in any way, there will be a vote of the citizens of Manitoba.

So if the minister is open and wishes to provide some inch of credibility, some ray of hope, then he will and I am hopeful that his colleagues on the other side will consider the amendments that we will be presenting today.

\* (1140)

I would just like to ensure that indeed we be on the record as not jeopardizing the ability of Manitoba Hydro to secure new sales deals. The Northern States Power Agreement is secure, and we know that. We know that Hydro has negotiated a new agreement under MAPP, and that agreement, I understand, looks for the interchange of power between those participants and from our perspective is a very positive situation.

But I also understand that there is no particular rush, that, in fact, we see that the Oregon energy deregulation bill, for example, a major electrical energy deregulation bill, has stalled in the Oregon Legislature, and we have another example where deregulation in the States is indeed stalling, and it is having considerable difficulty in terms of passing in the U.S. So the question remains, is there time and why is there not, to allow people to discuss the future of Manitoba Hydro in an open forum? The ability there seems to be reasonable.

Now, in addition to the general suspicion that this bill carries with it in terms of the privatization and the overall market attractiveness of a corporation like Manitoba Hydro, are the words of the Premier (Mr. Filmon), himself, who said to us this year that Hydro's operating structure would be re-evaluated when it operated in an unregulated environment. The Premier then tried to modify that and indicated that this bill was going to be wholesale only, wholesale sales. Well, when the Premier has indicated there will be an re-evaluation, there is no doubt that people will have serious concerns about the future of Manitoba Hydro. That is why we have presented to the government the opportunity to discuss the state of Manitoba Hydro.

Here we are talking about wholesale sales, and I understand that. It is defined in the bill, and at present we are talking wholesale, but the future will mean what? Wholesale and eventually retail sales, and at that point does the Premier's words come into effect? Is that very far in the future? Are we talking about a secure future for Manitoba Hydro?

That is what the people of Manitoba are concerned about. They are concerned that promises by the minister do not carry the same weight as the record and the intention of the Premier (Mr. Filmon), which is to re-evaluate Hydro's ownership in an open market, and that day is coming very quickly. Well, the people of

Manitoba want to tell you how they would like to see the ownership of Manitoba Hydro, and we are asking you to provide that opportunity through this bill, through our amendments. Thank you.

**Mr. Chairperson:** We will now go into clause-by-clause consideration of the bill. I would also indicate that we will set aside the preamble and the title till all other clauses have been considered.

Clause 1—pass; Clause 2.

**Ms. Mihychuk:** I have an amendment that Section 2, as set out in Section 3 of the bill, be amended.

Where are we?

**Mr. Chairperson:** Where are you?

**Ms. Mihychuk:** I am at 2(c). I would like to add a definition. I would move

THAT the proposed definition “fuels”, as set out in clause 2(c) of the bill, be amended by adding “solar, wind and biomass energy,” after “without limitation.”

**[French version]**

*Il est proposé que la définition de “combustibles”, énoncée à l’alinéa 2c) du projet de loi, soit amendée par adjonction, après “vise notamment”, de “l’énergie solaire, l’énergie éolienne, la biomasse-énergie.”*

**Motion presented.**

**Mr. Sale:** Mr. Chairperson, speaking briefly in support of this amendment, I think that the government members opposite will acknowledge that the new definition of fuels was intended to be broadened to include all forms of power, of energy, other than electrical, including, as the definition proposes, natural, manufactured and mixed gases, liquid petroleum gas—in other words, propane or other liquefied gases of that kind or oil and coal. There are other forms of fuel, and I think the phrase “without limitation” acknowledges that, but we wanted specifically to indicate that still the most abundant source of energy in the world and the one in which we all depend ultimately is the sun. So the greatest source of energy of all is solar energy, and

increasingly electric generation utilities in other parts of the world are involved in both wind and solar. Denmark, for example, meets a high proportion of its needs from wind. There are various solar arrays in various countries, both in North America and other parts of the world.

The state of evolution of the technology, particularly solar, is so rapid that we are coming to the point quickly where there are some very specific applications of solar generation that are competitive, in fact, particularly in rural and remote areas already. I think the utility in fact likely uses some solar rays in some of its remote locations. Certainly I know that Environment Canada does; to run many of its remote weather-sensing stations, it uses solar, and I think we are going to see more and more of that.

So this is what I might say a friendly amendment, Mr. Chairperson. I hope the government would adopt it.

#### Voice Vote

**Mr. Chairperson:** What is the will of the committee? All those in favour of the amendment, say yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All those opposed, say nay.

**Some Honourable Members:** Nay.

**Mr. Chairperson:** I declare the amendment lost.

\* \* \*

**Mr. Newman:** I am satisfied that, based on the legal opinion that I have, the definition in power includes all of those listed items. So there is no need for the amendment.

**Mr. Chairperson:** Clause 2—pass; Clause 3.

**Ms. Mihychuk:** I have an amendment in, I believe, purposes and objectives of the act. Are we now in Section 3?

**Mr. Chairperson:** We are in Section 3.

**Ms. Mihychuk:** Then, I am in the right spot. Okay, thank you.

I would move the amendment. Am I required to read it out?

**Mr. Chairperson:** Yes.

**Ms. Mihychuk:** I move

THAT the proposed section 2, as set out in section 3 of the bill, be amended

(a) by striking out “and” after clause (a); and

(b) by adding the following after clause (b):

**An Honourable Member:** Dispense.

**Mr. Chairperson:** Dispense.

*(c) to provide to all Manitobans, wherever they reside, reliable, cost-effective and efficient power at the lowest possible rate;*

*(d) to develop programs of energy conservation, including, but not limited to, programs of public education, conversion to more efficient means of using power and research and development of new technologies for the making of power from wind, solar, biomass and other potential energy sources;*

*(e) to respect Manitoba's environment, including the air, land, water, flora and fauna and to adopt principles of sustainable development which are consistent with the Principles of Sustainable Development set out in Schedule A of The Sustainable Development Act; and*

*(f) to adopt and use in all of the corporate activities of the corporation the Guidelines for Sustainable Development set out in Schedule B of The Sustainable Development Act.*

#### [French version]

*Il est proposé que l'article 2, énoncé à l'article 3 du projet de loi, soit amendé par adjonction, après l'alinéa b), de ce qui suit:*

*c) de fournir à la population manitobaine, où qu'elle soit, une source d'énergie fiable, rentable et efficace au taux le plus bas possible;*

*d) d'élaborer des programmes de conservation de l'énergie, notamment des programmes de conscientisation, de conversion à des moyens plus efficaces d'utiliser l'énergie et de recherche et de développement de nouvelles technologies visant à produire de l'énergie à partir d'autres sources d'énergie potentielles, notamment à partir du vent, du rayonnement solaire et de la biomasse;*

*e) de respecter l'environnement du Manitoba, notamment l'air, la terre, l'eau, la flore et la faune, et d'adopter des principes de développement durable qui respectent ceux prévus à l'annexe A de la Loi sur le développement durable;*

*f) d'adopter et d'utiliser, dans le cadre des activités de la Régie, les directives de développement durable prévues à l'annexe B de la Loi sur le développement durable.*

**Mr. Laurendeau:** Mr. Chairman, can we ask leave of the committee that the committee just take them as read, the first little bit and then we will go from there. If that is okay with you, we could dispense them after we have gone through the first beginning of the bill.

**Mr. Chairperson:** Agreed? [agreed]

It has been then proposed that once the amendments have been introduced formally, we can dispense with the readings of the totality. They will then be recorded in Hansard.

\* (1150)

**Ms. Mihychuk:** I would like to speak to this amendment. Under Clause (c), we add the words, "to provide to all Manitobans, wherever they reside, reliable, cost-effective and efficient power at the lowest possible rate." That is indeed to reaffirm Manitoba Hydro's commitment to the citizens of Manitoba to ensure that their mandate is in fact to Manitobans, not to looking at a corporate sector, to the sales, interprovincial sales or international sales, as a mandate, and that we make that commitment clearly to all Manitobans, that the goal for Manitoba Hydro, no matter where they live that they will still receive the excellent service that they do today, even if the other marketers require more power that we are going to be

assured that Manitobans are No. 1. "Cost-effective", we have the lowest rates in North America, and we hope to secure that with this clause. The ability will be, in a corporate sector, to perhaps look at maximizing profits for whatever goals they may have, and we are saying no. We are saying that the mandate must remain with the people; that providing low-cost, efficient, reliable power is still your No. 1 mandate. So we urge the government to adopt this clause.

Section (d) "to develop programs of energy conservation," Manitoba Hydro already does this, so I am hopeful that the committee will adopt this. Hydro is a leader of looking at conservation, to their credit, because they could be out there selling a lot more hydro than they presently are. They look at all types of conservation programs, and we ask them to make that commitment again that they continue that commitment to conservation and, in fact, that they use their expertise for research and development of new technologies, and to continue to make that commitment. So we urge the government, these clauses, I would say, are friendly amendments, and urge you to adopt them.

Item (e) "to respect Manitoba's environment." As stated under the Principles of Sustainable Development, it would indeed not be tenable for the government to actually reject these amendments. It would be very difficult since, in one hand, we pass The Sustainable Development Act; we are asking that those principles also be adopted by Manitoba Hydro.

So those are generally my brief comments on the amendments that we are proposing, and urge the government to support them.

**Mr. Chairperson:** Thank you, Ms. Mihychuk.

**Mr. Laurendeau:** Before we go any further, I believe you have to read this onto the record.

**Mr. Chairperson:** I forgot to read it before. I will read it right after we finish the debate

**Mr. Sale:** Just a couple of comments, Mr. Chairperson, on (d), the proposal that Manitoba Hydro be given a very clear mandate and objective, I know that they, as our members already said, have developed many programs of electrical energy conservation.

However, I think that research and development in this field, particularly in the area of hydrogen technology, for example, the Ballard corporation in Vancouver is a world leader in this field. We have a great deal of unused capacity, and if hydrogen-fuelled vehicles and other energy requirers come on line, as we expect they will, within a decade probably it will be cost-effective. There is a great deal of high technology employment, high technology research and development at university and at applied research institutes.

I just want to remind members, they may already know, I am sure the Hydro people know, that Denmark has developed a whole industry of medium-scale wind generation equipment in which they have well over 50 percent of the world market in mid-sized wind turbines, and they simply developed that by a long-lead investment from their university and commercial sector in partnership with their electrical utilities, developed a centre of expertise and a great deal of very good employment in that field. There is no shortage of wind on the Prairies, just I guess as there is no shortage of wind in these Chambers. Perhaps we could figure out some technology to take advantage of that as well.

I think, as my colleague the member for St. James (Ms. Mihychuk) has said, these are entirely intended as friendly amendments. These are not intended to embarrass the government and certainly much less to embarrass Manitoba Hydro, because the Hydro has in the past and I know continues today to be committed to the kinds of objectives that are being put forth here. I hope that the government will accept these amendments.

**Mr. Newman:** I accept the good intentions behind the amendments, but I do not support the amendments. I am pleased to see also it appears you are supporting The Sustainable Development Act, which is not yet enacted into law, through your introduction of ENF.

#### Point of Order

**Mr. Sale:** On a point of order, Mr. Chairperson. We probably should have indicated that there is an amendment to the proclamation section which takes that into account. Leg. Counsel advised us of the point the minister is just making, and we anticipated that, so I accept his point. But just for clarification, we were

not unaware of that and there is a further amendment which would come in order at the end.

**Mr. Chairperson:** Thank you very much. It was not a point of order. It was for clarification, and I accept that.

\* \* \*

**Mr. Newman:** There is nothing in the current purposes and objectives that precludes any of these well-intentioned suggestions. However, it is interesting, Dr. Chuchman, the CUPE expert, made very clear that he did not think that dilution was a good idea. You are really adding to a list. I simply think these sorts of matters can be dealt with consistent with the purposes and objectives of the act and they will be done in accordance with the primary purpose of the act set out in the proposed Section 2. So I do not support these amendments.

**Mr. Chairperson:** Thank you, Mr. Minister.

THAT the proposed section 2, as set out in section 3 of the bill, be amended

**An Honourable Member:** Dispense.

**Mr. Chairperson:** Dispense.

*(a) by striking out "and" after clause (a); and*

*(b) by adding the following after clause (b):*

*(c) to provide to all Manitobans, wherever they reside, reliable, cost-effective and efficient power at the lowest possible rate;*

*(d) to develop programs of energy conservation, including, but not limited to, programs of public education, conversion to more efficient means of using power and research and development of new technologies for the making of power from wind, solar, biomass and other potential energy sources;*

*(e) to respect Manitoba's environment, including the air, land, water, flora and fauna and to adopt principles of sustainable development which are consistent with the Principles of Sustainable*

*Development set out in Schedule A of The Sustainable Development Act; and*

*(f) to adopt and use in all of the corporate activities of the corporation the Guidelines for Sustainable Development set out in Schedule B of The Sustainable Development Act.*

**[French version]**

*Il est proposé que l'article 2, énoncé à l'article 3 du projet de loi, soit amendé par adjonction, après l'alinéa b), de ce qui suit:*

*c) de fournir à la population manitobaine, où qu'elle soit, une source d'énergie fiable, rentable et efficace au taux le plus bas possible;*

*d) d'élaborer des programmes de conservation de l'énergie, notamment des programmes de conscientisation, de conversion à des moyens plus efficaces d'utiliser l'énergie et de recherche et de développement de nouvelles technologies visant à produire de l'énergie à partir d'autres sources d'énergie potentielles, notamment à partir du vent, du rayonnement solaire et de la biomasse;*

*e) de respecter l'environnement du Manitoba, notamment l'air, la terre, l'eau, la flore et la faune, et d'adopter des principes de développement durable qui respectent ceux prévus à l'annexe A de la Loi sur le développement durable;*

*f) d'adopter et d'utiliser, dans le cadre des activités de la Régie, les directives de développement durable prévues à l'annexe B de la Loi sur le développement durable.*

**Voice Vote**

**Mr. Chairperson:** All those in favour of the amendment, would you indicate by saying yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All those opposed, would you indicate by saying nay.

**Some Honourable Members:** Nay.

**Mr. Chairperson:** I declare the amendment—

**Ms. Mihychuk:** Yeas and Nays, please. A recorded vote.

**Mr. Chairperson:** Yeas and Nays have been called.

*A COUNT-OUT VOTE was taken, the result being as follows: Yeas 3, Nays 5.*

**Mr. Chairperson:** Thank you very much. I declare the amendment lost.

\* \* \*

**Mr. Chairperson:** The hour has reached—[interjection] Order, please. Are we doing jokes, or are we conducting business? Order, please. The hour is twelve o'clock noon. What is the will of the committee?

**Mr. McCrae:** Mr. Chairman, I understand there is a disposition to continue and complete the consideration of this bill unless there is something else being brought forward. That has been the nature of discussions between the House leaders.

**Mr. Chairperson:** Is that agreed? [agreed] Then we will continue.

Clause 3—pass; Clause 4(1)—pass; Clause 4(2)—pass; Clause 5—pass; Clause 6(1)—pass; Clause 6(2)—pass; Clause 6(3)—pass; Clause 6(4)—pass.

**Mr. Sale:** There are amendments being distributed here, I think. Clause 6(6).

**Mr. Chairperson:** Clause 6(5)—pass. Clause 6(6).

**Ms. Mihychuk:** Mr. Chairman, I have an amendment to Clause 6(6).

THAT the proposed section 15.1, as set out in subsection 6(6) of the bill, be amended by renumbering it as subsection 15.1(1) and by adding the following:

**No sale without vote**

**15.1(2)** The government shall not present to the Legislative Assembly a bill—



**Mr. Chairperson:** Dispense.

*—to authorize or enable the sale, lease or other disposition of major generation, transmission or distribution facilities of the corporation or a subsidiary in Manitoba or any shares of a subsidiary which owns major generation, transmission or distribution facilities in Manitoba, to any person other than a subsidiary, unless the government first provides the voters of Manitoba with an opportunity to vote on the matter, and a majority of the persons who vote authorize the government to proceed with the changes.*

**Procedures for vote**

*15.1(3) A vote for the purposes of subsection (2) shall be conducted to the extent possible in accordance with The Elections Act and the provisions of The Elections Act apply with necessary modifications to a vote under subsection (2).*

**[French version]**

*Il est proposé que l'article 15.1, énoncé au paragraphe 6(6) du projet de loi, soit amendé par substitution, à son numéro actuel, du numéro de paragraphe 15.1(1) et par adjonction de ce qui suit:*

**Interdiction de vente**

*15.1(2) Il est interdit au gouvernement de présenter à l'Assemblée législative un projet de loi autorisant ou rendant possible l'aliénation, notamment par vente ou bail, des installations importantes de production, de transport ou de distribution de la Régie ou de ses filiales au Manitoba, ou des actions d'une filiale qui possède de telles installations au Manitoba, à une personne autre qu'une filiale sans accorder d'abord à l'électorat du Manitoba l'occasion de se prononcer au sujet de la question et sans que la majorité des voix soit en faveur du projet.*

**Processus**

*15.1(3) Les scrutins tenus en application du paragraphe (2) le sont, dans la mesure du possible, conformément à la Loi électorale, et les dispositions de cette loi s'appliquent, avec les adaptations nécessaires, à ces scrutins.*

**Motion presented.**

**Mr. Chairperson:** I have been advised that there is a problem with this amendment in that it would impose

a charge on the public treasury, and a private member cannot move an amendment that would impose a charge on the public treasury. However, if there is unanimous consent of the committee, the amendment could be considered. Is there unanimous consent?

**Some Honourable Members:** No.

**Mr. Chairperson:** No, there is not.

\* (1200)

**Ms. Mihychuk:** Just on a question of procedure, would it be appropriate for the government to perhaps present this motion, given that it reassures the people of Manitoba that before they sell any part of Manitoba Hydro they would be prepared to go to the people of Manitoba? If the government were to present this amendment, we would be prepared to support it.

**Mr. Chairperson:** What is the will of the committee? Is the committee willing to recommend presenting—

**An Honourable Member:** It is out of order.

**Mr. Chairperson:** It is out of order, and I have ruled it out of order before.

**An Honourable Member:** We would like to challenge the ruling.

**Mr. Chairperson:** There is a challenge to the ruling.

**Voice Vote**

**Mr. Chairperson:** All those in favour of the ruling of the Chair, would you indicate by saying yea?

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All those opposed, would you indicate by saying nay?

**Some Honourable Members:** Nay.

**Mr. Chairperson:** I declare the Yeas have it.

**Formal Vote**

**Mr. Sale:** A record vote, Mr. Chairperson.

*A COUNT-OUT VOTE was taken, the result being as follows: Yeas 6, Nays 3.*

**Mr. Chairperson:** I declare the Chairman's ruling carried.

\* \* \*

**Mr. Chairperson:** Item 6(6).

**Mr. Gary Kowalski (The Maples):** I have a question to the minister in regard to 15.1 in the wording. Why was it drafted this way? It says: "The corporation or any subsidiary shall not (a) sell, lease or otherwise dispose of major generation . . ." Why was the qualifier "major" put in there?

**Mr. Newman:** The qualifier was put in there to permit the ordinary course of business kinds of divestitures which take place. There are transactions that take place. Things that become out of date must be disposed of, for example. It is simply a way of ensuring that any significant part of the system would be protected against disposition. There is another check against any transaction, and that is by a subsidiary. That is a \$5-million limit, so you have to get Lieutenant Governor in Council approval for anything involving over \$5 million through a subsidiary.

**Mr. Sale:** Mr. Chairperson, the minister is a lawyer, and so he probably can advise on this. Does the term "major" have any meaning in law, or is it the \$5 million that is effectively the meaning here?

**Mr. Newman:** The word "major" has been consciously chosen to provide a certain amount of flexibility, but the \$5 million is certainly an indication of what is considered to be a major transaction. That does not preclude a lesser amount to respect a major transaction covered by this section.

**Mr. Chairperson:** Item 6(6)–pass; Clause 7–pass; Clause 8–pass; Clause 9–pass; Clause 10–pass; Clause 11(1)–pass; Clause 11(2)–pass; Clause 12–pass; Clause 13(1)–pass; Clause 13(2)–pass; Clause 13(3)–pass; Clause 14–pass; Clause 15(1)–pass; Clause 15(2)–pass; Clause 16(1)–pass. Clause 16(2).

**Mr. Sale:** Sorry, you are running at a rate that I fell behind. I wonder if there is leave to revert to 16(1).

**Some Honourable Members:** Okay.

**Mr. Chairperson:** Okay, we will revert to 16(1) as requested by Mr. Sale.

**Mr. Sale:** Thank you very much, thank the committee.

Mr. Chairperson, does the company now own common shares of any other corporation?

**Mr. Newman:** Only in PowerSmart, which is a utility-owned, nonprofit organization.

**Mr. Sale:** Could I ask then: What is the anticipation here of the need for this clause? What is anticipated here?

**Mr. Newman:** My apologies. PowerSmart is a for-profit corporation, but it is a multiple-ownership facility, but that is the only organization which Manitoba Hydro has common shares in.

**Mr. Chairperson:** Mr. Sale, will you repeat your question?

**Mr. Sale:** Mr. Chairperson, I will just go back, if I could just then get a clarification on who owns PowerSmart and what the relative shares distribution is, 50-50, 75-25, whatever.

**Mr. Newman:** Six utilities are owners of PowerSmart, and they have equal ownership.

**Mr. Sale:** The second part of my question was, what is anticipated here in terms of the changes? I am not clear of the implication of this change.

**Mr. Newman:** I will try and make this simple. If you had the old Hydro act, which is being amended in front of you, 43(2) had this wording in it, and the reason that wording is now being deleted is that it is captured by the definition of "subsidiary."

**Mr. Chairperson:** Clause 16(1)–pass; Clause 16(2)–pass; Clause 17–pass; Clause 18–pass; Clause

19—pass; Clause 20(1)—pass; Clause 20(2)—pass; Clause 21—pass; Clause 22—pass; Clause 23—pass; Clause 24.

**Ms. Mihychuk:** Mr. Chairman, I would move

THAT section 24 be struck out and the following substituted:

**Mr. Chairperson:** Dispense.

*Coming into force*

*24(1) Subject to subsection (2), this Act comes into force on a day fixed by proclamation.*

*24(2) No Order in Council directing the issue of a proclamation shall be submitted to the Executive Council until*

*(a) public consultations regarding the scope and nature of this Act are held in 10 locations in Manitoba, at least three of which are in northern Manitoba; and*

*(b) at least six months has elapsed after this Act receives royal assent.*

**[French version]**

*Il est proposé que l'article 24 soit remplacé par ce qui suit:*

*Entrée en vigueur*

*24(1) Sous réserve du paragraphe (2), la présente loi entre en vigueur à la date fixée par proclamation.*

*24(2) Il est interdit de présenter au Conseil exécutif le décret de proclamation tant:*

*a) que des audiences publiques sur la nature de la présente loi et l'étendue de son application n'ont pas eu lieu dans dix endroits au Manitoba, dont au moins trois dans le Nord de la province;*

*b) qu'au moins six mois ne se sont pas écoulés après la sanction de la présente loi.*

**Motion presented.**

**Ms. Mihychuk:** Well, this is our final amendment and—

**Mr. Chairperson:** Just let me—I have just been passed a note here. There is a problem with this amendment in that it would impose a charge on the public Treasury, same principle applied that we debated before. So I would rule this amendment out of order, unless there is unanimous consent by the committee to consider it?

**An Honourable Member:** No.

**Mr. Chairperson:** No?

**Mr. Sale:** I defer to the critic, Mr. Chairperson.

**Ms. Mihychuk:** I wanted to ask the opposition to consider presenting this—

**Mr. Chairperson:** The government.

**Ms. Mihychuk:** I am sorry. I am thinking of the future when it comes to Manitoba Hydro because—to the government that they have an opportunity in this section to allay the fears somewhat of the public of Manitoba. Six months will not jeopardize the corporation, will allow public debate and provide you with some credibility. Please, as the government, you have the ability to move this motion, and we would be pleased to support it.

\* (1210)

**Mr. Chairperson:** The honourable minister.

**Mr. Sale:** Mr. Chairperson, I would also challenge—

**Mr. Chairperson:** Just a minute. I would like to, Mr. Sale, just recognize you formally, that Hansard can record that you are speaking instead of the minister. I recognized the minister. Mr. Sale.

**Mr. Sale:** Thank you, Mr. Chairperson. The charge here which you probably have correctly identified—there certainly are costs, but the charge here is not against the government of Manitoba. The charge will be against Manitoba Hydro, so it is not a budgetary expense. This is nothing that could be identified through any part of the Expenditure Estimates of the province.

This is internal to Hydro, and so I do not think that we are imposing a charge on the public purse. The whole rationale—

**Point of Order**

**Mr. Chairperson:** Mr. Laurendeau, on a point of order.

**Mr. Laurendeau:** Mr. Chairman, on a point of order, I hear Mr. Sale where he is coming from, but I would like you to rule on whether we can debate the ruling of the Chair. I do believe you can challenge a ruling, but I do not believe we should be debating it.

If the honourable member wants to challenge your ruling, that would be appropriate but not to debate that action.

**Mr. Chairperson:** Mr. Laurendeau does have a point of order. I was being lenient.

**Voice Vote**

**Mr. Chairperson:** There is no debate on a challenge to the Chair, and therefore I will ask the question: what is the will of the committee? All those in favour that the ruling of the Chair be sustained, would you please say yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All those opposed, would you please say nay.

**Some Honourable Members:** Nay.

**Mr. Chairperson:** I declare the Yeas have it.

**Formal Vote**

**Mr. Sale:** May we have a recorded vote on that, Mr. Chair?

**A COUNT-OUT VOTE** was taken, the result being as follows: Yeas 5, Nays 3.

**Mr. Chairperson:** I declare the Chair's ruling sustained.

\* \* \*

**Mr. Chairperson:** Clause 24—pass; preamble—pass; title—pass. Shall the bill be reported?

**Some Honourable Members:** Agreed.

**Some Honourable Members:** No.

**Mr. Chairperson:** Is it the will of the committee to report the bill?

**An Honourable Member:** No.

**Voice Vote**

**Mr. Chairperson:** All those in favour of reporting the bill, would you indicate by saying yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All those opposed, would you indicate by saying nay?

**Some Honourable Members:** Nay.

**Mr. Chairperson:** I declare the Yeas have it. The bill shall be reported. Thank you very much.

\* \* \*

**Mr. Chairperson:** The time being 16 minutes after 12, committee rise.

**COMMITTEE ROSE AT:** 12:16 p.m.