

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Thursday, April 10, 1975

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MR. CHAIRMAN: Resolution 47(a)--pass? The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Chairman. Mr. Chairman, I think on this subject here there should be several words said before it is passed. We in rural Manitoba and the smaller urban municipalities such as Steinbach, Niverville and the Village of Ste. Anne in my riding, are experiencing a hefty increase in mill rate this year. And, Mr. Speaker, that mill rate is due to the cost of education.

What has happened over the last number of years is that because of the increasing load that these municipalities and the real property tax people have to bear as far as education is concerned, the municipalities have had to curtail some of the other necessities which are important to the betterment of rural life in Manitoba.

I would like at this time to cite several examples, and I know some of these members on this side have pointed these out to the Minister, but I would at this time like to underline some of that. I would like to point out that in the Town of Steinbach we're facing an increase of 19.1 mills on the school levy. Mr. Chairman, that means an increase from last year; it was 31 mills on residential property, now we're going to be up at over 50 mills. It means an increase in business of 24 mills, which means that we're going to go from 55 mills for school levy up to 79 mills, an increase of 24.

Mr. Speaker, the Village of Ste. Anne will be paying this year 116 mills for the town and school levies for farm and residential properties, and 145.2 mills for business and residential properties. The levy this year for education is 58 percent of the total levy in the Village of Ste. Anne.

Mr. Speaker, I point this out at this time because housing is a problem which we are going to have to be facing in this session and I think in the years to come, because the increased cost of housing is of vital concern to every Manitoban, whether he be living in urban Winnipeg or rural Manitoba. The increased costs over the last number of years, I think, point out very very well that in the years to come there'll be very very few people that'll probably be able to own their own homes.

Mr. Chairman, with the increases that I have just stated over here right now, it means that in the Town of Steinbach for some old age pensioner that was paying \$400 tax last year, that same person will be paying about 520 this year.

Mr. Chairman, the other problem that we have to face is that many of our towns are serviced by small businesses. These small businesses are of vital concern to the community, and as mentioned by the Member from Souris-Killarney a couple of days ago, you kill the Main Street in our small towns and you kill the towns.

Rural Manitoba does not have any big industries to help subsidize the education costs in the towns. And I would like to cite an example here, Mr. Chairman. We have a millwork factory in Steinbach which requires basically no more services than a small 60-foot lot. The factory is located on the highway. The sewer and water runs by it, and they use a fair amount of that which means that they are defraying certain costs of the utility, and yet, Mr. Chairman, that particular industry pays the equivalent of 100 average homes in municipal taxes. Mr. Chairman, this small example points out the problems that we are facing in rural Manitoba, and when you have the smaller villages like Ste. Anne, or the Village of Niverville, which basically do not have a large industrial or business tax base, the pressure is put on those particular communities and upon the residents of that community.

These communities are concerned about fire protection; they are concerned about recreation; they are concerned about policing, and of immediate concern to all of them is the servicing of property and the servicing of lots so that we can enable housing to take place without extra increased costs in the mill rate.

Well, what the school levies have done - and as I've pointed out 58 percent of the total levy in the Village of Ste. Anne this year is education - it's put the councils in a very very precarious situation. The councillors if you'll check throughout my municipality, and I'm sure most rural municipalities and urban municipalities, have been holding the line very very well.

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(MR. BANMAN cont'd)

Mr. Chairman, the Town of Ste. Anne, for instance, this year will only increase their mill rate as far as the local government is concerned by about 3 mills, compared to the substantial increase that we are faced with in the school costs. As a result development which probably should take place in the municipalities is not taking place because the councillors are hamstrung by this burden of the education tax. And I would strongly urge that the government have a look at the grant structure, which hasn't been changed since '67, and implement some policies which will give some relief to these rural communities and let them expand, and possibly help the government carry out their stay option or diversification commitment to the rural areas.

Mr. Chairman, I haven't done a complete study as far as the smaller municipalities in my area are concerned, but I would like to point out that many of them only have a very very small assessment and are having a hard time running their own local affairs, never mind having the burden of education tax placed on them the way it is right now. I realize the Minister, and I suspect that the government will probably this year in light of the by-elections in Wolseley and Crescentwood, will probably give the tenants of those apartment blocks in that area a rebate again. Well, Mr. Speaker, that is merely a token and is not going to alleviate the problem that we are facing right now.

The property tax credit the Minister has mentioned as an equitable way of distributing a certain rebate, but I say to the Minister that people such as the ones in personal care homes who are now paying 5,75 a day for their stay there . . .

A MEMBER: Is the government paying the rest?

MR. BANMAN: The government's paying the rest, but they're also getting \$150 rebate.

Mr. Chairman, I don't understand something like that. Many of these people don't even spend the money that they're getting right now from their pension cheques. I think the Minister in charge of Health and Social Development will verify that.--(Interjection)--These people in the personal care homes are not spending their total amount of money that they receive from pensions, never mind the \$150 that they're getting in rebate.

A MEMBER: Do you want me to prove it to you?

MR. BANMAN: Mr. Speaker, they're putting it away for their children.

MR. CHAIRMAN: . . . the honourable member go back to public schools, financial support, we're not discussing the Department of Public Health right now.

MR. BANMAN: Mr. Chairman, this is just one instance that I point out to the government where the money is going, and I think is being banked, I would say 90 percent of the time it's being banked and will go to the estate of that person. And as pointed out by the Minister of Urban Affairs, we're paying for that, we're subsidizing that 5,75, and I see no reason why something that we're subsidizing should be receiving a rebate of that kind.

HON. SAUL MILLER (Minister for Urban Affairs) (Seven Oaks): . . . honourable member permit a question?

MR. BANMAN: Yes.

MR. CHAIRMAN: The Honourable Minister . . .

MR. MILLER: I wonder if the member is suggesting that the Personal Care Home Program of the Province of Manitoba should be scrapped and we go back to the old system where people had to be deprived of every asset they had till they were penniless. Is that what he is suggesting?

MR. BANMAN: Mr. Chairman, you know it's amazing that the Minister will get up and ask a question like that because somebody is getting a rebate here--(Interjection)--He is getting a rebate here which he's really not even using, and it's a proven fact, and all you have to do is go talk to the people running the nursing homes or the personal care homes. The majority of the people there are in no position to spend that money.

Mr. Chairman, if the government insists on increasing the rebates, if they insist on increasing the rebates, what is going to happen is they're going to increase the burden on these municipal people with the eventual result of the majority of levy, and as I pointed out 58 percent in some of the villages is going to education right now, with an inevitable result of what? 80, 90, 95 percent going towards education. These people have the right to demand fire protection for the safety of their families, and when we look at fire equipment as \$40,000 for a pumper, and many of these villages have a 1.5 million dollar assessment, which

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(MR. BANMAN cont'd) means that it's up to 40 mills to buy a pumper to try and protect the people of that village.

Mr. Chairman, these are a few small things, but I think it's time the Minister of Education had a real close look at this, and the people in his department, and make sure that the people living in rural Manitoba, whether they're in the rural urban municipalities or the municipalities . . . can levy the kinds of taxes which will encourage home ownership and which will encourage the things that they are entitled to while living in rural Manitoba, and that we have a certain amount of equality across the Province of Manitoba.

MR. HANUSCHAK: Mr. Chairman, the honourable member pretty well limited his remarks to the - as he should have, this being the appropriate item in the estimates - to financial support for public schools, and in particular to the impact on the taxpayer. And he said that, well with respect to support to public schools he makes a statement that the Foundation Program hasn't changed, but he wasn't all that clear. In what way was he referring to it that it hadn't changed, because if he would look at the dollars, in terms of dollars that are paid out to school divisions, he would find that there is a very very significant changeover the past eight or nine years, back to 1967 when the Foundation Program contributed something in the order of \$58 million towards public school support to the present level, as shown in the Estimates Book. And of course at that time we did not have the Student Equalization Grants which we now have.

And then he made specific reference--(Interjection)--Well if the present year increase of \$16 million is a band-aid, well that's a pretty fair-sized band-aid in any man's language.

Then he went on to speak about the burden of education tax, that very few people will be able to own their own homes because of the burden of education tax, and then he made some statement that was completely incomprehensible to me. He said that in view of the fact that there's a likelihood of a by-election in Crescentwood and Wolseley, and I did make notes, and I think that mine are fairly accurate, he said that the tenants in those two constituencies may get a rebate again, and I can't recall, Mr. Chairman, of any instance during the history of this government, for the six years that we've been in office, where we allowed certain rebates, certain benefits to one constituency but not to another. Any program which we have brought into effect was on an universal basis and not on a constituency, by a constituency basis.

And then of course his remarks became rather difficult to comprehend, and particularly when one listened to them and was mindful of other comments made by other members of this caucus. But perhaps they're not all that difficult to comprehend, I think it's becoming quite obvious that they're prepared to take money away from the senior citizens, take milk and bread away from the children and that way we'll--(Interjection)--Yes, as had been made earlier this afternoon by one of the honourable member's colleagues, the Honourable Member for Minnedosa, his colleague sitting not far from him who advocated that.

But, let's get down to facts and figures for the benefit of the Honourable Member for La Verendrye, and I was glad that he did use one community as an example within his constituency, which makes it considerably simpler for me to respond to him. One could go through each, on a municipality school division by school division basis and show the impact of the provincial support to education in a variety of forms, on the taxpayer, but seeing the honourable member did make specific reference to Steinbach, I would like to tell him just by how much the burden of education tax has increased, has escalated over the years, to what degree it has changed over the years in Steinbach. On an average, what I think would be an average homeowner, and an average homeowner I suspect would be one living in a home that may have an assessed value of something in the order of \$6,000. That wouldn't be a luxurious home, and I would imagine be a reasonably comfortable home.--(Interjection)--Well, my colleague says that a home assessed at \$6,000 would probably be worth about \$25,000 on the market.

In 1968 in the Town of Steinbach on a \$6,000 home the school tax that the owner of that home paid was \$105.60. In 1970, yes, there was a considerable increase. 1970 that was during the year that we came into office and during the year, and the honourable member may not recall this because he wasn't in the House then, but other members will recall that the estimates that we went with were pretty much the estimates of the--(Interjection)--That's right, the fall of '69. Well, in 1970 on a similar type of home the owner would have paid \$166.20 in school tax. That's five years ago. In 1970. Now, this year that same person, owning that same home, it's true that two or three lines up on this tax statement there would appear a figure of \$315.60, school tax. Now, the line below that, or two or three lines below that,

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(MR. HANUSCHAK cont'd) appears another figure, \$150 rebate, leaving him a net that he pays of \$165.60. In fact less than what he paid in 1970, Mr. Chairman. Less than.

Now, the Honourable Member for Minnedosa with a banking background, he can't figure it out. He says, figure that one out. Every taxpayer, Mr. Chairman. The Honourable Member from Minnedosa asks me who figured it out. Every taxpayer figures it out, every taxpayer knows exactly what kind of money he's paying by way of tax; every taxpayer reads his tax statement. Perhaps the Honourable Member of Minnedosa doesn't have to, I don't know. Perhaps the amount that he pays by way of tax is insignificant to him, and therefore he doesn't read his tax statement. That I don't know.

But the type of person, but the type of person, Mr. Chairman, the type of person about whom the Honourable Member for La Verendrye was speaking, you know, the one who was running the risk of losing his home, will not be able to keep his home, will not be able to pay the taxes, he reads his statement. And this is the figure that he would find.

MR. BANMAN: . . . question to the Minister, Mr. Speaker, an old age pensioner who bought a house assessed at 6,000 in 1968. Would the Minister tell the House what that house would be assessed at today, since Steinbach had a re-assessment in 1974?

MR. HANUSCHAK: That particular house I cannot tell the honourable member what it would be assessed at, but I can tell the honourable member--(Interjection)--this . . .

MR. CHAIRMAN: ORDER. ORDER. ORDER PLEASE. If the honourable member is going to have a shouting match I . . . ORDER. Order.

MR. HANUSCHAK: Mr. Chairman, this is really amusing when the Honourable Member for Lakeside, I'm just about to answer the question. I haven't even said anything and he says that my momentary silence, just preparing myself to answer the question, is a damn lie. Well of course I suppose one has to accept that comment and consider where it's coming from.

I can assure the Honourable Member of Steinbach of this--(Interjection)--La Verendrye I'm sorry--(Interjections)--Oh, the Honourable Member for Lakeside . . .

MR. CHAIRMAN: Order please. ORDER. ORDER. All right, let's take your point of order.

MR. ENNS: On a point of order. We're trying to determine a question of who is lying, and I'm trying to make an assessment, the judgment has been made on the assessment of a particular home.

MR. CHAIRMAN: That's not a point of order. Sit down.

MR. ENNS: All right, fine. You've got the gavel.

MR. CHAIRMAN: ORDER.

MR. ENNS: What's that home assessed at today, Bob?

MR. HANUSCHAK: Mr. Chairman, I'm quite certain of this that at whatever that home is assessed at today it would not be in excess of the normal inflationary rate, and at that rate the net tax that he would pay would not exceed the normal average inflationary rate experienced by the consumers, the people in the Province of Manitoba.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BANMAN: Thank you. The only point I'm trying to make here, Mr. Chairman, is that the figures - you cannot use a \$6,000 assessment from 1954 and run into '64, you can't use the same figures; you're not comparing the same thing. And what we're hit with today, and the point I'm trying to make is that inflation has taken its toll. Sure it has. And the government's reaping from inflation, we just have to look at the bulging coffers of the government. But the thing is that this person is paying substantially more for the same house for education tax today, compared to '68.

MR. HANUSCHAK: Mr. Chairman, and so has the market value of the owner's home increased.

MR. CHAIRMAN: Resolution 47(a)--The Honourable Minister for Corrections.

HON. J. R. (BUD) BOYCE (Minister for Corrections and Rehabilitation) (Winnipeg Centre): You know, just briefly, I was shocked at the contribution of the Member for La Verendrye, but I understand his chagrin. And while I was sitting here, I couldn't help but recall, if the former administration had any claim to fame at all, it was that they built in my judgment an excellent road system in southern Manitoba, and they did establish a good system of education. And I was even trying to sit here and recall why I was part of a big meeting over at the auditorium with the former Minister of Education, and for the life of me I couldn't recall, I was so

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(MR. BOYCE cont'd) mad at him at the time. But nevertheless we have in place an excellent system of education. But I just can't let some of these remarks pass with reference to taxes and everything else. As a teacher, if the former administration - and we're kind of locked into it, too - made an error it was in some of their reactions to the situation that they established in the legislation under which the Minister is constrained to act, and one of them was the reaction to Sputnik, and they had to get people into the teaching profession rather quickly and they locked everybody into a statutory type of pay scale, and having been on the negotiating - other side of the table as a representative of the teachers, I was always kind of, you know, surprised that some of the people who were elected to represent the people in the area, were not very good negotiators, because in the back of their mind they had this bail-out thing that, you know, if we get into too much difficulty and we can't settle with these teachers, we can always go to some type of arbitration. And I know myself that if I was on the other side of the table, in some instances I would say no; I'm sorry, this is all the community can afford to pay. You know, if people are elected to represent the people that all they can pay for a system, be it any system whatsoever, then there comes a point that, you know, you have to say no. There's a responsibility that has to be discharged.

And on this reference of taxes and all the rest of it, I really don't understand or pretend to know just exactly how much we should leave under local control. You know, we have heard the First Minister articulate our position, that if people are to have any local control whatsoever over education, we have to leave residual in the community some 20 percent. And I don't think any member opposite would question that. So whether it's, you know, relative to changing assessed value or anything else, in these changing times we have to readjust it, but I would suggest that we'd all be well advised to support, if we accept it, that there has to be some local control of education, and the best way to give some constraint to it is to leave a tax portion in the community.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, if you look at this item we're looking at, it looks like about a 13 percent increase in the grants to the school divisions of Manitoba. There's a number of questions then that arise from that, such as what is the proportion now paid by the province of the total bills for the Public School System. Secondly, what portion of that comes from the Foundation levy; and then of course out of that you could break it down and say what comes from the business levy, and what part comes from the residential and so-called other portion of the levy.

Now the Minister will come up with an answer, I'm sure, that he said before, that this amounts to 70 percent of the cost of education. Well, when the Member for La Verendrye raises the question here about the grants to the - for instance the rebate program to the senior citizens who are in senior citizens' homes, where they have been up to this date receiving \$4.50, or paying \$4.50 a day for their stay in that senior citizens' home, it's now up to \$5.25, I believe, in personal care homes. And the total cost of those personal care homes are running in the order of \$20.00 a day, the difference being paid by the province. By what rationalization do you use the school rebate program to give them another \$150 a year? I mean, why don't you change the amounts you're going to pay of their portion of the total costs of \$20.00, or whatever it runs - I assume this varies from home to home. They don't pay the tax in the first place, and you giving them back a rebate implies that you're rebating something that they have paid. As I understand it, the idea of the rebate program was to somehow pay back to people an amount of money that you felt that you shouldn't have collected in the first place. I mean, the word rebate implies that, does it not?

A MEMBER: Right. Right on.

MR. CRAIK: Now, I hear the Minister of Urban Affairs, if I hear him correctly from his seat, he refers to it as . . . by another name. I wrote it down, a cost of living bonus. A cost of living bonus. Now, we're talking about education, and what he's telling me is we're using the school rebate program to set up a cost of living bonus program. Now, let's talk about apples and oranges. We're talking about education. We're talking about the imposition of property taxes under this item on the homeowner.

We're not talking about what the senior citizens should pay for their stay in personal care homes. They're going to pay \$5.25. If you think it should be \$5.20, well why don't you just lower it to that? Why do you collect all this money and then spend millions of dollars to

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(MR. CRAIK cont'd) send it back, when they didn't pay it in the first place? So you're attempting to use the school rebate program as a means of putting money back in the hands of the people who are in senior citizen homes who are already subsidized to about 75 percent, or thereabouts, of the cost of staying there. I mean, what sense, what rationalization is it for, you know?

Then you come back and tell us we're giving the people far more money back than the former government did under the school rebate program. We're subsidizing education to the tune of whatever you're going to tell me. I assume it's around the order of 75 percent of total cost. But it's not a rebate on education property tax. It's a social service program, acknowledged from his seat by the Minister of Urban Affairs. So you're going to make things in education look good. Well you're upping your grants this year to the public school system by your Estimates Book by about 13 percent. Now the mill rates for 1975 - let's look at the special levy. In 1975 compared to 1974 - I haven't got Winnipeg here, it's not shown - St. James is up 26 percent on the special levy. This is on property tax. Assiniboine South up 50 percent, this is plus or minus one or two percent; Fort Garry up 30 percent; St. Vital up 28 percent; River East up 34 percent; Transcona up 45 percent; Agassiz up 45 percent; Seine River up 50 percent; Interlake up 50 percent; Portage up 50 percent; Midlands up 55 percent; Tiger Hills up 45 percent; on special levies.

Now you're, what are you telling us? That by increasing the grants by 13 percent to the school divisions that you're solving, and have solved, and intend to solve the problem of public school financing by this program? And then point to your rebate program . . . point to your rebate program of giving back people on the bottom of the scale \$150, and if they happen to make too much money and you have to take in an income factor here and take the rich people, those that make over \$5,000 a year, and then start deducting from that so that you can knock it down a little further, and then sell that bill of goods to the people that you really have a dandy school finance program, and buy off the senior citizen vote by giving a person \$150 under this program where it should, in fact, come under the fee that you place on that person going into a personal care program. Let's get down to the facts of life. You are responsible for education; the wards of you are the school divisions, they're your creations. The curriculum you set up is set up by your department and if you want to run a reasonable program, then set up a reasonable financing scheme. But don't cast them out to the wolves like this and then try to buy off a few votes on one end of the scale by handing out these rebates. A very expensive program. The estimates indicate it, spend millions. How much do you spend on advertising to tell people to come back and claim the amount of money from you that you shouldn't have collected in the first place?

You know, why don't you just stand up and say, we're going to run an education program in this province and we're going to finance it! You don't do that. You resort to these Machiavellian programs where you want to buy off the votes at the bottom end of the income scale. That's exactly what you're doing. You can't just stand up and say, we have a program of education, we're going to finance it with a foundation program that is going to pay teachers' salaries to more than half of the actual. At one time it was closer to 100 percent of the actual. It slipped to 90, it slipped to 80, it slipped to 70, it slipped to 60, it slipped to 50, then the Minister comes back in with per capita grants. You know, there is no excuse for a well financed education program and all these band-aid retrievals that you dream up don't solve the problem.

If you look at the special levies in 1975, Mr. Speaker, where you have the levies going up in the order of 25 mills, 25 mills across the province, and in many cases higher than that, you can't tell us that by increasing your grants by 13 percent as you have under item 47(a) here that you're, by any stretch of the imagination, providing a substantial educational program.

You know I don't envy your position. You've got a difficult one. These costs are very big, they're very substantial, they're running away with you, it appears. Perhaps a person could say that almost any year. But don't stand up and try and get around the issue by referring to these rebate programs, because it's not going to wash. The people of my constituency by and large this year are going to pay, without any increase in the rebate of any significance, they're going to pay increased taxes of two and three hundred dollars a year. Two and three hundred dollars a year on their homes. It's not deductible from income. It's straight into your program that you set up for education, and your 13 percent increase is not going to change that.

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(MR. CRAIK cont'd) I'd like to see you stand up and just say, yes, we've got a problem, and we can't solve the problem, but maybe next year we can. Because in 1975 you're by no stretch of the imagination anywhere getting near to it. Top that with the increase in the Unicity cost, 15 mills, and where do we stand? The rebate program doesn't mean a thing. It doesn't mean a thing except for those few who are a very small minority, on the bottom of the scale, and if you want to try and make them the loss leader for an inadequate program, Mr. Minister, you've got a lot of trouble ahead of you, because you can't do it.

MR. CHAIRMAN: The Honourable Minister of Education.

MR. HANUSCHAK: Mr. Chairman, the honourable member was particularly . . . in making his remarks he had made particular reference to the increase in expenditures in the Winnipeg School Divisions, and then he puts the question, has the increase in provincial support kept pace with the school divisions' increase in expenditures?

Last year the Winnipeg School Divisions - I'm speaking in the plural, Mr. Chairman, making reference to all the school divisions within the City of Winnipeg - their total expenditures were in the order of \$133.5 million. Their estimated expenditures for this year are just a bit better than \$155 million, about \$155.2 million, which is an increase of 16 percent. As the Honourable Member for Riel himself admitted, the increase in the grants and the support from the Provincial Government is in the order of 13 percent. Now, Mr. Chairman, I would suggest to you that that's coming about as close as one could on a budgeting on an estimating basis of one level of government keeping pace with the other insofar as the amount of support that we're offering the school divisions of the Province of Manitoba. He refers to the student equalization grant as a band-aid remedy, but he will note that the equalization grants are something in the order of one-sixth of the support that we offer the school divisions by way of grants, which I would suggest to you is quite a sizeable band-aid.

I will say to the honourable member that of course there's a problem in educational finance. There's a problem in educational finance in every province, in every state of the United States of America, all over the world. We're not the only ones faced with problems in financing education. The inflationary pressures brought upon us, coupled with the other problems facing education, declining populations in certain areas, demands for increase, expanded enriched educational services, and of course, we don't quarrel with that. That has to be met. And this is why I said earlier, Mr. Chairman, that at the present time there is a committee of government assigned the task of coming forth with proposals for some changes in educational finance which would bring about a greater measure of equity. And I realize that they do have, that they indeed do have a difficult assignment.

But I would like to point this out, Mr. Chairman. As I said, this is a problem facing, certainly facing all of Canada, and looking across the country, from the west to the east, I find that the Province of Manitoba compares very very favourably, very favourably in terms of the level of support from the province to the local school administration. We are somewhere in the order of 70 percent, and have been there for some time. The Province of British Columbia is in the order of 60 percent; the Province of Saskatchewan 73-74 percent; the Province of Ontario in the order of 60 percent. So, plus or minus four or five percent . . .

MR. CHAIRMAN: The Honourable Member for Portage la Prairie.

MR. JOHNSTON: On the figures that the Minister is just quoting, is it not a fact that in the provinces he just mentioned, they do not include any property tax rebate program?

MR. HANUSCHAK: No, as a matter of fact the 74 percent that I quoted for Saskatchewan, the tax rebate is included in that. Yes. In the Province of Ontario I have not been able to determine; I tried to obtain these figures. The honourable member may be correct, he may be correct. But if it is not included, the point that I'm trying to make, Mr. Chairman, is that all of us are in the same ball park in terms of the level of support that is being offered to the schools. Somewhere in the order of 70 percent. So we are not that far out. A bit better than some, perhaps a bit less than others by two or three or four percentage points, and that is about the extent of the difference. And we are faced with the same problem as other provinces are; perhaps even to a greater extent the Province of Manitoba than some of the more affluent provinces. So I will agree with the Honourable Member for Riel that we do have a problem. Of course we have a problem. I wouldn't deny it. We do. And we're attempting to resolve it, and in the meantime I am proud to say that we are succeeding in keeping in step, in keeping pace with the level of support offered to education by other provinces in the Dominion of Canada.

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MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, there's several questions that I'd like to get the answer to. The Minister said that the Greater Winnipeg area is up by 16 percent. Let me ask him directly if these figures then are wrong. He may not be able to do it right off-hand, and I don't expect that of him, but I understand from the figures that were given for '74 and '75, St. James is up from \$8,582,000 to \$10,954,000. Well that's up about 26 percent. That's on special levies. That's the special levy, not their costs.

MR. HANUSCHAK: Mr. Chairman, yes. I'm sorry for interjecting, but if I may. The figures that I had given were a comparison of the total expenditures and . . . the comparison total expenditures between the years '74 and '75.

MR. CRAIK: The important point here, Mr. Chairman, must be that regardless of that, the province is increasing its support by 13 percent but the increase on the special levy against property must bring in, in the ranges of the percentages that I indicated, the lowest being St. James at 26 percent, which is double the increase in the province's grant, and the highest I indicated here was Midland at 55 percent, Tiger Hills at 45 percent, and so on, which aren't the urban school divisions but are the rural ones. And the urban ones are just as bad. Transcona at 45 percent. This is the increase in the amount of money that's going to have to be collected by the school divisions by taxing property. Now their total assessments may have gone up a little bit in those areas. - I don't suppose they have gone up in areas like Midlands and Tiger Hills, Interlake . . . Interlake is up 50 percent. There hasn't been any substantial growth in assessment value in the last year. Now that means that the taxes they're going to have to collect from the same person that lived there last year off property, is going to go up 50 percent. Now that's over three times, that's almost four times the increase that you're going to give for the operation of the school divisions. Now surely that is the key to the problem, that your increases in your grants don't represent by a half the increase percentagewise in the amount of money that's going to have to be collected off property.

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MR. HANUSCHAK: You know, Mr. Chairman, the Honourable Member makes the point that the same is true in rural areas, and he makes reference to Interlake. Well looking at one municipality within Interlake, the Interlake School Division, Rockwood Municipality, where in 1970, in Rockwood Municipality, an owner of a home assessed at \$6,000 would have paid \$157.20 tax. This year, with the \$150 rebate off, an initial figure, true, of \$322.80, but minus \$150, leaves him \$172.80. All right, so that's an increase of \$15.60, over a five year period, and the inflationary increase over that five-year period, \$15.00, so that's roughly a ten percent increase, and over that ten-year period the inflationary increase I'm sure was far more than that. Now I hear from someone in the backbench that the assessment may have increased and so has the value of his property, the market value of his property.

MR. CRAIK: Mr. Chairman, you can pick out specious cases, which you obviously can, to prove a single point, but you have to look at it in total. In total in one year from 1974 to 1975, the assessment of Interlake has to pick up 50 percent more dollars for education on its levy than it did a year ago. In one year. Now you can pick out one case if you like, and say, "Look at that." But what good does it do? You haven't increased even your rebate program, which only picks up a portion of the total of this. We'll presumably deal with that when we get to it at the right point in the Executive Council estimates, but it picks up only a portion of this total, and it hasn't changed that substantially in relation to the amount that the special levy. The special levy represents here the balance over and above what you're going to give to the school divisions by way of grants, and they've calculated that. No matter how you cut it, it's going up by 50 percent.

MR. HANUSCHAK: The significant point, Mr. Chairman, is, with our tax rebate program with our student equalization program, that an attempt has been made - with the tax rebate program an attempt has been made, and a successful one I would say, of redistribution of income. In a similar sense, the student equalization program has eased the burden, the school tax burden on those school divisions less able to pay than those more able to pay. And that is the significant factor. The total costs, no doubt, may have increased, but the burden of the payment of the taxes has been redistributed to make it less burdensome on the person less able to pay than upon the one more able to pay, and if the person is living in a forty or fifty thousand dollar home, or whatever, of course his taxes are going to go up considerably more. Of course they are. But in most likelihood he is more able to pay.

MR. CRAIK: We can only conclude from the Minister's remarks that he thinks a fifty percent increase in the special levy is okay.

MR. ENNS: Fifty percent increase in school tax is okay by the Minister of Education. That's the word.

MR. CHAIRMAN: Resolution 47(a). The Honourable Member for Riel.

MR. CRAIK: Mr. Chairman, I would like to see if I can get from the Minister of Education the figures on the total cost of the public school bill for 1975, the percentage paid by the province including the school tax rebate . . . Perhaps I'm wrong; maybe the school tax rebate is integrated into the number he has here. He can correct me, or he can point out where it actually comes in - and what percent and the amount that's actually collected from the Foundation levy on property.

MR. HANUSCHAK: The total costs, the total estimated costs for the year 1975 - school costs - are \$289.5 million in round figures, \$289,280,000. The total grants \$171 million, and \$30 million of that, 30.2 - just a minute to make sure I'm on the right . . . Yes, 30.2 million of that will be from the Foundation levy.

MR. CRAIK: The Minister indicates - out of his total that he indicated, grants 172 million - was that the figure he gave?

MR. HANUSCHAK: Yes, it's 171.8, 172.

MR. CRAIK: 172. Does that include the rebates?

MR. HANUSCHAK: No, Mr. Chairman.

MR. CRAIK: Can he give me the figure for rebates?

MR. HANUSCHAK: Yes. In my figures there is \$50 million allowed in here.

MR. CRAIK: Fifty million dollars?

MR. HANUSCHAK: Yes.

MR. CRAIK: Well, the 172 million you've indicated for the grants, where is it other

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(MR. CRAIK cont'd) . . . than in the \$143 million under Item 47(a) ?

MR. HANUSCHAK: Would the honourable member repeat his . . .

MR. CRAIK: Well, under the Estimates Book he has 143.3 million.

MR. HANUSCHAK: Thirty million of that, 30 million of that, the 172 million includes the 30 million that comes from the Foundation levy. In other words, 143 is from Consolidated Revenue - 143.3, plus 30.2 million from the Foundation levy - which it gives you the figure that I had - 173 or 172.8.

MR. CRAIK: So it's 143 million roughly from the Central Treasury, 30 million from the Foundation levy, and the rebates 50 million out of the total. Can you give me the figures under the Foundation levy for the percent that comes from Homes and Other - homes and farms primarily, as opposed to business.

MR. CHAIRMAN: The Honourable Minister of Education.

MR. HANUSCHAK: It's approximately one third farm and residential, two thirds commercial and business. I cannot give the honourable member a more precise or more accurate breakdown than that. However, if the honourable member wishes it, that we could obtain for him at a later time. Even tomorrow.

MR. CHAIRMAN: Resolution 47(a). The Honourable Member for St. James.

MR. GEORGE MNAKER (St. James): Thank you, Mr. Chairman. I would like to make a few comments at this time with regards to the proposed school grants for this year. The Honourable Minister has made a great to-do about the additional 16 million dollars that will be available this year for the equalization grants system, yet I say, Mr. Chairman, that the government and the Minister have not gone far enough. Because I suggest, Mr. Chairman, in our constituency of St. James, what has happened in the last two years with regards to the size of the special levy, the special education levy that has been placed on our home owners in St. James, has increased some 80 percent. The actual costs of education, the special levy education, that is above and beyond what the government feels is their responsibility for education, has increased by some 80 percent.

If we look at the special levy in St. James-Assiniboia in 1973, it was \$5,910,000, and in 1974 it was \$8,583,000, an increase of 45 percent in one year. That was last year. And having talked with the Secretary-Treasurer of the St. James Assiniboia School Division some two or three weeks ago, he indicated to me that, even after this new equalization grant is put through for 1975 in the budget that they have struck, that the special levy in St. James - Assiniboia will go to a value of \$11,630,000, an increase of 35 percent. This is what their budget has increased by, 80 percent in two years, and when one applies the special levy or equalization grant that the government is allotting this year to the various school divisions, the government will pick up seven percent of that 80 percent. And yet the Minister claims that he maintained last year that they were picking up in the order of 80 percent of the costs of education, yet in two years in our own constituency of St. James, the cost of education in these last two years will have risen 80 percent and the government will pick up seven percent of that. So obviously, Mr. Chairman, somebody is trying to fool somebody, because it means an increase of 13 mills this year for the people of St. James when you start to look at that increase of some three million dollars. Even after we've applied this new equalization grant that the Minister has bragged about will assist the school divisions, the people in St. James - Assiniboia will be looking at a 13-mill increase.

He also talked about the transportation grants, earlier in the year released that there would be transportation grant increases, which in our area amounted to \$9,000 in increase, hardly any proportion to the actual some 3 million dollars, or 35 percent increase we're looking at. So I suggest, Mr. Chairman, that the government hasn't fulfilled its policy, if it ever had a policy, of trying to maintain 80 percent of the education costs, like it has tried to maintain in previous debates.

Mr. Chairman, it appears that we're not alone in St. James - Assiniboia with this problem. It appears that all school divisions are faced with this problem, and it could well be expected, because if we're looking at an increase of some three million dollars for a pupil enrolment of some 18,000 students, then it's only natural if you try and take \$16 million and spread it throughout the pupil population of Manitoba, that it's not going to really make much of a difference to the problem that presently face our homeowners and taxpayers.

Mr. Chairman, in addition to that, what our school divisions are faced with is really an

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(MR. MINAKER cont'd) . . . uncontrollable budget, because in our area of St. James, 92 percent of our budget is uncontrollable; 92 percent of that \$24 million budget this year in St. James - Assiniboia, 92 percent of it is uncontrollable because it relates to capital repayments on schools that were built, debt charges that we have, salaries of teachers, because of the fact that the Education Department has decided that 1967 standards are what the standards of today are. We're looking at the salaries of teachers that cannot be released if you want to maintain the quality of education that you presently have. And in addition to that 92 percent of uncontrollable budget, is the heat and light to keep the schools open. I'm wondering if the Honourable Minister of Education is suggesting that we turn down the thermostats and cut down the lights and cut back the numbers of teachers, I suggest, Mr. Chairman, that the Department of Education and the Honourable Minister should look at reviewing their level of standards that they have had since 1967 and realize that it's not an acceptable standard at this time. Obviously what has happened is communities who cannot afford these teachers will obviously have to cut back these standards, because what has happened now, every time a new program comes out from the Planning and Research Department of the education system, it ends up being paid for under special levy, and if you get a small division, then they will not be able to afford to maintain such a plan and so obviously won't have it. And I would ask the Honourable Minister of Education if he could maybe comment.

I understand that the First Minister, when he was in Thompson a few weeks ago, indicated there might be special grants, northern grants for teachers, or near northern, and why I raise that is that I had the opportunity of talking to a citizen of The Pas this afternoon by phone, who indicated it appeared that they might be facing a 30 mill increase in their area for the education costs, so I would hope that the Honourable Minister would indicate whether there is any sincerity or any truth in the statements that were made by the First Minister some few weeks ago in Thompson while he was there, that they were considering special grants, teacher grants for the northern areas. Because when you get a small school division with the present standards that the department has, it's obvious that the taxpayers in that school division will not be able to afford the burden of this tax. So I suggest, Mr. Chairman, that the government has fallen very short of trying to maintain their image of 80 percent of the cost of education in our Province, because it's quite obvious in our own community and from what I can gather from some of my fellow colleagues in their divisions, they're falling very short, because an 80 percent increase in education costs, and a special levy - 80 percent in two years, this is what we're facing in our area - hardly suggests that the government is looking after 80 percent of the cost of education. At the best, when one looks at the equalization grant for our area for this year, they are reducing the increase from 35 percent down to 28 percent, they're only picking up 20 percent of the increased levy this year, even with this new equalization grant they're talking about. And I suggest that the people of our area will not accept this and they expect the government to review their present attitude and come up with something better for them so that we can continue to be homeowners in our area and in the rest of the school divisions of Manitoba.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Chairman, I do wish to make a few points and a few remarks under this item. I'm sure that the members will agree, if there's one area that this government has let the people down in the Province of Manitoba, it's in the area of school finance. I really believe that, Mr. Chairman, because what's happening, the cost that the people, the property owners have to bear of the education costs, I think there should be a sharing of educational costs between the Provincial Government, the local municipalities, and I would like to ask the Minister what kind of progress he has made with the Federal Government to have the Federal Government participate in some of the cost sharing for education. I know there's been debate and talk about this for the last several years, but surely the Minister must have made some progress or he can indicate to us if there has been any progress in that direction, because this is an area, when we talk we haven't got enough housing in the province, in the city, and the cost of housing is too high. But I'll tell the Minister right now, many of those people, once they realize the kind of property tax they have to pay, very few can afford to buy a home even if they're able to. They can't afford to buy to be able to pay the property tax.

I can relate my own situation to the Minister, and I'm not crying, because I can afford to pay the property tax on my house. But in a matter of five years, in a matter of four years

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(MR. PATRICK cont'd) . . . since the Unicity Act came into being, my property tax - and I forgot to bring the tax notice or tax bills to this House but I'll probably bring them tomorrow - my tax has increased from \$575.00 to over \$1,500 in a matter of four years. --(Interjection)-- The Minister says his hasn't. This is what's happening in St. James-Assiniboia. This is what's happening in St. James-Assiniboia after we have contributed something like in the area of eight to ten million dollars from our revolving fund to Unicity, to the whole new city structure. Then we're hit with that type of a taxation system.

So we have a serious problem, and in my opinion the Foundation Program must cover and should cover at least 80 percent of the cost of education. It must, but it certainly doesn't; at the present time it hardly covers 50 percent. And I may be wrong, but it doesn't matter whose reports that you read; if you look at the report from the school trustees, or you look at the MAST report, Manitoba Association of School Teachers, they tell you the same thing, that today that 50 percent of the cost of education is borne by the taxpayer, by the property owner. And surely the Minister knows that this is unfair.

Perhaps we should also try that teachers' salaries should be based maybe on the criteria of competence in the classroom, and maybe experience should be used, experience and training should be used for advancement for these teachers. This may be a good indication, but that's not going to solve the cost of financing, and if any area that we can be critical of the government, when the members sat on this side, when they sat on this side they had the solution for the financing of education. In fact, I remember there was a resolution made by the Official Opposition at that time when we were sitting to the right where my friends are sitting now, for increasing the Foundation Program I believe from 50 to 60 to 75, and eventually to 80 for a period of five years, the Minister of Urban Affairs said, "That's not good enough." He moved, in fact, that 100 percent should be paid by the Foundation Program. That's what he said. He said, "If we get in the government we'll do it. We have the solution. We'll do it." That's what he said. And where are we? We're not paying 60 percent, we're not paying 80 percent, we're paying about 50 percent to the Foundation system, Mr. Chairman. I'm sure that the members know that property tax is not the most equitable means of paying for educational system, because what happens, there will be inequities in the system, there'll be inequities in the kind of education we receive or supply to the people in certain areas.

So there are inequities in the use of property for taxation, because it doesn't only affect the taxpayer, Mr. Chairman, but certainly it affects many schools that are dependent on the property tax for financing of their education, and you find an area that's got a very low tax base, what happens? They don't receive the kind of support, they don't get the kind of equality that the areas that have the tax base get, and if this was ever brought to my attention once, it's been brought to my attention many times. And I'll tell the Minister this, if he doesn't believe that there's inequality of education throughout the whole province of Manitoba, he's got something to learn. Because you can go to some high schools in the country and find out how many students that get into Grade 9 complete Grade 12. Let him find out how many, as compared to the schools in urban centres, and I'll tell you he'll be shocked to find out the percentage.

Not too many years ago, out of one school - and I won't name the school but I can tell him privately if he wants to know - where there was something like 50 students in Grande 10, three completed Grade 12. And he believes at the present time that there is equality, equality of education throughout the Province of Manitoba. Mr. Chairman, there isn't. There isn't. And again, if I can be very critical of the government - and I can't deny he's done many things that we accept, and I'm sure that the people accept and appreciate, but in the area of education and the way that education is financed today, I think that we can be extremely critical of this government and of the Minister. Surely he can give us some idea what he has in mind. I know probably when the budget comes down we'll have an increase of tax credit, maybe, of \$50.00 more, and even if it's \$75.00 more it's still . . . Sure, maybe it'll be \$100 more, so we'll have a tax credit of \$250.00. But, Mr. Chairman, that will not solve the problem because your mill rate will increase that education tax, or your total tax bill, by over \$200 anyhow, so we're not even catching up.

Mr. Chairman, I know that schools with higher tax base have a better opportunity to provide a better quality of education and give better education to the kids, but I'm sure - well, with St. James, I'll tell you. There is a sore point as far as St. James is concerned, because

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(MR. PATRICK cont'd) . . . we're paying the kind of tax that's unbelievable. In a matter of four years we've had 300 percent increase, not necessarily total is education costs, the Minister I hope understands, because it just can't be . . . I'm talking about the total tax bill. But the increase is exorbitant. It's too much. And when you have to pay, some people have to pay as much as 50 percent of their total income for, you know, their property tax or for their accommodation, including payments, they just can't make it. They can't make it. And this is an area that not only we're concerned about inequality of education. But, Mr. Chairman, I know the Minister will say, well, that's not true; you just want to hear yourself speak. Their equalization grants were called almost an insult, and that wasn't one of the politicians talking, it was a personal attack on the Education Minister, Mr. Ben Hanuschak of Manitoba; it was delivered Saturday by the President of the Manitoba Teachers' Society. What did it say? --(Interjection)-- "Phyllis Moore, describing the new grant structure as totally inadequate and almost an insult, Miss Moore said. 'It really wasn't that surprising that education was getting such a low priority.'" And that's true, Mr. Chairman, This government is giving a very low priority as far as education is concerned.

I think the Provincial Government must support education much better than certainly through the property tax system. I think that there must be a better degree of equalization to cover at least 80 percent in the Foundation Program, and that's not what's happening at the present time. So if there ever is an area, Mr. Chairman, that we can debate and discuss for long hours . . . And the other night we did try to ask the Minister what the Branch of Planning and Research were doing in respect to the financing of educational system, because they have been given this responsibility to come up with some questions, and the Minister said, well, he just appointed an In-Study Committee and he'll be getting a report. Well has he included some other people and included anybody from the Teachers' Society? Has he included members of the trustees? Well, that's strange because we had the same problem last year and the year before, and now the Minister, with every year we have such a high increase in the mill rate, and the Minister just woke up and he's just appointed a committee now to look into this area. Well, year after year we've told the Minister, and during debate on the Unicity Bill we've had these debates and discussion, the same type of discussion, what would happen to areas like St. James and some of the other areas. I know that we are hit in St. James and I would say discriminated to a great extent as far as education costs are concerned.

So what I'm trying to say to the Minister, that he must determine, he must determine that there must be equality of education throughout the whole province. Throughout the whole province. And if he's going to use the property tax base, he won't have that equality. He won't have it, because I can point out some school divisions, and I can tell him the areas I'm talking about, that when you have out of 40 students such a low ratio of completing their high school, then they cannot have that equality.

The other area, surely the Minister must come to grips, or try to come to grips at least, and determine that property taxation is not the solution to financing the education system, because I'm sure the Minister of Urban Affairs, they're really concerned about the housing problems and the housing needs in the city and we know that the rents will increase probably by 30 percent this Fall, and there will be a great shortage and there'll be a great pressure for homes, for accommodation, but the problem with most of the people today, it's not what the mortgage payments are, but what is the tax? Because if they have to pay \$1,500 property tax, or \$12,000 well, you know, they just can't afford it. They can't afford it, because it will take too much of their total income for accommodation when you have to include P. I. - principal interest. So, Mr. Chairman, I'm not satisfied, I'm not satisfied that the Minister really is concerned about this problem and really is giving us the answer, and I'd like to hear, and I will have a few more things to say later on.

MR. CHAIRMAN: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Chairman, I have a series of questions that I'd like to ask the Minister, but they stem essentially from one basic question, which really no doubt is a re-phrasing of the question that in essence has been put to him by everybody participating on this resolution thus far, and so I will leave the follow-up questions that I have to a little later in the debate this evening and perhaps give him a chance to answer the questions that have been put to him in the last few minutes by the last two speakers, plus this one basic question with

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(MR. SHERMAN cont'd) . . . which I want to preface my series of questions. And that is: how does this Minister and how does this government, Mr. Chairman, intend to cope and hope to cope in the future with rising education costs?

The problem is the fundamental problem of the Department of Education. It's the fundamental problem of any administration, of any jurisdiction. The experience in the area of education is not one of decreasing or declining costs, it's one of increasing, accelerating costs. It's one of demand for better services. The Minister himself has talked about his efforts to bring equality of education to Manitobans. A laudable ambition, but one on which I think he can be challenged in terms of success. But he has to first of all face up to the fact that he lives with a basic truism, and that is, he lives in an environment in which costs are going to continue to assault him and assail him, and going to continue to go up. And for all the brave new worlds that he's planning, and all the grandiose schemes that he may have, and all the background that he himself may have in education as an academic, and all the commitment he may have to this objective of equality of education, the basic thing he faces is dollars and cents and the fact that education costs are mounting upon themselves and proliferating every year. And surely the fundamental problem he's got to face, the thing that must keep him awake at night, the thing that must wake him up screaming at 3 o'clock in the morning, is the question of how he's going to cope with this, next month and next year, and the year after that. How is the province going to live with it? So that's my basic question. And, as I say, I have a number of others that stem from that, but I'd like to leave that with the Minister at this juncture, Mr. Chairman, and give him a chance perhaps to approach that, plus some of the others that have been asked him. How is he going to wrestle with and bring to ground the fact of life that he knows is going to surround him, that he knows is going to confront him six months, 12 months and 18 months from now, namely, that education costs are going to continue to go up?

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

MR. McKELLAR: Mr. Chairman, I'd just like to say a few words on this item here, on 47(a). And I think practically everything has been said about this that maybe should be said, and I'll try not to repeat it, I'll get it on a different line. I'm not one of those education-ists, I was one of the head . . . there were four horses waiting for me in 1935, which is 40 years ago, and that was my education, driving them up and down the field. It wasn't a bad education either, because I tell you, you get a lot of education in a different manner rather than in the classroom, --(Interjection)-- Horse sense, yeh.

Mr. Chairman, there are some things that have bothered me and I mentioned them in the Throne Speech. And I'm not one of those that is really worried about this Minister where he says that, well, we're looking after all the people who live in all the small towns in the Province of Manitoba. Well, there's a lot of people that don't live in small towns in the Province of Manitoba that are concerned about the taxes. And I want to relate them, they're the farmers of Manitoba. And I want to say to the Minister that my taxes are going up \$400 on a section of land this year. Four hundred dollars. They were \$800 last year, they're going to be \$1,200 this year.

Now he says that isn't very much, that that little old \$150 is going to look after that and I can run all the way to the bank with the \$150, and I'll be happy and the rest of the farmers in the Province of Manitoba are going to be happy. But, Mr. Chairman, it's not true. The farmers are not happy about the fact that they're going to have to go up 13 or 15 or 17 or 18 or 20 mills this year. They're not happy, and I tell you it's a fact of life, and if you don't hear it, mister, and I understand the walls in this building are about that thick and I understand that it's very hard for the farmers of Manitoba to penetrate, and I don't know which office you live in, Mr. Minister, in this building, but those walls and inner walls are pretty thick too. But I tell you, there's always a day of reckoning. There's always a day of reckoning. And that sound will penetrate. It will penetrate, Mr. Minister, and I tell you the farmers, they can speak loud and clear on election day when they go and cross their X on that ballot. I want to say to you, Mr. Minister, if never another sound will penetrate you that day, on election day, that little old "X" there will penetrate you. And I tell you these walls would become a lot thinner on that given day too. They will become a lot thinner because the sound will be loud and clear, Mr. Minister, as sure as I'm sitting in this very place right here.

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(MR. McKELLAR cont'd)

I know from experience what the farmers will do. I know what they'll do. They'll put up with so much. They'll put up with so much. Eight mills last year, 13, 20 mills this year. --(Interjection)-- Sure they do, but I tell you, that old \$150 isn't a very big percentage when you total it up.

And another group, Mr. Chairman, I want to speak on behalf of another group of people. The Minister laughed when I spoke on behalf of them on the Throne Speech. They're the businessmen in every small town in our Province of Manitoba, on the main streets of our province, and My God, they're important people, those businessmen. They're important people because, as I mentioned before in the Throne Speech, if that main street dies that whole town dies. And what are you doing for the businessmen? Seventy-five mills to 100 mills school tax this year in the Province of Manitoba, 75 to 100 mills on every businessman in the Province of Manitoba. And I don't care whether they're massage houses or whatever they may be, they're not making that kind of profit they can afford to pay that kind of mill rate. And I tell you they're not. They're not. And I tell you it's important, and as I said about the farmers, the walls are pretty thick in this building but the businessmen are going to speak loud and clear on election day - and that might be in 1977 or '78. This is important, I tell you.

I went through this in 1958 - and I see the Deputy Minister there sitting in his seat and he went through it too - and we came into this, formed a government, and there was no place for most of the students to go when they left Grade 9 in their one-room school in the country. They had no high school to go to. And we went out to the people and put a proposition before them and they accepted it, and later on, a few years later, we went to the elementary schools in the Province of Manitoba and we put another proposition to them, and they accepted that. Then we brought out a Foundation Program that was suitable to the people and they accepted that in 1967. But what's been done to the Foundation Program since 1967, Mr. Chairman? Literally nothing, except come out with a few ways for equalization in grants and a few other changes in the transportation policies and a few other things. But nothing of importance. Nothing of importance that I would say has been done. And I would say if we'd still been the government we would have in 1970 changed that Foundation Program, because that would have been outdated. And it's been outdated for the last five years, Mr. Chairman, outdated, and it's about time the government of the day realized that. But what did they do, Mr. Chairman, what did they do? They thought they had the answer. We'll bring in a property tax credit, it's going to heal all the ills. There's more people, he says, in the cities and small towns who own a house with less than \$5,000 assessment, and they are just about the same as the farmer that owns a section of land. And I tell you that might be true, that might be true, but justice is not being done. Justice is not being done. And you can play a political game for just so long but eventually it catches up with you. I tell you, God bless the farmers, and God bless the businessmen, because they're the salt of the earth, they're the salt of the earth.

And who's going to pay for all these welfare programs? Who's going to pay for them? Unless you've got somebody that's paying taxes into your treasury, and I must say that I'm going to pay an awful lot of it in the month of April, but I'm waiting until the 30th day of April before I pay mine. But I'm going to pay it, and it's in the five figures too. Five figures, the first time. In fact it's more than I made when I first came in here. I was only getting 3,000 and about 6,000 for the farm. I tell you I hate to see that 10,000 plus go into your treasury, unless you're going to spend it wisely. Unless you're going to spend it wisely, and when I look over the crowd there I know for sure that that's gone down the drain. It's gone down the drain. There's no hope for that \$10,000 plus. No hope for it at all. And I tell you this, Mr. Chairman, there's been a lot of hard sweat and tears go into making that tax money to pay so those men across the way can spend it.

And lo and behold . . . all they can think of is property tax credit; some more handouts for somebody else. But there's not one damn dollar for education, or one more dollar for highways, expenditures of highways, or anything else that would accomplish something. There's nothing being done that I can see. I tell you when you talk about billion dollars, that's a lot of money, that's a lot of money.

I want to get at you, Mr. Minister, you've been laughing long enough at the people of Manitoba. You've been laughing long enough at the people of Manitoba, Mr. Minister. And I've listened to you for five days on education, and I haven't learned a thing other than to say

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(MR. McKELLAR cont'd) . . . that I'm going to give some milk to Northern Manitoba, or I'm going to give breakfast to some of the downtown poor in Winnipeg. That's not good enough, and he gives some REAP, he blows about REAP. Well the people out in my area call it RAPE. That's what they call it, rape. If you want to know the truth - rape. And I tell you that's a fact of life. Fact of life, fact of life, it's rape. Rape.

A MEMBER: It's always been a fact of life.

MR. McKELLAR: Mr. Speaker, I tell you it's about time that we sat around the table, and they don't have to take our advice, I know. But as mentioned here by previous speaker, the Member for Assiniboia, lo and behold when these fellows were across over here. What a difference it makes when they sit in one group and move from one chair to the next.

The Minister of Urban Affairs and he had all the answers to all the municipal problems, he had all the answers to all the school problems, all the answers to everything. When he goes over there, no answers at all. Not at all. Not at all.

Then I remember the Minister of Education, he sat over one night when the leader of our party, Mr. Roblin, was going to make a speech that night, and he talked and he sipped on tea, and he sipped on coffee, and he sipped on everything, until we had to have the vote. And he never told anything, anymore than he told the last couple or three days, not a thing more.

And I tell you it's about time that we had some leadership, and I mean leadership. Milk won't solve the problems of education; breakfast won't solve the problems of education. It's hard sweat and toil, and a lot of common sense has got to go into it.

And I tell you I don't know where that reading and writing and arithmetic has gone in the last 40 years, but it sure slipped away from the schools. It sure slipped away. If you did nothing more than teach the kids reading, writing and arithmetic, Mr. Minister, you'd have accomplished, and I'd praise you up, and I'd even put you in the Senate in Ottawa, I'd put you there, because you'd have done something. The kids don't know how to read, they don't know how to write, they don't know how to add, and My God I tell you if you started to teach your boy arithmetic like I do, I can't even teach my boy arithmetic, and I was good in arithmetic, that was one subject. But all he thinks about, I'm going to give the kids up north some milk, I'm going to give the kids downtown poor . . . some breakfast, and I'm going to give the rural kids some REAP out in the country, and I've got all the problems solved. Well it isn't as simple as that. It isn't as simple as that. And I tell you it's about time that somebody did something about it.

Now I don't know where the leadership is going to come as far as education, but priorities have slipped. When we were the government of the day education was the one priority, And I realize today what the government has to say, we're going to look after the people from the cradle to the grave, and we're going to get enough voters in that age group that are going to elect us from time to time. That's not good enough. You have to get the people educated in the proper manner so they can fit themselves to this tough old world. It's a tough old world we're living in, and I tell you it's going to be a lot tougher in the next 20 years. And how are these kids that are being educated today going to fit themselves? Twent years from now are they going to be able to survive in this world? I tell you, there's going to be a lot of them that are going to go down under. They can't do it. They'll never meet the challenge. Never meet it. I tell you somewhere along the line we're going to have to help those kids. We're going to have to help them, and physical education is one thing. That Member for Churchill up there, he squawks and hollers all the time back there; I wish he'd sit and listen for awhile because he's got some education he needs too for awhile.

But I tell you it's pretty simple. Education is pretty simple, if you work hard enough at it. But you've got to work at it. We need leadership and we're not getting it today, Mr. Chairman,

MR. CHAIRMAN: Resolution 47(a): The Honourable Minister of Education.

MR. HANUSCHAK: Mr. Chairman, listening to the four honourable members who participated in the debate over the past while, two of them in particular, I have the impression that there's some misunderstanding when we speak of 80 percent of the Foundation Grant. We do pay 80 percent of the Foundation Grant, we are paying 80 percent of the Foundation Grant. We are paying 80 percent of the Foundation Grant but at no time did we or anyone ever say that we would pay 80 percent of the total education costs. And there is a difference between the two. --(Interjection)-- Finally, finally after all these years, after all these years, you've

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(MR. HANUSCHAK cont'd) . . . learned. Well, that's nothing new. This is what you've been told all along. This is what you knew all along. And when we speak - and I would just like to mention to the honourable members, you know, just give a couple of figures by way of comparison. Let's see what portion of the education costs are being borne now, what portion of the education costs were borne by the province and the taxpayer respectively in 1968. Well, 1969 is another good year because the budgets were struck at a time, and the grant structure was set at just a matter of months prior to change of government.

In 1969 the taxpayer's share of the education costs was 46 percent. 46 percent in the days of the administration with which the Honourable Member for Souris-Killarney identifies himself with. In 1969, in the spring of 1969 - yes, the Honourable Member for Swan River well remembers that year. He did not sit . . . He well remembers that year, at that time . . . Am I wrong? --(Interjection)-- The honourable member wishes to make a speech? Very well. It was 46 percent at that time. The Honourable Member for Swan River may not know because he wasn't part of the government, or at least he shouldn't - he was the Speaker then, of course.

In 1975 the taxpayer's share of the education costs will not be 46 percent, or even anywhere near it, but 31 percent. Thirty-one percent. And the honourable members across the opposite side of the House say that the province is not carrying its fair share of the load. In 1969 the taxpayer had to pay 46 cents on every dollar, today he pays 31 for education. And the remainder is being paid, yes, by all the taxpayers collectively in an equitable fashion. In a more equitable fashion because you yourselves criticized real property taxes.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: On a point of order, Mr. Chairman, The figures that the Minister gave earlier don't indicate 31 percent.

A MEMBER: That's no point of order.

MR. CRAIK: Well, Mr. Speaker, my point of order is if the Minister is saying it's 31 percent, it does not agree with the figures he gave us about one hour ago for the provincial portion of the tax.

MR. HANUSCHAK: Well, Mr. Chairman, I'm not going to check or re-check the honourable member's arithmetic, so I would say in the order of 30 or 31 percent. Very well, I'll check it and I'll re-check mine, and this is what I'm telling you. I don't know how accurate the honourable member's notes were, whatever notes that he may have been taking earlier in the day on which he bases his calculation.

The Honourable Member for St. James, he proceeded to deal with uncontrollable budgets. I'm not quite certain the point that the honourable member was attempting to make. Was he attempting to suggest that someone ought to impose certain restraints or ceilings on school division budgets? Was he suggesting that the powers and the responsibilities of the school board should be reduced and taken over by the province, or what? Perhaps later during the debate the honourable member may have an opportunity to make that point. He speaks of the undue burden imposed upon school divisions by having to maintain the debt charges that they may have incurred in previous years for school buildings. Debt charges. I will speak to the Honourable Minister of Public Works and he will check the amplifying system. The word was debt, d-e-b-t. And I wish to inform the Honourable Member for St. James that the school divisions don't pay a red cent for any such debts. All of those debts have been taken over by the province, and that's entirely borne by the province and not by the school division.

Then the Honourable Member for St. James says that the Planning and Research Branch of the Department of Education foists new programs on school divisions, that they have to pay for out of special levy. Now that statement I simply reject. If the honourable member has evidence of any such program that was foisted on the school division which it had to pay for out of special levy, I would appreciate him documenting that case and telling me exactly what school division and what program, and I would be only too happy to check into it, because I am absolutely certain that there was no program foisted by anyone from my department on the school division that it was forced to pay for. Any new program that may have been entered into, any pilot project, demonstration project, was entered into with the full agreement and concurrence of the participating school division. And there isn't one that was foisted on anyone that they had to pay for.

The honourable member makes reference to some hearsay information he has picked up somewhere about a statement made by the First Minister somewhere in the north in relation

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(MR. HANUSCHAK cont'd) . . . to assistance to schools, or school divisions in Northern Manitoba. I must admit that I was not there when the First Minister was there, nor did I hear what the First Minister said at that time, nor do I know exactly what it was that the Honourable Member's informant told him, relaying to him whatever he heard, or thought that he heard the First Minister say. But I want to come back to that a bit later.

The Honourable Member for Assiniboia asked whether we're pressing for federal participation, federal assistance in the financing of education, Via the counsel of Ministers we have, the answer is yes; the response from Ottawa, no.

The Honourable Member for Assiniboia - and here again perhaps there's a misunderstanding of terminology or what I do not know - the Honourable Member for Assiniboia states that the Foundation Program barely covers 50 percent of the education costs, and I believe that he was speaking of that in terms of provincial support to education, but as I had indicated on numerous occasions during the course of this debate, the provincial level of support is far in excess of 50 percent, but in the order of seventy.

He also suggests that property taxation is not the solution to educational finance. And it is true that property taxation per se, if it were the only source of finance of education, would not be the most equitable form, and this is the reason why the Government of the Province of Manitoba has picked up an increasing portion of costs of education up to its present level. But I would like to remind honourable members of this, that both the trustees and the municipal councillors, that their official position is that some portion of the cost of education should be borne by the property owner, and not far from where we are at; some were 20 percent . . . in the 70 percent range, but not far from it.

Now the Honourable Member for Assiniboia also made another comment based on a quote from a newspaper article, and I feel that I must respond to it, although I hate doing it. I hate doing it, but I must respond to it. Because --(Interjection)-- yes, I will, and if honourable members would, perhaps there'll be another time and I would even bring in the documentation that I have in support of the response that I wish to make. When the Honourable Member for St. James quoted a statement attributed to her to have been made at whatever it was that the Conservative Party, the Honourable Member for Assiniboia made at some conference that the Official Opposition had approximately a month ago, and the honourable member made his statement in the House based on a newspaper article, and I would suggest to the honourable member that had he followed subsequent newspaper articles related to education of approximately 2-1/2 weeks later, he would have found an apology and a retraction published. An apology and retraction made by the same person.

MR. CRAIK: I don't think the Minister would want that to go into the record incorrectly. The reference made by the Member for Assiniboia was made a day or two after the announcement of the new grants by the Minister, and it was an assessment of those grants by the President of the MTS. To my recollection it had nothing to do with any Conservative Convention.

MR. HANUSCHAK: Well, it was reported as having been made at an education policy or panel, or seminar, sponsored by the Conservative Party.

MR. CRAIK: Mr. Chairman, that is absolute nonsense and the Minister knows it.

MR. HANUSCHAK: Mr. Chairman, I said it was reported that way.

MR. CRAIK: The President of the Manitoba Teachers' Society, at a date months after the announcement of the new grants, weeks after that announcement, was invited to be part of a panel at a convention held by the Conservative Party. The topic that he is referring to was not a topic of discussion on that panel, and was not referred to by the President of the Teachers' Society, it was referred specifically as a reply to the announcement of the new grants by the Minister, and he knows that.

MR. HANUSCHAK: Mr. Chairman, it is not my intention to make an issue out of this. There was . . .

MR. CRAIK: Well at least retract it and tell the truth.

MR. CHAIRMAN: Order please . . . a point of order on the floor.

MR. HANUSCHAK: Mr. Chairman, the point that I am making is that the Honourable Member for Assiniboia quoted from a newspaper article, and I am simply saying that there was a subsequent newspaper article retracting it.

MR. CRAIK: Mr. Chairman, the Minister said that the article read by the Member for Assiniboia came from the attendance at a Conference of the Conservative Party by the President

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(MR. CRAIK cont'd) . . . of the Manitoba Teachers' Society. That's what he said, and that's absolute nonsense and he knows it. It was a reply to his announcement, which was several weeks earlier.

MR. HANUSCHAK: Mr. Chairman, the statement was not made several weeks after a variation in the grant structure was announced, but it was within a matter of days and the honourable member knows that. Mr. Chairman, I was not present at the convention. I could table the press clipping. I could table the press clipping, and I will table it. When this House rises I will obtain the press clipping, and there is no one in my office at the present time to assist me in getting it. I will get it and I will table it tomorrow. --(Interjection)-- Very well then, the honourable member has just as much right as I do to ask him to table it. -- (Interjection)-- Whatever documentation I want in support of my debate, I will table it.

The matter of how to cope with rising education costs; I feel, Mr. Chairman, that the level of support that the province offers at the present time, and has over the past few years, in comparison with the level of support that other provinces do, is comparable, and we're proud of being able to offer that level of support in the equitable fashion in which we do. Within it I admit there are inequities. And I would suggest to honourable members that whatever problems there are facing us in education finance today, it isn't so much the over-all level of support that we offer but rather seeing to it that it's distributed in the most equitable fashion possible. Because the formulae which we inherited within the foundation grant formula, they would not take care of those inequities. It's not just a matter of taking pupils and dividing it by a certain figure which is used in a pupil-teacher ratio, and that determining the number of grants, or X number of dollars and multiplying it by a number of students eligible for transportation, and that constituting the transportation grant, and so forth. There are other problems.

As I indicated earlier, there are special needs of children that must be attended to. And the special needs of some school divisions have no, or very little bearing or relationship to the enrolment. In fact they may be completely out of proportion as between one school division and another. Question of distance, declining population, a continuing declining population in some areas. So hence there is a need to devise a formula that could be applied on a universal basis that would meet these problems.

The matters of financing education in the north that the honourable member for St. James made reference to. Of course the costs of financing education in Northern Manitoba is more expensive than that in the south, than that in more densely populated areas, for a variety of reasons. And there, applying a formula that may work very well in some parts in the south will completely fall apart if one were to attempt to apply it in the remote northern communities.

So that is the problem facing us. And that is the problem that I had indicated time and time again that my government is attempting to resolve. And I would be quite proud of the fact that we have gone a great way toward resolving it up to the present time what the student equalization formula, and various other measures that we had introduced, which were mentioned earlier, and which the remaining two pages of debate over the next few days will give us ample opportunity to debate.

The Honourable Member for Souris-Killarney says that the day of reckoning will come. We have met days of reckoning in the past, we'll meet days of reckoning in the future, and there was one in 1969, there was a day of reckoning in 1973; and come 1977, or 1978 at the latest, according to law, there'll be another day of reckoning. And the people will have an opportunity to speak, and they will have an opportunity to tell you and I whether they endorse the programs which we had instituted, which we are in the process of implementation, or not.

And the honourable member speaks of the REAP program, and I would suggest to him that all he need do is speak to his school board and get his board's reaction to them, and see whether they would agree with his conception of them.

Then he speaks about, you know, what about the businessman? You know, here we are concerned about the little fellow, and we're concerned about the little fellow. But what about the businessman? The small businessman in a small town? But perhaps the Honourable Member for Souris-Killarney doesn't realize that that small businessman in that small town has to depend upon that person who receives the \$150, or to whom \$150 tax rebate is meaningful, because in turn he spends all, or a good portion of that rebate in his shop on goods and services that he provides. Now, in response - and as I've said I want to preface my remarks

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(MR. HANUSCHAK cont'd) . . . with the fact that at a subsequent date there was a retraction and an apology stated by the person, namely the President of the Manitoba Teachers' Society to whom this statement is attributed that I am reading from the Free Press, April 10 - I'm sorry, March 10th, and the Honourable Member for St. Vital says that there was no reference whatsoever for Riel to a political convention, the first paragraph reads as follows: And I must, because the Honourable Member for Riel insisted on drawing me into this, "A stinging personal attack on Education Minister Ben Hanuschak of Manitoba was delivered Saturday by the President of the Manitoba Teachers' Society. Phyllis Moore made the attack before about 300 delegates attending the week-end policy convention of the Manitoba Progressive Conservative Party."

Now, if the honourable - and I could continue reading the rest, but I don't want to because I don't feel that there's any purpose in needlessly embarrassing anyone. --(Interjection)-- Yes. Yes. Oh, the honourable member insists that I read that too. Yes, very well then, I will read it, "Describing the new grant structure as totally inadequate and almost an insult." --(Interjection)-- Yes. The previous paragraph reads, "Her remarks were made during a session on education and concerned the increased equalization grants announced last week by Mr. Hanuschak." And as I indicated, I could also find --(Interjection)-- No, there's no purpose in reading all of it because, as I indicated to the honourable member, there was a subsequent newspaper publication which printed an apology.

MR. CHAIRMAN(Mr. Walding): The Honourable Member for Riel.

MR. CRAIK: Mr. Speaker, I'm not going to deal any further with this. The Minister knows very well that there was also a special release put out by the President of the MTS right after his grants were announced that was quite apart from that, and may well have been repeated again. They certainly were worthy of repeat if they were. But I want to ask him on this other question that he says, where the government has reduced the tax to the point where the property tax carries only 31 percent - 31 percent, I believe he said, of the total taxes. The figure that he gave to us this evening was 193 million out of 289.5 million, which works out to 66-1/2 percent. Now that's contingent and based on the fact that you gave us the 50 million dollar figure for the school tax rebate. And I have to ask you what is comprised in the school tax rebate, is that what is listed in the estimates as being the property tax credit payment, that 35.5 million?

MR. HANUSCHAK: No.

MR. CRAIK: Plus the cost of living tax credit payment of 14 million?

MR. HANUSCHAK: I'm sorry, I believe that . . . Was the honourable member reading figures which I had given him from my notes? Because I was following the Estimates book, so . . .

. . . . continued on next page

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MR. CRAIK: The Minister said earlier that the school rebate was \$50 million, the rebate program was \$50 million.

MR. HANUSCHAK: Yes.

MR. CRAIK: Well, I'm asking from the Estimates book, which shows on Page 21 of the Estimates book, Property Tax Credit Payment 35.5 million; Property Tax Credit Advances 27 million; Cost of Living Tax Credit Payments 14 million. Now is he adding 35 and 14 to get the 50 million? If that where it comes from?

MR. HANUSCHAK: No, Mr. Chairman. I'm sorry, the honourable member . . . I don't see it under Resolution 47, the figures that the honourable member is reading.

MR. CRAIK: As I said when I asked him earlier in the evening, how much the rebate program came to because it wasn't in the Education estimates, it was elsewhere in the Estimates book. I believe his answer was \$50 million. Yes. Now having looked in the Estimates book at another location, I find that the tax credit is shown on Page 21, Item No. 52 of the Estimates book. Is that where he gets the 50 million from?

MR. HANUSCHAK: The \$50 million is out of there, yes.

MR. CRAIK: Now, Mr. Chairman, then, can I ask him on those items, is he referring then to property tax credit payments, 35.5 million? Plus cost of living tax credit of 14?

MR. HANUSCHAK: No, not including the cost of living.

MR. CRAIK: Well, Mr. Chairman, how do we determine what the school tax rebate is, then, from the Estimates book?

MR. HANUSCHAK: What the property tax rebates will be? I think that the honourable member will have to wait until we come to the estimates of the Department of Finance to get the accurate amount. I'm suggesting to the honourable member it'll be no less than 50 million.

MR. CRAIK: The property tax credit of \$50 million, does that apply only to school taxes or does it include the rebate on general municipal taxes?

MR. HANUSCHAK: I can get the honourable member the figures if he wishes. I do not have them with me tonight. There is some spill-over into municipal, yes, but I think that you will find that in those school divisions where, you know, you hear the greatest concern expressed about the high school taxes, high school taxes as expressed by some, that there you will find that the \$150, that there'll be very little, if any, spill-over into municipal. And I'm speaking particularly of places like the school divisions within Winnipeg.

MR. CRAIK: Well, in other words then, Mr. Chairman, in advising the House of the - including the rebate - total rebate program, into the grants to education, he's also then including in that, rebates which are applied to general municipal taxes rather than to the special levy on schools. Now how can he stand up, then, and say that the province is carrying 69 percent of the costs of education by calculating that rebate into it, if that rebate includes general rebates on municipal taxes that are not related to school tax?

MR. HANUSCHAK: Mr. Chairman, there are two points that can be made, one is the net effect that this creates upon the taxpayer, and that is the property owner, that there would be relief to that extent. And the other point which I had made earlier, and I indicated to the honourable member that I will attempt to obtain those figures for him as quickly as I can but I cannot obtain them for him tonight, but I did indicate to him that the spill-over is minimal, so if there is any dispute it's, I wouldn't even hazard a guess, one, two or three percentage points or whatever, but it's not any large significant amount running into the millions, or many millions of dollars.

MR. CRAIK: . . . an accurate picture. The Minister's introduced this topic by saying a certain percentage was carried by property in 1969 and another percentage is carried now by property, and that less is carried by property now. But included is rebates on general municipal that don't relate to schools. In addition to that, you have rebates to people in personal care homes, which can hardly be considered as a rebate on school taxes since they don't pay them in the first place. Now will you put them together and tell us, net it out and tell us what percentage of the costs of education are being carried, rather than including general municipal taxes, rebates to people in personal care homes, and saying that is all school tax rebate, which it's not.

MR. HANUSCHAK: Mr. Chairman, of the total tax rebate for this fiscal year, the rebate that we could estimate, that we could safely attribute to school tax rebate, is very close to \$50 million. We may be out a few hundred thousand or whatever, well perhaps maybe one percent or so, but no more than that.

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

MR. MINAKER: Thank you, Mr. Chairman. For the Honourable Minister's clarification, I mentioned earlier that in our division of St. James-Assiniboia that we had debt charges to look after and I would hope the Minister would be aware of the fact that many of the school divisions, in order to keep the division running, have to borrow money from the bank until they get money from the city or the source of taxes. And I believe that last year the cost to borrow such money, I believe the school division had to borrow somewhere in the order of \$3 million, and I believe that the debt charges, the interest on those debts or loans amounted to some \$280,000 or thereabouts. And I don't know whether this is true of other school divisions, but if it is, then I would think, based on the proportion of school pupil population that we have in our school division, that it might well be if we looked at the debt charges for the various divisions, if other divisions have the same problem that ours has, that it could well be in the order of some \$3 million for the whole province. So that it is a considerable amount of money, and further, I'm sure the Honourable Minister understood what I meant by uncontrollable budget in the fact that if one wants to stay with the status quo in terms of quality of education and not fire teachers, and to relieve them and not cut back on the quality from the previous year, then that figure amounts to 92 percent of this year's budget. So that the decision has to be made on whether you decide to cut back on your quality of education in your system or continue with it. And this is what was meant by uncontrollable, and I hope now that the Minister understands the debt charges to which I was referring. And I apologize if there was some misunderstanding on it.

MR. CHAIRMAN: The Honourable Minister of Education.

MR. HANUSCHAK: Yes, with respect to the debt charges, I appreciate the point that the honourable member is making. There's a time lag between . . . You know, as each day and as each month goes by, a school division has to pay its bills, and there's a certain time lag between that and the time that it receives funds, either from the various municipal offices, the special levy, or under the former procedure, the payout procedures that we had for the payment of grants. That has been changed this year, and I believe that I had announced this, but we are changing the regulations to make it possible for divisions, for school divisions to receive their special levy earlier in the year, and also a change with respect to the order of payment of advances under the Foundation Program. That will also be changed, with the purpose in mind of reducing the debt charges, the debt charges being the operating debt charges.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILTON: Mr. Chairman, thank you very much. I just have a very short brief question. I believe the Honourable Minister is acquainted with the comprehensive school in Swan River. It was opened some three years ago. I believe his name is on the plaque at the entrance. And it cost in the neighborhood of several million dollars with federal contributions.

I wonder if he is cognizant of the fact that the Fire Inspector, under the Minister of Labour, has recently examined that building, and the cost factor and the newness of that building makes me wonder why in the beginning it was built under the supervision of both governments in every respect, plans were approved by government architects, and as I understand it the Fire Inspector came along in recent months and has indicated that changes must be made now, Mr. Minister, to some \$45,000 as I understand it. Would that amount of money be included in these school grants? And I wonder if he agrees with that sort of activity by the Fire Inspector, in spite of the fact that it was built to meet all provincial regulations only such a short while ago.

MR. CHAIRMAN: The Honourable Minister of Education.

MR. HANUSCHAK: Yes, Mr. Chairman. The cost of alterations to comply with the Fire Inspector's report, that will be covered by us.

Now the honourable member asks whether I agree with that type of conduct where certain plans were approved and then a short while after the building was built an inspector from the same department comes along and proposes changes. Well, you know, there's a question of human safety that's involved, and the Fire Commissioner's or the Fire Inspector's regulations, they're an ever-changing thing. You know, what on the basis of whatever tests are conducted may be regarded as being reasonably safe today, safe for public use, and if something should occur tomorrow that may indicate that it is unsafe, then the Fire Commissioner's standards and criteria for safety change accordingly. This happens all the time in our schools, and it's

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(MR. HANUSCHAK cont'd) a fact of life that we accept, that we live with, in the interests of safety of the students within the school.

MR. BILTON: Mr. Chairman, I have the assurance, then, of the Minister that this will not be a charge to the local taxpayers.

MR. HANUSCHAK: Yes, the honourable member has that assurance.

MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Mr. Chairman, I would just like the Minister to follow up on what my colleague from Riel has presented to him. When I spoke on Interim Supply, I mentioned a couple of items regarding the rebate, or being the tax system, the amount of taxes being paid, the percentage of taxes being paid by the people of Manitoba, and my reference to taxes seemed to get the First Minister quite upset, and when he answered, he said, "We have a rebate system." So he wants to use it in the provincial tax. He likes to take it off, the 42 percent, or your provincial tax, he likes to use it there. So he says you're paying less provincial tax than anybody else because he's using the rebate system. Now we have the Minister of Education saying, "Yes, but we have a rebate system." Now he wants the rebate system, the same money. And we've got the Minister of Urban Affairs, the Minister of Municipal Affairs saying, "We have a rebate system which is the same money." They're using the same money. And then we have the same money being used in social welfare.

Now really, let's not stand up, every Minister in this House, and talk about the rebate system, because you can only use it once. And let's not have any more hypocritical advertising about the rebate system, because you're all trying to use it about six times, and it's only one rebate. So, really, lay down your education costs sensibly, and if you're going to use the rebate system, please tell the Minister of Urban Affairs not to. Please tell the First Minister not to. Tell the Minister of Health and Social Welfare not to.

MR. CHAIRMAN: The Minister of Education.

MR. HANUSCHAK: Mr. Chairman, all I can say is, it's one tax, it's one tax bill.

MR. F. JOHNSTON: Then use it in one place, when you do your advertising, yeah.

MR. CHAIRMAN: Resolution 47. The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, I must go back to the Minister's remarks on 1969 and what proportion of the total cost of education was being borne through the grant system. And I have in front of me here the figures for the Brandon School Division No. 40 that go back to 1967, and have each year the gross budget to 1975. And if we use the year 1969, the gross budget in Brandon School Division No. 40 was \$4.5 million, the Foundation Grant revenue was \$3.6 million, which was 80.2 percent of the total gross budget coming out of the provincial grant structure. At that time the special levy was 17.5 percent of the gross budget. And from 1969 until 1975, the percentage provided through provincial Foundation Grant revenues dropped to 63 percent in this year; and in the last year from 1974 to '75 it dropped from 66.3 percent to 63.3 percent. And this year --(Interjection)-- I beg your pardon?

MR. F. JOHNSTON: You're not going to count that too, are you?

MR. HANUSCHAK: . . . without rebate.

MR. MCGILL: We're not counting it in here, no. This is without the rebate. I thought my colleague from Sturgeon Creek had run that rebate down and tied it firmly into the tax system here.

But, Mr. Chairman, there's quite a discrepancy between the figures that the Minister is using and those that are given to me here, and I believe they're precise, and they're used for the purpose of indicating that the percentage of gross budget that comes from Foundation revenue has dropped from 80 percent in 1969 to 63 percent in 1975, with the latest figures, and that the amount of that budget that has to come from special levy on taxpayers, on real property, has gone up from 17.5 percent to 37.7 percent. Now, Mr. Chairman, that indicates, I think quite clearly, how there has been a declining participation by the province in the cost of the local school divisions and meeting their budgets. In 1975 the Brandon School Division No. 40 has to raise an additional one million dollars by local levy. That's a 50 percent increase, Mr. Chairman, in the costs to be borne by the local taxpayers, and that means about 12 mills in Brandon.

Now, Mr. Chairman, this indicates, I think, pretty clearly and must be indicative of what is happening across the Province of Manitoba. The trouble is in rural areas it takes three or four mills to raise what one mill will do in an area, an urban area, that has a higher

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(MR. MCGILL cont'd) total assessment. And, you know, it was contained in the Guidelines of the Seventies that the NDP Government of Manitoba was going to eliminate this problem and it was pretty clearly stated in the Guidelines of the Seventies that the ultimate goal of the government is to be able to eliminate the burden of all property taxes on farm and residential property and raise those additional revenues through a more progressive Income Tax. Well, the Guidelines for the Seventies are pretty clear on that point and we're reaching well into the Seventies now, but we're still in the same situation where the, well certainly the disparity is becoming greater, and the difficulty, the lack of financial resources in the rural areas is increasing the disparity in the educational opportunities in our province.

Mr. Chairman, there seems to be such a great difference in the figures that the Minister is quoting as to the amount that is being provided by the Province in respect to local school divisions, that I find it really hard to believe that it's possible to have this kind of discrepancy coming up. Back in 1967, 88 percent of the gross budget in Brandon School Division No. 40 came out of provincial Foundation Grant revenues, and we're now at 63.3 percent. Mr. Chairman, I think that really points up that the government is not keeping pace, not even keeping even with this rapidly increasing cost of education in the province and this intolerable burden on the taxpayers of the province.

MR. CHAIRMAN: The Honourable Minister of Education.

MR. HANUSCHAK: Mr. Chairman, could I just make two points in response to that: No. 1. As the honourable member himself indicated, he is not taking the property rebate into account in 1975, which is a very significant factor. No. 2. I'm not going to argue with the honourable member's figures regarding Brandon School Division because I'm not talking of one particular school division but rather of the over-all effect on the entire province and of the over-all costs as the estimates are presently dealing with the costs of education on that basis. The fact still remains that in 1969 the taxpayer had to pick up 46 percent of the education costs burden which was levied against his property.

Now, if at that time, if in that year, Brandon School Division found itself in the more fortunate position of having received a larger portion of its revenues from the province than it presently does, then it also follows that in that same year, under the former administration there must have been other school divisions which had received considerably less than they are receiving today to arrive at the figure which I had just quoted to the honourable member. Secondly, to a degree, we may be comparing apples and oranges because I do not know at this point in time . . . not unless the honourable member has the information, and if he does, well then we could look at it and make a more accurate comparison, because some of the increased costs could be attributed to the inflationary pressures, other increases in costs could be attributed to program enrichment. In other words, I do not know how the education program offered by the Brandon School Division in 1969 compares with that which is being offered today. I would suspect, Mr. Chairman, that they did enrich their program considerably, which would account for a significant increase in the costs.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Well I think, Mr. Chairman, we can tie it pretty clearly to the fact that the local levies now throughout the province have increased anywhere from 25 percent to 55 percent in terms of dollars this year. And no matter how you calculate rebates, no matter how you do your arithmetic, there is that clear, unalterable fact that the divisions are faced with greatly increased local levies and greatly increased mill rates. Mr. Chairman, I don't think there is any way to use the rebates to in any way change that situation. That's simply it. The Province of Manitoba is not keeping pace with the cost of education in the province, and the local taxpayers are facing an increasingly difficult burden.

MR. HANUSCHAK: Mr. Chairman, just looking at the mill rate per se is only looking at one side of the coin. One has to translate mill rate into dollars and see what the net difference is in the dollars and cents effect on the taxpayer's pocketbook, and that would make a fairer comparison.

MR. CHAIRMAN: The Honourable Member for Brandon-West.

MR. MCGILL: Mr. Chairman, I wasn't talking about mill rates there, I was talking about dollars increases, from 25 to 55 percent in terms of the local levy increase this year, in 1975.

MR. HANUSCHAK: Yes, Mr. Chairman, and I'm talking in terms of dollars paid by the taxpayer, and on the average the burden is less.

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

MR. GRAHAM: Thank you, Mr. Speaker. I've listened with great interest to the words of wisdom from the Minister of Education, when he's talking dollars and cents. I'd like to ask him a few questions. It is my understanding that the education tax rebate was instituted primarily to relieve the burden on the property tax credit, or the property taxpayer. As the special levy increased, this was designed to help alleviate it. Is that correct?

MR. HANUSCHAK: Partly.

MR. GRAHAM: Partly correct.

MR. HANUSCHAK: Carry on.

MR. GRAHAM: Well also we heard figures here that in the Interlake in the past year they have had a 50 percent increase, or the mill rate or the special levy has increased 50 percent in that division this year. And I want to just try and get in my own mind what the effect of that would be on a farmer in that area.

Now, if that farmer owned a section of land in this present year, he is paying a total of, say, \$300 in special levy in that division and he gets the \$150 rebate, his total is \$150 of special levy. But if that increases and goes to \$600 and he gets \$150 off, he is going to have to pay \$450 instead of \$150, so instead of doubling, the net that he is going to have to pay is triple in special levy. Is that not right? So what we're finding is that while the educational tax rebate at one time did provide a fair cushion for him, right now with the escalating costs and the special levy doubling, we're getting a tremendous thrust being put on that taxpayer, that farmer, at this particular time when the farm economy, according to the words of the Minister of Agriculture, is facing probably its most serious problems in this coming year. So we find the Minister of Agriculture warning the farmers, and I think that those words of warning are very wise on his part, but I think that he should be warning the Minister of Education because the tax bill that that poor farmer in that area is going to face is going to be triple this year instead of double, and I would suggest that the Minister, even though he promised, or his party promised in their Guidelines for the Seventies to eliminate education taxes from personal property, that we're finding the exact opposite is occurring.

Then on top of that, Mr. Chairman, we hear the Honourable Attorney-General when he's wearing his other hat and speaking as Minister of Municipal Affairs, as he does on occasion speaking to various municipal gatherings, I understand that he is maybe just toying, but he is considering changing the assessment practices to where the farms may be assessed at 100 percent value rather than the 30 or 40 percent at the present time. And you have to ask the question: why? Why would they do this? Well, there's many good reasons. I'm sure he'll have many good reasons when he brings the Bill in, if he brings it in, but I would think maybe that one of the reasons might be that there is certainly a concern on the part of municipal people when they start having to increase mill rate over 100 mills, so they say, "Well, if we raise the assessment, we won't have to raise the mill rate so high." And one mill of increase in taxes sounds very little, but if you increase the assessment 2 1/2 times, one mill will raise 2 1/2 times as much money. So I'm just wondering if possibly there might be a little collusion between the Minister of Education and the Minister of Municipal Affairs saying that well, if we raise the assessment, we can then tell the farmers: "Look, your farm is worth so much more money now. Surely you wouldn't mind giving us a few extra dollars in taxation. Look, your farm is worth 2 1/2 times as much now. The assessed value has risen dramatically. Your farm is worth a heck of a lot more and you should pay some more tax."

So you add the whole thing up, Mr. Chairman, and it all comes out the same. The farmer finds out that it doesn't matter what the Minister of Education says, it doesn't matter what the Minister of Agriculture says, it doesn't matter what the Minister of Municipal Affairs says, but when it comes time to pay his taxes he's got to dig deeper and deeper and deeper when the price of his product is declining. And, sir, that will do more to hurt the economy of this country than any single act that this government could ever devise.

MR. CHAIRMAN: The Minister of Education.

MR. HANUSCHAK: Mr. Chairman, the Honourable Member for Birtle-Russell overlooks a couple of points: (1) That whatever there is remaining of the farmer's tax bill, or whatever he has to pay after receiving the benefit of a tax rebate, that that he charges against his income, against his gross income, to arrive at his taxable income on which he pays tax - which the farmer can do as opposed to the homeowner in an urban community, or the owner of a small

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(MR. HANUSCHAK cont'd) acreage which is used only for residential purposes but not for the purposes of earning a livelihood. On the other hand, if his income is not within a taxable range or at a low taxable range, then there is the cost of living tax rebate which he can claim.

But what amuses me, Mr. Chairman, is the fact that the honourable member seems to base his argument on the premise that there's something sacred about the mill rate and that everything operates on the basis of a mill rate: how many mills can taxes be increased; how many mills can taxes be increased for the Foundation formula. But really it's not quite the way it works, because the first thing we have to look at is the number of dollars that we need to run our school system. Then, working backwards, that determines the level of mill rate. So if - and I do not know, I cannot speak for the Minister of Municipal Affairs, but if some different base for assessment of agricultural property were to be implemented, then to raise whatever number of dollars, for example to raise the same number of dollars, you would need fewer mills. I mean one just follows from the other.

And then the third point, you know, if the honourable member is correct that the special levy is going to double and triple, then at least to that extent there may be some validity to his argument, but that is merely his assumption that that would happen, but that does not necessarily happen.

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

MR. GRAHAM: Well thank you, Mr. Chairman. I'm glad that maybe I did give the Minister some information, something that might help him, but when he starts talking about working backwards, we're all fully aware of how backward we're getting in this whole educational system right now, the way the Minister is working it.

MR. CHAIRMAN: The Honourable Minister of Municipal Affairs.

MR. PAWLEY: Mr. Chairman, I can't help but comment a word or two on the statements of wisdom enunciated by the Honourable Member from Birtle-Russell from sources unknown, that in some way or other it was planned or expected that the Minister of Municipal Affairs would increase assessment to 100 percent in respect to farms, and his emphasis was on farms as though the reference earlier was only to agriculture. Then he later repeated it several times as though we were only dealing with an examination of the farm situation. And I noted as the honourable member was speaking, he was kind of grinning to himself and was having some difficulty in retaining a straight face as he was making these pronouncements. Of course the fact is, Mr. Chairman, that the proposal in respect to 100 percent value assessment relates to all lands and buildings regardless of whether it's residential, farm, commercial, urban or rural. And the proposal has been made on the basis of experience in British Columbia, New Brunswick, Ontario, and also has been made with the understanding that it will not be developed unless it receives support from the municipal organizations and people in the province. So I think, just for purposes of the record, we should ensure that we keep it very clear.

MR. CHAIRMAN: The Honourable Minister of Corrections.

MR. BOYCE: It would seem that the House is in a mood to pass this item but, just before we do, I wonder if I could probably transgress every parliamentary tradition in the world, but I couldn't help but sit here and listen . . . my earlier comments about the Minister of Education in the former government. In the House we stand in our place and give credit to, you know, members of the Legislature and other people that have been around for a long time, and I couldn't help but sit here and think of someone within the service. Sometimes we get carried away in debates and we downgrade our bureaucracy and everything else. And in danger of setting some precedent, perhaps, nevertheless I couldn't just sit here and let the occasion pass.

For as long as I can remember, Mr. Educational Finance in North America has been employed by the Province of Manitoba, and he served all administrative governments, the politicians, who ultimately have to bear the responsibility, and I just think that we should give credit to this man because I have reason to believe that perhaps at the next session of the Legislature he may have retired.

MR. CHAIRMAN: Resolution 47. The Honourable Member for Fort Rouge.

MR. AXWORTHY: Yes, Mr. Chairman. I just wanted to say a word or two on it just before the examination of the financial aspects of the school question passes by. I suppose, perhaps not like other members of the House, but certainly by many people in the general public, the world of educational finance becomes an arcane and oftentimes mystical Byzantine

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(MR. AXWORTHY cont'd) kind of cobweb where you start trading off all kinds of curious sorts of words that only the Minister of Education can handle with great dexterity, it seems, in terms of manipulating figures and changing off special levies versus foundation grants. And I think it's probably quite true that most people, quite frankly, at this stage are quite confused by the kind of discussion that rages on back and forth by different groups in this province about the nature of school financing.

But there is one thing that does come really quite clear, and that is that for many people simply, whatever the rationalizations are used by the Minister of Education and by this government, whatever kinds of peculiar formulas or economic kinds of equations are brought to bear to try to demonstrate that we again are no better or no worse than other provinces - and I think the Minister said he takes pride in the fact that we are no better or no worse or that we compare favourably to other provinces - the fact is that with all that kind of perambulation that we have listened to for quite awhile, one fact still comes very clear. Many people feel that the burden imposed by the special levy in education to the property tax is something they can no longer afford, and Mr. Chairman, I would be remiss to several groups in my own part of the city if I didn't bring certain facts to the Minister's attention; that while we are sort of lecturing on navigation, the ship is going down. That happens to be the case, and every time I listen to him I have a picture of the captain of the Titanic standing there telling us how, sort of, while we can measure the density of the fog and the movement of the wind and the location, he can convince us there aren't icebergs in front of us, and any moment we are about to sink.

Let me give one example, Mr. Chairman. --(Interjection)-- Yes, that's right. He's running around with his ice pick, saying that all those big blocks of ice are simply there for ice cubes that we're going to drink later on. But there's one particular fact that struck home, and it really came to me while I was looking at a survey which had nothing to do with education but had something to do with older people who own their own homes in this city of Winnipeg. And the thing that struck me is that close to 30 to 40 percent of those people are now spending over 60 percent of their income to maintain their houses, and a large part of that comes from the property tax.

Now, all the rationalizations and all the excuses and all the financial equations that can be brought forward on a platter to demonstrate that we are no better or no worse, cannot in any way affect the fact that there are many people in this city, and I would dare say in the rest of the province, who simply find that the tax they are having to pay, many of whom no longer have children, or older people who are simply looking to maintain some independent existence in the homes which they have lived or occupied for many years - and they represent a large number of people in this city, Mr. Chairman, who live in small houses, who have 30, 40 foot lots, who have tried to maintain some stability in that neighbourhood - we must begin giving them some concern. And when I read that 50 percent of the income of over one-third of these people is being devoted just to maintain themselves in that house, that is a very frightening figure, Mr. Chairman, and a figure that I don't think can be explained away by many of the kinds of things we've heard tonight, to say that we comparably are no better or no worse.

I think in many cases, Mr. Chairman, we have to bring down this issue of school financing down to that level. Simply, how is it affecting certain groups of people in society? And by the way, Mr. Chairman, that figure also includes the question of the school rebate and everything else. They are simply no longer able to afford it and they think it's an inequitable burden because, in many cases, these people no longer have school age children and they live in older parts of the city and they feel that they are now having to support the expansion of school programs in the suburbs. And again I understand oftentimes the economics of that. We now have a common economic tax base in the City of Winnipeg, but it still doesn't affect them, and they're still paying that kind of money. So it does really come down to this kind of question, Mr. Chairman, as to, you know, what's the answer? And again, I listened to the Minister say - and I'm not sure what the figures are. He says we're paying 80 percent, some one says 60 percent. It probably cuts somewhere in-between. I simply think that in the most obvious way you have to look at ways of shifting the tax burden off the property tax on to forms of provincial tax. Now that's not anything particularly radical or new and it's been said probably about ad nauseam in this House over a period of time, but what hasn't been said is, what would the impact of that be? What would happen if, all of a sudden, this government was to quit playing games and simply say, "We've got to do something about that problem"? What

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(MR. AXWORTHY cont'd) would happen if we started saying we really have to substantially shift the burden from property tax to income, business, sales tax?

Well, Mr. Chairman, I did some digging around and I couldn't find anyone who had computed figures that would show what the impact of that kind of shift would be in Manitoba. That was something that we tried to argue a night before that we wished the Planning and Research division had been doing. But they haven't, so we had to go to other jurisdictions; and I found an interesting study that was done in New York State. And I think it's comparable in some ways because we looked at some of the comparable tax rates and some of the kinds of burdens, and these are some of the figures that they provided. And I apologize, Mr. Chairman, to the House that obviously you can't make direct comparisons because tax rates are different and so on. But let's just look at some of the figures because they're not going to be that far off.

The point this study makes, just to quote from some of them, is that for people who are, for example, in an income tax range of between \$4,000 to \$5,000, if the total burden, the total burden of school costs were transferred in this case to the state government, the cost to the taxpayer in that bracket would be \$29.90. If we doubled the bracket, if we moved it up to, let's say, a much higher income bracket, and this is after all deductions and everything else, up into the income range of \$9,000 to \$9,900, the additional tax burden, through income tax and other forms, to that taxpayer of a total shift would be \$89.78. And one of the conclusions that this particular study comes to, Mr. Chairman, is this: that it says that - and I would like to quote, if I may, from the summary of the study - it says, "A transfer of total financial responsibility for the support of public education in the state can be effected without the imposition of any punitive tax on any one group of taxpayers within the state. And such a transfer" - and I would like to underline this - "such a transfer would directly benefit property owners on a modest fixed income, such as the retired, and enable many of them to maintain ownership of their home."

Now that struck me, Mr. Chairman, as a very important statement, because it goes right to the heart of the kind of problem I tried to enunciate a few minutes ago, that we have many people like this --(Interjection)-- Oh but they include many other kinds. They also can write it off against federal income tax in terms of mortgage payments and so on. Now I think that that is a problem and you have to look at it. The Minister has said, well, school boards have asked that we not shift the total burden, and I'm not sure that we have to shift the total burden.

Again, I come back to a case which - and I don't want to repeat it but we try to make this - we should be having those kinds of figures and see what would be the impact, the actual income impact, on people of different ranges of income who are trying to maintain their kinds of properties in different circumstances, and see what would happen if we picked up 100 percent of the cost by provincial revenues, or 95 or 90 percent, and then use the levies to provide for specialized services.

Now we are going blindfold into this debate, Mr. Chairman, because we haven't been given that kind of information, but all that I bring the results of this study forward to demonstrate is that it's illustrative; it's indicative. It shows that in many cases some of the arguments that have been used are that kind of lecturing on navigation without getting to the true facts of the proposition. Because unless you're prepared to start supplying some of those kinds of answers and indicating it, how we might begin to ease the burden, the ramification or the results of ignoring that problem and just chipping away or incrementally adding each year, we'll go simply beyond the direct income problem.

One of the things that we are being told constantly is that we must fight to preserve, for example, the stability of neighbourhoods in this city. And one way to try to preserve them is to try to give some incentive or support for people who want to maintain their homes and stay in them and preserve some sort of independence so they don't have to move into the high-rise towers that the Minister or Urban Affairs says he's going to build. He's not building many of them now, but he says some day we're going to have them, so . . . We're either going to have to take public expenditure to build senior citizens' high-rise housing, because that's the only alternative, or you may be able to solve that problem by enabling people to stay in their own homes and providing the kind of support incentives to do that. And so if you get into a proper kind of cost accounting when you start really balancing off the dollars and cents of the case, if you start balancing off the kinds of expenditures this province would have to make in order to

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(MR. AXWORTHY cont'd) provide for large numbers of people who are going to be forced to be uprooted from their present neighborhoods and to move elsewhere and go into publicly supported housing, for one example, it would be far more economical and far more efficient if we would simply do the proper job now and allow them to stay in their neighborhood.

That's the kind of calculation and the kind of accounting, I think, that we should be receiving, because the cost of education on the property tax sort of has trailed right throughout every other almost sector of the economy and every other sector of the society. It has a multiplying effect. It's like throwing a pebble into the pond, and it sort of affects expenditures in many other kinds of areas, and particularly affects expenditures that are being borne by people who are in the age range of 45, 55 and 65, going into retirement after their children have grown up. And we right now are putting an economic squeeze on them in all kinds of ways, and instead of helping the problem at its source cause, we say, well, we'll force them out of their homes and then we'll build public housing for them. Well that seems to be kind of a foolish sort of economics, frankly, Mr. Chairman. It doesn't really make much good economic sense. And if we would begin sort of trying to provide the basis for allowing those people to stay in their homes, to maintain the stability in neighborhoods, we wouldn't be having to put large amounts of money in neighborhood renewal programs, and NIP programs, and public housing programs, and all the rest of it. That would be an expenditure we could save, because those neighborhoods would not be . . . at the same rate and there would be the same kinds of costs beingborne.

So the point I wanted to make, Mr. Chairman, to this Minister, is that I think he has got to look at the issue and the question of the educational costs that are borne by property owners, particularly property owners of a special category, in a much more broad and widespread and comprehensive way than he has done up to now. And I think, frankly, it's got to be put in a language that people understand and so they can really start toting up really what the cost's going to be. And I would simply propose, Mr. Chairman, to the Minister at this point, that he is engaged really in a game, sort of cutting off your nose to spite your face; that by your putting money by sort of saving a few pennies now by kind of holding back, you are simply providing for one of the major causes for major expenditures in other kinds of departments, and they will show up in expenditures borne by the Minister of Urban Affairs and in the housing and in the social welfare and all those other programs. So you're saving us nothing and you're doing us no favours, because you are having an impact upon many people in the city, which is simply forcing them to an economic sort of vice around their necks, and that's having a very serious impact that will be showing up in budgets of this provincial government in later years, which then we'll be saying, "My God, how did it happen?" But probably, Mr. Chairman, it happens in the kind of debate we get into now because we're not really looking at the real causes and the real impacts of the kind of financing system we presently have to support education.

MR. HANUSCHAK: . . . Mr. Chairman, that the suggestion that the Honourable Member for Fort Rouge makes, shifting the entire education tax burden from real property to income, is an interesting one. It's one that I would want my committee to study and make its comments on to me. But having said that, I also want to add this, Mr. Chairman. Well, there's one point that has to be taken into account is the fact that we are not the only ones in the income tax field, but there's the Federal Government that's also in it, and we have to deal with them. Point No. 2, this type of comparison, you know, the effect that a shift of education tax in the State of New York has upon the homeowner, and how that would compare with Manitoba, you know, I'm not quite certain than we could just accept the New York State facts, or whatever state that it was.

MR. AXWORTHY: . . . accept a question?

MR. HANUSCHAK: Yes.

MR. AXWORTHY: If the Minister - quite rightly, and I think I said in my remarks that you can't make the direct comparison - is he prepared now to say that his Department of Research and Planning will undertake a similar kind of study to show us what the impact would be in Manitoba, and that we would have those results as soon as possible?

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MR. HANUSCHAK: Yes, Mr. Chairman, I can give that undertaking, that we could do that kind of study. But I also want to add this, Mr. Chairman, that we are conscious of the fact that taxing real property to provide social services is not the most equitable manner of raising funds, and hence I would say that every year we have taken significant steps in a direction of correcting those inequities.

The other point that I wanted to make, Mr. Chairman, is that one has to, just simply looking at the benefits that would be gained from real property tax relief and shifting it on to income tax, that is only one factor but there are other factors have to be taken into account. I think other factors that have to be taken into account in the Province of Manitoba are the variety of benefits that we have provided for our people, and the benefit which is most greatly felt by those in the lower income brackets, namely Medicare, Pharmacare, the Home Improvement Program that we've had, just to mention a few of the more significant ones, and the cost of living tax credit - the cost of living tax credit is a step in that direction because, you know, the benefit does accrue to the person at the lower end of the tax income scale. And one has to look at the sum total of those and make a comparison. But nevertheless, as I made a point earlier to the honourable member, that type of study is well worth making, and this I give my undertaking that my department will make and at a future time honourable members of the House would have an opportunity to examine it.

MR. CHAIRMAN: Resolution 47 (a) -- passed. (b) -- passed. (c) -- passed. (d) - The Honourable Member for Rock Lake.

MR. USKIW: Mr. Chairman, I'm just wondering whether it wouldn't be an appropriate time to adjourn the House for today, since members want to start on a new item. I move that we adjourn.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

Mr. Speaker, the Committee of Supply has considered certain resolutions, directed me to report progress, and asks leave to sit again.

IN SESSION

MR. DEPUTY SPEAKER: The Honourable Member for St. Vital.

MR. D. JAMES WALDING (St. Vital): Mr. Speaker, I move, seconded by the Honourable Member for Churchill, that the report of the committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable Acting House Leader.

MR. USKIW: Mr. Speaker, I would move that the House do now adjourn, seconded by the Minister for Corrections.

MOTION presented and carried, and the House adjourned until 10:00 o'clock Friday morning.