



Fourth Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE
on
PUBLIC UTILITIES
and
NATURAL RESOURCES

41 Elizabeth II

Chairman
Mr. Jack Reimer
Constituency of Niakwa



VOL. XLII No. 3 - 7:30 p.m., TUESDAY, MARCH 16, 1993

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Cliff	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
GRAY, Avis	Crescentwood	Liberal
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALLOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PALLISTER, Brian	Portage la Prairie	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP
<i>Vacant</i>	Rupertsland	

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES
Tuesday, March 16, 1993

TIME – 7:30 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Jack Reimer (Niakwa)

ATTENDANCE - 8 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Downey

Messrs. Ashton, Edwards, Lathlin,
Laurendeau, McAlpine, Penner, Rose

APPEARING:

Robert B. Brennan, President and Chief
Executive Officer, Manitoba Hydro

John S. McCallum, Chairperson, the Manitoba
Hydro-Electric Board

MATTERS UNDER DISCUSSION:

Annual Report of the Manitoba Hydro-Electric
Board for the year ended March 31, 1992

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(Mr. Marcel Laurendeau, Acting Chairperson, in
the Chair)

The Acting Chairperson (Mr. Laurendeau): As we now have a quorum, will the Committee on Public Utilities and Natural Resources please come to order.

When the committee last met, on March 9, we continued the consideration of the 1992 Annual Report of the Manitoba Hydro-Electric Board, but did not pass it at that time.

I would appreciate some guidance from the committee. Shall we continue with questioning of the 1992 Annual Report of the Manitoba Hydro-Electric Board?

Mr. Steve Ashton (Thompson): Yes, I would suggest that we follow the procedure followed in the previous two committees, but in this particular case if we are close to completing questioning by 10 that we do consider going somewhat later than that. I cannot speak for the Liberal critic. I suspect this will be the last meeting. Of course, it depends on the answers from the minister, but we will make our best efforts.

The Acting Chairperson (Mr. Laurendeau): I did not quite hear that. You recommended we would sit till 10 p.m.?

Mr. Ashton: Well, we can assess the situation at 10, but we can go past 10 if we are close to passing it.

The Acting Chairperson (Mr. Laurendeau): Okay, so at ten o'clock we will see what the will of the committee is then. At this time we will carry on with the questioning that we were, in the same mode of on the 9th.

Mr. Ashton: Mr. Acting Chairperson, anyway we are having a discussion about the titles.

Last week we had some issues that were covered. There are a number of other issues I want to cover today. One area I want to look at is what exactly Manitoba Hydro is doing in relationship to the announced policy by the government that there will be a 3.8 percent, well I call it a salary rollback—that is the net impact—but it will be a reduced work week? I raise this, Mr. Acting Chairperson, because my understanding is that this basically—the original communication to Hydro employees was that Manitoba Hydro would not be part of it. I understand that may have changed. I would just like to ask perhaps first off, what is Manitoba Hydro's position vis-à-vis this announcement?

Hon. James Downey (Minister responsible for The Manitoba Hydro Act): Mr. Acting Chairperson, I believe, and my memory is not clear, we have actually discussed this issue have we not?

Mr. Ashton: We have covered some.

Mr. Downey: We have covered some of it?

Mr. Ashton: Yes. I raised it in my comments.

Mr. Downey: Yes. So what we said the other night still holds tonight, and I think there was indication that it was expected that the Crown corporation would in fact in the spirit of what the government was doing would be carried out. That I believe was answered either by the chairman or the president.

Mr. Ashton: I think perhaps the minister is confusing some of the questions I asked in the

House, but I am basing my current questions on new information I have received from Hydro employees. What I want to start with is just to get some clear statement from Manitoba Hydro because I was able to ask the minister in the House, and I would like to get some clear statement from Manitoba Hydro. What is its position? How is it going to implement this policy if it feels that it is directed to do so? The reason I ask that is because the minister answered in the House, the government answered in the House that essentially there was not going to be legislation but that, shall we say, Crown corporations were going to be encouraged to participate. That was the essential statement. So I am trying to get some statement from Hydro, what its current position is. I am talking about this week too because I know there have been discussions ongoing within Hydro the last couple of weeks.

Mr. John S. McCallum (Chairperson, Manitoba Hydro-Electric Board): Manitoba Hydro will be bringing to the board a program that implements the general intent of the Hydro policy. That will occur later this week at the board meeting and maybe Mr. Brennan would want to just talk about what that proposal is.

Mr. Robert B. Brennan (President and Chief Executive Officer, Manitoba Hydro): I am not sure if it is fair to talk about a proposal that has not got to the board yet. Like, I do not know if I should be doing that. I do have some proposals ready for the board to consider and later in the week they will consider them.

Mr. Ashton: Would it be, and I realize it has not been discussed by the board, fair to say that Manitoba Hydro may meet the target and the impact on wages but that it will not be implementing a 10- to 12-day summer and Christmas-New Year shutdown as is the government plan of action?

The Acting Chairperson (Mr. Laurendeau): Order, please. At this time, I would like to remind all members that the business before this committee is the 1992 Annual Report on the Manitoba Hydro-Electric Board, and I would urge all members to keep those questions relevant to that discussion with the report.

Mr. Ashton: Mr. Acting Chairperson, the tradition of the committee has always been that questions relate both to the report, which talks about what has happened in a given year, and also, I might point out, future developments, and this is what we are

talking about, future developments in terms of Hydro.

I would like to ask once again whether Manitoba Hydro has rejected the 10-day shutdown as proposed by the government.

Mr. Downey: Mr. Acting Chairperson, I think the president, in fairness to him, has indicated that management have in fact done some work on this and will be making presentation to the board on which the board will be making a decision. Again, the manner in which that is done does not necessarily have to be along exactly the same guidelines as which the government introduced with their employees. There may be other options.

There is flexibility and that is being taken, to my knowledge, in discussions with the minister responsible for the Crown Corporations Council, that that has been the discussions that have taken place with the different Crown corporations. So to ask for any more specifics, how that is being accomplished, I think is unfair. As the president has indicated, after a decision is made by the board then it will be communicated to the employees of the Manitoba Hydro.

Mr. Ashton: Mr. Acting Chairperson, the one reason I am asking the question is that I have said right from the beginning that anyone who thinks Manitoba Hydro could implement this proposal that the government brought in for political reasons, obviously, is extending to the Crown corporations—well, political reasons indeed, because it is not based on Manitoba Hydro. Manitoba Hydro is not going to impact on the deficit of the province, which was used as the excuse for provincial civil servants. It was a political decision. This minister is probably one of the most political ministers in the government. I would be surprised that he would take offense at suggesting, this was a political decision. It was not Manitoba Hydro's decision. It was the government's decision, and Manitoba Hydro now is attempting to comply with that.

The point, Mr. Acting Chairperson, is that to suggest that Manitoba Hydro, for example, could follow a 10-day shutdown, as was the original concern, would have been ludicrous. I would hope that is not under consideration. I mean, if one looks at the work structure at Hydro, the work structure that is currently in place, when one looks at the times in which there is extra demand in terms of staff time, it just cannot be done, Mr. Acting Chairperson. One obviously has to recognize that you are going to,

even within Hydro, have different circumstances between direct customer service, those who for example are in the main customer service offices and those who are working on the operations side.

In fact, I would like to ask Manitoba Hydro if they will be looking at separate plans in those various different sections, because there are many different functions within Hydro, in trying to comply with this decision by the government to implement this with Manitoba Hydro.

* (1940)

Mr. Downey: Mr. Acting Chairperson, Hydro can certainly speak for themselves. I think though it is clear to point out that the decisions that are made were made by the government as a matter of government policy, and the discussions that took place through the Crown Corporations Council were to encourage the Crown corporations to in fact attempt to in a way which was practical get to the same basic objective. How that is accomplished, we have confidence in the management. We have confidence in the board that that in fact can be done.

The member's comments will be noted, I am sure, by Manitoba Hydro as to how he could or could not agree with how it may be done, but I think it is again somewhat unfair to get into details as it relates to this at this particular committee meeting. I think it puts the management of Manitoba Hydro in a bit of a difficult position, which I am sure that information if accepted will be certainly made known to the employees of Manitoba Hydro and subsequently to the member. We will give him all the information we can when we can and appreciate his comments saying that he does not expect that Hydro could live up to a 10-day period of time which would be expected. That will be noted, I am sure.

Mr. Ashton: Mr. Acting Chairperson, the person who has put Manitoba Hydro in a difficult position is the minister. To talk about in a voluntary sense, I raised this in the House. I know in terms of the communications to employees that in some cases employees have been told that it is either done this way in a number of the Crown corporations or it is done through legislation. That was directly communicated to people. In the case of Hydro, that may not have been the case, but I know in terms of a number of Crown corporations that this was the degree of communication, so the minister has put the board in a difficult position.

Once again, in the Crown corporations there is no impact on this directive from the government on the

deficit of the province of Manitoba, which was presumably the argument they used for bringing in the 3.8 percent rollback through the summer shutdown.

I would note in terms of confidence of people that I have talked to many Manitoba Hydro employees who are absolutely livid at what this government is doing. I think when one looks at the relative financial picture of Manitoba Hydro you can clearly see that it is a political decision. It has nothing to do with the future of Manitoba Hydro in an economic sense. We have the Limestone revenues kicking in place at \$110 million a year. It is documented in this report. It was documented in the previous two hearings, so the employees at Manitoba Hydro are feeling that once again they have been hit by a political decision the same way that civil servants have been hit by a political decision.

In this particular case, I would say once again, it is the minister who is putting Manitoba Hydro in a difficult position. What I said, and I will say it again, and I would like to get some sort of answer. I think the minister should recognize that this is our one chance this year to deal with Manitoba Hydro. We are in a position where whatever is raised today, if this is indeed our last meeting, we are in our only opportunity for the next 12 months to ask these types of questions.

My concern, and the concern of many people I have spoken to who work at Manitoba Hydro, is that it is not feasible in most departments of Manitoba Hydro to have the 10 to 12 days eliminated through Fridays off in the summer and time off during the Christmas period. A lot of people I have talked to have expressed a lot of concern, because they do care about customer service. They do care about the job they are doing. They do care about the kind of corporation that they work for.

It is not just a question that they are upset that they are being scapegoated by this government for its financial problems. It is a question, too, that they are saying, not only are they being scapegoated, Mr. Acting Chairperson, but they are in the position where they are concerned about the impact this will have on the kind of service that Manitoba Hydro provides.

What I am asking is some direction in terms of where Hydro is going to proceed. I am not necessarily asking for all the specifics of the board meeting, but I would ask if Manitoba Hydro is looking

at alternatives other than the pattern set by the provincial government.

Mr. Brennan: Manitoba Hydro is following the policy, or the intent of the policy, or looking at options for the board's consideration based on the policy intent of the government policy. In doing that, it is our understanding we have some freedom to alter the way in which we implement that policy, and we are trying to do it in such a way as to minimize any impact on customer service and/or the reliability of our system.

Mr. Downey: I just have an additional comment, Mr. Acting Chairperson, for the member who says that Manitoba Hydro and the Manitoba government are two different entities. The Manitoba government fully guarantees all the monies that are borrowed by Manitoba Hydro. So there is, in fact, a pretty major connection between the taxpayers of Manitoba and Manitoba Hydro.

Mr. Ashton: Mr. Acting Chairperson, the bottom line in this situation is that the government is bringing in the 3.8 percent rollback for civil servants. The minister can check the press release issued by the Minister of Labour (Mr. Praznik), the press release issued by the Minister of Finance (Mr. Manness).

The arguments that have been used have been all related to the fiscal position of the Manitoba government, not Manitoba Hydro or any of the particular Crown corporations. In fact, Mr. Acting Chairperson, we have already seen in the House, in the case of the Liquor Commission, that the government may be shutting down a lot of services, in and as of itself, during the summers on Fridays, including Family Violence Courts, for example, but it is not going to be shutting down the Liquor Commission. We got a clear statement from that in the House when questions were asked. That is the kind of assurance I am looking for right now.

I mean, are we going to be shutting down customer service operation on Fridays? Are we going to be saying that we will be going to skeleton crews during those days? There are many components within Manitoba Hydro, and I am trying to get some indication how Manitoba Hydro is going to deal with it.

It is not a question of, as the minister said, the Manitoba government and Manitoba Hydro being the same thing. They are not the same thing. Everybody knows the relationship between the government and Manitoba Hydro in terms of its

essential ownership position. It is a Crown corporation, but it was this government that was elected, Mr. Acting Chairperson, on a promise of no political interference. They have now said, you have to roll back staff salaries by 3.8 percent.

What I am asking Manitoba Hydro is: How is this going to impact in terms of service delivery, and what kind of options are being considered?

I do not ask for all the details. I think that is reasonable enough. I want to get some assurance for the people that work with Manitoba Hydro, and its customers, that we are not going to see the kind of plan the government has got developed, which I think in many cases will not work, and try and see Hydro end up in the position where they may feel they are forced to follow through on that same kind of situation.

Mr. Brennan: I think you are now getting me into the proposal I did not want to talk about, Mr. Ashton.

It is Manitoba Hydro's intent to follow the intent of the government policy and do it in a way that we do not close any of our offices. We are operating plants, we are operating transmission facilities, and we want to do it in such a way so as to minimize the impact on customer service in any way. We believe we have come up with a way to do that.

In addition to that, we do not want to have any reliability concerns or any safety issues related to our system, both for our customers and our employees.

* (1950)

Mr. Ashton: I appreciate that statement. I do not ask for more detail. I think that is reasonable.

I wanted to get that clearly on the record because, as I said, it is not just my own concern. I have talked to Manitoba Hydro employees who are saying, it just cannot be done, according to what they have seen with the government, and I believe the government is going to find that out within the main Civil Service, so I appreciate that assurance.

I have another question in terms of this, and that is, there is some question with the main collective bargaining agreement between the government and MGEU as to whether the government can do what it is doing under the agreement. In fact, that has now, I believe, been acknowledged by the Minister of Finance (Mr. Manness). I would like to ask the Manitoba Hydro representatives here today as to whether these items can be done under the collective agreement, or is there a similar situation

to the government where there is some question as to whether the collective agreement allows the government to do what it is attempting to do?

Mr. Brennan: To look at the particular proposal we are looking at requires the approval of our bargaining groups. Having said that, there are other options such as layoffs that can accomplish the same impacts in addition. I think that is fair, but we would like to get the co-operation of our bargaining groups. I have talked to them once already, and after the Hydro Board meeting, I will talk to them again, or Manitoba Hydro staff will.

Mr. Ashton: So is Hydro looking at the possibility of layoffs to achieve the targets set by government?

Mr. Brennan: I think you asked the question, Mr. Ashton, what would happen if the bargaining groups did not agree to our proposal, which we think is a relatively good one, and other options are such as that. We think we have developed a pretty good proposal.

Mr. Ashton: So it all hinges now on the employees themselves. They basically are going to have a choice of accepting this offer or layoffs.

Mr. Brennan: I would suggest that there are additional options over and above that, but that is one of them, certainly.

Mr. Ashton: Well, now, I thought I had received some assurance that put my concerns to rest, but I am particularly concerned about the situation we are in now.

I want to ask, is the agreement of the various different unions required to implement this plan? Is that why you are looking at this alternative, or is it the position of Manitoba Hydro that it wants either voluntary agreement or it will go and look at other options?

Mr. Downey: Mr. Acting Chairperson, I think in fairness that what we are talking about here is a hypothetical situation which Manitoba Hydro has not come to their board with at this particular time. To get into hypothetical situations I think is unfair.

There is, I think, certainly a co-operative spirit here to give as much information as possible. I would hope the member would appreciate that at this particular time to speculate, to try to reach for some way to criticize what actually has not even been presented to the board yet is a little bit unfair. I leave it to the president of Manitoba Hydro to express the issue in which he feels it.

Again, in fairness, I think the member has the assurance that the services will be provided, there will be an application of this in a fair and equitable manner and, hopefully, that there is a co-operative spirit of this whole thing. To presume anything else at this particular time I think is not fair to the management of Manitoba Hydro and/or the board.

Mr. Ashton: Mr. Acting Chairperson, this is not hypothetical. This is what the government has brought down as a policy. It has been very clear that he expects all Crown corporations to follow through on that.

The question I was asking was whether Manitoba Hydro, in complying with this directive from government—I mean, call it what you want, but essentially it is a directive. One can look at the wording that was put in place by the Minister of Finance (Mr. Manness). What I want to get some idea of here is, and I think this is a very legitimate question. It is not a matter of being hypothetical. Presumably, if the government knows what it is doing when it announces a policy, it will look at whether that policy can be implemented. I think that is a very straightforward question.

I know that it has not happened with the main Civil Service, Mr. Acting Chairperson, because my understanding of what happened there is, only after these decisions were made did the government find out, did it realize that it might not possibly be able to do what it is trying to do through the collective agreement. I am asking that question in the case of Manitoba Hydro, as to whether it is in a position where the kind of options it has to look at, at maintaining services, require agreement with the parties who are party to the various different collective agreements, because there are a number of different unions. That was the question asked. It is not a hypothetical question. What do the collective agreements say in these particular circumstances? Is there a problem or is there not a problem?

Mr. Brennan: We have vehicles within the collective agreements to accomplish the government intent. We also have the opportunity to do it with the co-operation of our bargaining groups. I am confident that what we are proposing is a good one and it will be certainly accepted. It may not be accepted by all of them exactly the way we would like it.

Having said that, you are really getting into a thing that we would like to co-operate and work with our

bargaining groups in a way that is satisfactory to all of us, including the government.

Mr. Ashton: Mr. Acting Chairperson, I appreciate the difficult position Hydro is in. It was in a difficult position when the government brought in Bill 70.

I sat in this committee room and I heard the presentations from various different people who worked for Manitoba Hydro, who were absolutely furious at what the government was doing but pointed out the comparative wage rates, in many cases, that people working for Winnipeg Hydro were making more than Manitoba Hydro. What the government has now done in terms of Manitoba Hydro employees, as it has done with other Crown corporation employees and civil servants, is it is asking people now to take a collective wage loss of close to 9 percent, including Bill 70 and the 3.8 percent rollback in terms of this case—close to 9 percent, Mr. Acting Chairperson, over what they would have made, further eroding the situation.

I know the concern within Hydro to begin with. It was there a number of years ago. In terms of comparative wage rates, it was that Manitoba Hydro was not competitive in comparison to other utilities, particularly for tradespeople, particularly if you look at linemen, linepersons—I do not know what the current terminology is, but there are particular concerns that have been expressed right here in this committee.

To talk about co-operation at this point in time is to talk about co-operation when people have a gun to their head. The government has said, Mr. Acting Chairperson, that it expects this to be implemented, and now people are faced with a situation that they could be looking at layoffs, they could be looking at various other options. You can call it co-operation if you want, and I do not blame the board or Manitoba Hydro one bit. I do not think they wanted to have to do this. In fact, I have talked to employees who have said they were told that Manitoba Hydro did not want to have to do this before, perhaps, the government started to put the pressure on more directly.

In fact, I want to ask the minister because the government plays this game here in terms of it was a directive, but it was not really a directive. I would like to ask the minister: If Manitoba Hydro were at its board to reject, to say it could not be done without layoffs, for example, without having an impact on customer services, is the government's position that Manitoba Hydro does it or it is legislated, or is there

any flexibility whatsoever with Manitoba or in fact with any of the other departments within government or Crown corporations that he is dealing with?

Mr. Downey: Mr. Acting Chairperson, yes, there is flexibility as it relates to the delivery of the spirit of the policy. We have said that all the way through as to how it is accomplished, and again, I think the member is probably, as he has done for some time, underestimating the importance of the application—when government is involved in an extremely difficult financial situation, we all have to work to try to resolve this thing in a fair and equitable way. I am talking about resolving the costs that the governments have to incur in providing services.

Of course, we have a cost, as it relates to the supplying of a financial guarantee to Manitoba Hydro. That is an implication to the provincial taxpayers through the monies that we have to allow for, account for in the budgetary process. So we have an implication on the expenditures of government and the provision of an allowance for funds that Hydro spends. Why would the member expect a great variance? What we are talking about is living up to the spirit of a policy which the government feels is in the best interest of the taxpayers of the province of Manitoba.

He may philosophically disagree with that, and that is his prerogative, but I can tell you, Mr. Acting Chairperson, we the province of Manitoba, as the taxpayers of this country, have to deal with the deficits that this nation has—the debt that this country is in, this province is in. That is what this policy is trying to do, not to single out anyone, not to try and say that there is somebody that should not be treated fairly and equitably. We are trying to apply in what we consider a fair and equitable manner.

You have heard the people from Hydro; you have heard the Minister of Finance (Mr. Manness), responsible for Crown Corporations Council. What I am hearing—maybe the member is not hearing the same thing—but it appears that there is a willingness to carry out that policy as best suited to the operations that these individuals are in charge of.

* (2000)

Mr. Ashton: Mr. Acting Chairperson, I suggest the minister might take the time as Minister responsible for Hydro to talk to some Hydro employees and find out what they think about what this government is doing. I also suggest that he might not want to try the rather ridiculous suggestion that somehow Manitoba Hydro employees have anything to do

with the budgetary difficulty that this government has gotten itself into. They have no direct bearing on the deficit-period. The minister is talking about the financing of Manitoba Hydro. The minister is talking in such indirect terms that I think it is insulting to Manitoba Hydro employees.

The fact is, the government made a decision that it was going to roll back the 3.8 percent to try and take back some money that it had agreed to pay to government employees in collective bargaining agreements signed by both sides. It was trying to take back that from the main government and then apply that to the Civil Service, Mr. Acting Chairperson, generally and to Crown corporations.

It is absurd for the minister, knowing full well the kind of situation that Manitoba Hydro is in with its current report, with Limestone revenues coming in, to suggest that if somehow Manitoba Hydro employees are forced—and the minister talks about co-operation. You cannot co-operate when someone has a gun to your head. People know the kinds of decisions that they are faced with are, such as were outlined earlier, layoffs or even worse types of scenarios.

Mr. Acting Chairperson, I am extremely concerned that the minister does not admit exactly what is happening on the record in this committee. This government made a political decision to target civil servants, and it decided for political reasons to include Crown corporation employees as well. That is going to result in a significant erosion of the standard of living of those employees involved. In the case of Manitoba Hydro, they will make no difference whatsoever on the deficit—none. It will make no difference in terms of the provincial deficit.

I am very concerned about the fact that this minister, supposedly responsible for Hydro, is just continuing to repeat the same PR lines that we get from the government. I would have expected better. I would hope that when the board does make its decisions that it should take from the discussions that if things cannot be done that they should tell the government that it cannot be done. I think it should be as straightforward as that.

I realize it is difficult for a government-appointed board to tell the government to do that, but I hope that a very strong position will be taken in terms of maintenance of customer service and also a strong message will be sent to the minister, because he obviously has not received it yet, that the employees of Manitoba Hydro are not happy with what has

happened any more than many of the others who are affected, and they feel particularly that it is unfair, given the combined impact of this and Bill 70, and they think it is particularly unfair that the government is trying to use the excuse of the deficit to roll back their wages.

Mr. Jack Penner (Emerson): Mr. Acting Chairperson, I suppose I have just heard a rather shocking rendition of what government responsibility should be in the eyes of a member who was part of a government that in fact ran this province. I think it demonstrates clearly why this province was in the economic mess that it was in that we as a government inherited and are now forced to deal with whether we like it or not. To imply that a corporation of government simply can operate totally on its own without having to abide by or pay attention to government policy is shocking to me. Secondly, I can now fully understand why the previous government went on spending money and spending money. As long as there was a dollar in the pot, we have to spend it. That seems to have been the attitude. To indicate to a Crown corporation that they, having made a profit, should look at ways to spend it and increase expenditures is even more shocking to me.

I think the record will show that is what the honourable member said and implied. I quite frankly think that is why the people of this province, be they employees of government and/or private citizens, have said that is enough. It is time we stepped back and found ways to do the job more economically. That, I think, is the challenge to our Crown corporations, to each and every one of us sitting around this table as well as every person making decisions in government today, to ferret out ways to provide services to our people at the least cost in a least-cost manner, and that has not always been the case.

That is not the reason I came to the committee today. The reason I came is, I would like to, Mr. Acting Chairperson, pursue the line of questioning I ended with at the last committee when I asked the question whether Manitoba Hydro was contemplating providing 220 service to the farm community in many parts of rural Manitoba. The answer I got was that they were looking at providing converters to many of the farm communities or making them available. I simply do not know what that means and would like to pursue that question and ask what it means to provide converters and

what the cost, if any, would be to individual farmers if they ask for that service.

Mr. Brennan: The real problem is the cost of extending three-phase service to some customers who do not have an adequate revenue stream resulting from the service extension. What we have looked at is a way to utilize phase converters that allow single-phase power to be converted to three-phase for use in individual situations and Manitoba Hydro providing a financing forum to do that. We have not announced this at this particular time, but it will be announced shortly.

Mr. Penner: How, Mr. Acting Chairperson, would a provision or a service such as that be provided to an individual? Would there be a monthly service charge applied, or would there be an up-front cost to providing a service such as that?

* (2010)

Mr. Brennan: We would allow the individual to purchase—and it is my understanding there are a couple of different types—the phase converters and finance them on his Hydro bill into the future.

Mr. Paul Edwards (St. James): Mr. Acting Chairperson, I wonder if, just following up on the member for Thompson's (Mr. Ashton) questions, can Mr. Brennan indicate, I understand the major contract group at Hydro is the International Brotherhood of Electrical Workers. That is my assumption.

What bargaining agents—[interjection] and the Canadian Union of Public Employees—can the corporation indicate what the bargaining units are and roughly how many employees have followed each of the bargaining units?

Mr. Brennan: I am going to have to guess at some of these numbers.

We have three direct bargaining groups within Manitoba Hydro, the International Brotherhood of Electrical Workers, and they have approximately 2,400 members within Manitoba Hydro. Another group is the Canadian Union of Public Employees, and the exact number I would have to check on. It is in excess of a thousand, I believe. It is for sure, as a matter of fact. Another one is the Association of Manitoba Hydro staff and supervisory employees. That is a smaller group.

Mr. Edwards: Do those groups have similar contract expiry dates? If not, can Mr. Brennan indicate what the expiry dates on the contracts currently in force for those groups are?

Mr. Brennan: They have different expiry dates to the contract. The earliest one that comes due is May of 1994. Another one comes due in December of '94, and another one is March 31 of '95.

Mr. Edwards: Just following on some of the conversation that was had earlier, is it within the contemplation of Manitoba Hydro that a change in pay, work conditions or number of hours worked, which I assume are covered in those contracts, would be sought prior to the expiry of those contracts?

Mr. Brennan: We would like to implement the intent of the government policy in a way that would allow us to give additional time off with the individual not receiving pay for that specific time. We would like to do it in a different way and call it in a different fashion, but that is the intent.

Mr. Edwards: But just so we are clear, by the terminology that you have used, Hydro would like to give this. It is not anticipated that it would be a voluntary program.

Mr. Brennan: The taking of the time—like, we are now right into the proposal, by the way, which I was not really going to do. We do have a program that we think is relatively unique where there is some flexibility on both the employee's and Manitoba Hydro's part.

Mr. Edwards: Mr. Brennan, just so we are clear about how our party feels about this, back when Bill 70 was dealt with in this House, I have no problem with the government, like any employer, setting out its demands and negotiating collective agreements.

I have an enormous problem with signing collective agreements and then skewing the bargaining process in the course of those agreements. It is fundamentally dishonest, in my view, to sign a contract and then, whether by legislation or any other means, seek by force ever to change the terms of the contract. That is the position I take, and you know I think that most in the community who have any knowledge of labour relations and bargaining understand that there is irreparable damage done to an employee-employer relationship—irreparable damage—which can never be repaired if in fact that type of intervention mid-contract is contemplated.

So I hope that Manitoba Hydro is considering its long-term relationship with these bargaining units. It is one thing to bargain hard, it is another to bargain unfairly mid-term, whether you have the sanction of government or not. It is wrong. There are no two

ways about that. So I am very, very distressed to hear even within the context of your terminology, flexibility, Manitoba Hydro would contemplate on its own initiative that type of an act.

It is one thing to hold this minister and this government accountable for something they legislate over you. It is another for you to contemplate it. I hope that Manitoba Hydro understands that that will be the position, and I believe that it is not in the long-term interest of that corporation to have that kind of mid-contract pulling back from a deal, a contract with the bargaining units.

Perhaps the minister—I see he had his hand up. I have other questions. If he would like to respond to that I would appreciate to hear from him.

Mr. Downey: Mr. Acting Chairperson, again I think it is somewhat unfair because the management of Manitoba Hydro has not gone to their board yet. There has not been the opportunity to discuss it, express it, as it relates to the implementation of any proposal other than to say that the spirit of the policy is being accepted by the board of the Crown corporation, and I think that the relationship that has been carried out between Hydro and their employees has been one which has been of a positive activity. I have not heard anything to the contrary at this particular time, and the member's comments I am sure are noted as it relates to the current situation.

Mr. Edwards: I do not want to get into a debate with the minister, that is not why we are here, but I beg to differ with him, and I think again it is a very opportune time to make these comments known from our perspective, for what it is worth, to these gentlemen about Manitoba Hydro. If they have not made the decision yet, they should be aware that it is our view that if the government imposes something by legislation we hold the government accountable. For the corporation on its own, the board of directors, to implement something which is a change in the benefits, in the terms of the collective agreement, unless it is entirely voluntary, is a big step for that corporation with very, very long-term ramifications. I will leave my comments at that.

Mr. Ashton: I share the concerns expressed by the member, and I hope Mr. Penner will understand that the concern here is not a question of saying go out and spend money. When you have a collective agreement, two parties sign it. A deal is a deal, and

I consider what has happened in this case to be extremely destructive in the same way that the member for St. James (Mr. Edwards) pointed out the working relations. If the minister is not aware of it, he should maybe take the time to talk to some Manitoba Hydro employees, because believe you me it will not take him very long to find out the degree of frustration. It does have an impact. I think the representatives from Manitoba Hydro here today realize that. That is the concern that I think we should leave it at, as this is going to impact on employees pocketbooks. It is also going to affect staff morale. It is also going to affect the functioning of the corporation. I think that is extremely unfortunate, to say the least.

I have a couple of other questions in regard to the billing structure. Last week, we received the positive news that Manitoba Hydro is looking at equalized hydro rates—well, not looking at—is proceeding with equalizing hydro rates because of the financial situation it is in. For Mr. Penner, he should maybe read the report and see the impact of the Limestone sale on the positive health of the corporation. We seem at or below the rate of inflation because of Limestone decisions made in the mid-1980s by the previous government that he was so critical of. In fact, even Mr. Enns last week was asking questions to solicit this particular response.

What I would like to ask, though, is are there any other changes being contemplated in the hydro rate structure?

Mr. Brennan: I think our rates are continually under review, and this particular one has been under review for some time. It still has an extended process to go through, as I mentioned last time. You know, we have to consult with Winnipeg Hydro. We have to take it to the Hydro board. Then it has to go to the Public Utilities Board and that sort of thing.

There are other things we have in mind for smaller commercial accounts and that sort of thing but nothing of significance to the entire number of consumers that this particular one has.

Mr. Ashton: The reason I asked that is because one of the concerns that has been expressed to me consistently over the years about the current billing structure is the demand billing portion of many smaller commercial ratepayers. For example, I had a landlord in Thompson that showed me the bill that he pays for Hydro. I was, quite frankly, extremely

surprised at the amount he was paying, including in off-peak periods. A lot of it is essentially because of the fixed costs that are in place.

I just want to ask, is there any consideration being given to changing that particular rate structure? I ask it in the context too that one of the concerns that has been expressed to me about the structure is how it impacts on energy conservation in that—I know in the case of this particular individual, he felt that there was not much of an incentive in the case of his particular building since he was paying a lot anyway, almost regardless of the amount of demand within a certain range of demand, to conserve. There just was not the economic payback and, of course, this being a commercial account, that is his bottom line.

I am wondering if there has been any consideration in terms of that context?

* (2020)

Mr. Brennan: I guess, I have a couple of comments. The first comment is you do appreciate that the size is 50 kva and over for demand billings involved. In addition to that, that type of billing is universal throughout the province right today. It is no different in Thompson than anywhere else in the province. The third thing is that Manitoba Hydro has an awful lot of fixed costs, and we have to recover those fixed costs. The way we recover those fixed costs is through demand billing. The other thing, you mentioned conservation. In actual fact, controlling the demand through a demand charge is very cost effective from the utility's perspective and is, in fact, demand-side management for conservation initiative by itself.

Mr. Ashton: One of the problems in Thompson, for example, and communities that do not have natural gas is that the alternative energy source is propane, which is more expensive than hydro. So what you have in the case of Winnipeg is that you do have a competitive mechanism in place because of natural gas. I know the government—there was a resolution we discussed earlier, and I think everyone in the House agreed in terms of the need for gasification of a number of communities. It is of particular concern with commercial users. I used the example of the landlord, but it is a concern of other commercial users as well.

What you end up with, even with equalization of rates, in terms of residential rates or other rates, the bottom line is that you still end up with a situation that there is not a competitive situation outside of

areas served by natural gas, whereas there is, for example, in Winnipeg where natural gas is an alternative. In that particular case, you end up with people who do not have the other alternate source of energy and have to look at patterns within their own usage. I am wondering, has any analysis been given in those communities specifically of the impact of the rate structure on consumption patterns?

Mr. Brennan: As I mentioned, Mr. Ashton, both energy and capacity, or demand, are very important to the Manitoba Hydro system. We could build new facilities as a result of a demand. Customers have to manage both. The rate structure that we have now is designed to allow conservation efforts to occur in both energy and demand. We do have the lowest rates pretty well in North America. That particular type of customer is reasonably well off as compared to other provinces. We do think that we have a reasonable balance between capacity and energy in our rates.

Mr. Ashton: The reason why I am asking though is, I understand the relative situation, relative to other utilities, although that in itself, economically, is a disincentive to conservation, presumably. The logical consumer would presumably have a great economic incentive for conservation measures in other utilities. I am talking particularly about people in a position where they do not have an alternative source of energy available, which is the case in many communities outside the city of Winnipeg.

But I want to proceed a little bit further, and I understand that there is a debate that has been going on within Hydro for a considerable period of time, and I may even send a copy of the particular bills that were presented to me because I would appreciate Hydro's response. I do not have them with me, nor do I think it is the most appropriate place to raise the specifics of the billings. What I want to ask today, since this will most likely be our last committee meeting, following from this, in terms of conservation we had some discussion in the first committee hearings on the Power Smart program and the general goal of Hydro, which works out to about 6 percent, and Hydro's comparison of various different activities back and forth. I want to ask Manitoba Hydro whether consideration has been given to working with the government towards looking at some major energy retrofitting.

I would look, for example, at northern communities where, if you go into the average northern community, particularly remote

communities where people have traditionally had not much control over housing, you end up with a situation that you have houses that would look not out of place here in Winnipeg, where several hundreds of miles further south. In places you have problems with insulation levels. There was a significant amount of work done through the various programs that were in place before in terms of doors, windows, et cetera, but not much has been available in recent years. We have assistance for people looking at major energy retrofits, and we have to recognize the significant capital cost. For many individual consumers, if they are looking at spending \$1,000 or even a few hundred dollars on a retrofit, that results in a difficult situation in many cases. While in a very short period of time they would pay back that money, they just do not have it.

The suggestion has been made that we should be looking at a major energy retrofit. It would have a number of other advantages in terms of job creation, particularly given now the fact that Conawapa has been killed for the next period of time and we are not looking at any other competing construction projects depending on the generation sequence. I am wondering if Manitoba Hydro has had any consideration of that, or had any discussions with the minister or the Department of Energy and Mines aimed at getting a major energy retrofit program for Manitoba communities.

Mr. Brennan: Our longer-term plans do provide for a retrofit program. They are out some time yet. The payback on them requires them to be done closer to the time we need new generation, but they are part of our overall plan.

Mr. Ashton: I am wondering, when you are looking at that type of approach, if you are also looking at the financing, the amortization periods that would be required, not just for Hydro's own benefit but also for the individual consumers, what kind of framework you are looking at in terms of those particular types of possible programs.

Mr. Brennan: At this point we have not developed the programs. They are out some time. We know that there is some payback to us. We can spend X number of dollars to get the payback we want, and at that point in time we will take a look at the best way to spend our money in terms of the returns we are going to get.

Mr. Ashton: I appreciate that that is even being considered and I would note that it is not my proposal. It has been proposed, I know, by a

number of the construction units, for example, that would have seen a significant amount of employment from Conawapa as an alternative now that Conawapa has been killed. It also has been proposed in many northern communities. Many people have said that that is a major problem. It is not just the unequal Hydro rate structure. In fact, many people have acknowledged that the equalization of hydro rates only—it deals with the symbolic concern of many northerners, you know, about paying more and the same thing in rural communities, but does not deal with the underlying concerns.

I would certainly urge that. Many environmental groups have raised this concern. We have a lot of trained carpenters in northern Manitoba who were looking at Conawapa. Since Conawapa is not available, they are working now on housing construction, and I think the biggest obstacle is the lack of a comparable system that you have when you build a dam.

When you build a dam, you can estimate what it costs; you can obtain the financing; you can amortize it over a certain period; you can do a cost-benefit in terms of that. When you are dealing with an energy retrofit program that involves consumers, their time frame and their ability to amortize costs is a lot more limited. I do not think most of us could afford to spend money now and get it paid back over a 40-year period, or a 50-year period if you look at the Winnipeg River system in terms of dams that have been in place there for a significant period of time. You know, people cannot wait that long to get a payback. So I would strongly urge that this be looked at.

Just one final question on this before I continue in another area, when you say it obviously is being looked at, is that as part of the June target for generation sequence, or is this over and above that?
* (2030)

Mr. Brennan: No, part of achieving our target. We will take another look at what the target is by June, but in the longer term to achieve that target we come up with a series of programs. One of these could be the retrofit program. In looking at the retrofit program, which is some time out, we will determine the best way to spend our money to get the biggest payback for both the customer and Manitoba Hydro.

Mr. Ashton: I would urge that be done concurrently with the generation sequence discussions. I am not saying the immediate implementation, but to my

mind this obviously would impact in terms of the key factor as to when additional sequence is required. I would hope that would be a significant part of it. Am I understanding from the answer that it is not part of the June discussions?

Mr. Brennan: We intend to do all cost-effective conservation. Cost-effective conservation, to us, means that we were prepared to spend some money on the retrofitting program. Then money as a result of our efforts up to June or July will determine how much we can do. The way we go about doing that is something we can certainly do later as long as we achieve the target before we need new generation and transmission.

Mr. Ashton: I have a further question because in the last couple of hearings we have discussed the targets. Two years ago we proposed a target of 6 percent. At the time there was discussion as to whether that was feasible or not, and currently Manitoba Hydro has a target of 6 percent. Last year there had been suggestion that we might look at an increase in that particular target. Is there any consideration being given currently to increasing that target? I recognize Hydro's cost-benefit analysis, et cetera, but is there any consideration being given to raising that target?

Mr. Brennan: What we do is we look at the target as we look at what generation is required for the system. We find out what kind of money we can spend on—what the cost of new generation is is looked at in comparison with what we can achieve by spending the equivalent amount of money on conservation and then establishing a target. So the target is something that could change every year, and it could go up and down based on when we require new generation.

Mr. Ashton: This gets back to some of the debates we have had in terms of what is a target and what is not a target. I mean, it sounds to me like a moving target, Mr. Acting Chairperson, and I think that one should be cautious in terms of that. I understand the rationale of Manitoba Hydro, but I think a lot of other people are saying that it has to be a firm target and that one has to look also at some of the costing of such things as the retrofits.

How do you assess the cost benefit? One of my concerns is that it is very difficult. As I said, when you are involving individual consumers, you are involving different financing, and dealing with differing levels of actual amortization, that you could compare those kinds of different alternatives.

The concern I know has been expressed by many people in the environmental community that the conservation measures are particularly undervalued. That may be changing now with some of the other costs that we referred to earlier for dam construction, some of the negative costs that come in place, the externalities. But the bottom line is, I think, a very serious concern has to be raised about, are these being treated equally in terms of is there a fair comparison? I would urge that the targets be firm and that the 6 percent figure perhaps be considered to be a bottom end rather than a floating target, and that Hydro do look at, the example, some other jurisdictions and some real changes in terms of how we might deal with conservation.

I have another question. I do not know if you have any further comments on that, but I have another series of questions.

Mr. Brennan: I do have a comment on it, but I am scared that you are going to just raise another question. What we are trying to do with our targets, and I do not think I have explained myself very well, Mr. Ashton, but the cost-effective amount of conservation can change every year based on what our avoided costs are, what we are avoiding in terms of not building facilities. If the need for new plant is 10 years out or 20 years out, it does have some impact, and that was the only point I was trying to make.

We do have a very aggressive target right now as it relates to other utilities. We also are committed to doing all cost-effective conservation, and I do not think I can say anything more than that, other than that it is a pretty liberal program.

Mr. Ashton: You had me until you mentioned liberal program, but anyway—I am surprised the member for St. James (Mr. Edwards) did not jump out of his seat on that one.

I have some further questions, as I said, and I know the member for The Pas (Mr. Lathlin) does. Perhaps I will just ask a few further questions and then turn over the floor.

In terms of electromagnetic fields, I have asked this question in committee before. Since that time there has been a Swedish study that has indicated higher levels of leukemia amongst children with families living close to electromagnetic fields, particularly high-voltage power lines. I would like to ask Manitoba Hydro whether there has been any review by Manitoba Hydro of that particular study.

Mr. Brennan: The Canadian Electrical Association has looked at the study. We have had various committees of the Canadian Electrical Association look at it. Manitoba Hydro staff have also looked at it, and we have not changed our opinion at this point that there is nothing conclusive at this point in time causing a direct link.

Mr. Ashton: Well, Mr. Acting Chairperson, the study did show the higher rates of leukemia, so there is now a formal study. There have been other less extensive studies that have raised this concern in the past, and I just want to ask, and I am not asking for Manitoba Hydro to say, yes, there is a problem with electromagnetic fields. I mean, it is very similar to the debate that is going on currently in terms of cellular phones; they went before the Congress in the United States. The question is whether there is any side effect from those particular phones. There have been ongoing debates in terms of other appliances, VDTs, various other electronic developments in the last number of years, and there have been conflicting studies in many cases, but the concern has been raised.

What I would like to ask is, given the fact that there is not necessarily any conclusive evidence, but there is at least one significant study now showing a potential link, is Manitoba Hydro looking at any changes, particularly as it relates to high-voltage power lines and particularly as it relates to inhabited areas?

Mr. Brennan: I guess it is an issue that Manitoba Hydro is very much concerned about. We continue to monitor all information. It is one that we do not believe will go away. Having said that, there are other issues related to where we route transmission lines that one has to consider, and that is just one of the issues we consider.

Mr. Ashton: Well, I would hope that it would be considered. I think it is a legitimate concern. I have talked to people. In fact, I know I used to live in an area of Thompson which is very close to the high-voltage power lines, and people were quite concerned.

It was a concern in our own family because it is the kind of thing that when you have got the potential health impact affecting your own children, you do not want to take any chance. If one looks at what is happening in other jurisdictions, I can point to Ontario for example, where there have been a number of community groups that have become particularly active. There was a very extensive

report in a Toronto newspaper when I was last in Toronto outlining this concern.

I am wondering, has Manitoba Hydro done anything beyond reviewing this internally? Has it been involved in any public consultations with individuals? Has it considered looking at some sort of outreach campaign to talk to potential people?—because I would hate to see it develop to the point where it is in Ontario where essentially now you are getting groups opposing putting in transmission lines, and I hate to see it getting to that level. I mean, it is unfortunate when it has to come to the level of confrontation, but that is the level it is coming to in Ontario, other jurisdictions as well.

Mr. Brennan: This is an issue we address in all our public meetings associated with the building of new facilities. Definitely, some people have raised the issue. We try to deal with it. One thing I should point out, Mr. Ashton, is that in your own home you probably have greater impacts of electric and magnetic fields than you would from the transmission lines that are near your home.

* (2040)

Mr. Ashton: Mr. Acting Chairperson, if one looks again also in terms of the studies, it depends on the proximity one has to the producers of those electromagnetic fields and the degree of exposure. I would argue that point. It depends. I mean, this is the whole cellular phone debate. Is it related as a general case, or is it only in those cases where people have extended contact with a cellular phone? I would be a bit concerned about that suggestion.

I am not saying that there are not electromagnetic fields in the household, I realize that, but my concern is that this particular field, since I raised the question three or four years ago, it was considered to be just one of those unfounded concerns. I do not mean by Hydro. I am not saying that was a response from Hydro. I think it was a fairly serious response, but if one talked about electromagnetic fields a number of years ago it was akin to seeing UFOs. People viewed the concern as being unscientific and undocumented. It has been documented in the Swedish study, and I would really hope that there would be some public education on this, some outreach, even indeed within the home. I think that is a reasonable point. I agree with the president of Hydro, concerns have been expressed in terms of access to that.

Mr. Brennan: I do not want to prolong this one either. There are a couple of things. First of all, we have had a fairly long educational process. We send out bill stuffers. We had a series of articles on them. We do have information in any of our offices about the issue, and I think they are good articles. We are continuing to monitor. If somebody has a concern about the extent of the electric and magnetic fields associated with either transmission lines or the quantity in his own home, we offer a service of going out and measuring it for people, explaining it to them, and we have a pretty good educational process for people that do have concerns.

There are some people, as you suggested, that do have legitimate concerns and we try to address those, so we share your concern.

Mr. Ashton: I may follow up on that. I know there are some specific areas in my own community where people are concerned, but, anyway, I know the member for The Pas (Mr. Lathlin) has some questions.

Mr. Oscar Lathlin (The Pas): Mr. Acting Chairperson, I do not have a lot of questions. I have some general questions, and perhaps some of the questions I will be asking may have been asked already. However, the minister always tells me he is a very patient individual, and I am sure he is going to be patient with me tonight, as well.

I wanted to ask the minister to perhaps give us an update as to the Grand Rapids installation. Now, we have had some problems over at the Grand Rapids dam in terms of one unit having been damaged in the last year, and perhaps I could start off with that. What is the state of Grand Rapids dam these days?

Mr. Brennan: The unit in question was a serious accident, or incident. The unit suffered a great deal of damage. Staff have worked really, really well in trying to rehabilitate the unit and get it fixed up, and it is expected to be in service this fall.

Mr. Lathlin: I would also like to ask, before that particular unit went down—it is information that was given to me just two or three days after the unit went down in Grand Rapids—there had been not formal presentations, I guess, but through conversations between the people at Grand Rapids, particularly those who work at the site, they had apparently said to Hydro that the units were in need of repair. There had been quite a bit of vibration on the units, and there had been a lot of concern on the part of the

workers who come from the community that eventually something would happen and, of course, indeed, something did happen.

Perhaps I can ask the minister, were there presentations on the part of local people to that effect, maybe trying to caution Hydro that it was time to repair the units before they actually went down?

Mr. Downey: Mr. Acting Chairperson, I will let Hydro respond, but I had no presentations made to me that I am aware of, or to my office that I am aware of.

Mr. Brennan: I was not aware of any particular presentations made to the management of Hydro regarding that particular problem. Certainly we had no anticipation of the type of failure that did occur. It was unprecedented. Certainly we are really, really pleased that nothing happened in terms of serious injuries to any of our staff.

I guess the only other thing I can say on the whole issue is that the efforts of staff in rehabilitating the unit, in getting the powerhouse cleaned up and all the other related work was just a superb effort by all staff, and I personally thank them for their efforts.

Mr. Lathlin: Mr. Acting Chairperson, what about the remaining units and the overall condition of the whole dam? Can I ask the minister, is he satisfied that the remaining units are in good running condition, or are they in need of repair? That goes for the rest of the power dam as well.

Mr. Brennan: We have one other unit. That was Unit 1 that had the incident associated with it. Unit 4 is out of service, and staff are in the process of repairing it. It will be into service within the next month or so.

Mr. Lathlin: How many workers were required to do the work, including cleanup and rehabilitation and so on?

Mr. Brennan: I would have to dig out those numbers. There were an awful lot of people involved, though, and certainly we appreciate all their efforts.

Mr. Lathlin: Can I ask the minister then to what degree the local people were given consideration in terms of accessing jobs that were required to clean up and to do the rehabilitation of the units?

Mr. Brennan: We had an extensive program of getting people both from the community of Grand Rapids as well as from the reserve itself involved in the cleaning-up process and the work itself of trying

to get everything back in a reasonable state of operation so we could operate the plant later.

Mr. Lathlin: Could I ask the officials then—I know it is hard to remember exactly the numbers—but maybe the officials can remember approximately the percentage of local workers who were hired to do the cleanup and the rehabilitation of the units.

Mr. Brennan: It is my understanding that there were three types of workers involved: first of all, any skilled Manitoba Hydro people with specific skills required for the task; in other words, somebody with individual skills that were required outside the plant itself, let us say, somebody who is skilled in operating a hydro plant or maintaining a hydro plant like that.

In addition to that, there were more unskilled requirements for people, you know, where you could just hire who was available and ready to get on the job, so to speak, and they were used extensively from the community and the reserve itself.

The third step was people who had specific skills from outside Manitoba Hydro, such as people with specific knowledge of how to assist in the cleanup process.

* (2050)

Mr. Lathlin: I am also interested in knowing Manitoba Hydro's strategies or plans in terms of their hiring practices, training, and so on, especially as it pertains to northerners, particularly those who live close to the hydro dams.

Can I ask the officials then to share with us any employment training strategies that they might have in place in terms of hiring northerners, aboriginal people, and perhaps also give us the numbers?

Mr. Brennan: I do not have specific numbers as it relates to northerners per se. I do know that we have between 6 percent and 7 percent of our total workforce being aboriginal people. We do give preference to aboriginal people when we are hiring. We have not been involved in an extensive hiring program more recently. We have a freeze on for a year and a half, and the freeze has been relatively effective in reducing staff levels.

I guess, with the exception of our preference programs, when we do hire locally, and hire for any of our training programs, we do have a preference policy. Also, anytime we are trying to contract for outside services, we have a preference policy for aboriginal people and northern people. We exercise those preference policies quite often.

Mr. Lathlin: I just wanted to say, Mr. Acting Chairperson, that when the Grand Rapids work was being done, I received a lot of calls from the people of Grand Rapids saying that some firms from British Columbia were hired to come in and do the repair work. I do not know this for sure myself. This was what I was told, and perhaps I could ask the officials of Manitoba Hydro to clarify that for us.

The gist of this story is that firms from British Columbia were hired to come in and do a specific job. The people from Grand Rapids contend that they did have local people who had the necessary skills but were apparently passed up. Perhaps I could ask the officials to clarify that for us.

Mr. Brennan: It is my understanding that we made a point of doing really our best in trying to get local people, and we did hire an extensive number of local people. We have done that in the past as well.

We thought a couple of years ago that we were going to have to use the spillway, and we had a program whereby we used local people to assist in cleaning out the spillway. We also have used them quite extensively on this particularly project. We did use some outside specialty services, and I was not aware of any from British Columbia but there could have been. The numbers would be relatively small, though; I am confident of that. But I will check for you, Mr. Lathlin.

Mr. Ashton: Mr. Acting Chairperson, I appreciate the concerns raised by the member for The Pas (Mr. Lathlin). I know it is a concern that is ongoing in the North, and it is particularly unfortunate with the hiring freeze that there is limited opportunity for progress in terms of affirmative action regarding all term target groups, particularly aboriginal people, given the history of what has happened in many aboriginal communities.

I would hope that Manitoba Hydro would, when hiring does take place again, really emphasize it, and I hope there will be emphasis internally on a continuing basis. I know that their various programs are on the way. I am aware of a number myself, whether it be in terms of aboriginal people or the various other target groups.

Mr. Acting Chairperson, there is a lot more that could be asked in terms of Manitoba Hydro, but I think that we have touched on most of the basic issues. I just had a few comments I want to put on the record before completing Manitoba Hydro, and I am sure the Liberal critic may have a few comments as well.

I just want to indicate, Mr. Acting Chairperson, it has been an interesting set of three committee hearings. I think the first message that comes out of the hearings is that Manitoba Hydro is in fairly good financial health. In fact, I know when I was contacted by the media just prior to these hearings, concern was expressed about the current quarter loss, but, as I said at the time, with Hydro looking at the position of receiving significant revenues over the next period of time from the Limestone sale, peaking at a range of 27 percent plus of its revenues coming from export sales, including both the NSP power sale and the Ontario 200-megawatt sale, Hydro is in pretty good health.

As I have said before, it is in good health for a number of reasons. One is the work of Manitoba Hydro and its employees, despite some of the policies the government is trying to put in place. I think there is a pretty dedicated group of employees there.

The second is because of some of the decisions that were made in the 1980s. I think it is well worth saying on the record that the decision to proceed with the NSP power sale, which triggered the construction of Limestone, was a good one in the sense that we ended up with the same cost-benefit ratio at the end of the project, relatively speaking, as at the beginning, a significant drop in the actual cost as compared to the original projections. When you can bring in a \$1.45 billion project, when you can bring in that when the original projections were upwards of \$3 billion and even the projections at the time were still in the \$2 billion range, that is a significant achievement.

Mr. Acting Chairperson, I would note, as is pointed out in the report, that essentially what has happened is very rare in terms of megaprojects to have them come in under budget and ahead of schedule. I particularly also point to the fact that there was an improved degree of northern aboriginal hiring on the Limestone project in comparison to other dams. I believe the figure cited in the report was 27 percent in terms of northern aboriginal employment. That would be within the range.

Mr. Brennan: I think that is within the range.

Mr. Ashton: I think that is also attributed to some of the policies that were put in place, the strengthening of the Nelson River agreement in the 1980s in terms of the northern preference clause, the strengthening of the enforcement of that clause through the various systems, and some of the

training that was put in place. I know there was a lot of criticism at the time, but the results are certainly better than they were before, not as good as they might have been. I know many people in the North were looking to Conawapa in terms of what that experience might have been. We will never know, Mr. Acting Chairperson, but I think that is something that should be put on the record.

The bottom line is Manitoba Hydro is in good shape because of those decisions. I find it ironic that some of the same people who were so critical in the 1980s are now sitting on the other side of the government table and having quite a different view of things. I think I said this in the beginning. It would be tempting to say I told you so. In fact, I will say it on the record: I told you so. I can go back into the comments I made at the time and many of us in northern Manitoba, many of the people across the province predicted this would happen and it did. That is good management. So next time anyone talks about management, various different levels of government, they might want to look at this annual report of Manitoba Hydro.

We also had some interesting discussions on ongoing policy issues. I think we got clear confirmation of some of the background on the cancellation of the Ontario sale by Ontario Hydro and the cancellation of Conawapa and the fact that it was not just Manitoba Hydro's decision, it was a decision made by the minister and this government. It was very much driven by the analysis, the counteroffer that was made by Manitoba Hydro, and I do not think it came as any particular surprise to anyone in government, that, given the alternatives that were put forward by Manitoba and the provincial government, Ontario Hydro made the decision it did.

* (2100)

I would note, Mr. Acting Chairperson, quite a different tune than the one the minister was singing on the 17th of December, and I think that is important. We have put it on the record and we will continue this debate in a more partisan environment in the future, I am sure, but I think here in the committee we have the advantage of being able to go a little bit beyond the partisan debate and get down to the facts, and those are the facts in terms of Conawapa.

We have also seen that Manitoba Hydro is proceeding with a re-examination of its generation sequence. Obviously, it has to. I mean, the driving force the last number of years has been Conawapa

and I know it came as quite a shock to many people in the utility, many people I have talked to. When I say shock I do not mean the last few months, but certainly there was every expectation that things would proceed with Conawapa until well into the summer, in fact, up until Ontario Hydro really made the decision. I think most people I talked to were quite surprised by that.

I would hope that the re-examination of the generation sequence would give strong weight to the environmental considerations. We have expressed our concern, in particular, about Wuskwatim which has traditionally been one of the alternatives to Conawapa in terms of the kind of environmental damage that would cause to the community of Nelson House. I know personally, directly, as the MLA representing Nelson House, all the concerns in the community. I want to publicly commend Mr. Brennan for the statements he made up North in saying that many of the things that have happened in the past would not happen currently.

I appreciate that as a very difficult thing for someone to say, being president of Manitoba Hydro. As I said, a corporation that has got a very good sense of itself, as we saw in the early presentations, a good customer service record, it is difficult to go in and say that some of the things that were done by the corporation and by all governments previously should not have been done in the way they were done, and perhaps should not have been done at all in some cases and, either way, that this kind of thing will not happen in the future. That is key. I hope the full weight will be given, not just internally but publicly as well, to the environmental impacts that any kind of development can impact on. It is a lesson we have all learned.

The other thing I would hope, as I said, is that there will be room for public involvement, and I do not just mean in terms of Manitoba Hydro because I know it has been very active in terms of its public consultation meetings, but also in relationship to the government which has the duty and the obligation to represent the people of Manitoba. I think that is something that needs to proceed.

The other items we have dealt with are the Hydro rate structure and, as we discussed last meeting, that is certainly welcome. It is very much the legacy of the kind of financial situation Manitoba Hydro is in right now because of the items I was talking about

earlier, and we are in a very unique position where Manitoba Hydro has got a situation where it can have rates at or below the rate of inflation and can phase in the equalization of hydro rates. I think that is very positive news.

Indeed, there were a number of other issues we have raised which I plan on pursuing, in particular the 3.8 percent rollback on Manitoba Hydro employees. As was mentioned earlier by the member for St. James (Mr. Edwards), I think that this government has shown particularly bad judgment, Mr. Acting Chairperson, in negotiating agreements, as it did directly with MGEU, and giving the authority to the Manitoba Hydro and other Crown corporations to negotiate agreements and then turn around and say, yes, we signed it but it does not mean anything anymore. I think your signature has to mean something, particularly governments. I think we expect better from governments than this kind of thing.

With those comments and just one final thanks to the representatives from Manitoba Hydro here today, the president, executive vice-president and the chairperson of the board for some very forthcoming answers. I certainly appreciate some of the discussion we have had back and forth, and I know it is not the easiest thing to have to come to these public committees and deal with items you are also dealing with internally, but I appreciate the information. With that we are prepared to allow the matter to pass.

Mr. Edwards: Mr. Acting Chairperson, I just want to join comments with the member for Thompson (Mr. Ashton) in thanking the gentlemen who have come forward over these three nights. We, and the minister included, this is a regular part of our jobs, but it is an extraordinary thing for these gentlemen to have come forward on a regular basis. I want them to know that we appreciate it and appreciate their forthrightness in the answers they have given here. Thank you.

The Acting Chairperson (Mr. Laurendeau): Shall the Annual Report for the Manitoba Hydro-Electric Board for the year ended March 31, 1992, pass—pass.

Committee rise.

COMMITTEE ROSE AT: 9:05 p.m.