

rather significantly larger capital requirements has been accelerated in the last few months, even in 1980.

Senator Smith: Thank you.

ENERGY

LOWER NELSON RIVER—POLICY RESPECTING HYDRO-ELECTRIC POWER DEVELOPMENT

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on October 29 Senator Roblin asked, in light of federal assistance being given to Newfoundland and Labrador for the development of the Lower Churchill River, if the federal government would consider providing the same type of assistance to Manitoba toward the development of the Lower Nelson River.

The decision to offer financial support and participation in a joint enterprise to assist Newfoundland and Labrador in the development of hydro-electric potential in the Lower Churchill River was designed to meet the very special circumstances of this situation.

These circumstances are the high initial cost of constructing a transmission system to the Island of Newfoundland with particular reference to the crossing of the Strait of Belle Isle. In addition, the scale of generation available at the specific sites on the Lower Churchill River exceed the immediate requirements for electricity demand on the island, while, in the long run, Labrador hydro will be the more economic choice of additional generation.

The situation described above is rather similar to the position faced by Manitoba in the early 1960s when the first developments on the Nelson River were being contemplated. The federal government, at that time recognizing a unique situation, agreed to construct the first stage of the Nelson River transmission system at a cost of over \$200 million, and to provide very favourable guarantees of interest rates for the funds invested in that project. Further, the project was relieved of the full burden of carrying charges for a period of 15 years until 1988.

In addition to the construction of the initial phase of the transmission system by Canada as described above, the federal government also provided loans for up to \$193 million, of which over \$110 million has already been advanced to assist Manitoba Hydro in the construction of additional facilities to expand the capability of the transmission system.

Manitoba is now, in all likelihood, in the position of being able to support further incremental additions to both generation and transmission facilities within the revenue base available from sales of electricity, and in the same way it can be anticipated that after initial federal involvement the Province of Newfoundland will also be placed in a position to follow a more independent route for future additions to its system in Newfoundland and Labrador.

ATLANTIC REGION—HOME HEATING

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I have a reply to a question asked by Senator Phillips on November 5, relating to the length of time required to convert an oil burning generating plant to coal. It was one of a series of questions asked by the honourable senator.

Under the National Energy Program, a Utility Off-Oil Fund will be established, with funding over the next four years of \$175 million, to provide grants to maritime utilities of up to 75 per cent of the cost of environmentally acceptable conversions of oil-fired electricity plants to coal. Electric utilities estimate that it would take 15 to 18 months to convert each generating unit.

BANKING

ELECTRONIC TRANSFER OF FUNDS

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 5, Senator Nurgitz asked a question concerning the implementation by the government of a system of electronic transfer of funds.

I am pleased to advise that the Treasury Board has recently approved a pilot project to be carried out by the Department of Supply and Services to obtain further experience with electronic funds transfer. This particular project will allow payments on behalf of Canadian Forces personnel to third parties and will permit us to evaluate the merits of such a system in due course.

INCOME TAX

UNINCORPORATED BUSINESSES—DEDUCTION OF SALARIES PAID TO SPOUSES

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, on November 24, Senator Bielish asked a question concerning the deduction, for purposes of income tax, of salaries paid to spouses by persons carrying on an unincorporated business.

The April 21, 1980 Ways and Means Motion included the proposed amendment to the Income Tax Act to give effect to the removal of the attribution rules in respect of remuneration received by a spouse of a taxpayer employed in his business or partnership.

The relative proposed draft legislation was released to the public in August last. Proposed amendments to the Canada Pension Plan have also been prepared.

Amendments to both the Income Tax Act and Canada Pension Plan are intended to be effective retroactively to January 1, 1980, and await approval by Parliament and royal assent to be passed into law. The bill, including legislative amendments, will be introduced in Parliament shortly. The government places considerable priority on this measure and remains committed to it, even if the measure is considered in February or March. We will, of course, be counting on the