

## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 5 August, 1986.

Time — 2:00 p.m.

**OPENING PRAYER** by Madam Speaker.

**MADAM SPEAKER, Hon. M. Phillips:** Presenting Petitions . . . Reading and Receiving Petitions . . .

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

**MADAM SPEAKER:** The Honourable Minister of Municipal Affairs.

**HON. J. BUCKLASCHUK:** Thank you, Madam Speaker. I beg to present the Fifth Report of the Committee on Economic Development.

**MR. CLERK, W. Remnant:** Your Committee met on Tuesday, June 24; Thursday, June 26, and Thursday, July 31, 1986 at 10:00 a.m. in Room 255 of the Legislative Building. On July 31, Your Committee elected Hon. Mr. Bucklaschuk as Chairman, by leave, as Mr. Maloway was no longer a member of the Committee. The Annual Report of Flyer Industries Limited was considered at the June 24, 26 and July 31 meetings. At the July 31 meeting, the Annual Report of William Clare (Manitoba) Limited was tabled. This report and the Annual Report of the Manitoba Development Corporation were considered at that time.

Messrs. Hugh Jones, Chairman of the Board, Greg Goodwin, Corporate Secretary, Frank McCann, Acting Chief of Operations, and Ted Chiswell, Financial Manager - Manitoba Development Corporation provided such information as was requested by Members of the Committee with respect to the Business and to the Annual Report of Flyer Industries Limited.

Information with respect to William Clare (Manitoba) Limited was provided by Mr. Hugh Jones, Chairman.

Messrs. Hugh Jones, Chairman and General Manager, and Michael Fisher, Development Officer provided such information as was requested in respect to the Business and to the Annual Report of the Manitoba Development Corporation.

Your Committee examined the Annual Reports and Financial Statements of Flyer Industries Limited for the fiscal year ended December 31, 1985; William Clare (Manitoba) Limited for the fiscal year ended December 31, 1985; and Manitoba Development Corporation for the fiscal year ended March 31, 1985 and adopted the same as presented.

All of which is respectfully submitted.

**MADAM SPEAKER:** The Honourable Minister of Municipal Affairs.

**HON. J. BUCKLASCHUK:** Madam Speaker, I move, seconded by the Honourable Member for Thompson, that the report of the Committee be received.

**MOTION presented and carried.**

**MADAM SPEAKER:** Ministerial Statements and Tabling of Reports . . . Notices of Motion . . .

### INTRODUCTION OF BILLS

**MR. D. SCOTT** introduced, by leave, Bill No. 48, An Act to amend The Manitoba Municipal Secretary-Treasurers' Association Act; Loi modifiant la Loi intitulée "The Manitoba Municipal Secretary-Treasurers' Association Act."

**HON. L. DESJARDINS** introduced, by leave, Bill No. 52, The Manitoba Medical Association Fees Act; Loi sur les droits de l'Association médicale du Manitoba.

### INTRODUCTION OF GUESTS

**MADAM SPEAKER:** Before proceeding to Oral Questions, I'd like to draw the attention of honourable members to the Loge to my right where we have visiting Ms. Barbara Wallace, who is the MLA for Cowichan-Malahat in British Columbia.

To the Loge to my left is Mr. Russell Doern, who is the former member for Elmwood Constituency of this Assembly.

On behalf of all the members, I welcome you to the Legislature this afternoon.

### ORAL QUESTIONS

#### Group Home staff - inquiry

**MADAM SPEAKER:** The Honourable Leader of the Opposition.

**MR. G. FILMON:** Thank you, Madam Speaker. My question is for the Minister of Community Services and Corrections, and it follows in the wake of allegations and information on the weekend of maltreatment and improper operations at a group home for mentally retarded in Winnipeg.

I wonder if the Minister could indicate what approval process there is for screening applicants for staffing or operating such group homes in Manitoba that permits the approval of an applicant who has been rejected in Ontario and who, in fact, has lost a job in Alberta as a result of abuse on the job of residents in a home there.

**MADAM SPEAKER:** The Honourable Minister of Community Services.

**HON. M. SMITH:** Madam Speaker, the homes are run by community boards and they have the responsibility for the hiring and firing of staff.

**MR. G. FILMON:** Madam Speaker, is the Minister indicating that there is no central support for the approval process that reviews the applications to see whether or not people who are working in these very

special positions of trust are suited for the job, or have not got a history that would make them clearly unsuitable for such employment?

Is there no central process within the government that would lend assistance to these community-based boards who may not have the capability themselves to go through this kind of hiring and approval process?

**HON. M. SMITH:** Madam Speaker, there is a training process for the boards, which I have asked the Provincial Steering Committee to review, to see whether there is any additional assistance we can give them in the selection and in the checking of references, because we, too, have been very disturbed by the allegations.

The allegations, I should remind the House, Madam Speaker, are at this point that, allegations, and we have put staff into the home and they will stay there until the situation is resolved to ensure the safety of the residents but, to date, Madam Speaker, in terms of abuse or inappropriate methods, we have not observed, or been able, by any questioning, to find any substantiation. However, a more extensive report is being developed, which will be presented to the district implementation team tomorrow and a plan developed to work with the board on the following day to deal, on the one side, with the allegations of abuse and inappropriate methods and, on the other hand, with the competence of the particular staff person.

**MR. G. FILMON:** Madam Speaker, given that we have had just in the past few weeks in this province indications that people have been hired or approved for licensing as teachers, as social workers, and now potentially for the operation of a group home, people who have had backgrounds from other provinces that would clearly label them as inappropriate for the jobs, for the circumstances in which they were being hired, does the Minister not believe we ought to have a central clearing process that allows the government to be involved in assisting, to check references - since many of these references are out of province - and since only the government really has the capability and resources to do that kind of thorough checking, does the Minister not believe this should be now instituted so we can ensure our people that people who are being hired are capable and, in fact, appropriate for the positions?

**HON. M. SMITH:** Madam Speaker, I do think, particularly where we're dealing with children or vulnerable adults, that every precaution we can find in terms of hiring and checking qualifications should be followed up, and I welcome the urging from the other side of the House. It's the same concern I feel and we will work to have as full a review process as we can implement.

In the overall recruiting of staff, I presume if we went through the whole recruiting process throughout government we'd find, in general, educational qualifications are accepted without check, and work records perhaps are gone into in more detail, but even then references given are often references friendly to an individual, so I don't think anywhere we've developed a foolproof system but I think, particularly when we're dealing with children, and vulnerable adults, we should leave no stone unturned.

**MR. G. FILMON:** Madam Speaker, my question further to the Minister is: How often does her department check into the operations of these group homes in Manitoba to ensure that they are operating properly and to ensure children and vulnerable adults are not being placed at risk on an ongoing basis because of the methods of operation of the home?

**HON. M. SMITH:** Madam Speaker, there is an extensive development process before the homes are approved. There is an individual checking by the staff person responsible for the individual case, and there are quarterly inspections by the department to ensure that standards are being met. I shall continue and urge the implementation teams on the provincial advisory committee to keep very much on top of the amount of monitoring required.

I think it's important, and I think we've learned it from the day care system, that particularly in the early stages of development very close monitoring is called for.

This particular home just started operating the end of June, and I think we, in a sense, can take some comfort - not much, because I think any difficulty in a home is cause for concern - but the fact that a potential concern, or whatever, has emerged as quickly as it has is some indication of the wisdom of having, not only our staff reviewing, but community boards as well.

**MR. G. FILMON:** Madam Speaker, on a further question, I begin by complimenting the Deputy Minister for taking quick action to appoint an inquiry into the operation of this particular group home and into the suitability of the particular operator and the allegations that have been made; but I ask the Minister, how can the Chairman, who is a senior civil servant, the Executive Director of the Community Health and Social Services Branch, really perform an objective review of this, given the fact that his wife is involved in the panelling which approves the assignment to group homes, and in fact, is responsible for implementing the Welcome Home Program for the Association of Community Living; how can the inquiry be seen to be in any way objective, or arm's length, given those relationships of the individual who is chairing the inquiry?

**HON. M. SMITH:** Madam Speaker, I reject the imputations made by the Leader of the Opposition, but I, too, want to be sure that there's no doubt left and that's why I have asked the Provincial Steering Committee which is made up, not only of the provincial staff, but also all the major agencies and groups involved on a province-wide basis, to review the report and make any recommendations they can. Again I would like to receive the initial reports and go through them very carefully myself because I think we are all deeply concerned that the system have integrity, and have a capacity to deal with any problem that might emerge very, very quickly and to the greatest extent possible, prevent any such situation from developing.

**MR. G. FILMON:** Madam Speaker, given that the Provincial Steering Committee and the civil servants who will be involved in reviewing the report, will only

be capable of reviewing information that's contained in the report and that, indeed, in order to be thorough and to be objective, the information is the key to the whole analysis. Would the Minister not reconsider and overrule her Deputy and appoint somebody who is not a senior civil servant, who does not have the kind of ties that Mr. Robson does to the Welcome Home Program; somebody who can look at it from an objective basis, arm's length basis, so that the parents and the families of those who are involved in the community living concept will know that this has been done thoroughly and is not a whitewash job.

**HON. M. SMITH:** Madam Speaker, the Southeast District Implementation team that will be reviewing the information in the first instance is anything but a departmentally-staffed team. The members of it are Marguerite Chown, who is a volunteer and parent who has for years been involved in the issues relating to the disabled; John Robertson who works for the Society for Manitobans with Disabilities Inc.; Aurel Boisvert on the Board of Le Coin Amitie, another home for the mentally disabled; Jim Dunford, owner of the Alouette Cafe, Germaine Stangherlin from the Parent to Parent, representation from that organization and herself a parent; Father Bufford, who runs a group home; Mr. Rejean Quiriaux also from Le Coin Amitie. There's a total membership of 30 from the community, plus Community Services staff.

The Provincial Steering Committee, Madam Speaker, has as well as a staff representation, representation from St. Amant, Parent to Parent, Association for Community Living, the Auxiliary from the Manitoba Developmental Centre and the Sanatorium Board, as well as others from Education and Special Olympics to review the report. Madam Speaker, I think until we have given these groups a chance to review the information, that it would be premature for me to take any other action. I am concerned when an allegation occurs that we do follow due process, that if there is any indication of fraud or wrongdoing that we refer it to the Attorney-General. But, Madam Speaker, we also have to follow some sort of due process where staff are concerned so that they, in fact, get a fair hearing. I think we feel, by having put the staff into the home at this point and time, we've assured ourselves of the safety of the individuals and I would like the other processes to proceed and then make an evaluation as to whether any further review is required.

### **Group Homes - conflict of interest**

**MR. G. FILMON:** Madam Speaker, given that the appointed chairman has a vested interest in insuring that this operation is justified and that these whole circumstances are made to look as good as possible, given that his wife is in a circumstance in which she, too, has a vested interest in making sure that these whole actions of the Association of Community Living are justified, and indeed are supported, does the Minister not regard this as a clear conflict of interest, as a position in which the results cannot be termed objective in any way, because of the fact that the individual involved as chairman is going to be looking, or might possibly be looking, to justify the actions of

the department, or the Association of Community Living on this whole thing?

**HON. M. SMITH:** Madam Speaker, again I really wonder at the perspective that the Leader of the Opposition has toward a civil servant who is in his position because of his ability and his record, and was not present when this particular home was proposed.

Madam Speaker, if we had a desire to whitewash what we are doing in this program we would not have gone to the trouble of seeking out all interested community groups and assuring that they had full information, that they sat on these boards, and that they were in fact in a position to advise us.

Madam Speaker, I think the process I have outlined is an open process and will have sufficient checks and balances when the provincial group has had a chance to review and question. Again, as I say, if there should be any evidence along the way that indicates it would be appropriate to refer to the Attorney-General, we won't hesitate to do so, but I think until that time comes that we are better to go through the process as I have described it.

### **Group home staff - inquiry**

**MR. G. FILMON:** Madam Speaker, my question is to the Premier. Given that the integrity of the department in evaluating this particular issue is at stake here, given that the whole Welcome Home Program, which is an excellent program and has tremendous potential for our province in future, could potentially be damaged by this whole issue, will the Premier not take in hand the matter and appoint a broader, independent investigation into the operation of all group homes, because there have been serious concerns in a variety of different ways about the numbers of people that we have capable of working in the group homes, about ability to house many residents in Manitoba in the future to meet our objectives, will he not appoint now, take the matter in hand and appoint a broader, independent inquiry to look at all these matters and to ensure the parents and the families of those people who are being placed in these group homes that there are sufficient checks and balances, and to make sure that unsuitable operators or methods of operation are not placing residents at risk?

**MADAM SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Madam Speaker, because of the obvious concern that all members share in respect to this particular issue, it's for that reason that the Minister has requested the Provincial Steering Committee, which consists of representatives of government, plus the various interested groups, to not only deal with this particular item, but also to recommend how we can better assist boards in the hiring of directors and establishing routines to insure that the references are properly researched.

Certainly, insofar as any other advice by which we can better improve the Welcome Home Program, we would certainly welcome, from the Provincial Steering group, that group which is most sensitive to the issues that are involved.

**MR. G. FILMON:** Madam Speaker, we have a case that was considered to be urgent enough to have the Deputy Minister appoint an immediate inquiry, to make staff changes in a particular group home. We have concerns out in the community that the individual . . .

**MADAM SPEAKER:** Does the honourable member have a question?

**MR. G. FILMON:** Yes, indeed I do, Madam Speaker. If you'll just be patient, I'll be glad to get it out for you.

We have an individual . . . Does the Minister of Industry, Trade and Technology have a problem?

**MR. D. ORCHARD:** He's got a big problem.

**MR. G. FILMON:** Madam Speaker, we have concerns about the potential for conflict of interest and objectivity of the review that's been appointed.

My question to the Premier is: Will he not respond to these concerns and will he not move in to order a broader inquiry, an objective inquiry that will satisfy those people who believe the children and vulnerable adults may be at risk under these circumstances, to assure them that there is no risk and that we are following proper procedures and that we have the proper checks and balances in the system; will he not appoint that independent inquiry on a broader basis right now?

**HON. H. PAWLEY:** Madam Speaker, first I'd just like to correct the Leader of the Opposition.

The staff that went into the Amba Homes over the weekend did not replace the existing staff there, but were performing an observation role during the weekend at the home in question.

Insofar as the larger question, Madam Speaker, I think the Minister has very appropriately and very well answered that question and has certainly demonstrated the sensitivity to the total picture, in ensuring that there is a proper check and balance insofar as the inquiries that will be made and the ascertainment of action to be taken.

**MR. G. FILMON:** My further question then to the Minister of Community Services, given the response of the Premier, is can she indicate whether or not her department this morning removed the 24-hour-a-day overseer at that particular group home?

**MADAM SPEAKER:** The Honourable Minister of Community Services.

**HON. M. SMITH:** Madam Speaker, no, we have undertaken to maintain a presence until the situation is resolved.

### Manitoba Development Centre

**MADAM SPEAKER:** The Honourable Member for Portage la Prairie.

**MR. E. CONNERY:** Thank you, Madam Speaker.

To the Minister of Community Services, we are on a collision course between the Manitoba Developmental

Centre and the Welcome Home Program. We have, on one hand, an overcrowded Manitoba Developmental Centre, that's overcrowded beyond the Minister's guidelines; on the other hand, we have a Welcome Home Program that is not moving nearly as quickly as she has told us it will move, in order to move the people out of the centre and to reduce the crowding.

Can the Minister tell us what steps she has taken now to prevent incidences, such as that happened at Amba, not taking place in other residences and other new residences in Manitoba?

**HON. M. SMITH:** Madam Speaker, the premise I reject, the MDC peaked at 1,100 with the same facility that now houses 700. The guidelines that the member is referring to are our desirable guidelines. We are above the fire and safety minimum guidelines with a plan to meet the optimum guidelines within the year. The orderly down-sizing of that institution is paralleled by the building of the Welcome Home Program. In a sense, the speed with which a parental concern came to light, in this particular instance, when the home has only been operating since the end of June, highlights the importance of having parents involved.

Madam Speaker, if there is a gap in the development of clear sense of role and responsibility with the board, and double-checking on staffing, that can be and will be remedied to the full. Whenever we're dealing with vulnerable adults, Madam Speaker, whether it's at home, in institutions, or in community situations, there is a risk of abuse and exploitation.

I think we require a great variety of safeguards to insure that they both have protection and opportunity to develop. We're committed, as we know, all the people working on the various regional teams and the provincial team, to seeing that the safest possible system is developed.

**MR. E. CONNERY:** To the same Minister, Madam Speaker, in Estimates, she indicated that there'd be 85 to 100 residents of the MDC move into Community Living by the end of the year. Can she tell me how many moved into the Community in the months of June and July?

**HON. M. SMITH:** I'll take that specific as notice, Madam Speaker. We did table with the opposition, during Estimates, the plan, the numbers, the housing, the areas that the movement was to be made into. I can't tell him of the specific movement in those two months, but the plan was there.

With some leeway, we're aiming at accomplishing that goal by the end of December, but we have some leeway till the end of March in terms of extra space being developed in Southgrove at the MDC.

**MR. E. CONNERY:** Yes, I have a supplementary to that same Minister. Because they are desperate now to move people into the community, besides the numbers for June and July, will she also give us the program to implement her goal by the end of December?

**HON. M. SMITH:** Madam Speaker, I did table that information during Estimates and I reject entirely the notion of desperation. The process will carry on in a slow and thorough way. As I say, we have provided some cushion of time by the extra spaces available in Southgrove for three months, should we need them.

### Residential Care Licensing - additional funding

**MADAM SPEAKER:** The Honourable Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you, Madam Speaker.  
On Thursday, July 19th, both in the afternoon and evening Estimates process, I questioned the Minister extensively regarding that area of her department called Residential Care Licensing, which had lost a staff person at the very same time as the province was embarking on an extensive growth of group homes because of the Welcome Home Initiative.

Will the Minister now agree to providing additional funding and staffing to this part of her department, in order to ensure quality homes for our post-mentally ill and mentally retarded?

**MADAM SPEAKER:** The Honourable Minister of Community Services.

**HON. M. SMITH:** Madam Speaker, the group that looks after the licensing is in charge primarily of the fire and safety health requirements, medication. It is not the group that is primarily responsible for the program aspect. The mental retardation program is handled through another line in the Budget and another group of staff.

**MRS. S. CARSTAIRS:** Madam Speaker, will the Minister agree to slow down her Welcome Home Initiative in order that the precipitated action, such as that taken in the opening of the Amba Home, does not damage the long-term benefits of this program?

**HON. M. SMITH:** Madam Speaker, if a problem emerges in our analysis of that home that has relevance for the others, we will review; and if a slowdown is necessary, we will. We do not wish to move anyone before we have a thorough and safe supportive plan in the community.

### Revocation of licensing re group home

**MADAM SPEAKER:** The Honourable Member for Rhineland.

**MR. A. BROWN:** Thank you, Madam Speaker. My question is to the same Minister.

What are the standards to be met in order for group homes to qualify for a licence? Are not the only qualifications at the present time limited as far as physical requirements and qualifications under the Fire Code?

**HON. M. SMITH:** Madam Speaker, the Residential Care Licensing looks after those kinds of building qualifications. The care component, the type of 24-hour planning and program, is handled by the program side.

Again those criteria were given during the Estimates. Planning is made for the degree of supervision and individual needs in their daily round, in their day activity

programs, recreation programs, special needs and so on.

**MR. A. BROWN:** Madam Speaker, very serious charges have been made against this particular group home by a former employee, and we are told that residents were given more drugs than were prescribed and staff were told to punish residents in ways that wouldn't show, such as letting them sit in their own urine and excrement and slapping their hands.

I wonder, could the Minister give us the assurance that if these charges are found out to be true, that this particular person that operated this particular group home, will never again operate a group home in Manitoba?

**MADAM SPEAKER:** That question is hypothetical. The Honourable Member for Rhineland.

**MR. A. BROWN:** After these charges that I've just alluded to, after they are found to be true, is the Minister going to make certain that this was never ever going to happen, where we're going to have this person in charge of another group home in Manitoba?

**HON. M. SMITH:** Madam Speaker, I've already given assurance that, if necessary, we will refer the case to the Attorney-General. We will not hesitate to take whatever action is appropriate, Madam Speaker.

**MR. A. BROWN:** Madam Speaker, has the Minister ever considered making a course in the operation of group homes mandatory, for operators and employees of group homes, before a licence is granted for them to operate?

**HON. M. SMITH:** Madam Speaker, the training of appropriate staff for group homes is an ongoing concern. We have a program in place to develop in-services and ongoing training. I think it's an issue that will continue to be with us as the Community Option is developed.

I agree with the questioner, Madam Speaker, that it is an essential component to ensure success of the Welcome Home Program.

### MTS - financial statements to Dec. 85 re MTX and SADL

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Madam Speaker. Madam Speaker, my question is for the Minister responsible for the Manitoba Telephone System.

Given that we are attempting to hold the MTS hearing on Thursday, would the Minister provide, prior to Thursday's sitting, the financial statements for December 31, 1985 for the 50-50 partnership in Saudi Arabia, 50 percent partnership with MTX and the Saudi Arabian sheik called SADL?

**MADAM SPEAKER:** The Honourable Minister responsible for MTS.

**HON. A. MACKLING:** Thank you, Madam Speaker, and I thank the honourable member for the question.

I've indicated to the honourable member in answers to his questions, and then outside of the formal question period, a willingness to exchange as much information and provide as much information as possible for the committee. Certainly, I will endeavour to have that information available.

I have indicated in my concern that in order to satisfy myself, and hopefully be able to anticipate all of the questions the honourable member or others may have, it may not be possible for me to have all that information for Thursday. I want to underline my concern about that.

I believe the House Leaders indicated it certainly would be possible to have the committee meet a week today, that is on the Tuesday. I've indicated privately, and indicate again, if the honourable member would give me a list of all of the questions he foresees that he will be putting, I will endeavour to have all of the answers for those questions, including the ones he just posed, Madam Speaker.

**MR. D. ORCHARD:** Well, Madam Speaker, I refer the Honourable Minister to Public Utilities and Natural Resources Hansard, Tuesday, 19 June 1984 wherein Mr. Holland agreed the financial information of SADL could be made available to the committee at another sitting and, as well, Mr. Holland reaffirmed that commitment in 1985 when we perused MTX's operation in Saudi Arabia.

Would the Minister make that information available prior to Thursday, and would he also provide to me, as requested earlier, the business plan of the \$3.375 million investment by MTX in Cezar Industries, a California-based high tech firm.

**HON. A. MACKLING:** I've indicated to the honourable member I will seek to provide full information on all those questions.

### High School Program Review Committee

**MADAM SPEAKER:** The Honourable Member for Fort Garry.

**MR. C. BIRT:** Thank you, Madam Speaker.

My question is to the Minister of Education. This morning he made an announcement appointing the personalities to the high school review and it's been some six months in the waiting since it was initially announced in February of this year; and keeping in mind that parents, teachers, people in the business community have been demanding for a long time a review of the high school curriculum, my question to the Minister is: Considering the promise of an independent review of the whole high school curriculum and high school program in this province, why did the Minister appoint a member from his department to be chairperson of that committee, and why didn't he appoint an independent citizen who could properly chair and review the whole proceedings of the high school program in this province?

**MADAM SPEAKER:** The Honourable Minister of Education.

**HON. J. STORIE:** Yes, Madam Speaker, just to indicate to the member.

I think his concern is considerably misplaced. The committee that will be responsible for reviewing in the initial phases, preparing a discussion paper, so Manitobans in all walks of life, in all regions of this province will have an opportunity to present their concerns and provide input has been done to ensure the high school review process truly represents the interests and the aspirations of Manitobans throughout the province.

The committee is composed of individuals, many of whom are representing groups that have been involved in education since its inception as a public system. Clearly, the interest of those groups, coupled with the interest of individuals who have been appointed from different regions of the province, and representing other groups, outside groups, will ensure as well the questions that are raised about our public education system, about the high school system, are the ones that need to be addressed, are the ones that represent the real concerns of Manitobans, and the process itself won't be complete, Madam Speaker, until the input from every Manitoban who has an interest has been heard by the committee through the high school review process.

**MR. C. BIRT:** Madam Speaker, the Minister makes my point.

The question to the Minister is: Considering there are three Assistant Deputy Ministers sitting on this review committee, and to ensure in the public's mind a proper and thorough review has been made of the public high school system in the Province of Manitoba, will the Minister now consider removing those three individuals from this panel and have them purely as an advisory capacity, and allow the board to carry on its own independent review without any relationship to the Department of Education personnel?

**HON. J. STORIE:** Well, Madam Speaker, let me just point out there are 21 members on that committee. The chairperson of that committee is not a voting member, but I expect the real issues that are to be addressed will be addressed by the representative groups - the questions will be posed - and the work of the committee is going to be done by Manitobans. That's how it was designed to function and that's how it will function.

Manitobans are going to tell the committee their point of view, what they expect out of the high school system. It's a difficult question. I think we recognized that. Certainly the involvement of so many different groups, I think, ensures the recommendations that finally come about, as a result of the review, the consultation, will reflect in a very real way the interests of Manitobans in the high school system.

**MR. C. BIRT:** My question to the Minister is: Why did he not provide the public, when he made this press release available, the backgrounds of all the individuals who are nominated to this review, which I understand is normal under these circumstances, so we can judge who exactly is sitting on this, and why did he not increase the number of parental people on this committee of review?

**HON. J. STORIE:** Well, Madam Speaker, we have a committee that already consists of some 21 individual Manitobans - Manitobans who are well qualified, who are representative of groups, organizations and interested in the educational system - and it would be very simple to nominate, I suppose, several hundred additional Manitobans representing groups who also have an interest in the educational system.

I can indicate there has been a great deal of thought gone into the composition of this committee, and I want to emphasize again the committee is going to represent the views of parents, groups who make input to this committee, that the real work of the committee is going to be determined by - or the value of the committee is going to be determined by - the input, by the response we get from Manitobans about their concerns.

So, Madam Speaker, the real work of this committee is yet to be done and if the member opposite, or any members, have special interests they want presented, then I am inviting them to present their views as well. Certainly, that goes for any Manitoban who has an interest in high school education in the province.

### **Wpg. School Division No. 1 School Board - Government-forced hiring**

**MADAM SPEAKER:** The Honourable Member for Fort Garry with a final supplementary.

**MR. C. BIRT:** Madam Speaker, no - with a new question.

It has been reported school trustees Santos and Bueti are being challenged by certain colleagues within the New Democratic wing of the party on School Division 1; and it's also been reported, Madam Speaker, certain members from the government staff and also certain Cabinet Ministers are attempting to block the nomination of these two individuals who have been promoting back-to-the-basic education program in Winnipeg 1. Could the Minister advise what Cabinet Ministers are involved in trying to dump Messrs. Bueti and Santos?

**MADAM SPEAKER:** As the member well knows that question is not within the administrative responsibility of the government.

**MR. C. BIRT:** Madam Speaker, it's also been reported the Minister and his colleagues are . . .

**MADAM SPEAKER:** Order please.

I hadn't recognized the honourable member again. Did the honourable member have another question?

**MR. C. BIRT:** Yes, I did. I thought you had recognized me. I apologize. Am I recognized?

**MADAM SPEAKER:** The Honourable Member for Fort Garry then.

**MR. C. BIRT:** Could the Minister advise why he and his colleagues are forcing the Winnipeg School Division 1 to hire Lionel Orlikow on a contract?

**HON. J. STORIE:** I have a good working relationship with the Winnipeg School Division and have never forced anybody to do any such thing.

### **Judicial System in Northern Manitoba**

**MADAM SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** I have a question for the Attorney-General, Madam Speaker, which emanates from one of the two scandal rags in the province the Attorney-General described last Friday. The reports indicate in Pukatawagan, and the Chiefs now support it in Norway House, Madam Speaker, indicate deep concerns about the judicial system in Northern Manitoba. Could the Attorney-General indicate how many appeals have been launched by his office with respect to sentences in Northern Manitoba involving these Indian bands?

**MADAM SPEAKER:** The Honourable Attorney-General.

**HON. R. PENNER:** Madam Speaker, I'll take that question as notice. I should just add that these concerns were raised earlier in the year and I met with a delegation of citizens from the North, including the Mayor of The Pas. It was a very good meeting. We agreed that there were problems that needed better identification. Staff in my department are cooperating, as are the RCMP, in doing a thorough analysis of the way in which the justice system has worked, and in some instances hasn't worked in northern communities. I agreed to meet with a group from northern communities in the North in October. If necessary there will be several meetings and we will try to identify the problems and do everything we can to resolve them. But first we have to get the facts and that's what we're doing right now.

**MADAM SPEAKER:** The time for Oral Questions has expired.

The Honourable Minister of Health.

**HON. L. DESJARDINS:** Madam Speaker, I'd to ask for leave to make a non-political statement.

**MADAM SPEAKER:** Does the honourable Minister have leave? (Agreed)

### **NON-POLITICAL STATEMENT**

**MADAM SPEAKER:** The Honourable Minister of Health.

**HON. L. DESJARDINS:** Madam Speaker, I'm sure that all the members of this House will want to join me and say how proud we are of the Canadian team and their achievement in the last game that just finished over the weekend. The Canadian team finished second, just one medal behind, as far as the gold medals are concerned, just one medal less than England, and I think it was in the last day that England surged ahead. In total medals had finished with 115 medals, just behind England and Australia.

We're certainly very proud in the participation of Manitobans, such as: As officials we had the Team Manager and Vice-President Executive Committee Mr. Jim Daly; the Honourary President, Mr. James

Richardson; and Mr. Vaughan Baird of the Executive Committee. There were also the Clinic Therapists, Steve Dzubinski from Brandon; and then two Sports Physiotherapists Bob Powls and Laurie Urban; as well as Dave Lyon, the Manager of the Track and Field and Larry Switzer also in the Athletics Track and Field; Jim Lambie a Diving coach; and Reggie Larocque the Wrestling coach.

Now as far as the participants, the athletes, we won two gold medals in Wrestling with David McKay and Mitch Ostberg; in Swimming, Vlastimil Cerny finished with a silver medal; and Andre Smith a bronze in Track and Field. There was also a demonstration sport where Mark Berger, a very well-known Judo artist, finished second; and then the others did quite well, the other Canadians were Courtney Brown in Track and Field; Gordon Orlikow, Track and Field, who achieved his best personal in this match; Jennifer McCarton, Elaine Jones; Sandie Coppinger; Troy Payne in Weightlifting; and Melody Torcolacci in Shot Put. So we are very proud of these athletes and those who participated as officials.

I'd like to also congratulate the St. Boniface Legionnaire baseball team who swept the series against the Pembina Valley Orioles, winning the last game 14 to 3 to win the Junior Baseball Championship. I'd like to congratulate them.

**MADAM SPEAKER:** I understood this was to be a non-political statement.

**HON. L. DESJARDINS:** Madam Speaker, sports is always non-political.

### HOUSE BUSINESS

**MADAM SPEAKER:** The Honourable Government House Leader.

**HON. J. COWAN:** Thank you, Madam Speaker.

This is to acknowledge firstly, before going into Orders of the Day, that the committee will be reviewing MTS on August 12, as was indicated earlier by the Minister and, if it's necessary to call committee hearings beyond that, I think we can determine at that time as to when they should be called.

### ORDERS OF THE DAY

**HON. J. COWAN:** I move, Madam Speaker, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty, seconded by the Minister of Health.

Oh, I'm sorry. The Opposition House Leader has reminded me that there is an agreement on both sides of the House to forego Private Members' Hour today and continue right through in Estimates.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Burrows in the Chair for the Department of Energy and Mines; and the Honourable Member for Kildonan in the Chair for the Department of Education.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY - EDUCATION

**MR. CHAIRMAN, M. Dolin:** We're on Page 53, Resolution No. 50, Item No. 5.(g) Student Aid—the Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, I'm referencing certain of the pages that were contained in the annual report that were handed to us and, for ease of reference, they are Pages 209 and 210 in that report; and I'd like some explanation of it. Does the Minister have them or at least his staff?

**MR. CHAIRMAN:** The Minister of Education.

**HON. J. STORIE:** While those pages are being looked up, Mr. Chairperson, someone had raised the question about the operation of the Manitoba Textbook Bureau.

**MR. CHAIRMAN:** That was the Member for River Heights.

The Member for Fort Garry.

**MR. C. BIRT:** Thank you. Looking at the top, it says - and I'm looking now for the year April 1, 1985 through to March 31, 1986 - number awarded, and it deals with, loans only, bursaries only, loan rebate and bursaries; and I'm presuming that's relating to the number of people who have applied. And over on the right-hand column, it says, amount awarded, where it says loan rebate and then, bursary.

I'm wondering if the Minister could explain, what is the difference between the bursary only, the loan rebate and bursary? Is there a difference there and, if so, what is the difference?

**HON. J. STORIE:** Essentially the loan rebate would be applicable in cases where the student was less able to either fund on his own or with support of others, or the debt load, so that is calculated into the figure and a rebate is provided on part of the award.

**MR. C. BIRT:** Mr. Chairman, as I understand, bursary is a grant, and the loan is of course a loan that must be repaid; but the loan rebate, is that given at the time of the application? Is that a portion of the grant that is received by the student or does that occur at some future time?

**HON. J. STORIE:** No, the loan rebate is, in essence, and there's a term for it that we use quite frequently, it's a forgivable loan, in essence, or a portion of the loan is forgivable.

**MR. C. BIRT:** The forgivable loan, at the time the student qualifies for financial assistance, is it spelled out or is this one of the things where, if you give certain service after he graduates, then it's forgiven? How does that work?

**HON. J. STORIE:** No, the student is notified on an annual basis of the portion of the loan which may be forgivable, but the rebate is not provided until the



completion of the program. It is like any other forgivable loan in the sense that there are terms and conditions which must be met. In other words, the student must continue to carry a certain course load, etc.

**MR. C. BIRT:** Then would it be fair to say that this sort of loan forgiveness is more designed for what I would call mature students, rather than those who are just coming out of high school, or does it make any difference?

**HON. J. STORIE:** Not necessarily that breakdown, but generally high-needs students, yes.

**MR. C. BIRT:** Mr. Chairman, if we look at the first one, it says: "(a) Secondary," and I take it that's students applying from Grade 9 to Grade 12. Is that correct?

**HON. J. STORIE:** Yes, that's correct.

**MR. C. BIRT:** Could the Minister explain why people in that category of education need loans?

**HON. J. STORIE:** I suppose because of circumstances. I should indicate they're bursaries, not loans. Basically again, a high-needs family, one who was having difficulty coping with the fees associated, I suppose, with high school. It could be a single parent, that kind of thing.

**MR. C. BIRT:** Primarily, though, the cost of education at that level is negligible to any student. It's the public school system. So what are the bursaries for?

**HON. J. STORIE:** Well, the bursary is in the amount of \$275 per student, and really is intended to cover exceptional cases. I mean, it costs \$200 per year for bus passes if the student was required to use public transportation, and other school supplies. It isn't a large sum of money, but it has proved useful, I suppose, particularly in rural and Northern areas where transportation may have to be provided.

**MR. C. BIRT:** Is the maximum amount then just 275.00?

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** In the annual report at Page 153, Student Aid Branch, down the third paragraph, it says: ". . . a special project to increase awareness about high school programs and services available were undertaken with three Winnipeg Inner-City schools, Aberdeen, R.B. Russell and Argyle. The effort resulted in . . ." Now it had 214 percent and it was a stroke, taken out, increase in applications. Now is that reference - would that be found in the area we've just been talking about on this Page 210, where it says "secondary"?

**HON. J. STORIE:** Yes, Mr. Chairperson. Just to clarify my previous comment, the \$275 is the maximum eligible for students who are living at home. If they are not living at home, the maximum is \$550.00.

**MR. C. BIRT:** When I referenced that paragraph, especially the Aberdeen, R.B. Russell and Argyle Schools, and I look at the numbers who have applied

for April 1, 1985 through to '86, they are higher than the ones contained in the preceding year. I'm wondering, how do you square the statement with the numbers?

**HON. J. STORIE:** I'm told that the 214 relates only to those three schools who, for whatever reasons, did not have a high participation rate. Basically, it was, I guess, an awareness campaign in essence. It's one of those examples again where government support programs are available but there's not broad general knowledge of the availability and this was simply an effort to improve that situation. I think the statistics would suggest that it was successful.

**MR. C. BIRT:** Thank you. Going further on, I note that for the period ending March 31, 1986 there were some 13,700, approximately, applications for financial need yet only about 12,800 were approved. Could the Minister advise why approximately 1,100 were denied financial aid?

**HON. J. STORIE:** I suppose that's largely due to the fact that a lot of people apply and they have read the criteria but aren't certain about whether they're going to be accepted, but through the analysis, when you look at all the need criteria they simply aren't eligible.

**MR. C. BIRT:** Could the Minister advise how many of this approximately 1,100 appealed their decision, and how many were ultimately granted then?

**HON. J. STORIE:** I'm told that's in the next appropriation but if you want me to bring somebody up we can do it now. It's in (h) Student Aid Appeal. Recognizing that people appeal for a lot of different reasons, staff estimate that approximately 100 people may have appealed because of no award whatsoever, and that as many as two-thirds of the ones that appealed, that particular concern probably received an award of some kind.

**MR. C. BIRT:** So is the Minister saying, then, of the approximate 1,100 who didn't receive any financial commitment from the government, that they didn't bother appealing.

**HON. J. STORIE:** That's correct.

**MR. C. BIRT:** Could the Minister explain to me who does the funding, and I'm trying to understand here - I understand the Federal Government provides a role in providing student aid and so does the province, and at some times the province leaves the Student Aid Program, I take it after the student graduates. But in the beginning who is the principle funding agency, is it the Federal Government or the province?

**HON. J. STORIE:** The Federal Government provides a loan guarantee for all student loans or those that are approved. It is administered by the Student Aid Branch. The interest of the guarantee is to the banks on which the loans are drawn and the Federal Government provides the interest on the loans and the province's contribution is by way of bursaries which are to supplement the loans in a general way.

Tuesday, 5 August, 1986

**MR. C. BIRT:** So the loan comes from a lending institution which is guaranteed by the Federal Government, but the bursary comes from the province out of its own funds.

Now the loan rebate or forgivable loan that we referred to, is that within provincial jurisdiction or is that something that is negotiated with the Federal Government as part of their Loans Guarantee Program?

**HON. J. STORIE:** No, that's part of the provincial program.

**MR. C. BIRT:** Then under those circumstances does the Provincial Government then repay that forgiveness to the Federal Government? Is that what happens?

**HON. J. STORIE:** No, it's a separate provincial entity and is repaid to the banks by the province on behalf of the student.

**MR. C. BIRT:** There's a category here called Sosar, S-O-S-A-R; it's under Special Programs, it's (c) on this particular page and there was some reference, I believe to people on welfare whose UIC benefits have run out. If that's the correct program, I'm curious why, when I'm looking at this loan, it's says some 226 people applied, some 219 I gather were granted some financial assistance. But it says some \$478,000 were given to these people by way of loan and then 453 is loan rebate and 5.1 is bursary. Could the Minister explain, is it a direct loan plus additional funding or is this program of loan rebate tended to offset and repay the loan of 478? I'm trying to get some understanding . . .

**HON. J. STORIE:** No, the member's assumption is right, the loan rebate is to pay off the loan.

**MR. C. BIRT:** So the individuals who are either on welfare or UIC benefits have gone to borrow the money but in effect the province slowly phases it out providing they meet certain criteria, such as graduation.

On that program could the Minister advise how the people become aware of it. Is there a close network between the social agencies and UIC so that this program is made available to those who wish to take advantage of it?

**HON. J. STORIE:** Recognizing this as a relatively new, not new but relatively new, program. It has been operating for approximately three years.

But there is a very good relationship between Employment Services and Economic Security and the Student Aid Branch. Those liaisons are, I guess, supporting the program.

**MR. C. BIRT:** As is indicated, some 226 applied in this past year and some 191 applied the preceding year. How successful has this program been in allowing people to get their training and then find meaningful employment? Has the Minister got any statistics on this?

**HON. J. STORIE:** I suppose if one looked at the expectation, it would be significantly higher than the average attrition rate at post-secondary, that you would

be quite surprised it is actually better than the normal attrition rate at universities or community colleges. So it's been, in percentage terms, very successful.

**MR. C. BIRT:** What are we talking about, an 80 percent completion of programming and then finding employment?

**HON. J. STORIE:** Obviously because the program has not completed its third year, or will just have completed its third year, it's too early to say statistically what has happened in terms of employment but in terms of attrition, about 85 percent is the figure I'm given in terms of . . .

**MR. C. BIRT:** Are staying in the program; is that what you're saying?

**HON. J. STORIE:** Yes. So we'll be in a better position, I guess, two or three years from now, to know whether in fact that training has paid off in the longer term, but it is certainly anticipated that it will.

**MR. C. BIRT:** As we go down to Special Programs, there's Teacher Training and then there's Disabled, and then there's Special Op Bursary. Could the Minister advise what that is?

**HON. J. STORIE:** I understand that most of those fall into the category where the guidelines would not allow for the provision of extra bursary money in most programs, but in these instances, the program may not be available in Manitoba and hence additional tuition costs may be incurred and this provides additional support to those exceptional cases.

**MR. C. BIRT:** To use an example, those who perhaps are attending a program in British Columbia on hearing-impaired for teaching certificates, is this where they would get their supplementary financial support?

**HON. J. STORIE:** That's essentially the idea. I understand that particular example might come under Teacher Training, but this one, for example, would be used to provide special assistance to airport management courses which are offered at the University of North Dakota, and again because of the exceptional fees and encouragement, I guess, we got from groups like Transport Canada that additional support was offered.

**MR. C. BIRT:** The next two lines have Manitoba Government Grant, Manitoba Government Loan. Why is that shown like that and what is the explanation for it?

**HON. J. STORIE:** Yes, I understand those, like the special opportunity loans, are available for exceptional circumstances and the government loan would apply in professional faculties and the bursary would apply in other faculties. Again, we're talking about very high need.

**MR. C. BIRT:** The next group deals with Native Bursaries. It's got secondary Metis and then status,

Tuesday, 5 August, 1986

then Prince of Wales and then Princess Anne, status and Metis. Could the Minister explain why these different categories and what do they mean?

**HON. J. STORIE:** Essentially, they're secondary and post-secondary beginning at the Prince of Wales; Princess Anne is post-secondary and the other ones are secondary grants.

**MR. C. BIRT:** I don't know whether we could use June 30 or April 1 of this year, but can the Minister advise the amount of student aid that was granted last year and the book deals with March 31, 1986. Is that the cut-off year for granting loans?

**HON. J. STORIE:** Yes, it is cut off at the end of the fiscal year for reporting purposes, so those figures reflect the fiscal year ending March 31st I guess.

**MR. C. BIRT:** Mr. Chairman, I take it then in excess of 19,000 students received in excess of \$5 million in the way of financial aid - is that correct as of March 31, 1986?

**HON. J. STORIE:** Almost 20,000 students.

**MR. C. BIRT:** Could the Minister advise the total amount of student debt that is outstanding at the present time?

**HON. J. STORIE:** Just to clarify the context of the question, you're talking about the total debt for all Manitoba students . . .

**MR. C. BIRT:** . . . that's outstanding at the present time.

**HON. J. STORIE:** I'm told it's in the neighbourhood of 125 million, but for whatever reason, the Canada Student Loan Authority has not reported for three years on the current status of the fund. There are discussions going on right now about the whole student loan authority and I think there's a desire on the part of the Federal Government to extricate themselves from the whole issue of student loans; so we're not absolutely certain about the total liability, but staff estimate that it's in the range of 125 million.

**MR. C. BIRT:** Mr. Chairman, whose responsibility is it then to ensure that the loans are repaid?

**HON. J. STORIE:** The responsibility lies with the Government of Canada who guarantees the loan; and the banks who lend the money.

**MR. C. BIRT:** The Minister indicated that the Federal Government hadn't reported for some three-odd years, so I take it then the last known figure is approximately 125 million.

**HON. J. STORIE:** That's just a guesstimate on the trends, and recognizing that there was a pretty significant increase in student aid requirements in 1982, 1983 and 1984, but it seems to have stabilized, I guess, in the last year or two years.

**MR. C. BIRT:** Then to determine, like the age of the debt, delinquency and stuff like this, this would really be a federal jurisdiction; it's not within the department's jurisdiction.

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** The question I have for the Minister is, there was an increase of approximately \$400,000 in aid over last year's to this year. Is the trend in student aid going up or is it beginning to stabilize?

**HON. J. STORIE:** Mr. Chairperson, I understand the need is still going up - it's up approximately 10 percent this year - but that's a relatively modest increase in the face of the substantial increases, the 20-plus percent increases we saw for a couple of years.

**MR. C. BIRT:** Mr. Chairman, is the department now just processing the bulk of the applications because fall is coming? Is that right in the midst of it?

**HON. J. STORIE:** Yes, that's correct.

**MR. C. BIRT:** Would the Minister be able to give us, perhaps a review or an interim picture in a month's time, or by the end of September, sort of where they are after six months?

**HON. J. STORIE:** I'm assured by staff that everyone who has applied by June 30 will know by the end of August of the status of their eligibility. So many have been already notified and the forms are obviously in process and many are being notified each day, but the bulk of them will be notified by the end of August.

Unfortunately I guess, unstandably, there are many applications that come to us very much later, as people make their final decision whether to attend or not. Those obviously are going to take some time beyond that, but I think we're at a point now - and this is something that's very positive - that we're now able to notify students much quicker than has previously been the case.

I know, in my own experience, I received notification, I believe, in November that I was actually eligible or about to receive funds, and it's frustrating, so I think it's important that they know as early as possible.

**MR. C. BIRT:** Mr. Chairman, in the case of the Minister, it may have been his financial shenanigans and background that may have caused the long delay. The question I have though is . . .

**HON. J. STORIE:** I'll ignore that vicious, personal attack, Mr. Chairperson.

**MR. C. BIRT:** The Minister had indicated, either in Estimates earlier or perhaps it was in the annual report, that the turnaround time for processing applications is some three to four weeks; and given that the Minister's advised that all those students have applied as of the end of June would know exactly by the end of August what their status would be, has the turnaround time for notification then lengthened?

**HON. J. STORIE:** Marginally, recognizing that the mail date is June 30 and that by the time it's in process it

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**Tuesday, 5 August, 1986**

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may in fact be into July, mid-July; but there has been some extension over the busy period. For those who have applied, or did apply substantially earlier, that period holds.

**MR. C. BIRT:** What is the time frame that it's taking now, given the fact that this is probably the busiest season for the department?

**HON. J. STORIE:** I understand that, at its peak, it might be eight weeks, but that declines very quickly.

**MR. C. BIRT:** A general area of concern, and not going into the specifics of how students qualify or don't qualify for particular loans, the question of a student who doesn't live, say, in the centre where they're going to be attending - in other words they have to find boarding accommodations in one shape or form - often have to acquire or borrow additional funds. Has there ever been any thought given to rebating a fair portion, if not all, of that extra cost of having to come in to live? I mean, the cost of financing education is one thing, but if you have to spend \$5,000 to live while you're trying to get your education for that year, has there been any attempt to try to either give a loan rebate on that or at least diminish the amount that is truly a loan?

**HON. J. STORIE:** Yes, I believe it was in 1982 that the province implemented a relocation allowance in recognition of that additional cost and, certainly coming from Northern Manitoba and rural Manitoba, I recognize that what the member is saying is very pertinent.

It should be noted as well that quite often, given the higher cost, that the proportion of bursary rebate tends to be higher for those who are living away from home in fact. Of course, that depends on the background obviously, and financial circumstances as well, but as a general rule of thumb that makes some sense.

**MR. C. BIRT:** What portion then is sort of given as a bursary write-off provision for the extra living cost? Would it be 50 percent? Would it be more of that particular cost-of-living loan?

**HON. J. STORIE:** I understand the maximum would be 50 percent of the total need and would be rebatable again. That's a student with an obviously high need.

**MR. C. BIRT:** In the qualification provision, the parents' assets I believe are taken into consideration and in a farm community situation, it's not too difficult to have a fairly substantial amount of assets, but it may push them beyond the limit of financing. Is there any qualifying for financing, someone who lives in an urban centre, whose family owns just a house and a few other things may meet the criteria, whereas those in rural Manitoba, because of asset base - not necessarily income - but asset base, would push them outside any of those limits. Is there any consideration given or any criteria to try and discount or to expand the concept of availability for students whose parents are farmers and who fall into this area?

**HON. J. STORIE:** The same terms apply to a farmer as a small business person, in terms of net worth. It's an arbitrary figure at best, I think, clearly.

However, there has to be some way of, I suppose, attempting to come to grips with the long-term ability of a family to support their children or whatever through the education process, the \$200,000 limit net worth which is exemptable, I suppose. Certainly the farm community could argue at the present time, given their circumstances, that their income, even potential income, disposable income levels, are so low that this needs to be rethought. That argument certainly could apply to the business community two or three years ago when they were experiencing severe difficulty as well.

**MR. C. BIRT:** Mr. Chairman, it's the ability to service or provide assistance to the student, or the child of the farmer, that perhaps is a greater problem today and has been, I think, for at least two or three years in rural Manitoba. Given the fact that you do have an awful lot of net asset base, it wouldn't take too long for a great number of farmers to disqualify. Yet, their cash flow may not be there to give support to the child. What happens then? Is that child then denied financing, because they've got the cost of coming in to live, as well as the cost of education? Would the Minister at least review this policy to see if they can give some relief to the farm community who need this support?

**HON. J. STORIE:** Certainly it's something that's worth reassessing. I was just asking whether it had been a problem in terms of the appeal, that in the end we were excluding significant numbers of farm students or rural students because of this problem. It has not been a problem to date, recognizing that it excludes them only from the bursary portion, that student loans are still available. So it's certainly excluding them from one-half of it, but not their entire ability to raise funds for their university education or their community college education.

**MR. C. BIRT:** Is there a limit of bursary or loan forgiveness given by the province tied to some formula? For example, if it's \$5,000 worth of loan, they'll only go to, say, 50 percent of it. Is there an upper limit in either of these categories or both of them? If so, what is the limit?

**HON. J. STORIE:** I was just trying to get an example here. This is an example of a university student with a high level of need, who would be eligible for a \$3,465 loan and a \$3,300 bursary, for a maximum total assistance of \$6,765.00. So it's roughly 50 percent either rebatable loan or bursary, and 50 percent loan money.

**MR. C. BIRT:** Thank you.

**MR. CHAIRMAN:** The Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you, Mr. Chairman.

With respect to students who apply for student loans who are 18 years or over, do they still have to file their parents' assets in order to apply for the loan?

**HON. J. STORIE:** There are terms and conditions written into the application from which it would identify whether you are considered a dependent student or an independent student. I believe the criteria are four

years out of high school to qualify as an independent student, or married, or two years of work, obviously outside of home.

**MR. L. DERKACH:** Why is the marital status all of a sudden taken into consideration when a student is 18 years old? In other words, why aren't two 18-year-old students treated the same whether they're married or single?

**HON. J. STORIE:** I think generally people who are married, regardless of their age, live in different circumstances than do dependent children living at home. Obviously, a couple of things come to mind. No. 1 is that the relationship between a married couple may be that one or the other is providing income support and generally, although there may be circumstances where this isn't the case, they would be independent in terms of their own living arrangements, living requirements.

**MR. L. DERKACH:** It seems very discriminatory for a student who has reached the age of majority to apply for a loan, even though that student may be living away from home after graduation from high school because they've either had some part-time employment or they choose to live away from home and become independent, when they apply for a student loan, they have to go back to their parents to file the assets of the parents in order to be able to qualify for this.

In many cases, parents sometimes reject this idea, and it's difficult for that particular student to get a loan. In other instances, the child is really independent or that student is independent, and it discriminates against him or her from applying for that loan.

**HON. J. STORIE:** First, of course, this only applies to the bursary portion. A student would be eligible for a loan and able to get a loan regardless of the circumstances of his parents, depending on the parental income.

I guess the principle has been established for certainly 12 or 15 years, since I was going to university, that there was an expectation that the financial resources of the parents would be applied to, I guess, what are considered dependent students. It does make some sense, and certainly now more than ever, that we apply our financial resources to those students who would find it most difficult or impossible to attend university or community college without that assistance.

Now, the member may be arguing that there should be no differentiation of the ability of parents to pay, but I think clearly in terms of if we're going to be responsible, we have to provide the assistance where it is needed most. I recognize that there are circumstances where young people over the age of 18 consider themselves independent and may, in fact, be independent for a variety of reasons but, under most circumstances, I think that there is a willingness, or there has been a willingness, on the part of parents to provide the financial resources if those resources are available. I think that's a reasonable expectation recognizing again that this part of it relates to the bursary exclusively.

**MR. L. DERKACH:** I'm not suggesting that it isn't a reasonable expectation to have parents responsible

whose children are still living with them and whose children are responsible to them, but there are those instances where the child has completely moved away from home which I think should be considered when that student applies for a student loan.

With regard to assets by the parents, this has been touched on, but I would like to just add to that; that many times small business people or farmers who may have assets of higher than \$200,000 may not have those assets paid for and in fact their ability to pay for the education of that child is not there. This discriminates against those people.

I heard it mentioned that there has not been a concern or much problem with this but in dealing with many students who have applied for loans, I can assure the Minister that there is a problem here, especially in the rural areas because many students are disqualified from being eligible for a student loan even though their parents do not have the ability to pay.

They may have some assets there, but those assets aren't paid for and the amount of income they can produce from those assets, especially where parents may be starting, or in hard times like we've seen in the last year or so, parents don't have that ability to pay. I'm wondering whether the Minister would take a look at this area and see whether or not there can be some flexibility in this specific area.

**HON. J. STORIE:** Recognizing two points: No. 1, the debt that is held against a property, of course, would be calculated into the net worth and if there was substantial debt, then it would reflect in a lower net worth.

But certainly the issue of how to assess property, including those associated with small business, has been a problem with Student Aid for a long time. If anything, the last few years have seen us become increasingly more receptive to the argument the member makes, that the net worth limit has increased from \$50,000 to \$200,000.00. That was in recognition of the fact that the net worth of a farm as an example or a small business, particularly in these times, is no guarantee of a high degree of disposable income.

**MR. L. DERKACH:** That's why I make the point. I think even \$200,000 in terms of assets is not a large figure. I think it should be geared to the parents' ability to pay and the ability to pay should be marked on their income on a yearly basis as opposed to having a piece of property that might have some value on it.

With regard to interest rates, what are the interest rates for a student loan and when does that interest rate begin?

**HON. J. STORIE:** Mr. Chairperson, the interest rate actually has been in the past fixed, but it now fluctuates with the prime rate, in essence. The interest rate starts to accumulate after the program has been completed for six months so if you're talking about a three-year Bachelor's Degree of some kind, that interest would begin to accumulate six months after graduation.

**MR. L. DERKACH:** With respect to the fluctuation aspect of it, you said now the interest rate fluctuates with the prime. How is it tied to prime, though?

Tuesday, 5 August, 1986

**HON. J. STORIE:** The Government of Canada sets the rate and I understand it's a monthly average of Class B which is currently 10.375. That is down from the '85-'86 rate of 12.25.

**MR. L. DERKACH:** Is there a formula to base this on? Is it prime plus a-half or prime plus what?

**HON. J. STORIE:** I don't have the formula. The Government of Canada sets that formula, the Student Loan Authority in the Federal Government. They collect it; they do all of it.

**MR. L. DERKACH:** Does the interest rate on the whole loan fluctuate as prime goes up and down?

**HON. J. STORIE:** Just to clarify it. The rate that's set is the rate the student pays six months after graduation.

The bank guarantees the interest to the bank over the period of time that the students enroll and they pay a fluctuating rate, pay the going rate I presume, on personal loans or whatever or they have some agreement.

**MR. L. DERKACH:** So six months after the students graduate, their interest starts to accrue based on the interest rates at that time?

**HON. J. STORIE:** Yes.

**MR. L. DERKACH:** And is it tied to this formula that you just mentioned then?

**HON. J. STORIE:** Yes. Mr. Chairperson, just so it's clear, they have a fixed rate; their interest rate doesn't fluctuate. Once they've completed their courses and are due to begin repaying their loan, they have a fixed rate which is based on a monthly average and that would be carried through until they have fully repaid their obligation.

So they understand it's not fluctuating so the student is not caught with the situation where the interest rates have risen to 20 percent and they're unable to pay it off. It's fixed.

**MR. L. DERKACH:** The student whose parents may not have any assets or any income, in other words, a student whose parents may in fact be on social assistance and may be from the rural area who has to have room and board when they move into an educational institution here, are they given a preference in terms of the amount of money that they can get based on the application?

**HON. J. STORIE:** Yes, those factors are all part of the application process.

**MR. L. DERKACH:** What is the maximum a student in that kind of situation could get?

**HON. J. STORIE:** The maximum is \$3,465 for a student loan and \$3,300 for - this is a university student - for a bursary. That's the forgivable portion.

**MR. L. DERKACH:** That's the forgivable portion of the loan. Okay.

Is there any effort on the part of the department to - or in this particular area - to give some consideration to those students who have to rent space in the city?

**HON. J. STORIE:** Yes. There's a difference between though, in terms of the costs that are assessed by the Student Aid Branch in terms of what is anticipated it would cost a student, they're assessed quite differently for those who are dependent and living at home and those who require their own space.

So their costs, it would be assumed over the course of a university year, are going to be substantially higher, therefore, their award would be substantially higher.

**MR. L. DERKACH:** When a student takes out a loan, he takes it out with his local bank or with a financial institution. After that student graduates and perhaps can't find employment after six months, what happens in that event; as this starts to accrue, his payments become due at the end of the month, and yet he has not found employment? What happens in that instance? Is there an extension provided?

**HON. J. STORIE:** I understand that in the event of those circumstances, a student could, first of all, discuss it with his bank and apply through the bank to the Federal Government for an extension. And I understand that extensions can be granted for up to two years.

**MR. L. DERKACH:** In a case where a student doesn't get in touch with the bank when his loan comes through, the bank is paid out by the Student Aid Branch in - is it Winnipeg or Ottawa?

**HON. J. STORIE:** The bank is paid by the Federal Government. They have the guarantee.

**MR. L. DERKACH:** Then does the Federal Government just turn it over to a collection agency or do they, themselves, collect it then?

**MR. CHAIRMAN:** I think you're asking something slightly outside the Minister's responsibility.

**HON. J. STORIE:** I presume that they would, in the normal course of business, contact them themselves initially or have the bank make the contact. If, for whatever reason that wasn't satisfactory, certainly I expect they would be pursuing other options.

**MR. L. DERKACH:** Where a student may default on a loan because he or she does not have a job and then starts making payments on that loan once a job is found and wishes to get another loan later on, is that default that may have occurred over a month's period, or whatever, would that be held against their application or their applying for a loan in the future?

**HON. J. STORIE:** If the Government of Canada will provide that clearance, certainly it's possible. I'm not aware of it being done.

**MR. L. DERKACH:** Thank you very much.

**MR. CHAIRMAN:** The Member for Kirkfield Park.

**MRS. G. HAMMOND:** In the annual report, it mentions that bursaries and loan rebates for students who are enrolled in universities, and it mentions private trade schools, and also dance schools - I'd be interested to know what private trade schools and dance schools

**HON. J. STORIE:** I understand that any legitimate post-secondary institution with an acknowledged, accredited course of programs is eligible. It could be a career college; it could be licensed under The Private Trades Schools Act. There's a whole bunch of them. It's hairdressing, Contemporary Dancers.

**MRS. G. HAMMOND:** The Minister mentioned Contemporary Dancers, which is certainly a well-known one, but what other dance schools would there be?

**HON. J. STORIE:** Royal Winnipeg Ballet.

**MRS. G. HAMMOND:** How many, then are licensed? I'll ask that.

**HON. J. STORIE:** I understand we've only received requests from two organizations requesting that their students be eligible and that's the Contemporary Dancers and the Royal Winnipeg Ballet.

**MRS. G. HAMMOND:** The teachers of blind and hearing impaired taking graduate studies in speech pathology, school psychology, clinical reading - it says bursaries greater than \$1,400 are subject to repayment by service in Manitoba. How long would the service be and, this being the criteria, does that assure them of a job in Manitoba?

**HON. J. STORIE:** I understand that the forgiveness rate, if you will, is \$300 per month, but there is no guarantee of a job; that's their responsibility.

**MRS. G. HAMMOND:** So when you say \$300 a month, what would that be in the light of a loan, as they would have to stay in Manitoba?

**HON. J. STORIE:** Essentially that would mean they would have that portion forgiven after 10 or 11 months of employment.

**MRS. G. HAMMOND:** If they don't come back to Manitoba, then would that mean they have to repay the loan in full?

**HON. J. STORIE:** Yes.

**MR. CHAIRMAN:** The Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you. I have several questions back to the earlier questions with regard to eligibility for student aid. I am very surprised, quite frankly, there has not been a Charter case with regard to student aid because I think it is very discriminatory.

I think that any young person over the age of 18 should not have to prove what their parental assets are, and, in fact, I would be very surprised that a court of law would not say, since they have reached the legal

age of majority in every province in this country, that the parents cannot insist that they refuse to produce any financial documentation.

Has this particular branch looked into the ramifications of legal majority and age of majority? I realize the drinking age is different in different provinces, but the legal age is the same.

**HON. J. STORIE:** I want to point out that the Charter has been used for many things and it will be, over the course of its endurance, I suppose, or its being with us. But the offering of support by the public to an individual is I guess, not a right in the formal sense, in the legal sense of the word. Government programs discriminate - and I use that word rather loosely - on many bases. We have a 55-Plus Program for seniors. We arbitrarily establish laws to allow drinking at a certain age or not at a certain age. So I think the term "right" is often used too loosely.

I think it makes good sense to expect parents to contribute where they can to the costs of post-secondary education. I may not have said that 10 years ago when I assumed that government resources, government wealth was going to increase exponentially, but certainly the experience of the last four years, five years has led me to conclude that we all have to use whatever resources we have available to us, to make sure that those opportunities are available to young people. They're too important. So I think, even within the Charter, there is a term which is called "reasonable limits of expectation," and that in any case, this is a reasonable limit.

Having said that, if a student is denied support because of a refusal of parents to make known, table, whatever, their statement of net worth, the student is not sacrificed because of that refusal. There is an appeal process and it works. There have been cases, I am assured, where an individual who did not fall neatly into the two categories I mentioned earlier was provided assistance. So it's not that it's impossible. It's simply that, as a matter of course, one would hope and assume that the parents will be in a position to provide what we have termed a dependent student with support.

Now we can argue about whether the terms defining a dependent student should be changed or not, but they are as they are, and they have been that way for some time. I certainly know that there will be exceptions and the Appeal Board knows that there will be exceptions, and those have been heard.

**MRS. S. CARSTAIRS:** I'm pleased to hear that, because in fact I have had students whose parents have absolutely refused to contribute one red cent to their education, saying that somehow or other it's going to mature them in some incredible way, I don't know what, except to deny them the opportunity to get an education. I think there are many parents who can afford to do so who will continue to do so simply because we don't want our children to have the debt at the end of their education. We'd like them to start off in their occupations free from that kind of debt load, but it certainly begs the question.

I think that if you, in fact, grant aid to an 18-year-old who's married, then there is a legitimate claim on the basis that a single young person is being

Tuesday, 5 August, 1986

discriminated, under the Charter, on the basis of marital status.

**HON. J. STORIE:** I don't know how to respond to that. If I could interpret the Charter with 100 percent accuracy, I'd be taking law next.

**MRS. S. CARSTAIRS:** I was just concerned that the department is aware that these kinds of potential problems may develop, and there may be cases in which the Student Aid Branch is taken to court on the basis of some discriminatory provision under the Charter of Rights. I'd like to think the department was at least thinking about the way they might approach any such legal case.

**HON. J. STORIE:** I'm just reminded that - I pointed out some other instances where the law was not consistent. In fact, for programs of all kinds, we discriminate. The Student Aid Program is a government program created not by statute even. It is simply a government program.

As an example, in divorce cases, The Manitoba Property Act among others provides that, in cases where there are students, provision has to be or is provided in the solution to the case to have education costs covered even though the students may, in fact, be over 18.

**MRS. S. CARSTAIRS:** In terms of a student loan that a student takes out every year for a period of three, four, five, six, depending on how many years of graduate work they do, is that loan cumulative? I mean, is it just the same loan that's rolled over, or do they in fact end up taking out a new loan each time?

**HON. J. STORIE:** I'm told they actually start fresh each year. There's a new application.

**MRS. S. CARSTAIRS:** So that, in fact, they could actually pick it up from different lending institutions as well?

**HON. J. STORIE:** I'm told, no, that all loans have to be consolidated. You can move from bank to bank each successive year, but the loans have to be consolidated.

**MRS. S. CARSTAIRS:** I'm just concerned about a nightmare that might develop at the end after six months.

In terms of the net worth, I was very pleased to see that it had, in fact, increased from \$50,000 to \$200,000.00. That still to some degree begs the question of the farmer who may own his own land, and that land may have a net worth of a very large sum of money except, since he's still farming, he isn't going to sell it. Yet, he may not have any cash income.

**HON. J. STORIE:** The member raises an interesting problem, and it is certainly a problem for farmers, because they have absolutely no control over their disposable income. It is a problem, perhaps not to the same degree, but it is a problem to employed working people as well, because they have no guarantee and

their incomes do fluctuate. Similarly, while principal residences are not considered assets for the purposes of student aid, some are of course paying fairly high mortgages so that a lot of their disposable income may be used in that regard. But obviously, others would have their homes paid off and have no - so I guess it's difficult to balance all those factors and come out with a formula that works. I've indicated that the net worth provisions have increased. That seems like a logical response to the problem but, given that farm income is very much a year-to-year phenomenon and depends more on the sunshine and the rain than anything else, it's difficult to work a program around those two variables.

**MRS. S. CARSTAIRS:** I'd like - and I have the Member for Fort Garry's permission to go into the appeal, because I think the two are very much a parcel, if that's agreeable with the Minister.

**HON. J. STORIE:** Certainly.

**MRS. S. CARSTAIRS:** In terms of the Appeal Board, I've had a number of students in to see me lately who have been told - and I know they shouldn't be told, but it also happened with U.I.C. when I worked there - that they don't have a valid appeal or that nobody ever wins a case who appeals it on this particular basis. I have sent them back to the Appeal Board, and told them that no one is to tell them not to appeal. They have a right to appeal, and they are to proceed with the appeal. But I would like the staff people to reassure their staff members that it's not up to them to determine who should appeal or who shouldn't appeal.

**HON. J. STORIE:** I acknowledge the point the member's making that certainly everyone has the right to appeal. I'm told that, from time to time, specific provisions within the application form are clear-cut, for example, the use of a vehicle. The student may feel that it's not an appropriate determination and it shouldn't be considered an asset or whatever. They're informed that it's very strict, and it's very unlikely that an appeal would be granted on the basis of those specific provisions. So that may be interpreted as saying, well they're trying to tell me not, when actually what they're trying to do is, I guess, indicate that precedent would tell them that it's unlikely that they'll appeal and perhaps point out why.

But the member is quite right. It's certainly not practice in the appeal body to offer that kind of advice, that they shouldn't or they can't.

**MRS. S. CARSTAIRS:** One particular case that I was angry about was one in which they had listed all the father's assets and he happened to be a farmer, but no one had listed the liabilities and there were all kinds of liabilities. Obviously, the appeal process had to be applied for because, by the time they went through the liabilities, there wasn't any income to provide the student with support. I think that, again, just a comment, that we have to have a very open appeal process for all these people.

Thank you.

**MR. CHAIRMAN:** The Member for Fort Garry.



**MR. C. BIRT:** Could the Minister just tell me who the chairman of the Appeal Board is, how many people sit on the Appeal Board and how often do they meet? Is it on a regular basis, or as a certain number of appeals accumulate?

**HON. J. STORIE:** There are six people on the Appeal Board and they meet twice a week.

**MR. C. BIRT:** Who is the chairman?

**HON. J. STORIE:** The chairman is Mr. Gary Vamous.

**MR. C. BIRT:** Is he a civil servant, or is he a private citizen?

**HON. J. STORIE:** He is a civil servant and he is responsible for the Student Aid Appeal Board.

**MR. C. BIRT:** (g)(1)(2) and (3)—pass; (h)(1) and (2)—pass.

**MR. CHAIRMAN:** One second. 5.(g)(1)—pass; 5.(g)(2)—pass; 5.(g)(3)—pass; 5.(h)(1)—pass; 5.(h)(2)—pass.

5.(j) Northern Development Agreement - the Member for Fort Garry.

**MR. C. BIRT:** Thank you, Mr. Chairman.

This department seems to be funded through Northern Affairs and the Minister has given me a breakdown on the number of grants. In the breakdown, the amount shown is almost \$6 million towards grants, but the No. 3 line indicates 4.7 million grants. Why is there a difference between what the Minister's staff has provided and what is appearing in the Estimate Book?

**HON. J. STORIE:** What page are you looking at?

**MR. C. BIRT:** I'm looking at the first page. It said: Manitoba Education Grants 1986-87 and then the first one, it's 16-5 (j)(3) which is supposed to be a breakdown of the grants as identified in the Estimate Book.

**HON. J. STORIE:** The explanation there is that this represents only 80 percent of the funds; 20 percent of the funds are considered part of the enabling vote and show up in the Department of Northern Affairs. Now if you pressed me for an explanation of why that occurs, that's a phenomena similar to all of us where the department is delivering, but not the — (Interjection) — yes, the administration of the NDA is in Northern Affairs. They maintain an enabling vote which is, I guess in all cases, 20 percent; I believe in all cases is 20 percent of the total expenditures.

**MR. C. BIRT:** Then the total cost of that program under this Northern Development Agreement is \$6 million of which 4.8 is funded through the department; the balance is picked up by Northern Affairs?

**HON. J. STORIE:** That's correct.

**MR. C. BIRT:** Some of the phrasing that is used in the explanation of the grants, I quite frankly don't

understand and I hope the Minister can explain it to me. First one, it says: Brandon University re: Northern Teacher Education. Then it says: Method of Calculation, concentration of programs at a fixed enrolment level and then there is 3.1 million. What is the explanation note supposed to refer to?

**HON. J. STORIE:** The program is BUNTEP, Brandon University Northern Teacher Education Program and the enrolment is targeted; in other words, there is an intake determined and there are a number of students - really there is a candidate search for students, say 12 or 15 students per year intake in a given location, so that it's fixed enrolment. There is a review process. It's not a normal university course in the sense that it's opened up and every one can apply. There is a maximum enrolment established and generally there has been a search for candidates.

**MR. C. BIRT:** As I understand it, if the number is set say at 15, at Brandon University, then the maximum amount of money being spent on the education of those 15 students would be \$3,100,000 - is that it?

**HON. J. STORIE:** Yes, recognizing that we're talking about the intake level at the beginning year and it's a four-year program and has been ongoing. There is a mix of students at the first-year level and at the fourth-year level. The total number of students I'm told in the BUNTEP Program is more like 160 students.

**MR. DEPUTY CHAIRMAN, C. Baker:** The Member for Fort Garry.

**MR. C. BIRT:** The next one, Mr. Chairman, says the University of Manitoba re: University of Manitoba ACCESS Program and then the Method of Calculation says: covers full year cost of program at set level. What does that mean?

**HON. J. STORIE:** Essentially it's the same process. It's a fixed level enrolment. However, the costs of the program are negotiated with the university so that there is some flexibility and some negotiation that goes on in terms of the administrative costs, overhead. So, it's a similar kind of program. The enrolment maximum is - what? I'm told that for the ACCESS Program it's 50 students total.

**MR. C. BIRT:** The explanation note applies to the next three or four items and is all at set level. That's assuming a maximum level in the program in that year, is that correct, and that's how it's being funded? So if you didn't have as many, then it would correspondingly reduced, is that correct? Is the Minister nodding his head in the affirmative?

**HON. J. STORIE:** That's correct, yes.

**MR. C. BIRT:** Thank you.

Items 1 through to 6, I take then are basically trying to get Native children into the University experience, is that correct? Are you talking premedical? You're talking Native Medical Program, Northern Social Work Program?

Tuesday, 5 August, 1986

**HON. J. STORIE:** Yes, generally that's correct, although some of the programs, the University of Manitoba Northern Social Work Program, the Northern Nursing Program, although that's not under this grants list, are in a majority Northern Native students, but not solely; that there are other Northern students who, because of accessibility problems and so forth, are also candidates for this program. In fact, there are non-Native students in the programs as well. The only exception to that would be the pre-medical studies.

**MR. C. BIRT:** Mr. Chairman, is this then for students who are - is it a special entry type of program? They don't qualify under the normal circumstances so this is the series of programs where they are trying to get these type of people into the program and benefit from the training at the university?

**HON. J. STORIE:** That's absolutely correct. They would enter as adults.

**MR. C. BIRT:** The items showing salaries, is that salaries for the Northern Affairs Department, or is it staff in the Department of Education and you recover the salaries from the Northern Affairs' expenditure?

**HON. J. STORIE:** That would reflect the staff costs for both the department, the PACE Division in this case and the staff internal to the program itself, and that 60 percent of those costs are recoverable as well.

**MR. C. BIRT:** The item "Other Expenditures," why is that sum so high? It's 1.2 million in relation to a salary of about half-a-million.

**HON. J. STORIE:** Those are, I guess the majority - if not all of those Other Expenditures - the majority relate to student allowances in the program, so the program is self-contained in the sense that there are living allowances provided for the students.

**MR. C. BIRT:** Mr. Chairman, then this is in addition to any student loan that we've discussed under Student Aid?

**HON. J. STORIE:** No, these would not normally fall under the Student Aid ambit; these are separate allowances provided for students enrolled in the access-type programs.

**MR. C. BIRT:** That's all my questions, pass, unless anyone else has.

**MR. DEPUTY CHAIRMAN:** Pass.

**MR. C. BIRT:** j.(1), (2), (3) and (4)—pass.

**MR. DEPUTY CHAIRMAN:** (k) Canada-Manitoba Winnipeg Core Area Agreement - Employment and Affirmative Action — the Member for Fort Garry.

**MR. C. BIRT:** I believe we discussed this program of the Core Area under the Inner-City Education Initiatives, and I just want to clarify it. That has really been the delivery part of the program and the other department

really administered urban schools and consultants, so is that correct?

**HON. J. STORIE:** That's correct.

**MR. C. BIRT:** Under Salaries, is this Salaries of departmental staff or is it merely Salaries for those people who were involved in the Core Program delivery process.

**MR. CHAIRMAN, M. Dolin:** The Minister of Education.

**HON. J. STORIE:** Yes, once again, that involves all the people in the department, the branch, and the people internal to the programs. This is 60 percent recoverable, one-third from the city, one-third from the Federal.

**MR. C. BIRT:** Mr. Chairman, given the nature of the Core Agreement which was five years, now going to another five years, how many staff people are on the Department of Education staff then, in this particular area?

**HON. J. STORIE:** Currently I understand there are 25 staff.

**MR. C. BIRT:** Are these like contracts; are they all staff years? I mean, what is the composition of this 25?

**HON. J. STORIE:** They are all term staff years.

**MR. C. BIRT:** Permanent staff positions?

**HON. J. STORIE:** Term staff. I don't think we're allowed to be permanent in an related agreement - anyway they're term.

**MR. C. BIRT:** Then would this number fluctuate as the various programs either finish or new ones start? Is that how it works. They contract, in other words, for specific purposes and then when that contract is through, they're not renewed?

**HON. J. STORIE:** Generally that would be true, unless they're internal directors' program development staff.

**MR. C. BIRT:** The Other Expenditure section drops dramatically from 2.7 million in last year to some 900 thousand. What do the Other Expenditures relate to and why the drop?

**HON. J. STORIE:** I understand the large drop is precipitated by student allowances, simply a reduction in the number of students who have completed their courses, and as the programming phased out, obviously there have been no intakes and simply a reduction in student allowance payments.

**MR. C. BIRT:** Your Minister makes reference to student allowance. This would be for the students who were taking the various training programs under the Core Agreement and any financial support was funded through this portion of the Estimates?

**HON. J. STORIE:** Yes, they operate similar to the access programs through the Northern Development Agreement, in that the allowances are funded directly by the program.

**MR. C. BIRT:** The question of grants on the explanation sheet shows 640, yet it's 512 in Line No. 3. Is that again just representing 80 percent of the actual cost and this represents the total cost of the program?

**HON. J. STORIE:** Yes, 80 percent.

**MR. C. BIRT:** No further questions.

**MR. CHAIRMAN:** The Member for Kirkfield Park.

**MRS. G. HAMMOND:** In this area, was there a Bachelor of Education Program that had their first graduates this year?

**HON. J. STORIE:** That would be found, Mr Chairperson, under (n) Post-Secondary Career Development. I presume you're talking about the Winnipeg Education Centre because that comes under (n).

**MRS. G. HAMMOND:** I had thought possibly - there isn't a program like that that comes under this one, where the criteria sounds very much like it, or are there just two areas that cover the same thing?

**HON. J. STORIE:** No, the teaching program that the member is referring to, it probably is the same program, the same kind of guidelines, but it is entirely funded by the province and is not shown under the Core Area Agreement.

**MRS. G. HAMMOND:** Before I leave it then, is that the one that they go all year round and they will have day care expenses paid?

**HON. J. STORIE:** They receive a student allowance.

**MRS. G. HAMMOND:** I wanted to know what kind of tracking, if there is any, of the trainees as far as long-term jobs are concerned and the success rate.

**HON. J. STORIE:** I understand there's a six-month post-graduation survey and a 12-month. The evaluations to date have shown within the private sector and the training is obviously a variety of different types. The completion rate is about 55 percent and the employment rate of those that graduate is 66 percent. In the public sector, the completion rate is about 82 percent, and the employment rate is about 84 percent of those who graduate.

So the employment rate, in both, is reasonable given the skills that those students come with. The completion rate in one I think is quite acceptable and the other obviously could use some work; so there is tracking and it appears to be providing the kind of skills and the opportunities that one would hope.

**MRS. G. HAMMOND:** This is lower in the private sector. What kind of feedback then is coming back from that

sector that they're not staying as long and there's a higher drop-out rate?

**HON. J. STORIE:** There could be a number of explanations. One of them is that the private sector tends to be individual placements, so there is no support milieu, if you will, and that the public sector training tends to occur in more of a classroom setting initially. Therefore, it's easier to provide the student support services, counselling, whatever is required, to make sure that the support system's there and working for the student, so that may be one of the explanations. Certainly that's, I guess, feedback the office staff have received.

**MRS. G. HAMMOND:** Are there any plans to try and give better support to people who are going in the private sector?

**HON. J. STORIE:** I wouldn't want to indicate that we're dissatisfied or that staff are, with the involvement. I think generally it has been successful and, obviously, the 66 percent, of the ones that graduated have found the training relevant and useful. But obviously there's always need and it's always useful to have better preliminary work done in terms of selection, in terms of course material and identification of opportunities, and staff are working to improve that process generally.

**MRS. G. HAMMOND:** Just a last question. I wonder if the Minister would translate the percentages into numbers, please?

**HON. J. STORIE:** The numbers will be coming; they're getting them.

**MR. CHAIRMAN:** (k)(1)—pass; (k)(2)—pass; (k)(3)—pass; (k)(4)—pass.

Moving on to (m) Adult and Continuing Education - well, maybe we'll just hold for the numbers and then move on.

The Minister of Education.

**HON. J. STORIE:** The numbers are 832 starts - in other words, began the training; 148 completed, but were not employed or not directly employed at the time of survey - that does not mean they have not gained related employment since; 392 completed and employed; and dropped out of training, 292.

**MR. CHAIRMAN:** Item (m) Adult and Continuing Education - the Member for Fort Garry.

**MR. C. BIRT:** Could the Minister explain, there is an increase of some \$400,000 in the Item (2), where it says Other Expenditures, over last year. What's that increase for?

**HON. J. STORIE:** Just before we proceed, and while the Member for River Heights is here, there was a question on Thursday last about the operation of the Manitoba Textbook Bureau.

The information is as we suspected, although we're unable to corroborate, and that is the Bureau's financial statements would be available in Public Accounts and

**Tuesday, 5 August, 1986**

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a profit and loss statement is included under Other Funds for the Bureau. The transaction is somewhat convoluted, in that the Public Schools Finance Board notifies the Bureau of the amount of money per student grant that is going to be available for each school in the province so they know what the extent of their grant support is.

The government provides a grant of working capital. The government, through the Department of Finance, I presume, provides working capital to the Bureau and then the Public Schools Finance Board basically invoices the Textbook Bureau as the applications come in.

School divisions order textbooks from the Bureau and the Bureau invoices the Public Schools Finance Board, which pays the invoice from that school division's textbook grant. The Bureau then, in turn, reimburses the money which was advanced to them in the first instance.

I can give you the note and that's the explanation.

**MR. C. BIRT:** On the explanation the Minister just gave on the Textbook Bureau, the Member for River Heights had asked, if there were trust accounts established for each school division, why weren't they given or paid interest on an account. I would take it, from what the Minister has just said, those are really nominal accounts; the money is not really transferred there. Once the bill comes in, then they bill the department and, in other words, there's no real savings account opened for each school division and the money is earning interest in the name of that school division; is that correct?

**HON. J. STORIE:** I understand that's correct.

**MR. CHAIRMAN:** Does the Minister have further information?

**HON. J. STORIE:** Yes, there were two items as well that the member raised with respect to the operations of Red River Community College, again raised on Thursday evening, two accounts which were questioned.

Account No. 51, which talked about operating supplies: Expenditures for the purchases of articles or other commodities which may be consumed or used as input goods, such as course consumables, pamphlets, etc. All of that is equipment and supplies under \$500, so the total count there was twenty-one seventeen.

Account No. 8, miscellaneous categories of operating expenditures which do not lend themselves to distribution under other summary levels, include hotels, meals, publications, including library books, relocation costs, memberships and hospitalities, \$1,568,000.00.

**MR. C. BIRT:** I had asked the Minister for an explanation of why, in Item No. 2 of the subsection, the Other Expenditures have increased by some \$400,000.00?

**HON. J. STORIE:** I was hoping you had forgotten that question.

The Other Expenditures have increased. There's been some \$150,000 increase in the area of Adult Education. The English as a Second Language training support

has increased \$200,000, and that includes English in the Workplace Program, which is offering English training in the context of work; and English at Home Program which is for house-bound and shift workers, seniors; and Professional Development for ESL teachers.

**MR. C. BIRT:** Then, looking at the breakdown in the Grants and what the Minister has just said, is it primarily then for ESL training, this particular area? If so, why didn't it show up in the categorical grant section of the Estimates? Why is it broken out as a separate entity here?

**HON. J. STORIE:** Because much of this is done within the department rather than provided through school divisions; the English in the Workplace Program is something that's operated from within the department.

**MR. C. BIRT:** Well, Mr. Chairman, there was about 150,000, I believe, of increase due to Adult Education and some 200,000 dealing with the English as a Second Language situation. What were the expenditures on; because your staff component hasn't gone up I presume.

**HON. J. STORIE:** Yes, again that was related to English as a Second Language. The member was quite right. The Adult Ed part of it was for the adult portion but it was contract work that was done I guess in conjunction with the Winnipeg School Division but not part of the categorical grants.

**MR. CHAIRMAN:** The member was asking what the specific amounts were for?

**MR. C. BIRT:** No, I think the Minister said then really the increase is for contracting of the delivery of this service. It's not really on staff because your staff component would appear constant.

**HON. J. STORIE:** The member is correct. It is for contract but it doesn't just deal with Winnipeg No. 1, but also other community groups who wish to offer that service and provided support.

**MR. C. BIRT:** In dealing with the Grants section now, this would be grants given to specific, either institutions or school divisions that would be offering the ESL Program?

**HON. J. STORIE:** Yes, I think the member has the list of grants that are provided . . .

**MR. C. BIRT:** . . . grants to specific institutions or bodies who are providing the ESL Program?

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** Okay. There's one item here, No. 3. It says School Divisions re Door Opening Grant. Can the Minister explain what that is?

**HON. J. STORIE:** Yes. That's a grant provided to rural school divisions to encourage the use of the community

Tuesday, 5 August, 1986

schools. It's a small grant of \$25.00 per evening in which courses are being offered at the school. Now those courses may or may not be offered in conjunction with the department, with community colleges, with whatever. But it's simply a means of encouraging more utilization of the school buildings themselves, and evening school courses and adult continuing ed courses.

**MR. C. BIRT:** Earlier in the Estimates we had discussed the ESL Program with the Hutterite Community. Now do any of those grants appear in here or were they back in the categorical grant section?

**HON. J. STORIE:** No, those are a part of the categorical grants and we referenced them; the \$660, \$330 per student.

**MR. C. BIRT:** I have no further questions.

**MR. CHAIRMAN:** The Member for River Heights.

**MRS. S. CARSTAIRS:** Yes, this grant to Creative Retirement Manitoba; is this the first time that this has been granted?

**HON. J. STORIE:** No, this is the third year.

**MRS. S. CARSTAIRS:** And this is an increase over last year's?

**HON. J. STORIE:** No, the grant has remained constant since last year. It was \$48,000 last year, too . . .

**MRS. S. CARSTAIRS:** In terms of the Door Opening, presumably this is to defray the costs of janitorial opening, physical opening of the plant to keep it going. Is this . . .

**MR. CHAIRMAN:** (m)(1)—pass; (m)(2)—pass; (m)(3)—pass.

We are now on (n). I think the Member for Kirkfield Park had some questions on it.

Post-Secondary Career Development - Southern Programs - the Member for Kirkfield Park.

**MRS. G. HAMMOND:** Yes, I'll just continue on with the questions. I was wondering how many students graduated from the Education Teacher Training Program.

**HON. J. STORIE:** Yes, recognizing that the Winnipeg Education Centre has been in operation for some 15 years now, I understand that this current year saw 12 teachers graduate.

**MRS. G. HAMMOND:** Does this come under the same criteria as the Core Area Training and Employment? In other words, is it an Affirmative Action employment program?

**HON. J. STORIE:** Yes, essentially the criteria are very much the same. The enrolment procedures are very much the same in that applicants are screened and there is an allowance attached to each specific student.

**MRS. G. HAMMOND:** Yes, how many of the teachers have obtained jobs for this coming year?

**HON. J. STORIE:** I understand about 35 percent or something would be employed; five or six, and that only one has been employed in the core as far as we know and that four or five additional staff have chosen to practice their profession in Northern Manitoba.

**MRS. G. HAMMOND:** Yes, what efforts are made to assure these students are hired, keeping in mind that it's an Affirmative Action employment program; and what kind of advocacy is done on their behalf?

**HON. J. STORIE:** Well, just to clarify, I guess the results of the program, nine out of ten last year were employed. At this point, the last survey, I guess contact, has now been a month ago or more of the students so in fact the percentage rate of employment may actually increase.

The member raises a very delicate question. Certainly one would expect that Inner-City School Divisions with a high percentage of Native students would look very favourably upon the possibility of employing a teacher with that kind of background with the ability to relate in a more direct culturally-aware kind of basis with students; however, the autonomy of school divisions - and I include Frontier School Division which has a major responsibility in terms of the education of Native, Metis, Aboriginal students - maintain a fierce interest in determining hiring practices and setting their own criteria in terms of employment.

I have certainly seen the benefits of the employment of Native teachers to teach Native students; however, the employing authority, school divisions in this case, have a right to assess the qualifications and make determinations about hiring as they see fit.

Our responsibility, I guess, is to ensure that the teachers that are trained via these mechanisms, whether it's BUNTEP or the Winnipeg Education Centre, are as adequately prepared as any professional. I believe that to be the case.

Our secondary responsibility is to indicate that it makes, I think, good educational sense to offer these people opportunities to prove themselves and to prove their benefit to the student populations in many of our inner city and northern schools.

**MRS. G. HAMMOND:** Not all the students who are in this program are Native or Metis, but what I asked the Minister and he hasn't answered is, Mr. Chairman, what advocacy role does the Winnipeg Education Centre play considering this is an affirmative action employment program, it says, and special consideration is given to single parents, Natives, immigrants, refugees and youth who, more than likely when they go into these programs, haven't got a great feeling of self-esteem? To go through - I don't know - is it three, four years to come out with a degree, and then not end up with a job is pretty tough. I'd like to know just exactly what we're doing on behalf of these students to help them get jobs.

**HON. J. STORIE:** I guess, having set out some of the problems that we face in that the hiring jurisdiction does have authority and guards that quite jealously,

and I suppose understandably, the Winnipeg Education Centre, as with Brandon University I guess and the people involved in the BUNTEP program, also have a network of contacts, divisions where employment may be a possibility or where they're looking for or are more receptive to the idea of affirmative action, I suppose, recognizing or acknowledging that nine out of ten were employed last year.

I suppose the overall record of the Winnipeg Education Centre and BUNTEP has been quite successful in employing the teachers. In fact, the majority of graduates over time end up either as teachers or employed in related fields as teachers' aides, with Native organizations, with Band schools, etc.

**MRS. G. HAMMOND:** Is there anyone in this program who is actively working with school divisions, knowing approximately how many students are going to graduate, to arrange that possibly this division might take one student, that division might take another? Is that type of advocacy going on as far as these students are concerned?

I'm not just thinking of education. Is there the same type of program in social work? I would think, with declining enrolment, that education is probably going to be the harder place for people to be placed. I just want to be assured that these students, when they graduate, are not all of a sudden somebody says, well, goodbye, here's your degree, in that they don't get a lot of help. I want to know what kind of help they are getting to get jobs with the divisions.

**HON. J. STORIE:** First, I guess that recognizing that this is not a normal, in a sense, education faculty, the fact is that these students are involved in pre-employment, employment counselling virtually from the day they begin or start to take part. I have indicated that the record is quite good, and that 90 percent of last year's graduates are employed. The staff are obviously involved in lining up field experience with school divisions, so that those contacts obviously are there and in place when the time rolls around for permanent employment.

Additionally, the support services that I mentioned with respect to the nurses' program and the social work program are also available for the teacher graduates or teacher trainees. Although they offer a support role and an advocacy role in the sense that they have contacts out there whom they use to attempt to find employment, the final decision is left with the school board and the administration. Our offices are available for support, but we still nonetheless cannot provide guarantees.

**MRS. G. HAMMOND:** I'm not sure if the Minister gave me exact figures of how many were employed this year, how many had arranged employment this year out of the - what was it? - 12 graduated, and how many have employment?

**HON. J. STORIE:** I understand that 5 are employed out of the 12, but again that was some time ago that survey was done. So the intervening month or months or whatever may, in fact - so, graduation was now more

than a month ago or a month-and-a-half ago, the director's not certain of the number who actually are employed out of that 12 at this point.

**MRS. G. HAMMOND:** I guess that's the point I'm trying to make, that the graduation was in May. You have 12 students graduate; 5 have employment. This is August, and yet the director has no idea of how many of the others have employment. That, to me, is not a great follow-up for students who are looking for work, and I really feel that - we're only talking 7 students here now. We're not talking 107; we're talking 7 students, 7 graduates actually. I was mistaken there.

I really think that there is a very great lack in this area in this year if we have seven graduates who are in an affirmative action employment program, and the director is not aware if these people have employment or not. Now I'll leave those remarks on the record, but I would think that the Minister might give a little push in this area. I really do feel that it's fine for the ones who got jobs right away, but I want to know that something is being done to help these graduates get jobs for this coming year.

**HON. J. STORIE:** Just so we don't cross wires here, the director that I'm speaking of is the Director of Post-Secondary, Adult and Continuing Education, not the Director of the Winnipeg Education Centre, whom you might reasonably expect to have a handle on what every student under his jurisdiction is doing.

I am indicating that the numbers are 5 out of 12. The expectation is that more like 10 out of 12 will be employed. Nine out of 10 or 90 percent were employed last year, and the record overall of the Winnipeg Education Centre is more than acceptable. Certainly staff - and we might not be talking about the Director of the Winnipeg Education Centre - people who have been involved from Day One with these students will be providing ongoing assistance and support.

Having said all of that, however, the hiring authority makes the final decision. All we can do is encourage, prepare in terms of pre-employment, employment training, individual graduates to present their best case in the search for employment.

**MRS. G. HAMMOND:** I will make just one last comment then. I would ask, Mr. Chairman, that the Minister take a look at this area because last year, nine out of 10 is great; I don't doubt that. I don't know where the other student is or the other graduate is, possibly working now. But I would ask that the Minister take a look and see what is happening to the students and what actual help the graduates are getting between their graduation in May and being hired for September.

**HON. J. STORIE:** I accept that. I can tell the member that she's piqued my curiosity to know what's happened to those other seven individuals. I will be pursuing it and perhaps will be able to provide a better explanation next year.

**MR. CHAIRMAN:** The Member for Roblin-Russell.

**MR. L. DERKACH:** Are any of these programs offered outside the city, the career development programs?

Tuesday, 5 August, 1986

**HON. J. STORIE:** No, the programs here are called Southern Programs and they offer opportunities to people outside of the city. They are for the southern portion. We have students from smaller communities in Southern Manitoba but the programs are offered in Winnipeg. There are other programs that are offered in other communities in Northern Manitoba but they would fall under the Northern Development Agreement, I guess, the vast majority of them.

**MR. L. DERKACH:** Where are the other programs? He said the programs are offered to people outside the Winnipeg area.

**HON. J. STORIE:** In Southern Manitoba.

**MR. L. DERKACH:** But they're offered in the city?

**HON. J. STORIE:** Facilities, yes.

**MR. L. DERKACH:** In the facilities in the city. Does Brandon University have anything there?

**HON. J. STORIE:** Brandon University offers the BUNTEP Program.

**MR. CHAIRMAN:** Item (n)—pass; (n)(1)—pass; (n)(2)—pass; (n)(3)—pass.

Resolution No. 50: Resolved that there be granted to Her Majesty a sum not exceeding \$61,590,900 for Education: Post-Secondary, Adult and Continuing Education for the fiscal year ending the 31st day of March, 1987—pass.

We now move to Resolution No. 51.

**MR. C. BIRT:** Mr. Chairman, if staff would permit, we could go to the Bureau de l'Education Francaise and hopefully we might be able to get that finished before 5:30 p.m., and then just deal with the University Grants Commission tonight.

**MR. CHAIRMAN:** You've got the Minister's Salary, too.

**MR. C. BIRT:** Yes, I can appreciate but at least we won't have them waiting, if it's permissible.

**MR. CHAIRMAN:** Okay, sure.

We'll deal with Resolution No. 52 then, Bureau de l'Education Française, Item 7 - the Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, hopefully we can just move freely through this area. I'm not sure what specific area would go under what particular area, but if we could just move generally through it and then later on pass it by specific vote.

I had asked a question earlier and the Minister had indicated that to deal with the construction or creation of immersion high schools on a regional basis, this was the area to deal with that issue. My question to the Minister is: Is the department considering the establishment of regional immersion high schools within the city or within the province?

**HON. J. STORIE:** It's not so much a question of whether the department is considering that, it's whether logically,

practically, school divisions might want to, in fact, jointly provide those kinds of opportunities. I guess, as the member probably knows, there are at least two or three divisions, three or four divisions who are actively involved in those kinds of discussions.

Clearly, there is a need for divisions to understand pretty specifically what kind of student populations they expect to be enrolling in immersion high schools or wishing to enroll in immersion high schools in the immediate future. I expect that there will be some determination very shortly about that development and whether it will, in fact, end up as a joint; or divisions may decide on their own to entertain that possibility. It's going to be determined by the numbers.

**MR. C. BIRT:** Mr. Chairman, the department plays a pivotal role and especially if it comes to the advancement of capital. It therefore has a major say as to whether or not either a building will be renovated or expanded or in fact a new one will be created. The numbers would seem to indicate there's an increasing demand for this service, yet there seems to be some concern that there won't be sufficient numbers to give a quality high school education. I can appreciate that it takes the cooperation of one or two or more school divisions to try and come to a conclusion of providing a joint school.

My question really to the Minister is: I know that the department is not as passive in the decision-making as the Minister might seem to indicate; I'm just wondering, are they in cooperation with these school divisions, seriously contemplating establishing some sort of regional school for immersion?

**HON. J. STORIE:** As I've indicated, the department doesn't get involved in the establishment of immersion schools. The Department of Education, through the Public Schools Finance Board, provides schools where they are needed. The decision to provide, or the basis on which immersion is provided, I think the member is fully aware.

The member is quite correct that the Bureau and the departmental staff have been involved in the discussions and are trying to, I suppose, assist in terms of providing data and our best guess, our estimate of what is going to happen into the future. But any decision to provide a regional high school doesn't necessarily mean the construction of a new school. There are areas in Winnipeg where there are empty schools and where our schools, through reorganization, their focus could be changed. So I leave that to the school divisions about what expectation they might have with respect to new schools or new construction. There are alternatives to that and that may be a logical avenue for exploration as well.

**MR. C. BIRT:** Is the Minister saying, then, as far as this particular area of providing services at the school board level, the initiative is solely within the school divisions and the province will only respond to any request for either funds or services that may be available. In other words, they're not taking an initiating role in this program.

**HON. J. STORIE:** No, I don't see that we have, other than providing data and trying to make sure that

whatever decisions are being made are in accordance with our best guess in terms of how enrolment is expanding and how we anticipate it expanding, or what kind of movement there will be in terms of enrolment over the next few years and, obviously, to appreciate the fact that there is likely to be some kind of response to the need for additional high school immersion programming, given the interests of many parents.

**MR. C. BIRT:** Referring the Minister now to Page 85 of his annual report, a couple of areas of explanation from the Minister if he could. It states that it is also responsible for the calculation and payment of various French language grants to school divisions as well as negotiations, calculation and payment of a variety of grants and bursaries to individuals who qualify for such assistance. The question is the granting of grants to the French language, either to school divisions or to individuals. Are they on the same basis as in other non-French categories? Why is this particular clause in this particular area? Why isn't it all dealt with under, I think it was school financing, (3) or (4).

**HON. J. STORIE:** Yes, the difference is that the funding that's provided, that's referenced in the annual report comes by way of the Canada-Manitoba Agreement on French Language Instruction; it's a joint Federal-Provincial Agreement funded on a - it varies between the program but it's a shared agreement so that it's referenced in a somewhat different way. In fact, the grants are provided according to that agreement and grants equally are provided to individuals for upgrading skills, experiences, all the rest of it on the basis of the agreement.

**MR. C. BIRT:** I had a chance to meet with a number of parents from a particular school division located in Southern Manitoba and . . .

**MR. CHAIRMAN:** Excuse me, could we take the conversations in the back please. There's a hum here, it's very difficult to hear the member — the Member for Fort Garry.

**MR. C. BIRT:** Thank you. There's a school division or school divisions in Southern Manitoba along Highway 75 or east of Red River that a number of parents have been complaining about the amount of English being taught in the français program. I believe the parents are asking for a 50-50 mix in the program. I believe that the Minister's predecessor was involved in this particular set of discussions and negotiations through herself directly or through her staff. But more recently I met with those parents some two or three months ago now and they were still pushing hard for a 50-50 program in their educational school. Now, is the criteria set by the department or is it set by the school division?

**HON. J. STORIE:** The board makes the decision. I guess just to clear up the past, the department did offer a mediator to assist in resolving that dispute; that offer was declined and a decision was made I guess. In terms of the bureau in particular, their experience, I guess the research indicates that rather than a 50-50 split in terms of time, that a 75-25 is pedagogically

more sound but that the ultimate decision on how to provide that program rests with the school division, and is, I suppose, based like most other things on the response to the needs of the parents as the board sees them. So in this instance I guess the board has responded and decided to keep the current arrangement which is the 75-25.

**MR. C. BIRT:** What I'm really trying to determine is the role of the department versus that of the school division, and if the school division wanted to go to a 50-50 type program under the français program, I think they call it, then would the department's funding for that division or that particular school be cut or reduced. In other words, does the department insist that the 75-25 rule hold or is it that some variance can be introduced at the local level?

**HON. J. STORIE:** There would be, there are implications in terms of funding because funding is provided based on the time of language instruction, up to a maximum, I guess, or up to the optimum 75-25, and that any change would have funding implications, I guess, whether or not they would be dramatic, I guess, is up to the interpretation. They're not really dramatic but there would be implications.

**MR. C. BIRT:** If the division did alter the 75-25 formula, then is the Minister saying their amount of money they would receive from the department then would be reduced, and if so, approximately how much?

**HON. J. STORIE:** I now forgot the question but I have the answer. I have the answer but I forgot the question.

**MR. CHAIRMAN:** Is the Manitoba funding reduction . . .

**HON. J. STORIE:** Do you want the numbers?

**MR. C. BIRT:** Roughly, approximately.

**HON. J. STORIE:** Essentially, the terms, the criteria are that if it's 75-25 per full-time equivalent student that they would receive a full \$250.00 per student. If there was a reduction to 50-50 that would then be 75 percent of the \$250 per student.

**MR. C. BIRT:** To bring about the change to a 50-50 program, do the parents petition the school division or do they have to petition the province? Who has the final say as to the type of programming?

**HON. J. STORIE:** The school board.

**MR. C. BIRT:** Then the province is only a funding agency as far as the type of programs that are being offered.

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** Going further on in the annual report on Page 87, at least numbered 87 and I'll read the whole paragraph. It says: "The Curriculum Development and Implementation Branch designs and



implements on a continuing basis a planned program of provincial curricula for Manitoba French language schools and immersion programs schools. It also designs and implements likewise on a continuing basis a planned program for Manitoba basic French population." Now, it seems to imply that there may be two different types of program. Am I reading this correct? If so, what are the two differences?

**HON. J. STORIE:** Yes, there are essentially three different programs. There is the français program; there is the Immersion Program and the Basic Program and I guess each of those are referenced. The Basic is 40 minutes a day, the Immersion is up to 75 and the français is a similar percentage.

**MR. C. BIRT:** I guess it's the wording and I'm a little mystified by it. It says: "Also designs and implements a planned program for Manitoba's basic French population." That's where I'm having a little trouble.

**HON. J. STORIE:** That probably should be Basic French Program, it would be a more appropriate word I would think.

**MR. C. BIRT:** In the annual report there was reference made and we touched on it briefly on the earlier question about the 50-50, 75-25 dispute that the parents were having in one school division, that someone from the department had tried to play a mediation role or an arbitration role in it, and there is reference in here where they tried to resolve issues. Is that a special service that is set up? Is it just something that's available? I mean, it seems rather unique that you would provide an arbitration process in one particular area and not necessarily the rest of the department, so I was rather curious.

**HON. J. STORIE:** No, it was an offer that was made. It is not a service that is provided per se but the member would be surprised to learn of all of the instances where we play a mediation role where we do not have a designated authority, but represent an interested third party with some experience and some knowledge and do act as mediator in many different kinds of disputes between parents and school boards.

**MR. C. BIRT:** I can appreciate that's part of the function of the department. It was just the way it was set up; it almost looked like there was an arbitration department and I was wondering why. But if it's an informal . . .

**HON. J. STORIE:** It hasn't been necessary either.

**MR. C. BIRT:** Okay. In hiring teachers for the provision of services in the various programs dealing with French, are we advertising Canada-wide, worldwide to get staff? I mean, how are we in relation to acquiring the numbers of staff and where are we getting them and how successful are we in using locally trained people?

**HON. J. STORIE:** There are very few, Mr. Chairperson, who come from outside of Manitoba. We have the educational expertise and the expertise locally, by and large.

**MR. C. BIRT:** So, in a general sense, there is no recruitment of outside teaching staff, the need for all-French programs. In its broader sense, Français, Immersion and basic teaching of French are all filled from within the Province of Manitoba?

**HON. J. STORIE:** I'm sorry. I may have misunderstood. I thought the member was referring to the Bureau in our own. You're talking about school boards.

**MR. C. BIRT:** School boards.

**HON. J. STORIE:** It's still very much the case that the majority of the need is being provided in Manitoba. Certainly, the recent improvement increase in the ability, for example, College Universitaire de St. Boniface has been instrumental in providing teachers across the province.

**MR. C. BIRT:** In reference, and I think it's Page 103, it says Adult Non-Credit Course in French. It's during the year this branch is assisted in the funding of part of the tuition fees for nearly 3,000 adult students taking French courses through four universities and then names them. Now, is this just for non-credit or is this to lead to credit courses for teaching instruction?

**HON. J. STORIE:** This refers to non-credit courses.

**MR. C. BIRT:** Why is the department paying the tuition fees then for these people?

**HON. J. STORIE:** This is part of that Federal-Provincial Agreement and the way it actually works, is that we pay a sum to the university which allows them to reduce the tuition fee. So it's not so much a grant to individual students as it is an encouragement to the universities to offer supplemental programming in the French language instruction.

**MR. C. BIRT:** Just a couple of questions, and then I'm through.

What is the total, on an annual basis, teacher need for the Français Program and the Immersion Program? You said, I think, most of them being now, or the great bulk of them are being met, through our provincial system. Could the Minister give us sort of rough idea of figures and percentages?

**HON. J. STORIE:** I'm told it may be in the area of 100 teachers per year required, that boards would be canvassing for approximately 100 - that's all 48 school divisions and school districts.

**MR. C. BIRT:** That's all three or just the Français and the Immersion Program?

**HON. J. STORIE:** No, that would be for the need for all three programs, recognizing that the Français Program has been and is quite stable. The Immersion has seen an increase from '85 to '86 of approximately 1,600 students. The Basic French has seen a tremendous increase from 23,000 to 41,000, and there has been a corresponding drop in conversational French which the Basic replaces.

**MR. C. BIRT:** If the system is requiring about 100 a year, what is the total number of teachers involved, required to teach French on a general basis?

**HON. J. STORIE:** Again we're talking about a guesstimate here, but there may be 1,000-1,100 involved in the teaching of French courses. It's difficult to calculate how many teachers are actually involved in the Basic French because many of them teach other subjects. So we may be talking in the range of 1,000.

**MR. C. BIRT:** Roughly, there is a 10 percent turnover or new openings each year in this field and that 10 percent or some 100-odd teachers who are required, is it 80-90 percent of them being met through the Manitoba educational institutions?

**HON. J. STORIE:** Yes, I'm told through St. Boniface alone there may be as many as 80 graduates.

**MR. C. BIRT:** Can most of them find employment in Manitoba?

**HON. J. STORIE:** Thank you.

**MR. CHAIRMAN:** The Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you.

First of all in going through the Estimates I was amazed to discover that divisional administration curriculum development and education support don't need any secretarial help and I have to congratulate them. I think it's wonderful they seem to all be able to survive that way.

But to deal with the major questions here. How well do the curriculum for French subjects and the same curriculum for English coincide? In other words - and I'm not really concerned about the elementary grades - but I am concerned if they get into the junior-high, senior-high so do they choose to leave one to go into another, particularly immersion of young people, how is the skill level achieved?

**HON. J. STORIE:** I'm told there's a very close correlation between the two.

**MRS. S. CARSTAIRS:** Do the curriculum consultants in both official languages work together in developing that curriculum?

**HON. J. STORIE:** Yes, Mr. Chairperson, because they're members of the same task group with a specific task and there is some continuity and consistency.

**MRS. S. CARSTAIRS:** I asked that question specifically with regard to the English language arts curriculum in Immersion, because I understand there was a major split between the language arts consultants in English as opposed to the language arts consultants in the BEF Program that some of the L.A. curriculum teachers were, in fact, saying they wanted to have their names withdrawn from the committee because the program did not include the kinds of speaking, writing and listening skills that they thought were essential.

The French teachers were arguing they were very much a part of, in fact, the French language programs,

that when they had English classes they could, in fact, concentrate on drills of that type of thing.

Has that, in fact, been healed and has the curriculum which was chosen and which I understand was withdrawn in the United States because it was considered an inadequate curriculum, is that still our curriculum in L.A. for our French Immersion students?

**HON. J. STORIE:** I understand while there were clearly some differences of opinion, that rift was not seen as fatal or many of, I guess, the concerns that were raised have been addressed one way or another.

The question about whether - I understand it is basically the same curriculum as the Language Arts Program in English and the differences have been overcome.

**MRS. S. CARSTAIRS:** What types of assessment instruments are available now for standardized testing in French Immersion? Especially, for example, in English language. It's not fair to test a French Immersion student with an English language test designed for an English language student.

**HON. J. STORIE:** I think, as the member knows, because of the specialized nature and the small population, a lot of the major companies who are producing basic skills tests have not taken as keen an interest in this as they perhaps might. However, with the help of some universities and some other interests, our ability in terms of assessment is improving in that area.

**MRS. S. CARSTAIRS:** In the K-3 curriculum, I know in the English Language Program there's been an awful lot of work done in trying to recognize learning disabilities and reading and math difficulties, but again a lot of that available material is there in English. Are there inservices being provided for the français and the Immersion teachers to help them identify the same kinds of problems in getting the necessary resource help and to put it in a framework? There was a point in which most of the French Immersion students were certainly very upper middle-class children and tended to have, if anything, high average IQ's and that's no longer the case. You're going to have the difficulty, it would seem, of identifying children in real need, but you're going to have to identify them in French as opposed to identifying them in English.

**HON. J. STORIE:** I guess the only - the member makes a point, I think, that's valid. I can only tell her the bureau responds in the best way it can to assist people in developing individual teachers and, I guess, school divisions in developing additional resources, additional learning materials. I'm told by staff it's difficult to just use the material, and I think the member acknowledged to simply translate it, that in some instances it requires a fundamentally different approach, but they're working with their limited resources to assist where they can.

**MRS. S. CARSTAIRS:** How much money is put aside within the bureau for professional development and what kinds of courses are available for Immersion and français teachers in the area for professional development?

**HON. J. STORIE:** You're referring to staff development?

**MRS. S. CARSTAIRS:** Yes.

**HON. J. STORIE:** I'm told actually, in terms of the province, there are very few opportunities, or relatively few, in that as opposed to professional development travel in terms of staff, that oftentimes resource people are brought in to assist the curriculum consultants and the branch personnel directly, so most of the opportunities, obviously, would lie in other areas of the country and internationally. So, we're relying, I guess, on internal expertise experience to a large extent.

**MRS. S. CARSTAIRS:** What kinds of support are being offered by the bureau, if any, in order to develop resource teachers within our French Immersion schools?

**HON. J. STORIE:** That area is not dealt with specifically by the bureau, that the Child Care and Development has responsibility provincially.

**MRS. S. CARSTAIRS:** I think to any parent who is going to put their child in a French Immersion Program, there is always that, do I or don't I, is this child ready, is it mature enough, can it handle two languages, and on and on. Has the department, and particularly the bureau, developed any kind of - I hate to use the word criteria because that would say you could bring in some and not others - booklet or some kind of education material that would say these are the most frequently asked questions about whether I should put my child into French Immersion, here are the answers.

**HON. J. STORIE:** I understand the department has not done that, but the Canadian Parents for French have, in fact, developed a parents' handbook for helping parents to make the decision about whether Immersion is for them and what questions, I guess, would need to be asked before that decision is taken. I recognize that it's an important decision. I suppose if the parents were to ask or to consult with departmental staff that they would provide them whatever assistance they could, but there is no formal procedure for offering advice to parents.

**MRS. S. CARSTAIRS:** Can parents access that material through the bureau?

**HON. J. STORIE:** Certainly, Mr. Chairperson, parents have from time to time requested representatives from the bureau to attend parent meetings, public meetings to offer advice, direction, that kind of thing. To the extent there is time available, the staff are certainly prepared to do that.

**MRS. S. CARSTAIRS:** I must admit to being somewhat shocked to see a \$61,000 reduction on the library budget. I would think that kind of material is absolutely essential for good curriculum development.

**HON. J. STORIE:** I guess the only justification is that for a number of years fairly substantial purchases have been occurring and that like all departments from time to time a rethinking is taking place about the purchases

and the necessity and the appropriateness, and given I suppose the constraints the department is feeling along with government, at some point a priority is established within the bureau to reduce here and not there, and this is one of those occasions.

**MRS. S. CARSTAIRS:** A final question, and more of a comment I guess than really a question, and that is I think we've all become aware since The Official Languages Act there is a sensitivity . . . the second official language in this country, and in this Canada-Manitoba agreement which exists with other provinces as well with regard to French Immersion, there's a lot of materials that are provided in the Immersion schools and the français schools which are not provided obviously to other schools. It creates a lot of ill will. I wonder what kind of controls the government has - nobody objects to the textbooks; nobody objects to the library books or the film strips - but when, and as I personally experienced, it ends up being in two microwave ovens for the staff room of the French side of the school where there isn't one on the English side of the school or when they have unlimited paper supplies, and unlimited coloured paper supplies, it causes an incredible amount of resentment, unnecessary resentment, because all of our children in this country should grow up to be bilingual.

**HON. J. STORIE:** I suppose there are many instances where people have made assumptions about why things happen. Certainly in the kind of incidents that you've presented, the scenario you have painted for us, are not necessary, that there are no - at least in my understanding - provisions within the current Canada-Manitoba Official Languages Program, grants for that kind of service; that those are the kinds of things that would normally be provided either by staff themselves or by the schools and sometimes, I guess, these things are unfortunately tied to other more obvious differences. I would suggest that this is probably one of those cases.

Certainly in terms of the provincial participation, the number of grants and the extra assistance that is provided is fairly limited. We have been fortunate in that we have the Canada-Manitoba Agreement which allows us to offer incentives and assistance in other areas, but that comes to us by way of, I think, a satisfactory agreement with the Federal Government. Certainly those kinds of instances, which you relate, don't do anything to promote better understanding and a greater support for those kinds of programs.

**MR. CHAIRMAN:** The time being 5:30, I will adjourn the proceedings. We will reconvene at 8:00 p.m.

## SUPPLY - ENERGY AND MINES

**MR. CHAIRMAN, C. Santos:** The Committee of Supply has been considering the Estimates of the Department of Energy and Mines. We are now on Item No. 2.(a)(1) Energy, Policy Planning and Project Development: Salaries.

The Honourable Member for Lakeside.

**MR. H. ENNS:** Thank you, Mr. Chairman.

When last the Committee dealt with this item, we had a reasonable discussion. I'm sure the Minister would

Tuesday, 5 August, 1986

consider much of it, or some of it, outside the realm of the particular Estimates that we're considering; but that, Mr. Chairman, only points out in my judgment part of the dilemma.

The Department of Energy and Mines is a relatively new department of government and I would look to the department as being the group gathering the expertise, and advise and direct important energy questions, policy formations, and indeed the delivery of it.

We find ourselves, Mr. Chairman, in a situation in Manitoba in the last relatively few years having so dispersed our important questions of energy in different houses and in different shops, the principal one, of course, still maintaining and continuing to be Manitoba Hydro itself, which appears separately and answers to a Legislative Committee once a year at the review of its Annual Report.

We have the equation of the Manitoba Energy Authority under its own legislation. Obviously, Mr. Chairman, very instrumental in policy formation and indeed in contractually carrying out energy questions with respect to the Province of Manitoba, and we have the department now being considered under the Estimates Review Department of Energy and Mines. I find that, as a legislator, somewhat disturbing, that it's separated in such a . . . .

I, Mr. Chairman, don't particularly object to the fact that policy formation on such important matters as energy to this province have evolved to become so important in the public domain, and governments of the day are involved on a daily basis with the important decision-making, as distinct from several decades ago when the Crown corporation, such as, Manitoba Hydro, clearly had its mandate set out in its legislation and pursued it with prudence, with diligence. We attempted to make sure that Hydro was supplied with the necessary resources from time to time through this Legislature by way of capital borrowing bills.

But the discussion of energy gets very diffused is the point that I'm making. It becomes confusing, and this is the only other issue that I will touch on this item if we let this matter pass, Mr. Chairman, without violating or raising issues that may or may not still be under review by another judicial inquiry. I would ask the Minister: What is the relationship with the department with the Manitoba Energy Authority in terms of the funding, in terms of approval for programs carried out by the Manitoba Energy Authority?

Information laid on the table at another inquiry would seem to indicate that Manitoba Energy Authority receives its funding through the Department of Energy and Mines. I simply ask the Minister the technical question about how that is still operating, and is it the intention of the department to carry on operating that way? In other words, Mr. Chairman, do the matters raised by the Manitoba Energy Authority, whether it's contractual work, whether it's other undertakings undertaken by this body, do they require the normal approval of this department in terms of auditing, in terms of pay outs? If so, I would assume that the Minister responsible, the Minister of Energy and Mines, continues to have clearly an Executive Council responsibility with respect to anything that transpires in the Manitoba Energy Authority.

**HON. V. SCHROEDER:** The Minister of Energy and Mines, of course, is as well responsible for the Manitoba

Energy Authority that we have. We do the accounting and finances for the current expenditures of MEA, which work out to approximately \$250,000 a year. For that, we are basically doing the paperwork through this department.

While I'm up, there had been several questions with respect to reports and so on dealing with gasohol and so on, the fleet test, propane fleet and methanol fleet and so on. I'll pass those documents, if they could be passed over to the Opposition Energy critic, as well as a copy of a report from the Canadian Journal of Mines on the prospects of our potash mining. I don't have a date on it, but I'm told it was roughly November or December of 1985. We're slowly digging up other material. The individual who is the author of that document is a G.S. Barrie, who, I am told, is a federal civil servant who is an expert in that field.

**MR. H. ENNS:** Mr. Chairman, I appreciate the Minister's providing us with that additional information. Much of this information, Mr. Chairman, I might just put on the record, comes to us late in the day in terms of meaningful examination and questioning. We are moving this Estimates process along and have every intention of doing so. I make that same statement with respect to a great deal of information that was tabled for us by the Minister on Friday, some of it which just became available to me today from the Clerk's Office, with no reflection on the Clerk's Office. It was voluminous information to be copied, which we understand is just available to us today.

Mr. Chairman, coming back to my question with respect to the Manitoba Energy Authority, where in these Estimates then or is there anywhere in these Estimates that \$240,000 the Minister referred to that is roughly allocated to the Manitoba Energy Authority's shop?

**HON. V. SCHROEDER:** That's in 2.(b), Page 26 of the supplementary information.

**MR. H. ENNS:** Sometimes having too much information is no great help. This is the official Estimates Book that we're dealing with. We're dealing with Item 2.(a), Policy Planning and Project Development. We have a sum of \$733,800 there along with Other Expenditures of \$161,000.00. We then go into more specific programs, such as the provincial energy programs, the provincial audit programs. But is there an amount - pardon me. I see another amount here for - no, that's the Manitoba Energy Council.

I'm asking, where in the Estimates, in the printed Estimates Book that is our official guide as we go through these Estimates, would that amount of money be allocated or shown for the Manitoba Energy Authority?

**HON. V. SCHROEDER:** Mr. Chairman, I would refer the member to again Page 26 under Other Expenditures. I'm told that the only MEA expenditure that shows is the item of \$235,000 public debt. That's the portion that flows through this department. The rest is shown in MEA.

**MR. H. ENNS:** Well, if I understand the Minister correctly, then Manitoba Energy Authority receives its

own capital or funding under a loans bill of some description, and then the money is advanced and processed by the department by the payroll officers, by the audit and accounting people of this office. But it would seem to me, Mr. Chairman, a somewhat unusual practice. The supplementary information book, as the Minister has indicated, describes the appropriation, but nowhere do we have a line for that amount in these Estimates. However, be that as it may, that's the way it seems to be. The Manitoba Energy Authority gets its own funding through special loans from time to time, but then it's processed by this Minister and by this department.

Mr. Chairman, I would assume that means that his departmental officials have to approve of the requests for funding from time to time. If, for instance, a consultant is hired by the Manitoba Energy Authority, the paperwork passes through this department's hands. This department's auditors and accountants satisfy themselves as to the terms of the agreement. I agree that they aren't making the policy decisions with respect to whether that person may or may not be hired, but certainly they are fully apprised and aware of what is happening by the Manitoba Energy Authority inasmuch as this department has to flow the funds that then go to any particular project that the Energy Authority has entered into.

Mr. Chairman, let me be very specific. In the event of the Manitoba Energy Authority having hired a consultant and that those monies owing to that consultant for work being carried out are processed by this department, and eventually approved by the Minister of Energy and Mines,

**HON. V. SCHROEDER:** Mr. Chairman, the example cited would not require the approval of the Minister of Energy and Mines; it would simply require the approval of the Chairman of the Manitoba Energy Authority, which is an independent Crown agency in the same way as any other is. We simply are using this mechanism in order not to duplicate the whole accounting procedure.

**MR. H. ENNS:** You see, Mr. Chairman, I was making references to, in my judgement, less than satisfactory diversion and diffusion of energy questions that have developed in the last relatively few years in Manitoba. We now have that even spreading into what I would call normal housekeeping and accounting practices.

I find it somewhat strange that departmental officials are being asked to process and pay out public money on something that they have no hand in the decision-making as to whether it's appropriate and monies that would seem to also circumvent the other normal checks that are in place.

I would ask the Minister a further question, do these kind of monies require the approval of Treasury Board, for instance? I know that any programs that his line department is responsible for does; at least I would assume it does.

If you enter into an agreement - one of your energy programs that we will be dealing with shortly - requesting a flow of \$50,000 or \$100,000 to be paid to cover some of the expenses involved in energy programs, I would assume that the Minister or appropriate departmental officials require Treasury Board approval for the flowing of those funds.

The Treasury Board is there, not to intervene with the operations of a line department once the programs are approved, but to ensure that actual public monies that flow as a result of commitments made by a department are done so in accordance with the act, or done so in accordance with agreements and policy decisions that have in due order received appropriate - either Cabinet decision or Committee of Cabinet decision - then proceed to Treasury Board for approval; that the method and way in which a department is going to pay out these funds meets with all these checks and balances that are in place for a very good reason in our system.

**HON. V. SCHROEDER:** The Manitoba Energy Authority is like any other Crown corporation. A Crown corporation can go out and do a \$50,000 consulting contract, as with the example given by the member, and it doesn't come to Treasury Board. I can't think of a single Crown agency where that kind of a contract would come to Treasury Board or to the Minister involved. Now it may be that there should be changes.

But the Energy Authority, under regulations, under legislation passed by the Lyon Government, basically set up in the same way as any other Crown corporation and the act itself specifically - I don't have it in front of me right here - but I recall reading it several weeks ago when this came forward. The act specifically gives that Crown corporation the authority to do business without the approval, in the ordinary course of business, of the Executive Council in the same way that other Crown corporations function.

There is no difference between this Crown corporation and other Crown corporations. It is under the jurisdiction of Crown Investments like other Crown corporations. It is not under the jurisdiction of Treasury Board exactly like Manitoba Hydro, exactly like Manitoba Telephones, exactly like McKenzie Seeds, Manfor, the Liquor Commission and so on and so on and so on. It is simply not correct to say that there is something different about this Crown corporation, incorporated by the Lyon Government, and other Crown corporations. So I reject entirely the notion that somehow this operation is somehow coming around some corners. That is simply not correct.

In fact, we're giving the Opposition all kinds of opportunities. I'm not objecting on the basis of the technical requirements of this department. You have the opportunity to talk about it here, you can talk about it at the MEA hearings where any time you pass the report of a Crown agency, you can discuss consulting contracts, you can discuss anything you want with respect to what that agency has done during the year. You're free to do that.

We do not take, as a department, the direct control over that Crown agency anymore than any other department takes direct control over any other Crown corporation. It is not a different Crown corporation from others.

**MR. H. ENNS:** Mr. Chairman, that's part of the problem; it is different. When Manitoba Telephones decides to set up a subsidiary in Saudi Arabia, it doesn't ask this department to flow the funds. When Autopac decides to hire a consultant, it doesn't ask this department to

flow the funds. I can't think of any other Crown corporation that asks the payments of the funds to be handled by a line department, by a Deputy Minister, by the accountant of that department. And when funds flow through a department I assume the Minister is responsible. I would sit very uneasy in a Minister's chair that was responsible for the flow of several hundreds of thousands of dollars that had to flow through my shop and have no accountability for it. That's precisely the point that I'm making, Mr. Chairman.

I agree that the Manitoba Energy Authority has its own statute. It's set up as a Crown corporation, but for what this government has chosen - and I don't take issue with the Minister - it was certainly set up I believe in the year 1979-1980 by a previous administration, at that particular time, a largely consultative body. They were not, partly because of the fledgling nature of the corporation, I suppose, it was not an opportunity to flow funds or to call on public funds. But I think the government finds itself in a situation now where it is open to this kind of questioning.

MTS, other Crown corporations, McKenzie Seeds do not ask line officers in a department to process their payouts; Manitoba Energy Authority does. It seems to me therefore it makes the traditional arm's length distance of the two entities a little harder to explain or a little harder to insist upon.

The fact of the matter is that every action to date undertaken by the Manitoba Energy Authority, whether it's the hiring of consultants or the buying of some specialized equipment, or I assume their travel plans, all that information flows through the Department of Energy and Mines. I assume that the Department of Mines must - because I have too much respect for officials working, not just for this department but for all departments of government - but people don't simply affix their signatures or sign approvals to the issuing of 30, 40, 50, 80, \$100 thousand of public money.

Somebody certainly satisfies themselves that is responsible for initialling the authority to make payment under certain contracts or obligations entered into by the Manitoba Energy Authority, that this is appropriate; that this is right and the thing goes to the payroll office of the Department of Energy and Mines and the Department of Energy and Mines writes out the check. Now that is unique; that is different than any other Crown corporation and that's the only point I'm trying to make, Mr. Chairman. I don't think the Minister can fault me for making that point. That makes it a different kind of operation than one that the Minister has suggested of being simply another Crown corporation.

**HON. V. SCHROEDER:** Mr. Chairman, as I've indicated, The Manitoba Energy Authority Act establishes a body corporate as represented by its board of directors, Section 2 of that act.

The act also provides for the appointment of a chairman, vice-chairman, Section 16; executive director, Section 27, who shall be the chief executive officer responsible for the management, direction, control and administration of the authority.

The proclamation of this act in 1980 created a statutory Crown corporation. Subsequent Orders-in-Council appointing its board, confer upon the chairperson, board, and executive director, authority

to act on its behalf as an autonomous Crown corporation. The authority, like any other Crown corporation, is exempt from statutory requirements, as for example: Financial Administration Act, Appropriations Act; and administrative requirements, as for instance, Treasury Board imposed upon government departments. Pursuant to Section 27(2) "The executive director has the management, direction, control and administration of the day to day operations of the Authority."

Section 12(2) of the act, and this is back in 1980, explicitly provides that "the approval of the Minister is not required for contracts for the supply of goods or services to the Authority entered into by the Authority in the normal course of business."

It is very, very specific. The Minister's approval is not required. It is very clear that Mr. Eliesen, the chairman, has the statutory authority to make decisions and expenditures without reference to central government, subject to the availability of funds.

It is very clear that's the way the corporation was set up and the question simply is: Do we now take that Crown corporation and say to it, don't save the money, do set up your own mechanism now?

We audit the corporation like any other Crown corporation is audited. We have the Standing Committee at the end of the year, like any other Crown corporation. We do all of those things. The Accounting Department would on its own, if it saw anything wrong in the same way as any department, say so if there was something wrong with respect to any bills coming through. There is very clearly no greater responsibility than that. There is not a day-to-day kind of regulatory authority.

The simple solution to the problem, if the members see one, is to simply expend more money, set up another accounting operation. The money shown in the Department of Energy Estimates has nothing to do with any of the operations, and I may have misled members opposite because I wasn't sure about it; it has nothing to do with any of the operations of the Manitoba Energy Authority. It doesn't pay the bills out of our Estimates for any consulting contracts, for any salaries, anything like that. All it does it pay the public debt portion which is owing by MEA.

**MR. CHAIRMAN:** The Member for Morris.

**MR. C. MANNES:** Along the same line, Mr. Chairman, the Minister seems to be indicating that then once this appropriation is passed, the Manitoba Energy Authority has complete licence to do anything they wish with the expenditures of funds.

**HON. V. SCHROEDER:** Mr. Chairman, just like any other Crown corporation, we're not here to discuss that Crown corporation. We are not here to approve the spending proposals of the Manitoba Energy Authority. We are here to approve the Spending Estimates of the Department of Energy and Mines and the only reference to MEA has to do with the public debt payment, which, whether we like it or not, we're going to have to pay.

**MR. C. MANNES:** Mr. Chairman, how come that explanation wasn't given sooner, I daresay a month

ago, when this was an item that was receiving a lot of fanfare and a lot of public attention. The Minister talks about the public debt funding associated with the Energy Authority.

**HON. V. SCHROEDER:** Mr. Chairman, I wasn't asked a month ago, but as I indicated to members of the Committee, the only money in the Energy and Mines Branch for MEA is under, what is it, 2.(b) Other Expenditures, Public Debt \$235,000.00.

The rest of it, in terms of whether this Crown corporation should be treated differently than other Crown corporations, in terms of Treasury Board approval, in terms of its reporting to Crown investments, those sorts of things, when I heard about the controversy, I checked it out.

There was a legal opinion done some time ago by Aikins, MacAulay and Thorvaldson, from which, incidentally, I was reading the statement that it is an autonomous Crown corporation, like any other, which is exempt from the statutory and administrative provisions and so on. It's very clear. There's just absolutely no question about it. In fact, you're getting as many kicks at the cat as you will at any Crown corporation and more. I have no objection to that, no problem with that at all, but to suggest that somehow we're doing something that's different . . .

Well, there is something slightly different and the Member for Lakeside is right. We have here a department paying the bills, not from its own money, but from the Manitoba Energy Authority Appropriation; they're paying the bills for the MEA, rather than having MEA set up its own financial officers. We could set up our own financial officers and that would make it exactly like every other Crown corporation. It wouldn't change the access the Opposition or anyone else has to asking questions about the MEA; all it would do is cost more money. It wouldn't change any of the other procedures; that's all it would do.

But it's very clear that authority was from the beginning, one which did not require the approval of the Minister, which means it didn't require the approval of Treasury Board, the Minister, the Executive Counsel or anyone else for making decisions, so long as it had the funds available. The funds are available through The Loan Act and they are entitled to proceed as long as there are funds available.

**MR. C. MANNES:** Mr. Chairman, I don't have my previous Estimates with me. Was this always the case, or was there a specific appropriation within previous Estimates that had a line for the Manitoba Energy Authority?

**HON. V. SCHROEDER:** Mr. Chairman, I'm told that last year nothing other than public debt showed, but I don't know exactly what the amount was; presumably it would have been less. We're checking it, if you want to wait a minute.

**MR. CHAIRMAN:** The Member for Lakeside.

**MR. H. ENNS:** I'm not making a big federal case about this question. I'm simply pointing out that in my judgment the department, because of this - and I call

it a unique arrangement - and I'm not challenging that arrangement ought to be changed. The Minister points out that we want the Manitoba Energy Authority to duplicate the accounting practices, set up its own accounting operation. Arguments may well be advanced that this is a more appropriate way of doing it, and certainly I'm not going to suggest to the government or this administration a greater proliferation of bureaucracy simply to satisfy the point that I'm making; that's not it at all.

The point that I'm simply making is - and it has some significance to myself and I think, bearing on the role the department plays - that by agreeing to doing the accounting and bookkeeping services for the Manitoba Energy Authority, that inextricably connects the two institutions, namely, the department and the Manitoba Energy Authority.

I would assume, Mr. Chairman, and I appreciate that the Minister has indicated earlier that the chairman of the Manitoba Energy Authority, guided by his board of directors, has full legislative statutory authority in entering into any agreements that the legislation provides, specifically indicates that he can, without any recourse to the Minister of Energy and Mines, but let's assume that the chairman of the Manitoba Energy Authority enters into a \$40,000 or \$50,000 a year contract which the department has to process, surely the department has to satisfy itself that it's paying out the appropriate terms of the contract, that it's paying out \$40,000 if that's what it calls for, and not \$80,000.00.

Certainly to that extent the department officials have to have some verification, some accountability that the monies they are paying out are indeed the monies that the Manitoba Energy Authority, with full authority, contracted for, and that indeed the services are being provided that the money has been paid out.

You see, Mr. Chairman, you can't be paymaster and at the same time walk away from any accountability. That's the only matter that I'm raising. I understand the relationship the Minister has indicated; the authority has very clearly its own very broad legislative authority. It has its own capital funding program and I understand the role of this department, but I just want to put it on the record that I find it inconceivable that the department that flows the money, the department that pays the bills, has not also in place the kind of automatic mechanisms that satisfies the responsible officials who are blowing this money, where this money is going to, thereby, Mr. Chairman, link the two operations together.

I would say, Mr. Chairman, that under these circumstances, under this arrangement, it is not possible for a Minister of Energy and Mines, the Department of Energy and Mines to indicate or to plead ignorance of what is transpiring in the Manitoba Energy Authority. That's the only case I want to make, Mr. Chairman.

**HON. V. SCHROEDER:** Mr. Chairman, the Energy Authority determines whether it wishes to enter into a contract. Once that is done, then the same procedures apply with respect to pay out, as would apply to a similar contract entered into by the Department of Energy and Mines, exactly the same, from our financial perspective.

There's preparing the vouchers for payments of all suppliers, accounts consistent with the province's

central accounting system, including maintaining contract control records and initiating payments on monthly commitments, if they happen to be that way; verified transactions processed listings - that is, accounts paid to ensure financial data has been accurately transcribed, including a review of month-end status report by type of expense report; liaison with central agencies and suppliers to ensure inquiries are properly and promptly resolved, but that is where it ends.

It doesn't go between the people doing that work and the Minister to determine whether somebody should be paid. The only thing that's happening here is a saving of money. There's nothing that makes it unusual, in terms of the processes, other than the member's absolutely right, that in larger Crown corporations we set up our own process. Just in case there's anyone who misunderstands, and I've quoted several times Section 12(2) of the act, I should also quote Section 12(1), and I'll read that: "The Authority may consult and, with the approval of the Minister, enter into agreements with the government of any other province or of a territory of Canada or the Government of Canada or the Government of the United States of America or any state thereof or an agency of any of those governments providing for the production and management of energy upon a cooperative basis," so that major contracts, clearly, cannot be entered into by the Energy Authority for the sale of power without the approval of the Minister.

However, I'll read Section 12(2): "Notwithstanding Subsection (1), the approval of the Minister is not required for contracts for the supply of goods or services to the Authority, entered into by the Authority in the normal course of business." That only stands to reason, if you have a Crown corporation engaged in specific business which they've been instructed to enter into by the government.

**MR. H. ENNS:** Mr. Chairman, my understanding of how the arrangement works with respect to the Manitoba Energy Authority in the department - and I'm pleased that the Minister has put it on the record - there's no fundamental difference. The difference is who authorized the particular contract or service or project.

In the one case, it follows directly through the line department from the Minister's desk, the Deputy Minister's desk. Once an obligation or contract has been entered into, the mechanical procedures are the same. For either a contract that was let or issued by the department or by the Energy Authority, the same appropriate checks are made to see that the matters are carried out expeditiously and properly.

Mr. Chairman, in so doing, the Department of Energy and Mines has to - and that's the point that I'm making the last five minutes - and is, constantly aware of what is happening in the Manitoba Energy Authority's shop. That's a matter that I want to lay on the record, Mr. Chairman.

I have no further questions on this item.

**MR. CHAIRMAN:** 2.(a)(1)—pass; 2.(a)(2) Other Expenditures—pass.

2.(b)(1) Energy, Provincial Energy Programs: Salaries - the Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, I alluded to this earlier, as did the Minister in the introduction of his Estimates.

Would this be the appropriate line where he could give us a bit more information or we can do some more questioning about the recently announced \$50 million energy program, which I understand is a payback program that will advance, will allow clients who have successfully entered into various different forms of energy savings programs to pay back, from the actual savings the programs have instigated in their projects, the kind of monies that we're talking about?

I'm not totally sure about the total nature of the program. Is it a combination of loans or outright forgivable grants? Is it a combination of both? The indication seemed to be that this was essentially a loans program, but I'll let the Minister explain further.

**HON. V. SCHROEDER:** Mr. Chairman, the program, the exact method of proceeding with that loan fund, has not yet been approved by Cabinet, but what we're looking at is an increase in the loan amount for the residential component and other components.

The member is right, we're not looking at providing grants under this program. It would be loans, loans of larger amounts than people are currently eligible for and loans at reasonable rates of interest, which as I say, we still haven't agreed to as a government, but we're working on it.

**MR. H. ENNS:** Mr. Chairman, allow me to briefly - and I don't do this all that often - the Minister may want to charge me with pleading special vested interests - but I am very pleased and proud to have in my constituency, in the little community Elie, a small, hopefully soon-to-be-larger firm involved in some very sophisticated high-tech devices. I think the Minister indicates that he might be familiar with this.

It has to do with putting in place sufficient energy savings, particularly in the case of parking lot plug-ins and all manners of applications, particularly where you have larger units, public housing units. I understand the Winnipeg Housing Region is currently negotiating an installation of this equipment in some of their units.

I know that the firm has been talking to people at the University of Manitoba. I've endeavoured to have our own Government Services Minister . . . anybody that's operating commercial and public, as well as private, residential, but particularly if you're operating any number of plug-in facilities for our long extensive winter, I'm told that very significant savings can come about.

What the device actually is is a pretty sophisticated miniature computer right into each unit which feeds out the energy requirements as the temperature varies outside, as the temperature of the motor engine that's plugged in. I know, Mr. Chairman, we have devices on the market now that simply work on a clock system where they'll allow energy to flow for 10 minutes and then shut it off for 10 minutes, intermittently, and they of course effect some savings too. But this really is high-tech.

They have successfully engineered this device and this program, received initially some support from the National Research Council, have gained all the necessary approvals for the device. Now, of course,



Mr. Chairman, they are looking for business opportunities and are currently employing some seven or eight people in their little community of Elie.

They have in the past five or six months, spent considerable time setting up different distributing arrangements, dealer arrangements, both in Canada and, particularly, the Northern United States, and one hopes that this kind of an industry would succeed. I speak to the Minister, as well in his other portfolio that he carries, the Minister responsible for Trade and Technology, that it would seem to me this kind of birth of a young and aggressive firm would be something that we all would want to see succeed.

Having made those few comments, I would ask - because I was asking specifically - how does a firm with a product like that, that is tailored specifically to energy conservation, avail itself to this program; or can it avail itself to this program? Can it approach a developer who's building an apartment or somebody else that is putting in new facilities; is it upon the initiative of, say this company involved, to sell themselves to the person doing the building of the project? How can the department become involved in saying, yes if you install these devices and, if, upon later audits, we can show that we have affected 50, 60, and 70 percent energy savings as a result of it, then my understanding of the program is that there would be a possibility for - whatever the terms of the agreement were - for the purchaser of this equipment to have some of that additional cost of that equipment paid back under this program. Is that anywhere near a ballpark idea of how this program is going to work?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, if the company can demonstrate that those kinds of savings could accrue as a result of this kind of an investment, then I understand that they would very clearly be eligible and our EnergyBus, the audit group going around looking at businesses or people looking, the Home CHEC, etc., whoever would be able to utilize that, if there would be clearly a saving for that individual or that company, then that would be eligible as part of the loan, No. 1.

No. 2, I was aware of the project, not as a result of being the Minister of Energy and Mines, but rather Industry, Trade and Technology. My officials on that side were telling me about it and telling me that they are working with a group of management to develop - not necessarily develop the product - but to assist in any way possible to develop market.

**MR. H. ENNS:** Mr. Chairman, I appreciate the response from the Minister. Is this program going to be - and before leaving High-Tech Control, I believe is the firm's name that they call themselves - I encourage the Minister to actively pursue contacts with the company. It's my belief that that kind of an undertaking has every opportunity of succeeding.

They are now in the process of putting together the necessary sales that will enable them to commence steady production of the units involved.

Is this program designed essentially at commercial or larger users, the \$50 million program as distinct from some of the other programs?

**HON. V. SCHROEDER:** Mr. Chairman, actually we're expecting that it will be partially for residential and

existing buildings, partially for new houses, as well as for business and community and for schools. It would work out roughly just over half on homes with the balance in the industrial, commercial and institutional component.

**MR. H. ENNS:** Mr. Chairman, dealing with the Further and Other Provincial Energy Programs, on Page 27 of your Supplementary Guide, we have listed specifically a number of areas; recreation centres, arenas, schools; Enerdemo - which is home demonstrations - and hospitals.

Can the Minister indicate or give us some report? It seems to me in this country, in this province, and this climate that we have and recognizing the difficulties that all our local boards who do yeomen's service in trying to keep our recreational facilities operating, whether it's in the city or in rural Manitoba, that energy savings, energy costs have become and are our principal concern.

What kind of success are we getting in more and more of our complexes as they are involved into these programs you have? Can you give me some statistical evidence? How many recreational facilities? We're talking two out of four. Is that it? How many recreational facilities of one description or another in Manitoba, have availed themselves to some form of an energy savings program in Manitoba in the last year or since the event of the program?

**HON. V. SCHROEDER:** I believe your question refers specifically with respect to arenas and that sort of thing, sports facilities.

I do have a fair bit of information with respect to the overall. We could start with possibly the school retrofit, and as the member is aware most of our 800 schools were designed and constructed in an era of cheap energy and as indicated, we expect there would be a 20 percent reduction in energy consumption. If we had the entire school facility upgraded, and there's approximately a \$20 million annual energy bill on that so that's a fairly sizable saving that can be achieved, roughly in the area of \$4.5 million a year.

The province was divided into three areas - Winnipeg, rural, and northern - to analyze geographical differences and similarities in energy conservation methods. There are three project consultants selected from submissions received for request for proposal; 20 schools were selected via a competition based on a desire to establish a representative group with a diversity in size, location, heating systems and fuel types. So we wound up with Pierre Radisson, Stevenson, Avery, Prince Edward, Springfield, Transcona, and Westview Schools in Winnipeg: 4 Northern schools; Brochet, Leaf Rapids, Flin Flon and The Pas. 8 rural schools; Brandon, Ste. Anne, Roseau Valley, Minitonas, McCreary, Erickson, Beausejour, Berens River.

They were major retrofits and schools were responsible for payment of capital cost overruns. The two major retrofits had a maximum capital allowance of \$4.40 a square foot while the minor retrofits had a maximum capital allowance of 30 cent a foot. Measures included changes to maintenance and operating procedures as well as modifications to structural, electrical, and mechanical systems. There is assistance

in replication of the demonstrated measures. There's a seminar presentation on energy conservation in schools which was made at the Manitoba Association of School Trustees meeting in 1984. Seminars were presented in four regions of the province to explain the measures undertaken as well as to review costs and benefits and there were other presentations done.

Financial impact, 67 percent of the program funding was cost-shared 50-50 with the Federal Department of Energy, Mines and Resources under the CREDA Agreement which the member would be familiar with from I believe 1980. The remaining 33 percent was the responsibility of the retrofitted schools. Total program costs for the 18 minor retrofits were \$262,000 with estimated energy savings of \$100,000 which is a projected simple payback period of 2.63 years, which is a very good return on investment. On the two majors there was \$163,000 with estimated energy savings of \$55,000 which is a simple payback period of three years.

The arenas: as the member has indicated, there are real costs associated with the energy component. Again, there was a steering committee set up between Energy and Mines Manitoba; Energy, Mines and Resources Canada; Manitoba Hydro; and Culture, Heritage and Recreation Manitoba; and they again obtained project consultants from submissions received for a request for proposal.

The four facilities I believe referred to this year: Brandon Sportsplex, Flin Flon Aqua Centre, Pan Am Pool, Winnipeg, Thompson Recreation Centre.

The rural areas were Carman Arena, Lorette Sports Centre, Neepawa Yellowhead Centre, Roblin and District Arena, Stonewall Arena, and Roy Johnston Arena which is at The Pas.

Basically as a result of those projects - which again were successful - a total of capital costs for three of the four urban centres was \$369,330; actual energy savings of \$96,000 which was a 3.8 year payback, and on the rural arenas, \$370,000 with not-so-good a payback; actual energy savings, 27,300. This translated into a simple payback period of 13.6 years which is getting a little more difficult to justify.

But based on this, we went into the Business and Community CHEC Programs and since the end of these programs 257 groups had conservation projects approved totalling over \$5.3 million and 2.3 million of that is a provincial contribution. I assume the other 2.3 would have been federal.

The \$2.3 million provincial contributions of the 5.3 million, the projected energy savings for these projects is approximately \$1.6 million a year. I don't have a payback on that, but that would work out to certainly less than four years payback. It created 15,400 work days of employment during the period March, 1984 to March of 1986.

**MR. H. ENNS:** Mr. Chairman, I notice a pretty substantial drop in the Other Expenditures item in this appropriation from 1.7 million to 1.2 million. Does that have anything to do with the fact that the Minister was once the Minister of Finance and decided to reduce the amounts of money available to this section of the department? I wouldn't want to suggest that perhaps it had something to do with the fact that an election has come and gone and we can now be a little more

low profile in this area, but what is the reason for the drop of some .5 million in this appropriation, Mr. Chairman?

**HON. V. SCHROEDER:** There are several reasons, the first of which was that the Federal Government stepped back from the grant program, so that we're into this on our own. Secondly, even with that old program, the grant program, it was a maximum of \$15,000.00. It was 50 percent up to \$30,000, which meant a maximum of \$15,000 grant, and the individual would have to raise the other \$15,000 on their own and, very often, had some difficulty doing that.

The new program now would provide that \$30,000 as a loan so that the individual would not have to put any money up front and then would be able to repay the loan out of the energy saving, which makes it all the more imperative, obviously, that the energy savings really be there in order that they have sort of a cash flow in the sense that they don't have to pay money that they otherwise would have paid in order that they can repay this particular loan.

**MR. H. ENNS:** A final question, Mr. Chairman, on this item. What are the terms and conditions of the money being advanced under this program? What kind of interest rates are being charged? With the payback coming out of energy savings, I would assume that there has to be some flexibility built into it. A program saving 30 percent or 40 percent obviously can pay back faster than a program bringing about a 20 percent increase. Has the Minister, or has the department worked out terms and conditions for advancing these loans under this energy program?

**HON. V. SCHROEDER:** Mr. Chairman, the proposal is, and again it hasn't been approved yet by Cabinet, but the proposal would be that only projects which would have an energy saving component of in the range of at least 20 percent would be eligible for the loans. So that very clearly, the repayment could come from the energy saving. The rate of interest has not yet been fixed, but we would expect that it would be certainly more than competitive with the market, so as to encourage people to go ahead with these kinds of projects.

**MR. H. ENNS:** Pass.

**MR. CHAIRMAN:** 2.(b)(1) Provincial Energy Program: Salaries—pass; 2.(b)(2) Other Expenditures—pass.

2.(c)(1) Provincial Audit Program: Salaries - the Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, perhaps the Minister can tell us what he's doing in the Audit Program. This, I assume, is also energy related. Who are you auditing, the successful applicants to various energy programs, or is this related specifically to the community projects that you were talking about a little while ago, in the arenas and schools and hospitals?

**HON. V. SCHROEDER:** Mr. Chairman, this is the area where we have the EnergyBus Audit. A business, community recreation centre or whoever would contact

Tuesday, 5 August, 1986

us, and we would then go out and do an audit. I believe we're doing approximately 200 a year of those. If there was a demonstrated benefit to getting involved with the Business CHEC or Home CHEC or whichever one might be applicable, those people would then be moved from there into the Business CHEC, as an example, program.

In 1985-86, there were 196 facilities audited. Well, the member can read as well as I can.

**MR. H. ENNS:** Mr. Chairman, the obvious question is that you intend to do a lot less auditing in the coming year; is that what I read from the Estimates? You have some \$338,000 allocated for this part of your energy savings program, as compared to \$1.243 million in last year's Estimates.

**HON. V. SCHROEDER:** No, Mr. Chairman, as I understand it, this is where the grants that had been paid out previously will now not be paid out. That's converted into loans, and we're just talking here about the actual cost of the audits as opposed to the audits plus the grants.

**MR. H. ENNS:** I would assume that part of that \$1 million will be picked up under the newly announced \$50 million program that now becomes loans. Mr. Chairman, the Minister indicated just in response earlier to the other item, that the program as such, details have yet to be worked out. I'm hoping I heard him correctly, that he didn't indicate it still required Cabinet approval. — (Interjection) — It still requires Cabinet approval, so we as yet haven't got a program.

**HON. V. SCHROEDER:** Mr. Chairman, in a sense, the member is correct. We haven't sent the final details to Cabinet. What we do have from Cabinet is a commitment to the \$50 million Energy Loan Program over a five-year period, with general parameters which we were asked to come forward with a specific program on.

**MR. H. ENNS:** When would the Minister hope - can he give me some forecast as to when a program that he announced with some due publicity - when would the program be in place for applicants to begin to consider it?

**HON. V. SCHROEDER:** Mr. Chairman, I should say the program was not announced but it was shown in the background Budget documents when the Finance Minister presented the Budget, although admittedly in very bare bones, but the \$50 million showed there.

The intent is that we be ready for the fall, and we should have it fully in place and approved before the 1st of October.

**MR. CHAIRMAN:** 2.(c)(1) Provincial Audit Programs: Salaries—pass; 2.(c)(2) Other Expenditures—pass.  
2.(d)(1) Cut Home Energy Cost (CHEC): Salaries.

**MR. H. ENNS:** Mr. Chairman, to the Minister, what is currently available to the homeowner in terms of improving the energy costs in his home? Is that CHEC Program still running as originally announced? Can

people take on certain renovations, repairs, installation of better windows, etc., better insulation qualities in the home and still avail themselves to this program as an individual homeowner?

**HON. V. SCHROEDER:** Mr. Chairman, I was busy listening to two people and I missed that final question.

**MR. H. ENNS:** I'm simply asking for an understanding that this program is an ongoing program; it's available to Manitobans who meet the criteria. This is the program, if I understand it correctly, where repairs, renovations to the private home - am I dealing with wrong program? This is not a home improvement type of program but energy-related. But under this program for instance, and I do get calls on this program, would things such as even the insulation of a better double-pane to triple-pane window for instance, fall under this kind of a program?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, currently there is a maximum \$1,000 20-year loan repayable at 9.5 percent which works out to \$9.33 a month on a Hydro bill where we are, of course, hoping to before October 1st move that over into the other \$50 million loan fund and hoping to increase the amount of that loan because it's not a great deal. It is a retrofit program for energy upgrading so that the triple-pane window, as an example, would qualify providing that it saved energy.

**MR. H. ENNS:** Mr. Chairman, can the Minister give me an indication of how many homeowners have availed themselves of this program in the last year?

**HON. V. SCHROEDER:** Approximately 45,000 have availed themselves of the program. The CHEC loans are for 45,000 homes. We are now, in terms of the CHEC audits of homes, in '85-'86 we checked approximately 3,000 and we would anticipate that would be somewhat similar in the coming year.

Actually in the coming year, with the new program, we would anticipate that there would be more CHEC-UPs because in order to get the new loan, we are anticipating building into the criteria, a CHEC-UP before the loan is issued so that we would take a look at the home. That means that there would be more CHECs.

**MR. CHAIRMAN:** The Member for Lakeside is passing.  
We are passing Cut Home Energy Cost (CHEC) 2.(d)(1). 2.(d)(2) Other Expenditures—pass.  
2.(e) Manitoba Energy Council - the Member for Lakeside.

**MR. H. ENNS:** Well, Mr. Chairman, maybe the Minister can tell what the Manitoba Energy Council has been up to in the last 12 months. By that I mean have they convened meetings, have they had meetings, have they made representations to the government; to the Manitoba Energy Authority? I'd appreciate, Mr. Chairman, that this Minister has relatively recently taken over the responsibilities of Energy, but perhaps the Minister or his officials could give him some indication as to what the Energy Council has been doing that should encourage us to provide them with an additional \$35,000 for the coming year.

**HON. V. SCHROEDER:** Mr. Chairman, the group represents industry and consumers and the general public. When we make changes in policy, we vet that through the Energy Council so that as an example, the \$50 million loan fund; the terms and conditions which we will be imposing are being discussed with that agency. They have also been concerned with examining least-cost energy supply options and they've reviewed and commissioned studies on the role and viability of energy conservation initiatives.

If the member likes I could run through the membership of the organization: the Chair is Dr. Carl Ridd from the University of Winnipeg; there's Wayne Cole who is a private energy consultant; George Dalgleish, President of George Dalgleish Building Services; John Hockman, who's a consultant with Appin Associates; Lawrence Huska, who is teacher in the River East School Division; Judy Noble who is the Executive Secretary of the Solar Energy Society of Canada; Dudley Thompson, architect with Prairie Partnership Architects; John Welch, Chairperson of Environmental Studies, Faculty of Architecture, University of Manitoba; Dr. Vedanand, Professor of Marketing, Faculty of Administrative Studies, University of Manitoba. Those are the members.

**MR. H. ENNS:** Well, Mr. Chairman, allow me to take this occasion to indicate that it would appear, at least from observation, that this Manitoba Energy Council has become pretty docile, I might even say subservient to the masters of the day, namely the Government of the Day in this administration.

Mr. Chairman, just for a bit of history, the Manitoba Energy Council was born, or at least the concept of it was born when there was sufficient concern expressed by the general public about the major directions a government, any government was proceeding with respect to energy development in this province. There were concerns expressed at a time, a number of years ago, when Manitoba Hydro officials did, as a matter of fact, consider and initiate some initial, very premature, very, very primary, studies with respect to development, advisability, developing nuclear power in this province. There was concern, Mr. Chairman, many people - I recognize some of the names - about the advisability of damming up our great Northern rivers and building huge hydro-electric projects on rivers such as the Churchill, for the purpose of developing energy.

It seems to me that the Energy Council, in its role as watchdog if you like, as to the direction of overall energy policy in the government, we've heard precious little from them, quite frankly. I recall, the Minister recalls, he was not then in government but I know he was involved in politics but certainly the great debates that ensued that date back now just about two decades ago, involving the whole question about the audacity of engineers, hydro engineers who divert a mighty river like the Churchill for the purpose of power production was . . .

(Equipment breakdown in the House)

**MR. H. ENNS:** Mr. Chairman, but what I'm asking about, it seems to me that we have now a situation where this Minister and the Minister preceding him, this government, certainly has made a very fundamental

commitment to build large dams, to expend billions of dollars for the pursuit of power sales to the United States, to the Americans.

Now that, to me, is a very major decision, Mr. Chairman, a decision that I agree with, by the way. But what surprises me is the subservience of a citizens' committee that serve on the Manitoba Energy Council to be all of the same mindset. These kinds of people weren't that way 15, 18, 20 years ago. The decision that this government has embarked upon to pursue, in a very aggressive manner, Hydro sales beyond our borders, to commit, Mr. Chairman, Manitobans to very substantial sums of money at a time when all governments are short on money, to that kind of a policy, to the building of dams such as Limestone and talk optimistically about the Conawapa coming right on its heels. If only we can sell more power to the Yanks, if only we can sell more power into Ontario or go elsewhere, it seems to me that is the kind of meat that an Energy Council would love to get its teeth into and to debate at some length, and to advise the Minister and the government, at some length, as to the appropriateness of that energy direction we have embarked on in this province.

Mr. Chairman, I have not heard a peep out of the Manitoba Energy Council, not even a whisper. I have not heard of him scheduling any public meetings about the advisability of committing ourselves to billions of dollars of debt so that Mrs. Smith in Minneapolis will be assured of air conditioning when she needs it. I've got nothing against Mrs. Smith. As a matter of fact, I like all the Mrs. Smith's of this world. I've got nothing against air conditioning, but I'm just indicating, Mr. Chairman, these are important decisions that have been made in the last four or five years by this administration; decisions that are at some variance with other decisions that were in the plans, for instance in the last administration. We had the same hopes, the same desires to build a project like Limestone, but we placed greater emphasis on it being used - I mean the product - the electrical energy being used in our province by means of encouraging a plant like Alcan to locate and provide the permanent jobs here.

Mr. Chairman, we argue and I dispute with the Minister the deals that he is making or that his predecessor has made or his chairman of Manitoba Energy Authority has made, and I will continue arguing those deals with them, because I just simply think that the Minister was not - well, Mr. Chairman, I want to be parliamentary - his response was a stranger to the truth, I think is the parliamentary way of saying what I want to say. His response was a stranger to the truth when he indicated the other day at this committee that the cost of producing power out of Limestone is essentially no greater than the power that we're getting out of Seven Sisters or Kettle or Grand Rapids, or any other station that we have in the system. Well that, Mr. Chairman, of course, is patent nonsense.

It has to cost more. It has to be double the price than the system's rates, because of today's costs and even at today's interest rates, compared to what plants like Grand Rapids were built for, for instance, not to speak of the earlier plants.

But, Mr. Chairman, I don't want to be diverted. We're just dealing with the one item here, the Manitoba Energy Council, which comes to this Minister and comes to

this House to request another \$35,000 to continue operating, as its role as an advisor. It's the kind of opportunity for the lay person in Manitoba, the citizens of Manitoba, an opportunity for the government to single out and look for particular people of expertise, but in a broad general way, not in a specific way, to act as an advisory council to help the government, or indeed to criticize the government, in the formation of energy policies for the Province of Manitoba.

Now, Mr. Chairman, I have heard nothing from the Manitoba Energy Council that encourages me to indicate that they are deserving of the \$35,000, quite frankly. I'm not aware that they have participated or entered into any of the major decisions this administration has undertaken with respect to energy matters.

Mr. Chairman, I appreciate they have a role and I thank the Minister for letting them in on such important decisions as to whether or not seven inches of insulation ought to be used in a home or 12 inches or 14 inches, or whether there will be a payback or whether the loan under the \$50 million Energy Conservation Program that the Minister talked about, whether or not we should subsidize the interest rate to increase take-up on the program.

I don't downgrade that aspect of that work but, Mr. Chairman, I'm also aware of the reasons and the how and the why the Energy Council came into being. Quite frankly, I'm somewhat disappointed in the apparent lack of concern that members of the Energy Council now have with respect to energy policy direction of this government. Mr. Chairman, I am sure that in response, the Minister, certainly the previous Minister, the government, talks very excitedly about the major policy direction that this government is taking with respect to energy sales and energy production in this province.

It seems to me a very legitimate question that a lay body like the Energy Council could be debating amongst themselves and in public forum, and so advising the Minister as to whether or not it is in the interests of Manitoba to build dams, to produce power for export reasons to the Americans. I have to believe it is, if you can get the right price for it, but that's not at issue here.

What is at issue here is that from the Dr. Carl Ridd's of this world, who is chairman of this Energy Council, I have heard not a peep, not a whisper, not a concern. One would assume that as far as the Manitoba Energy Council is concerned, we can dam up every river, every stream in this province, destroy any amount of wildlife and habitat in this province; drown any amount of Northern communities in this province, as long as we can maybe sell some power to the Yanks, and we will hear not a word from the Manitoba Energy Council that is asking for an additional \$35,000 to justify their existence.

Mr. Chairman, the Minister may wish to respond. I don't really call upon him to do so, but I will not hold up this item in the Estimates.

**HON. V. SCHROEDER:** Mr. Chairman, I might start off by saying - of course I wouldn't say this because I'm serious minded and so on - but if I wasn't serious minded, I'd say that these are NDP dams we're building now. Those were Conservative dams. Of course, those

were dams where the basic initial decisions were taken to flood huge areas of the North and they were taken by both governments, to one degree or another.

But before that, the member referred to the issue of nuclear power and I think we can be eternally grateful to the group in the mid-1960's with the Duff Roblin Government, who made the decision at that time, when it was not that much different in terms of costs, to go either water power or nuclear power, to go water power.

That's something we're very fortunate for and because of that decision and because of other decisions later on, the control of Lake Winnipeg, whether members like it or not, I think in the long run history will prove that that's right.

Because of the other decisions made, we now have a huge reservoir and, whether we like it or not and even those who were opposed at that time whether they like it or not, that reservoir is there. We now have a system where you don't have to add on to those costs to get huge amounts of new energy. You build one dam and, in fact, this current dam doesn't even require any new transmission. Simply build the dam - boom - you've got the power into southern Manitoba.

I'm told - and I have to admit that I'm not as familiar as I probably should be with the Energy Council - I'm told that there are frequent and have been frequent serious conversations between the Minister and the Council with respect to hydro-electric project; that they are active and constantly prodding - and I know this - in terms of ensuring that we do whatever we can in the area of conservation.

I should say, my understanding of the history of it is, that it was set up in 1980 - and at that time I was in Opposition - I, quite frankly, think that the Council today is operating in a fashion fairly similar to then. I'm sure they were advising the government. I don't recall Harry Martin writing nasty letters to the editor attacking the government for Alcan or whatever for environmental concerns or other concerns. He was on that board, as well as Paul Jarvis. They tended to not be that unsupportive of the Government of the Day and when you read through the list here, we have some people very clearly supporters of the government. There are some who are not. I think members would recognize that in contributing their time, all of them, both in our day and in their day, are doing their best under the terms of reference pursuant to which they've been appointed. I do believe that they are doing their best and they're doing a good job.

**MR. CHAIRMAN:** 2.(e)—pass.

Resolution No. 59: Resolved that there be granted to Her Majesty a sum not exceeding \$5,002,600 for Energy and Mines, Energy, for the fiscal year ending the 31st day of March, 1987—pass.

3.(a)(1) Mineral Resources, Petroleum: Salaries.

The Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, in the area of Mineral Resources, we're pleased to note that there has been some recovery with respect to some of our base mineral prices. However, mining still continues to be considerably less profitable than it once was, and we have continued concern about the viability of our whole operations in some particular communities.

Allow me to begin by asking the Minister if there is any current updating that the Minister and his departmental people have with respect to the situation at Flin Flon, one of our older mines. Recent reports coming from the area and from spokespersons, both union and management, seem to have placed some question about the safety factors involved in the south shaft of that particular facility and as to whether or not is there a possibility. Has the government been apprised of any information with respect to continued operation of that portion of the mine from a safety factor?

The department does retain, I believe, very specific inspection responsibilities. I know the department has given up some of its inspection responsibilities which have to do specifically with safety. I believe that they are now housed within the Department of Labour and have been for a number of years, but I'd appreciate some indication from the Minister about that situation in Flin Flon.

**HON. V. SCHROEDER:** Mr. Chairman, as the member has indicated, the safety function is that of Workplace Safety and Health, and we have asked them to go up there. They are monitoring the situation. I really don't have anything to report on that.

The overall for HBM and S, they operate 10 mines in the Flin Flon-Snow Lake area. Ore from Flin Flon, West Arm, Centennial, Spruce Point and Trout Lake is processed at the company's Flin Flon mill; while ore from the raw at Stall Lake, Anderson Lake, Chisel Lake and Ghost Lake is treated at Snow Lake mill prior to shipment to the Flin Flon complex for further processing.

Production at Centennial was resumed in March of '85. We expect that mining there will continue until 1989, at which time it will be abandoned. West Arm ceased in February of '85. There's a two-year shutdown plus one year of development. When reopened, production will continue for an additional three or four years. The metallurgical complex at Flin Flon consists of a copper smelter, zinc refinery and ancillary facilities to process copper and zinc concentrates from Hudson Bay's operations and those which they purchase from outside sources.

At Namew Lake, the nickel deposit reserves are currently calculated at 2.8 million tons, averaging 2.6 percent nickel, 1 percent copper, .10 ounces per ton of combined platinum and palladium and minor cobalt gold and silver. During the summer in late '85, road access was provided to Namew Lake, the shaft collared, a headframe erected, a hoist installed and other buildings erected. Shaft sinking should have been commenced by now.

**MR. CHAIRMAN:** The Member for Minnedosa.

**MR. D. BLAKE:** I just didn't catch all of the Minister's remarks on Namew Lake. That's the new find by HBM and S. I didn't get the progress the Minister just made. Is there a shaft going to be sunk there, or what progress has been made there?

**HON. V. SCHROEDER:** The shaft sunk, a headframe erected, a hoist installed, and other buildings erected. The shaft sinking was to have commenced early in 1986, as far as I know, and that is done.

**MR. D. BLAKE:** A question to the Minister on the Grassy River Provincial Park area, has any further consideration been given to turning that area into a wilderness park with no mining activities allowed or no powered vehicles allowed in that area?

**HON. V. SCHROEDER:** Mr. Chairman, this issue is still under discussion.

**MR. D. BLAKE:** Mr. Chairman, let me help the Minister maybe make some decision on it. That area, as he is probably well aware, is one of the last major areas where the search for minerals may continue. I would hope that strong consideration is not being given to taking this particular area out of the mining possibilities of Northern Manitoba.

**HON. V. SCHROEDER:** Mr. Chairman, I think all I can say is that we're cautiously optimistic about the outcome of the discussions.

**MR. CHAIRMAN:** The Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, the Minister responsible for Parks, the Minister of Natural Resources is sitting right behind the Minister of Energy Mines. I was trying to detect the particular signal from when the Minister of Energy and Mines was giving his optimistic approval or approach.

Mr. Chairman, perhaps this is as good a time as any to have the department or the Minister give us some indication about what is happening at Lynn Lake with respect to the number of issues that evolved since last we met.

Among others, of course, Lynn Lake was largely responsible for a heightened concern about what these single industry communities do when indeed an orebody is completely mined. It's my understanding that we have entered into an improvement program, a further exploration program at Lynn Lake, together with substantial commitment on the part of the province, as well as the Federal Government. If I'm correct, could we have some indication about where this work is at or is it proceeding on schedule, appreciating of course (this is a company decision, in this case, I believe it's Sherritt Gordon)?

**HON. V. SCHROEDER:** Yes, Sherritt Gordon was operating two mines, two copper zinc mines, and the Fox mine southwest of Lynn Lake is now closed.

Sherritt's currently proceeding with development of the MacLelland mine, which is still scheduled to be brought into production in the fall of 1986. Fox closed down in November of 1985 when mineable ore reserves were exhausted. Initial production at Fox began in May of 1970. There were about 160 people formerly employed at Fox; some of the equipment has been transferred to MacLelland and all that's left at Fox is a watchman.

In the period from 1975, following the close of the Farley mine at Lynn Lake, and March of 1986, an 11-year period, the department has spent in excess of \$5 million in the Lynn Lake-Leaf Rapids region.

Activities, some of which were undertaken jointly with the Federal Government, included detailed geological

Tuesday, 5 August, 1986

and mineral deposit mapping, mineral deposit studies, airborne electro-magnetic surveys, magnetic interpretation and gradiometer surveys. They conducted field trips in areas of specific interest in the region for Sherritt Gordon personnel and they undertook, at the request of Sherritt-Gordon, studies of specific deposits and discussions with Sherritt's geologists of the findings and implications for further exploration and program implementation.

The results of those investigations have been incorporated into a large number of reports and maps which have been released to the industry and which have provided new insights and new approaches to exploration in the region. I do have some specific numbers here if the member wants.

I just put in the total. Including federal and provincial expenditures from 1975 to 1986, the grand total is \$17,321,787.00.

**MR. H. ENNS:** Mr. Chairman, I wonder if the Minister can indicate, has there been any money drawn from that special fund set up to help in the transition period, when mines are either forced to close - there's a specific name for it, it's the Mineral Mining, the name just escapes me, but there's a special name set up to help mining communities in transition. I believe, among other things, we hosted a conference having to do with that specific question this past winter. I know that the community and community leaders at Lynn Lake were of course particularly concerned about this question.

My specific answer to the Minister though is, during this period of reduced unemployment, while Lynn Lake is attempting to extend its mining life, has there actually been some problem, for whatever reasons, for a program from that fund to assist the community?

**HON. V. SCHROEDER:** That's included in the total I gave. That's the mining community reserve.

Until March of 1985, we had provided Lynn Lake with offset shortfalls in revenue. I think those were to the municipality or the Local Government District of Lynn Lake, \$255,093.00. There was a job creation program for \$53,152.00; that was a short-term job creation program. There was a seminar, \$24,542 and an Economic Development Officer for that region that we were providing funds of \$50,000 for.

Since March of 1985, there have been \$65,000 expended again from that fund for the Tourism and Economic Development Officer in downsizing study; and there's an additional sum, which I believe to be approximately \$10,000.00. I don't have it down here, with respect to an additional shortfall for the LGD for the current fiscal year. They've been attempting a downsizing; they had, as an example, a year or so ago, they wound up being the unwilling, to some extent, heirs of the recreation centre which had been funded by the mining company, which was saying that they were going to shut it down, and so they wound up having to operate it. There were certain extra expenditures caused, so there was a decision to assist, to a small degree, from that fund.

**MR. H. ENNS:** Mr. Chairman, the world gets more complicated as we go by, and one would perhaps believe that an operation such as we have and have had for

to these many years in Flin Flon should be somewhat oblivious to the events on far and distant shores. But the truth of the matter is, of course, that the mining interests at Flin Flon have as their parent owners, roots in South Africa. I would ask the Minister firstly - I'm not going to ask him how that stands with his own conscience with respect to profits from that operation going to South Africa, but indeed just in the last few days and with the event of Canada taking more specific positions with respect to economic sanctions, is the Minister apprised at all, is he concerned at all? Can he assure the miners at Flin Flon that operation under no circumstances is in jeopardy because of decisions that we are making, both provincially and nationally as a country, with respect to economic sanctions against a country which we all acknowledge have in place specific governmental policies that we find repugnant?

It seems to me that the operation in Flin Flon has a considerable cloud hanging over its head. I recall, Mr. Chairman, our current Minister of External Affairs, Mr. Joe Clark, being jumped on - if I may use that term - for alluding to a situation that, well, I suppose it depends on one's perspective, sanctions do go both ways. I simply want to hear from this Minister, who's now currently responsible for mining activity in the Province of Manitoba that, as far as he is concerned, the Flin Flon operation will not be jeopardized because of its South African connections.

**HON. V. SCHROEDER:** Mr. Chairman, HBM and S has been a corporate citizen of Manitoba for more than half a century, has obeyed the laws of Manitoba during that time, doesn't discriminate between its employees on the basis of race, colour or creed. It has generally good relations with its workers, with the union representatives and so on. The thought simply has not crossed our mind other than when it is raised by the media or others that somehow we should be looking down on that particular employer in this province and in this country. There is nothing that they have done to deserve any criticism. They pay good wages. People get a decent day's wages for a good day's work and I suppose even in terms of the profits being sent anywhere and I'm not even sure what proportion of HBM and S is owned by South African interests - there certainly are not a great deal of profits in that industry at the current time and it's been a tough industry for the last number of years for the mining companies and that has reflected on such things as mining companies shutting down recreation centres, mining companies attempting to renegotiate taxation agreements, mining companies cutting down on labour force, attempting to become more efficient and so on. So I suppose in practical terms, there is probably not much danger of any funds flowing out of here at the current time anyway.

**MR. H. ENNS:** Mr. Chairman, I won't pursue this line of questioning, although it seems interesting to me to note that the Minister seems to take some solace in the fact that as long as Flin Flon isn't too profitable, it's all right. But if it should become profitable, it may not be all right.

Mr. Chairman, that is a worrisome kind of situation that I wouldn't want to be quite frankly operating under if that indeed were to be the case. I agree with everything

the Minister has said. The corporation question has for many years been an exemplary, you know, corporate citizen of this province. However, that's what I said in my initial introduction. It's a complicated world we live in. The fact of the matter is that they now belong to a financial conglomerate that's principally owned with South African interests. I leave the moral question with the Minister and with this government as to when economic sanctions begin to hurt or do more harm to the person wishing to impose sanctions than on the direction or on the focus of the sanctions.

I suppose maybe even in these few moments, the Minister has some understanding of some of the problems of one Margaret Thatcher in some of the questions that she is being asked to deliberate at this time. I simply want to say that this NDP Minister and this government, when push comes to shove, looks at the situation much in the same way that a Margaret Thatcher looks at this very serious question, Mr. Chairman, not easy questions.

Madam Speaker - pardon me, Mr. Chairman. One gets confused with the different roles that you have had over this past week and I sometimes make that error.

Mr. Chairman, there has been, of course, also reported as of late a great deal of heightened interest in gold exploration throughout Northern Manitoba, is it just media reports or is it just additional activity with respect to prospectors or the refiling, reregistering of old claims. Can the department confirm that there has been an above-usual amount of interest in the search of gold-bearing properties in the province?

**HON. V. SCHROEDER:** Just briefly on that first issue. It wasn't I who raised that issue; the member raises it. It was Joe Clark who suggested that we could shut down Sherritt Gordon. We've always said that there is no point in shooting ourselves in the foot because another country has programs where people are discriminated against on the basis of race. I don't think anyone has ever asked Margaret Thatcher to shut down a plant in Britain to protest against something in South Africa. I think what they're being asked to do is to stop trade with South Africa.

Mr. Chairman, it's one thing to be hauling in gold and vegetables and any other commodities from South Africa, it's something entirely different to be involved with an industry where there is a very very small portion of the equity of that corporation which can be tied back to South Africa which somehow the Opposition is saying we are supposed to do. If that's what they want us to do, put it on the record; tell us what you want.

We're telling you that those people are good corporate citizens of Manitoba. They have been for more than half a century and in terms of their profit picture, I would be the first to wish that their profit picture improved. Whatever my wishes are, however, it's basically irrelevant, because whether I want them to have a high, low or no profit, that will be dictated by the market and by their ability to operate. So if the Joe Clark model of shutting down one of our plants, putting our people out of work, our people who are not discriminated against, is something that the members opposite think is a good idea, let them go ahead and say so.

In terms of gold, I think there are always people out there who are quite optimistic about the finding of gold. The Rice Lake belt and surrounding areas of Southeastern Manitoba have been quite active for gold exploration with many companies and prospectors participating. Inco initiated an underground mapping, sampling and diamond drilling program at San Antonio. There is a pilot mill project continued by Reco Goldmining Ltd. at the Packsack prospect. Whithell Ventures Ltd. initiated a program of surface and underground exploration in development on the Sunbeam Waverley property near Falcon Lake.

Companies involved in various geological, geophysical and diamond drilling programs included Kangeld Resources Ltd., Whithell Ventures, Canadian Nickel Company Ltd., Esso Resources Ltd., Manitoba Mineral Resources, Falconbridge Ltd., Noranda Exploration, Tulso Resources Ltd. and other junior companies and local prospectors.

In the Lynn Lake belt, the Town of Lynn Lake was given new life with Sherritt Gordon Mines' decision to proceed with MacLelland. Expenditures are projected at being between \$30 million and \$40 million with production commencing this fall as indicated. Sherritt expects an annual production of 70,000 ounces of gold at a mining rate of 1,000 tonnes per day.

In October of 1985, MMR in joint venture with Hudson Bay Exploration announced the discovery of gold mineralization between Gordon Lake and Farley Lake which is located 24 miles east of Lynn Lake. The discovery hole included an 84.9 foot section, grading 0.19 ounces per tonne. In the summer of 1986, two drills were being moved into Farley Lake to do 20,000 feet of additional drilling in the discovery area. Further drilling is planned for this coming winter. Sherritt has also conducted geochemical, geophysical and geological work as well as diamond drilling in the Lynn Lake area.

During 1985, MMR continued a program which included prospecting, geology, geochemistry and diamond drilling. South of Lynn Lake, Homestake Mineral Development Company diamond drilled targets in the Beaucage Lake area and Granges Exploration drill-tested targets at Gemmell Lake.

During 1984, the gold potential of the Central Eastern Greenstone belts attracted a number of companies, including Noranda at Oxford Lake, Midway Lake Minerals Limited at Island Lake, Westmin Resources Limited in the Utik; and Kistigan Lake area, as well as a number of junior companies and prospectors. Most of the work completed consisted of geology, geophysics, geochemistry and a limited amount of diamond drilling.

Three gold projects in the Flin Flon-Snow Lake Belt have generated considerable excitement and exploration activity: Granges in joint venture with Aberford Resources; Tartan Lake Gold Project, where a decline was commenced in July of 1986; Hudson Bay's Gold Field options property near Snow Lake and Maverick Mountain Resources; Homestake Mineral Development Company's Puffy Lake project, where a decline was commenced in July. Diamond drilling in all three of these programs will continue in 1986.

Other companies active for gold in this belt were Noranda, BP-Selco, Kidd Creek and Dome Exploration (Canada) Limited, as well as several junior companies and local prospectors.



In summary, there's \$31.3 million spent on exploration during 1985 and a substantial portion of that money was on gold exploration. There are a number of properties now under investigation.

**MR. H. ENNS:** I thank the Minister for that information. Mr. Chairman, just let me clearly put it on the record that the opposition makes no recommendations at all, the ones that the Minister was trying to suggest that we ought to be making with respect to the operation at Flin Flon because of their connection with South Africa. And also, Mr. Chairman, while I'm on my feet, I'd like to make very clear - and neither did Mr. Clark - in the comment that was attributed to him.

It was raised as a question that I think ought to concern the Minister, that in the event that - South African people currently, I understand, are the majority shareholders of the operation which includes Hudson Bay Mining and Smelting - for some reason, retaliation for measures taken against that country or their government, they may decide to do something with respect to closing a "not-so-profitable" - to use the Minister's terms - mine. That ought to be of great concern to the branch, of great concern to this Minister, Mr. Chairman.

Mr. Chairman, we noticed in the Energy and Mines Annual Report, a figure here, Revenue from mining and quarrying collected under the provisions of The Mines Act, Mining Royalty - I'm referring to Page 9 - in 1984-85 was \$10 million, compared with \$35 million in the previous year. Can the Minister explain the difference in those figures?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, as I expected, only a small amount is current. There's a number of reassessments currently going on and have been over the last number of years. With a number of the companies involved, we are slowly updating. We're getting into mid-Seventies or later with respect to returns, so there are some fairly substantial variations occasionally, as there was in 1981, I believe.

**MR. H. ENNS:** Mr. Chairman, I, like any other Manitoban, wants to of course maximize all benefits accruing from our mining activity in Northern Manitoba, provide countless number of jobs, provide the kind of incomes - and as the Minister indicated, these are by and large, good incomes - and to provide to the Government of the Day the kind of returns on various forms of taxation and other fees that are collectible from any successful business enterprise.

But, Mr. Chairman, our mining operations are facing an uphill fight. They are having to compete with ever more aggressive sales people from other jurisdictions, generally speaking, jurisdictions that pay their workmen far less, provide far less in terms of workers' benefits, but yet those are the countries and I name but few: Chile and others, Venezuela, that are in the business of mining as well.

I was disturbed some time ago - this goes back a year or two ago - to learn the impact of government-imposed costs and how they have risen on particularly the mining industry, when you take into consideration just four basic government taxes, I suppose you'd call them: the Workers' Compensation premiums,

Unemployment Insurance payments, Canada Pension payment, this Minister's unique payroll tax.

Those four items alone, I was told by mining officials, in a very few short years from 1980-81 to 1983, I believe were the years, two-and-one-half years in question, the payroll costs had risen from \$1,800 on average per worker to \$2,300, on those four major items alone. That, to me, is a significant increase for any operation to cover in terms of cost of production. Cost of production, Mr. Chairman, is our biggest problem with respect to our mining industry. — (Interjection) — Pardon me, my leader corrects me because we were both together when that information was given to us. It is far worse than I indicated, I correct the record. It is from \$800 per employee to \$2,300 in four short years.

Now, Mr. Chairman, when we recognize and we're told by union officials, because they recognize it, and by management people that the big cloud hanging over the future viability of mining - not just in Manitoba but indeed in North America and Canada - is our position to be able to compete with countries that impose a far less lower cost, either in taxes, and whose wage levels are well below ours, and yet are putting large amounts of the very same products, copper, zinc, nickel on the world market in competition with ours. I would think that a government and a Minister responsible for the mining sector in any government would be particularly concerned about imposing new costs at this time on that industry.

So I take this opportunity to express a little concern, or more than a little concern, when he indicates to me that because of catching up on assessments, the government has increased its take from \$10.764 million in 1984-85, to \$35,829,952 in 1985-86. Am I reading that figure correctly? Because if it is, then that's a very substantial increase in the imposition on the part of this government on the mining industry.

**HON. V. SCHROEDER:** Mr. Chairman, if he reads that report he will realize that in 1983-84, we received \$35 million; 1984-85, \$10.7 million and it has nothing to do with changes in rates. It has only to do with the continuing reassessment which had been going on since the mid-1970's and on occasion provided a bit of a windfall in a particular year to the government when the reassessments for a particular portion of time were complete.

In terms of the payroll costs, those payroll costs do have - I suppose you can compare them, but you also have to compare ore bodies. The ore bodies that we have make, as an example, Inco, one of the lowest-cost mines in the world, if not the lowest cost, in terms of nickel.

Secondly, when you compare our payroll costs to, say, the payroll costs in our neighbouring Province of Ontario, you might be surprised to learn that payroll costs, the latest numbers I've seen, in Ontario are some \$1,300 per worker more expensive for mining companies than in Manitoba. That includes the health and education levy. It includes Workers Comp. and so on. So we're not out of line by any stretch of the imagination.

Now the mining companies have been doing some tremendous work in terms of bringing some of their costs down, and that should be reflected, I would

expect, over the course of the next few years in terms of Workers Compensation charges. Inco recently showed us some graphs which were rather impressive in terms of days lost to injuries, which show that now people working underground are pretty well as safe as people working above ground in the refinery and other areas of the mine. That's not because the refineries have become more dangerous. It's because the underground has become much less dangerous.

Along similar lines, their costs of doing business per pound is roughly the same today as it was in 1975, even though you have 10 years of, part of which was fairly substantial, inflation. So they've done some pretty good work in terms of driving down costs, and they as employers and as people exploiting our resources do have a responsibility to pay for some of the costs incurred. The health and education levy is roughly one-fifteenth of the cost of health and education for a healthy and educated workforce in a politically stable climate, which is something that those very same companies don't have in some of the countries to which they took their profits from places like Ontario and Manitoba during the 1970's. That's something that has to be reckoned into the calculation as well.

**MR. H. ENNS:** Mr. Chairman, I doubt whether the Minister may have it at his fingertips but perhaps staff has some indication of what kind of workforce is now employed in the mining industry in Manitoba. Can we compare that to '75, for instance, to a decade ago? I appreciate, in that reduction per cost per pound, of course a great deal of capital has been invested into machinery and new and innovative ways of producing the product, but what is the total workforce that's attributable to the mining industry in the Province of Manitoba?

**HON. V. SCHROEDER:** Inco has roughly 2,000 employees; HBM and S has 1,700 at Flin Flon; 370 at Snow Lake; Sherritt has 240 at LGD of Lynn Lake; and some 500 at Leaf Rapids. I don't have the numbers for 1975, but they would be considerably larger than that.

**MR. H. ENNS:** I was hoping the Minister would make it easier for me. I would pare it down to, say, 1981, ever since the New Democratic Party formed government in the Province of Manitoba. How many fewer people are working in the mining industry, say, from 1980 to 1985?

**HON. V. SCHROEDER:** I don't have that number. I can certainly attempt to locate it for the member. But in so doing, I think we'll also do that for Ontario which was a good Tory province for most of that period and from which we received, just as an example, due to our lower payroll costs, I presume, the Shebandowan milling operation. A couple of years ago, they shut down in Ontario and moved the operation to Thompson, Manitoba. They've had a number of problems.

Certainly there's no doubt about it that the mining industry has cut down in terms of staff and has increased its capital expenditures to become more efficient and more competitive with those other operations in other parts of the world, many of which

are highly subsidized by their governments, even if they're not as efficient as our mines. Their governments for their own internal reasons have, over a period of time, been doing whatever is necessary to keep them open in order to get some hard currency from outside of the country. That makes it difficult for our people to compete.

**MR. CHAIRMAN:** 3.(a)(1) Mineral Resources, Petroleum: Salaries—pass; 3.(a)(2) Other Expenditures - the Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, I suppose really the discussion I was having up to now was on (b), and allowed Petroleum Resources to go through. We've, of course, had a fair discussion with respect to mineral or petroleum resources in dealing with the Manitoba Oil and Gas Exploration Corporation, and will not be repetitive of that same debate that took place under the affairs of that corporation.

Mr. Chairman, I can simply ask the Minister the question with respect to petroleum. There have been no new finds in the last little while since we discussed the Mineral Exploration Gas Corporation company? I keep hearing some stories about something developing in the southeast which is totally strange to me, but I as a matter of fact had somebody that's in the gas exploration business from Texas call me with respect to that matter. He had occasion to be visiting in the province. I took him to the department branch people, who supplied him with the kind of departmental geological information that people get, I suppose, when they make inquiries. I introduced him to the president and the people at ManOil, at the Manitoba Gas Exploration Corporation.

But somebody like myself, of course, coming from the central Manitoba-Interlake country always looks for that possibility that there perhaps may be something cooking in the petroleum and gas business somewhere other than in the southwest, having nothing against the southwest. But I take it that is not the case, and that the activity is still pretty well centred in the traditional areas of the province, namely, the Virden and southwest, the Melita-Waskada area.

**HON. V. SCHROEDER:** This brings back the good old days, my memories of youth in the southeast, in the deep south, in the Rhineland area and summer evenings spent watching the oil rigs drilling in the early 1950's. There were always rumours afterwards when they left the area that Imperial Oil had simply found all this stuff, they were going to wait until they used up the other oil because they didn't want the price to drop and so on. So someday they would return, and maybe 1986 is the year, but we don't know anything about it in our branch unfortunately.

**MR. CHAIRMAN:** 3.(a)(2) Other Expenditures—pass. 3.(b)(1) Mines—pass; 3.(b)(2) Mines: Other Expenditures—pass. 3.(c)(1) Geological Services: Salaries - the Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, I believe that information was given to me perhaps as well when we were dealing

with the Tantalum Mine, the Manitoba Mineral Exploration Corporation. But in the overall scale this may not be the appropriate area but the Minister can give it to me anyway, the levels of exploration this year over last year. Are we increasing our exploration activity? One would certainly have the impression with the reports that are available just through the public media, that more exploration activity is indeed under way.

**HON. V. SCHROEDER:** Mr. Chairman, we are anticipating an increase from 1985, our estimate for 1985 I think I gave earlier of 31.3 million. Our 1986 forecast at the moment is 32.9 million, not a great increase but in fact with inflation, probably roughly the same.

**MR. CHAIRMAN:** 3.(c)(1) Geological Services—pass; 3.(c)(2) Other Expenditures—pass; 3.(d)(1) Canada-Manitoba Mineral Development Agreement: Salaries. The Member for Lakeside.

**MR. H. ENNS:** Just an updating, Mr. Chairman, on the ERDA Agreement: one hears particularly from this government from time to time about the Federal Government's reducing of some of its commitments under Fair Share Programs. What is the status of the Canada-Manitoba Mineral Development Agreement with our Federal Government?

**HON. V. SCHROEDER:** We have an agreement which was entered into on February 22, 1984 by Manitoba, and April 18, 1984 by the Federal Government. It's a five-year agreement lasting till 1989 and the Federal Government will contribute \$14.8 million and the Provincial Government \$9.9 million, for a total of \$24.7 million.

The technical subcommittees established for each of the four sectors in the agreement as follows: Sector A. Geo-scientific Investigations; B. Mining Research and Technology; C. Development and Marketing Studies; D. Public Information Evaluation and Administration.

During the initial stages of the agreement emphasis has been given to areas surrounding existing mining districts at Lynn Lake, Flin Flon and Southeastern Manitoba. In '85-86 there's been numerous examples of direct and indirect benefits to the province. The level of exploration activity in '85-86 increased significantly with higher exploration expenditures and more companies active. Continued documentation of the geology and mineral resources of Manitoba's mining districts will help ensure this trend continues and that is directly attributable to the agreement.

The work plan for '85-86 included 20 federal and 60 provincial geo-scientific projects, including contributions contracted through universities in Manitoba and elsewhere in Canada.

April 29th, the letter from the Provincial Mining Association to the Federal Minister of State for Mines stressed the need to support the earth sciences sector and encouraged the provinces to make geo-science studies a priority. Credit is also given to the Federal Government under its Mines Minister. They've joined in, not only by contributing financially, but they've also put the whole geological survey of Canada behind the

projects referred to by that organization and others. Overall, we're pleased with the progress to date under this agreement.

**MR. H. ENNS:** Mr. Chairman, I'd just like to make the comment that that's a significant program, totalling some \$24 million-plus over a five-year period of time and a significant contribution on the part of the Federal Government and from the province.

It appeared to me that some cataloguing or some report of the program and its progress and its involvement would be in order. I may have inadvertently missed it but perhaps I can be advised where - separately other than with references to it in the department's annual reports or the one line that I'm looking at right now - some information pamphlet or booklet that would provide those interested with a better understanding of the significance of this program and its involvement.

Mr. Chairman, with those comments we are prepared to approve the Estimates of this department.

**HON. V. SCHROEDER:** Mr. Chairman, the member makes a good point. I want to tell him we will send him copies of some of the reports that have been done. I'm told that there have been a number of quite positive reports. It's simply that good news doesn't get reported by us or by anyone else in the same way.

**MR. H. ENNS:** I agree.

**MR. CHAIRMAN:** The Member for Morris.

**MR. C. MANNES:** Mr. Chairman, I think or at least I believe I posed the question to the Minister when we were considering the Annual Report of the Manitoba Oil and Gas Corporation. That question dealt specifically with some of the mining activity that was taking place in the Province of Quebec.

Mr. Chairman, I have been told and yet I've not been able to substantiate on my own behalf, to my own satisfaction at least, that there has been significant mining activity, exploration particularly, taking place in the Province of Quebec, because in large part of government programs which have fostered significant activity within that area.

I would ask the Minister whether or not some of the downturn has been experienced within exploration in our province is occurring across the country or indeed is Quebec leading the way, and is there sort of a major activity associated with exploration for, not only gold, but indeed all minerals within that province?

**HON. V. SCHROEDER:** Mr. Chairman, in our view first of all Quebec is doing a lot of flow-through, they have their own income tax system. What they're doing is providing flow-through benefits directly to investors and certainly they have achieved an increase in exploration activity. So have we. But we have chosen instead to put our money into the mapping and exploration of the general areas, as indicated in the agreement with the Federal Government.

We believe that will encourage exploration as it has and make a lot more sense because people are encouraged to look in areas where there is some good likelihood of a find.

**Tuesday, 5 August, 1986**

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**MR. C. MANNES:** The Minister seems to indicate there's a difference of philosophy at work here. I'm aware that the province in some other areas - even though we have a combined tax form with the Federal Government - has the ability to offer certain incentives. So I can't accept that as the sole reason why Quebec maybe can offer some taxation opportunity to an exploration effort by way of some investing group, or an individual, any easier than maybe we can, but I pose the question as to how much of our province we can map - I don't understand the process - that we can geophysically map with the limited funds that are directed towards that. I'm not certain as to the wages or the expenses that go along with that. It would seem to me we are using a method which - it's great to know the physical pattern of our greater North country in a mineral sense, but are we going about it the right way? Should we bring into place a system which allows for greater opportunity for those who want to explore for minerals?

**HON. V. SCHROEDER:** Mr. Chairman, I can provide the member with some written material with respect to what we're doing in terms of geological survey but, in addition to that, I can tell him No. 1, I understand Quebec is rethinking that program - I'm not sure it's working nearly as well as they had hoped; No. 2, we do target, and I suppose in that sense we've done the

same thing. We've done that with the MacLelland Mine, as an example. In order to get it going, we have provided loan money and so I guess in individual instances where we're convinced that something will happen which will be of benefit, we're prepared to move.

We do have - I have certainly - a general antipathy toward a wide-open tax system that allows people not connected at all with the industry to simply have the flow-through benefits that basically then are split partly between - the mining company gets some of the benefit that's true, but a lot of the benefit goes to others who have nothing to do with mining or any knowledge of mining but simply have high incomes and are looking at ways of reducing their income. That kind of split doesn't make any sense to me. Quebec is doing some of the things, as well, that we're doing in terms of the geological survey.

**MR. CHAIRMAN:** 3.(d) Canada-Manitoba Mineral Development Agreement: Salaries—pass; Other Expenditures—pass.

Resolution No. 60: Resolved that there be granted to Her Majesty a sum not exceeding \$6,098,800 for Energy and Mines, Mineral Resources for the fiscal year ending the 31st day of March, 1987—pass.

The hour being 5:30 p.m. I am leaving the Chair. Committee will return at 8:00 p.m.

## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 5 August, 1986.

Time — 8:00 p.m.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY - EDUCATION

**MR. CHAIRMAN, M. Dolin:** We are on Item No. 7., Resolution 52, Bureau de L'Education Française. The Member for Kirkfield Park.

**MRS. G. HAMMOND:** Mr. Chairman, could the Minister tell us the grants per pupil for the different areas, the française, Immersion, Basic and Conversational? I saw it somewhere, but I can't remember where.

**MR. CHAIRMAN:** The Honourable Minister of Education.

**HON. J. STORIE:** Mr. Chairperson, the grants are as follows for each full-time equivalent: \$250 for each Immersion student; \$100 for the Core Basic French; and \$50 for the Conversational.

**MRS. G. HAMMOND:** Has there been an increase since last year in the Immersion?

**HON. J. STORIE:** Not in the grant, no.

**MRS. G. HAMMOND:** Have there been any increases in the Immersion and in the Basic in any other area?

**HON. J. STORIE:** No, the only increase that would be reflected, I suppose, in the categorical grants would be as a result of volume, in other words, more students.

**MRS. G. HAMMOND:** Looking at the Basic French, exposure and re-entry, the exposure I take it, is that the Conversational? Is that what they're calling it? It's on Page . . .

**HON. J. STORIE:** Mr. Chairperson, the exposure package is actually the K-3, it's called the exposure package, and I guess is actually the forerunner of the Basic Program.

**MRS. G. HAMMOND:** Is that the same as the Conversational, or is the Conversational something different again?

**HON. J. STORIE:** The Basic is replacing the Conversational. Some school divisions are still offering a conversational program, but I'd indicated earlier I had some . . .

**MRS. G. HAMMOND:** From K to 3.

**HON. J. STORIE:** Pardon me?

**MRS. G. HAMMOND:** From K to 3.

**HON. J. STORIE:** Oh, the Conversational Program is offered by varying divisions at a variety of levels. Essentially the Basic Program is the one that we see starting at Level 4 or Grade 4.

**MRS. G. HAMMOND:** Will the department be starting the Basic? Are they aiming to start it at the Grade 1 level?

**HON. J. STORIE:** No, the program generally is from Grades 4 to 12, although some divisions do offer, again, Conversational or the exposure package at the level K to 3.

**MRS. G. HAMMOND:** Is there any reason that it won't be started? I ask this question every year.

**HON. J. STORIE:** It's a good question.

**MRS. G. HAMMOND:** It's a good question, but it keeps getting answered the same way. I was hoping with the new Minister that we could get it down to - at least they were looking at starting it at the Grade 1 level.

**HON. J. STORIE:** If you could just indicate what answer you'd expect, I could certainly give it to you.

**MRS. G. HAMMOND:** I'm expecting a yes, and if you'd like to give it to me, I'd hold you to it. What is it, a promise made is a promise kept?

**HON. J. STORIE:** Yes, Mr. Chairman. The reason it is a promise made and a promise kept is because we don't make foolish promises. I can certainly indicate that the answer is yes, but - and there are at least a number of serious buts - and that is that the research that is available to both the bureau and to the department and which is supported, essentially, I guess across the province and across Canada is that it is most effective at being introduced about the Grade 4 level. Now, I suppose one could argue about whether it should be 3.5 or 5, but there is some research to indicate that it is most effective at that period and that introducing it earlier does not bring about corresponding increases in quality levels of understanding capability, I guess, that one would anticipate by introducing it three or four years earlier. So there is some rationale and perhaps you've been getting a consistent answer over the years because the facts consistently support that position.

**MRS. G. HAMMOND:** I guess as a lay person I find it difficult to understand how in the Immersion Program, 75-25 is more sound than 50-50, and yet Basic French is better started at the Grade 4 level, rather than the Grade 1.

The other point I would like to make is that the Basic French Program is a program that allows parents to feel that their children are getting a good grading in French without having to put them in the Immersion

Program. I have said this time and time again, that there is a lot of pressure on parents to go to the Immersion Program because they see it as the only way that their children are going to attain French. Now, while I know that Basic French is not going to make them bilingual when they finish, they have got, if they start in Grade 1, or even at the Grade 4 level, but if they start at Grade 1, you've got kids who have had 40 minutes a day right through school and they're going to have a very sound basis in French, if the program is kept at a level that it started out at, which I know is good. I would ask the Minister if he wouldn't consider starting to move that program back, so that it does start at the Grade 1 level.

**HON. J. STORIE:** I can only indicate, I suppose, advice - if we are asked, if the Bureau is asked, the government is asked, the department is asked - that we provide the best advice we can in terms of when it is appropriate to start what programming.

Certainly the Basic French Program is considered, I am told by staff, one of the best in Canada, that it's a well thought-out comprehensive program. I think if the member will recall that prior to 1972, I guess or perhaps even later, I guess it was pre-1970 when French was part of the curriculum for Grades 7 to 12 - that it did provide the same kind of basic instruction.

It wasn't as well thought out as the current curriculum, but the principles were still the same.

The member acknowledged that the goals of the Basic French and Immersion are substantially different and I think that's reflected in the instructional approach that's taken.

I point out as well that if a division includes K-3 in its programming, the program support that's offered by way of categorical grant is also provided, so there is no penalty or there is no disincentive, if you will, not to provide it; that while we feel the decision to support it from 4 to 12 is based on sound research and appropriate instructional practices, that if divisions choose to do otherwise, that there is nonetheless support available for those years as well.

**MRS. G. HAMMOND:** I notice that there are 47 divisions now participating in - it says - "Basic French exposure and re-entry." How many divisions are starting it at the Grade 4 level, the first level?

**HON. J. STORIE:** I'm told that it's close to 80 to 90 percent start Basic instruction at the Grade 4 level.

**MRS. G. HAMMOND:** Are the other levels of entry just there to accommodate the schools that didn't come in at the beginning or are they planning to continue that or discontinue?

**HON. J. STORIE:** A combination of both. It is also believed that there are appropriate entry points in terms of what you can accomplish in that period of time. But certainly there is some recognition that some divisions chose later than others to get involved. I guess the entry points are perceived to be educationally sound, but also practical.

**MRS. G. HAMMOND:** Perhaps the Minister can refresh my memory. I didn't write it down and I haven't got a

long retention right now. How many divisions did he say were starting at the Grade 4?

**HON. J. STORIE:** I said 80 to 90 percent of them start at 4.

**MRS. G. HAMMOND:** 80 to 90 percent. Well, then, how many divisions would be starting at the late re-entry, the grade - what is it? - ten that they start?

**HON. J. STORIE:** The re-entry point would be at 10, I guess; and, while we don't have the number of divisions, I guess we could give you the number of students - 226 students, six divisions, I'm told, have that as a re-entry point.

**MRS. G. HAMMOND:** Then what I want to ask the Minister, I guess, is: are they planning then, when everyone gets into the Grade 4, when it works its way through - in other words, will they plan to drop those re-entry points?

**HON. J. STORIE:** I would assume that the re-entry point will become redundant if the majority of the students are enrolled at the K to 4, which most divisions seem to be assuming.

**MRS. G. HAMMOND:** I want the Minister to know that I wasn't pushing to keep them open because I think that it's better that more of the money goes into the whole program as it goes through and hopefully that most of the students will stay with it right through.

When the Member for River Heights was asking about the little booklet for Immersion parents and mentioned that there was something that could be supplied by the department that came through for French. Is there anything similar for the Basic French Program?

**HON. J. STORIE:** No, I didn't indicate that brochure that was produced by the Canadian Parents for French was available through the department. I simply indicated that was one brochure, one source of material, for parents wanting to look at the options and what factors to consider and whether they wanted to enroll their students, in particular, in Immersion Programs. The department has no parallel offering.

We do produce a number of brochures, I suppose, one of them being, I guess it was "In Conjunction with Canada," basically cataloguing, if you will, all of the programs that are available, areas where support is available, etc., etc.

**MRS. G. HAMMOND:** Would the department consider putting out a brochure on the merits of the Basic French Program? The reason I ask that, I must say I'm not usually in favour of brochures and a lot of advertising, but I think in this instance, what we have are parents whose children are starting school, who are very nervous that their children are going to miss out if they don't go into an immersion program. If they knew that there was something of quality in French - because I think most parents want their children to learn another language and a good many of them want them to learn French, so I think it would be of great benefit to divisions and certainly to parents who have pre-schoolers, to

Tuesday, 5 August, 1986

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know that there is something there for their children that is worthwhile. I would ask the Minister to consider using his office to give a little push for the Basic French Program, to get it the kind of publicity that the Immersion Program gets.

**HON. J. STORIE:** Yes, I appreciate the comments and I don't think it's out of the question that the department could produce that kind of brochure, perhaps outlining the various programs and what they're designed to do and their benefits and then their limitations, I suppose. I'm not a big fan of producing glossy publications, because I find that they're not always the most effective means of communicating.

I want to indicate, as I did before, that representatives from the Bureau, as with the rest of the department, are available for public meetings, parent meetings, to discuss these kinds of issues in an informal kind of way, which sometimes provides more information and gets questions answered. But the member raises a good question and perhaps it would be timely. I think the programs are better established now than they were, and perhaps some publication would review the programs and their merits might be useful.

Just by way of statistics, certainly the Basic French Program has increased fairly dramatically since it was introduced, I guess in 1983-84. It's gone from some 14,000 students to some 41,000 in 1985-86 and we're anticipating I suppose an increase again in 1986-87. So it has been very well received and it is receiving the approval, I guess, of both teachers and parents.

**MRS. G. HAMMOND:** Isn't the Basic French Program, where you mentioned in 1983-84, isn't that the Core Program that was started in the late Seventies?

**HON. J. STORIE:** It is to some extent a follow-up on the Core Program which started in the early Eighties but the Basic French was introduced as an identifiable program, I guess, in 1983-84.

**MRS. G. HAMMOND:** The department used to pay for substitutes for professional development in Basic French and I understand that's been cut out. Can you explain the reason?

**HON. J. STORIE:** Yes, I understand that it was some years ago when that was a practice and it had been originally funded out of the Canada-Manitoba Agreement that I spoke of earlier but that has subsequently been dropped. So we have not in fact for a number of years now provided substitute fees in those kinds of situations.

**MRS. G. HAMMOND:** How many in-services does the province hold on a province-wide basis for teachers for Basic French?

**HON. J. STORIE:** I'm not sure whether the member was referring strictly to the Basic French Program, or generally.

**MRS. G. HAMMOND:** Well, Basic French.

**HON. J. STORIE:** I understand there are six in-service days per teacher provided for those involved in the instruction in Basic French.

**MRS. G. HAMMOND:** Are these put on by the province, the in-service days?

**HON. J. STORIE:** Yes.

**MR. CHAIRMAN:** The Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you.

With respect to moving the Basic French Program back to Kindergarten or Grade 1, are there any plans at the present to start the program back in Kindergarten or Grade 1 in the future? I didn't hear the Minister respond to that.

**HON. J. STORIE:** No, I said that generally it's viewed that the 4-12 Program is viewed as adequate. Some divisions do provide it earlier and I pointed out there is no disincentive divisions. If they are asked advice in terms of the educational soundness of providing it at Level 4 and beyond, we'd certainly provide that information. But if a division provides the Basic French from K-3, they are still eligible for the provincial support grants.

**MR. L. DERKACH:** What is the long-term plan in terms of expanding the French Immersion area?

**HON. J. STORIE:** I think the member is aware of what generates the decision of a school board to create an Immersion class. It's generated by the interests of parents throughout Manitoba. Certainly given, I guess, the past few years and the proliferation of Immersion classes, one could expect that there is a continuing interest in Immersion on the part of parents. As long as that continues, I suppose divisions will be faced with the prospect of providing that service to students.

**MR. L. DERKACH:** Should that French Immersion area expand greatly in the near future, has the department the resources to provide the necessary facilities, teachers, etc., for the French Immersion Program?

**HON. J. STORIE:** Mr. Chairperson, most of those questions were asked this afternoon. I appreciate you can't be in two places at once.

The answer essentially is that right now the province, through its universities, really has the capability or very near to the capability of providing adequate teaching staff to meet the need. It's estimated that we're going to need approximately 100 teachers per year to fill the need for French language instruction, and that we are meeting that need.

So on the level of providing the teaching staff, the answer is yes. In terms of the grant, obviously the grant system is in place and the need will be met. We have experienced significant growth, and we anticipate that continuing for some time. So the only question that remains to be answered is the question of whether school boards are going to be able to facilitate the classroom space, etc., provide the classroom space for the instruction. Certainly our experience to date is that, yes, they will be able to. It requires sometimes some fast action, but they have been able to meet the demand.

**MR. L. DERKACH:** According to the number of students who are enrolled in the Basic French Program, we see

that the numbers have increased dramatically from 1984-85 to 1985-86. We see some increase in the French Immersion as well.

Now, is there an emphasis to encourage more school divisions right at the present time to get into the French Immersion Program, as compared to the Basic French Program?

**HON. J. STORIE:** Both of these programs are really demand-driven, if you will. In some areas of the province, there is a continuing high level of interest on the part of parents. If that's so in a division, then I would expect that the division is feeling pressure. It is not up to the department to indicate to a division that they should or shouldn't be providing those services. The Public Schools Act says that, where 23 parents indicate that is their preference, the school board is obliged to do so.

The increase in Immersion is entirely driven by the interest in French language instruction by parents. I think the Member for Kirkfield Park has indicated that's an understandable desire on the part of parents. I think it is, and I think it's something that has tremendous value for young people. I expect that's why we're seeing increasing parental interest in it.

**MR. L. DERKACH:** What kind of money does the department allow for a student who has to take up residence in a different area in order to be able to get the French Immersion Program?

**HON. J. STORIE:** We've gone through that a number of times as well. No, I had indicated previously that there is a grant available which is in lieu of transportation. In the event that the individual had to move from his primary residence or her primary residence, the student had to move from their primary residence to another residence, a grant is available of up to \$4,000.00. Now that would be true in the case where the programming desired was français or vocational education or in the case of remote students such as Frontier. That grant is available in those instances. I think I indicated as well that some 20 students in the entire province are currently receiving that grant.

**MR. L. DERKACH:** You indicated that it's available to students from the Frontier Division as well as - who else?

**HON. J. STORIE:** Essentially it's available for primary programming where that is not available in the division in which the student attends. It's available as a grant if there's no school at all. It's available if the student wishes to have a vocational education program, and there is none available, but recognizing that it means really a residential situation for the student.

**MR. L. DERKACH:** Okay, let's suppose a student has to move more than 80 kilometres away from his home in order to take the French Immersion Program. Does he then qualify for the assistance, or does the division qualify for the assistance?

**HON. J. STORIE:** I think this question has been answered before as well. Assuming that the requirement

is, in terms of making available the grant, that they be beyond the 80 kilometre guideline. However, the division is free to negotiate with the parent. If the parent chooses to change the place of residence, in other words, board their student in another location, that grant is made available beyond the 80-kilometre line. That's correct.

**MR. L. DERKACH:** Is that grant for \$4,000.00?

**HON. J. STORIE:** Yes it is, up to \$4,000 or the actual costs, I guess.

**MR. L. DERKACH:** Does the division get a grant then to help in the transportation of these students below the 80 kilometres? If the distance is not enough for that student to move to another location and if that student is transported on a daily basis, does that division get a grant from the government, from the department, to help offset the costs that are incurred in the transportation of that child?

**HON. J. STORIE:** Yes, they're eligible for the per pupil grant of \$410, yes.

**MR. L. DERKACH:** Nothing beyond the regular?

**HON. J. STORIE:** Nothing beyond that, no.

**MR. L. DERKACH:** Okay, thank you very much.

**MR. CHAIRMAN:** 7.(a)(1) to 7.(e)(2) were each read and passed.

Resolution No. 52: Resolved that there be granted to Her Majesty a sum not exceeding \$3,499,700 for Education, Bureau de L'Education Française, for the fiscal year ending the 31st day of March, 1987—pass.

We are now on Resolution 51, No. 6., Universities Grants Commission - the Member for Fort Garry.

**MR. C BIRT:** Mr. Chairman, I have a question to the Minister.

Some three or four years ago his government imposed a health and education tax on the Province of Manitoba and I'm wondering if the Minister can advise us what portion is allocated to his departmental funds for education?

**HON. J. STORIE:** There is no specific allocation within the funding provided to the UGC; it is simply a dollar figure.

**MR. C. BIRT:** But the financing for UGC comes through the departmental Estimates which is allocated by the Provincial Cabinet, is that not correct?

**HON. J. STORIE:** That's the process.

**MR. C. BIRT:** It is estimated that some \$123 million are being raised this year in the education and health tax, and I'm curious to know what portion, if any, is being allocated to the Department of Education for its expenditures.

**HON. J. STORIE:** I can only indicate what kind of grants were allocated to the universities. I think the member has the numbers before him.



**MR. C. BIRT:** Mr. Chairman, the increase in the health and education tax over last year is projected from growing from \$116 million to \$123.5 million this year - a 6.5 percent increase - and I'd like to know why there is only a 3.5 percent allocation to the UGC considering that the tax is supposed to be financing education in the Province of Manitoba.

**HON. J. STORIE:** I can't tell you what the proportion of that increase would be for the university. There may be upwards of 5,000 people employed by the university in varying capacities. That represents the fairly small fraction of the total employment in the province which is, I believe, over 500,000 for the first time in history; and recognizing within that the increase on that would be fairly marginal because the staffing has not increased significantly at the universities over the past few years, and if anything, there may have been a reduction.

So I don't think it's safe to assume that there is a tremendous amount of money built in, in terms of cost. Those costs were incurred some years ago now when the Health and Post-Secondary education levy was introduced, part of the costs of operating the university.

**MR. C. BIRT:** Some \$6 million additional were granted to the universities which represent some 3.5 percent increase over last year. What it really boils down to, it's slightly less than 3 percent of an operating fund. But I'm curious to know why the Minister was not able to get additional funds for the universities when you consider that the tax generated some 6.5 percent increase in additional education and health monies, which increase on \$7 million, if the allocation to the universities was only \$6 million out of the total budget.

Why the department, at least the universities are getting short shrift in the education portfolio?

**HON. J. STORIE:** I think you have to recognize where most of that increase in payroll levy, or Health and Post-Secondary Education Levy was received and, of course, that is because of the tremendous growth in employment in the province, not from anything specific.

The overall contribution of the province to help in post-secondary education was some \$81 million and that, of course, comes from general revenue to support both health and post-secondary education.

I had mentioned previously that post-secondary education from the province's point of view, entails more than the operation of our three universities.

There are community colleges; there are many other programs, funding that was allocated, for example, to the Limestone Training Program which is, in effect, post-secondary adult and continuing education training, post-secondary training. So the actual increase in funding to post-secondary and adult training will substantially be on the amounts that are shown to the universities themselves.

The universities received some 3.8 percent increase. They received an approximate 1 percent increase in terms of additional tuition fees, something which they govern; and an additional 1 percent increase by way of increasing grant in lieu of property taxes.

That's not to mention the capital grants, the debenture that was made available to the University of Manitoba for some of their ongoing needs as well.

When you total that, the overall increase if you're going to roll in all of the different aspects and areas in which funding assistance is provided, you're more likely talking about 6 percent; and if you roll in the \$10 million you're talking again more like 10 or 11 percent.

**MR. C. BIRT:** The Minister can't have it both ways. When he and his colleague, the Minister of Health, were making a great hue and cry about the amount of funds that were being transferred, or not being transferred, to the Province of Manitoba, they always lumped education in the same area as health.

But when you look at the monies for education in this province, especially as it applies to the post-secondary field - and I'm talking now universities and colleges although we have discussed colleges - the amount of funds that this government has allocated to the universities has been declining over the last several years; and I would like to ask the Minister, what percentage of the cash and tax portion of the EPF transfers coming from Ottawa to Manitoba, are allocated to the Department of Education?

**HON. J. STORIE:** Mr. Chairperson, there is no specific breakdown. The member references the EPF transfers and we have debated ad nauseam, I suppose, to some people's point of view.

The fact is that in cash transfers the Federal Government increased the cash transfers to the province by \$7.5 million. That is less than 10 percent of the increase that this government provided to health and post-secondary education.

The discrepancy in the figures that is reported and continues to be reported by representatives of the Federal Government is an absolute distortion of the reality and it is partially based on the continuing notion that the province's post-secondary education costs are limited to certain items.

The Leader of the Opposition raised in the House, some time ago, inaccuracies which he felt the province was perpetrating or perpetuating. He indicated that he felt his information was that the province spent some \$220 million - I can't remember the exact figure - but roughly \$200 million on post-secondary education. I'm sure that he received those figures from the Federal Government. In fact, the province spends more like \$360 million on post-secondary education.

So the arbitrary breakdown division that the Federal Government makes with respect to health and post-secondary education is not the way the province does it. The arbitrary way in which the figures are calculated in terms of post-secondary spending are not the way this province, or to my knowledge, any other province arranges those figures.

The fact is that it has been pointed out to the Federal Government and I'm sure has not been missed by the Federal Minister of Health that the federal estimates of post-secondary education spending in Canada is underestimated by \$1.8 billion, and those are not my figures. This is not my argument to substantiate the province's case. This case has been made by each of the Ministers of Education in each of the provinces, and through our council, the Council of Ministers of Education for Canada, it has been made by the Finance Ministers. That isn't even dealing with the question of

the impact of Bill C-96, which is a further erosion of the federal support to those two important areas of programming.

So I acknowledge that the universities have received less in the last two years than they did previously. The overall record, however, supports our contention that universities need to be funded at inflation and not 2 percent minus inflation; and our support to universities over the last four years, five years, has amounted to some 40.6 percent, and inflation, the five-year average, has been 32.9 percent. So we're at inflation plus 2. The Federal Government's C-96 is saying inflation or GNP minus 2.

**MR. C. BIRT:** What the Minister is missing in all of this is the priority that his government is placing on post-secondary education in this province. It's a diminishing priority. His predecessor allowed it to slip as far as budgetary allocation is concerned, as part of the total budget, and is continuing to do that, notwithstanding the amount of funds flowing into this province either in direct taxation, or transfers from the Federal Government have been increasing at a faster rate than what share of funds the Minister and his colleagues are allocating to post-secondary education.

For example, in 1985-86, there was \$190 million transferred to the province for post-secondary education. The province contributed 156 million for universities and \$59 million for colleges, for a total of \$215 million. This year the 1986-87 post-secondary transfer is \$202 million and a total for universities and colleges, according to the Estimates, is \$162 million, plus \$61 million, for a total of \$223.5 million.

So the amount of money is increasing to the province. It increased some 6.5 percent on the federal transfer payments for education, yet the amount of funds being transferred are allocated within a budgetary allocation of the Province of Manitoba have been going down. In other words, the gap has been narrowing. The Minister can argue all he wants that, well, we've got it in other pockets and over here and over there and everything else, and when you look at the total scheme of things, using their Estimates, his actual numbers, his percentage of support to the post-secondary education, in particular the universities, is declining and declining dramatically.

**HON. J. STORIE:** Well — (Interjection) —

**MR. CHAIRMAN:** Excuse me one second. Could we have a little order in the back, please.

The Minister of Education.

**HON. J. STORIE:** I'm pleased to see that the Member for Fort Garry continues to be an apologist for the Federal Government. I have indicated to him that the figures that he just quoted are inaccurate, totally inaccurate, have been refuted not only by myself but by the Minister of Finance. I would be more than happy to sit down with the Member for Fort Garry and edify him as to the facts. I want to indicate very clearly that the Province of Manitoba does not accept any arbitrary distinction set upon us by the Federal Government and in fact the transfers do not occur in that fashion whatsoever, that the real facts are that the Federal

Government has increased their cash transfers. Their budgetary cost has been \$7.5 million in the current fiscal year. The rest of the transfers are a representation of the fact that Manitoba's economy has been doing better and the Federal Government increased some taxes. But there is no such breakdown as the Member for Fort Garry would have everyone believe. That is a figment of the imagination of the Federal Government. That was pointed out at the parliamentary hearings and I point it out again.

In terms of the university funding, it is true that we have seen a decrease in percentage terms of fundings to the university. I point out again that our contributions to the University of Manitoba, the three universities, has been in excess of 40 percent increase over the five years in which this government has had control. I want to indicate that inflation has been some 32 percent.

The member referenced the fact that there has been a decrease in percentage terms of the allocation to the university. That is quite true. If the member will refresh his memory at what inflation was in 1981, he will understand the reason for the 13 percent increase that went to the University of Manitoba, much beyond inflation. I'm preparing some figures to indicate what happened during the previous administration when inflation was rampant and funding was much, much below the rate of inflation. If the universities have experienced any difficulty, certainly the first three years of increases that came by way of this government, in terms of the University of Manitoba of 13 percent increase in 1981-82, a 15.8 percent increase in 1982-83, and an 11 percent increase in 1983-84. Subsequent to that, obviously, inflation is eased, and this year we are seeing increases to the university in excess of inflation if you consider all of the factors and in terms of operating close to inflation.

**MR. C. BIRT:** I would like to read a copy of a letter sent to Mr. Tim Sale of the Federal-Provincial Relations in Research, Department of Finance, on February 20, 1986, that doesn't seem to support the Minister's contention. It goes on to the effect that: "The effect is to yield a surprisingly low and misleading figure for the increases between 1983-84 and 1984-85." It's relating to some figures that Mr. Sale used in a letter to the President Farquhar, at the University of Manitoba, dated January 17, 1986. It says: "Using '81-82 as your base year ignores substantial increases in some sectors between '80-81, '81-82, the first year of your current government's mandate." It then goes on to say: "Please note that a five-year percentage increase for public schools is significantly greater than for the universities, rather than being less as your analysis indicated. Moreover the percentage of total provincial appropriations allocated to the universities has declined progressively since '80-81."

Going to the bottom of the page: "However, the universities are also faced, and continue to face, increasing demand for services and pressure of advances in technology. The phenomenon are, in themselves, insufficient as explanations for a differential treatment of health care and higher education. I believe it would be more appropriate to state that Provincial Government places a higher priority on responding to

the demands of health care in public school sectors than it does in responding to the demands for and the needs of higher education."

It goes on, on Page 3 it states: "I am concerned about the tendency in your analysis and in the statements by provincial officials to link Manitoba's financing of its universities to EPF transfers in a pro rata fashion. It would be highly inconsistent for the Minister to tie its support of the universities to a Federal Government transfer and, at the same time, contend that it has exclusive jurisdiction over and responsibility for higher education.

"The support of the universities in Manitoba should depend on the total resources available to the province and its policies and priorities with respect to higher education. The fact that the percentage of provincial appropriation allocated to universities has been declining steadily, despite growing responsibilities, must be a matter of serious concern for all Manitobans." That's signed Arnold Naimark, President of the University of Manitoba. A copy of that can be obtained from Mr. Sale in the Federal-Provincial Research Office.

The head of the University of Manitoba has just refuted what the Minister has stated. He has underfunded the university. The percentage of educational funding since he and his colleagues took over office in 1981 in this province has declined from 20 percent of the gross budget down to 18 percent of the budget, and the issue before us today is the priority that this Minister and his colleagues place on post-secondary education and the funding of same, and it has gone down steadily since they have been in office since 1981-82.

So the Minister can try and tie his argument all he wants to some federal argument, but it's the amount of monies coming into this province, the amount of taxes he's raising, yet the allocation to the post-secondary schools is not there.

**HON. J. STORIE:** I can only indicate that Mr. Naimark and I have discussed part of his contention, and I can indicate that the factual presentation that was made to members of the Legislative Assembly gives you an idea of Manitoba's position, factual representation.

There has been no question that there have been attempts to distort the facts, to put a good face on the Federal Government's unwillingness to participate in post-secondary education. I point out as well that the universities are not the sole body responsible for post-secondary education.

The member and perhaps the president of the university, the one in question, chooses to ignore the fact that there is some \$10 million of provincial funding or funding going in - not just solely provincial - but \$10 million worth of funding going into Limestone training, which is post-secondary training; some \$8 million into post-secondary programming such as the ACCESS programs that we were talking about. If that is thrown into the mix, it totally refutes the figures that were quoted, and I think puts a different connotation on the question of post-secondary funding.

I can indicate to the member now that from 1977-81 in which this member's colleagues were in government, inflation was approximately 34 percent, and the universities' funding was 30 percent. If you

compare that to 40 percent funding increase versus 32 percent inflation, I think it gives some indication of where the commitment lies.

The second argument is again rather specious, because of the fact that the percentage of money that is allocated to post-secondary institutions, of course, is very much related to the general funding of the government. Over the last few years, there have been significant deficits. This government has chosen to fund, for example, \$200 million on the Jobs Fund to create employment. Of course, it reduces the percentage of allocations to universities or to other institutions simply by virtue of the fact that the base is that much larger, and other priorities have been assumed.

So the arguments have to be made on the basis of whether the university is receiving adequate funding, not whether it's receiving the funding that they would like. I believe that the government, even in its relatively restrained period over the last few years, has provided funding at inflation levels.

We're still amongst the lowest tuitions in the country. Certainly, amongst other Canadian provinces we have been rich funders of our post-secondary institutions including universities. I think that, if you ranked us in terms of Canada, you would find we ranked in the upper percentile rather than the lower.

So I'm not sure what the member's point is in defending the Federal Government. He only has to go across this province and look at the devastation. Go and wander through the empty National Research Council. Go and talk to the universities about the new funding for Social Science research. The devastation is everywhere, and it cannot be laid on the shoulders of the Provincial Government.

**MR. C. BIRT:** While the Minister is checking his funding requirements, I think for the same period he indicated that the funding to the universities went up 40 percent. He'd also find that the funding increases on expenditures for the same period of time went up 48 percent. So it just confirms the fact that the funding for post-secondary education and, in particular, the universities and colleges has been declining under his period in office.

A question to the Minister, does he believe that the funding to the universities should be tied to the amount of transfer, either tax or cash equivalents, under the EPF that the Province of Manitoba gets? In other words, if they get a 6 percent raise, then the universities should get a 6 percent raise in their funding?

**HON. J. STORIE:** Let me answer that question with a rhetorical question. Does the member believe that funding universities at more than 8 percent above inflation is acceptable? Or would he rather buy the federal formula of 2 percent less than inflation into the foreseeable future?

**MR. C. BIRT:** Mr. Chairman, if the Minister can't handle any questions dealing with education, then perhaps we could just adjourn and get someone who can because, quite frankly, I've asked a question on whether or not the funding for universities should be tied to transfer payments to this province.

**HON. J. STORIE:** No, Mr. Chairperson, and no one has ever suggested that it should. What we have

suggested is that the Federal Government has, by history and in some respects statutory obligation if not constitutional, an obligation to provide an adequate funding to post-secondary and health institutions in the province.

While certainly the province has, as you can see by the figures, attempted to provide adequate funding to the universities, we want people to be aware of the fact that there has been a withdrawal and there is continuing to be a withdrawal of federal participation in health and post-secondary funding. That drop has been from a high of 51 percent or 52 percent to the current 43 percent, and it is projected to drop to 36 percent by 1991. That is not by accident, but by willful design.

That reduction in funding is inevitably going to have one of two impacts. It is going to put the province in a position where the current level of support to universities is not going to be possible; or that other services that are provided, other obligations that a government has are not going to be able to be met in order to maintain the level of funding for universities. That is the problem, and that is why this question has been raised.

I indicate again, if you think that I am the only Minister who is raising these questions and has raised this issue, then the member is dead wrong.

**MR. C. BIRT:** I just remind the Minister of the letter that I quoted from from A. Naimark, head of the University of Manitoba, who seems to totally and absolutely reject the position that the Minister has been putting forward and, quite frankly, his attempt to cover up his inadequacy as far as funding the universities in this province are concerned, because he can't escape the fact that under his regime and his predecessor's funding is a percentage of total budget has gone down from 20 percent to 18 percent of the budget in this province, and that's long before this red herring of the so-called federal debate and transfer payments took over.

To see how adequately the Minister is funding the universities, one only has to quote from the latest Faculty Association Newsletter of July 9 of 1986. It states: "In the wake of the 2.76 percent increase to the university's operating grant, budget cuts across the units in the university have been swift and brutal." Hardly what you'd call a generous response to a large increase to funding to the university.

It says: "86 courses have been eliminated, 50 full and part-time seasonal and one-term lecture in the Faculty of Arts have lost their jobs." It goes on to state: "Students will suffer larger classes. There will be loss of laboratory sections in the first-year science courses."

I'd ask the Minister, has he or his staff had a chance to assess what the total impact will be on the University of Manitoba and the other universities as a result of the small increase in funding that he's granted to the university through the Grants Commission?

**HON. J. STORIE:** I point out again to the member the facts of the matter. The facts of the matter are that we have funded beyond inflation. If that isn't acceptable in the Member for Fort Garry's mind, then he should seriously have a talk with his federal colleagues who

don't seem to accept that principle at all. So we have the Liberal left of the Tory party talking on one hand and we have the reactionary right actions of the Federal Government on the other.

Secondly, I point out that Dr. Naimark has also been involved in the coalition on health and higher education funding where he has also expressed and written to the Federal Government expressing his concern about the level of funding.

In terms of the letter that the member referenced, in terms of his continual quoting of the fact that as a percentage of overall government spending, less financial resources have been allocated to the universities. I point out that the base of the provincial budget has expanded substantially and that was done on an intentional basis and it reflects some other priorities that the government has and probably the No. 1 concern of Manitobans and that was jobs. So the fact that it's reduced marginally in terms of the overall allocation of financial resources is a reflection of those other priorities.

I point out, as well, that the University of Manitoba, while acknowledging, albeit not with a great deal of enthusiasm, the 2.7 percent increase in operating those not to acknowledge the increases in other areas which they were obtaining, namely the support for other specific programs the university felt were important, the tuition increase which would give them an additional 1 percent. They were not acknowledging the contribution, the action of the government in making available the \$10 million debenture for their purposes. So we haven't seen all of the facts placed on the table in terms of how the government has dealt generally with the universities.

I put on the table the fact as well that the University of Manitoba, unlike the University of Winnipeg, for example, chose to make some statements about potential reductions. I can only speculate as to how those announcements were made or what their purposes were. I can indicate that the president of the University of Winnipeg indicated that they had appreciated the circumstances the government was in and by prudent management over the last few years have enabled them to maintain their operations and not provide any course reductions.

The fact of the matter is, as well, the reductions which were talked about and appeared, the scenarios which appeared in the press, have not come to fruition; in fact 17 courses out of the hundreds that are offered, if not thousands, were cut. About half of the 17 courses had less than six students in them and the original talk of 250 sections, or whatever it is being cut, the actual case is that 54 now are tentatively scheduled to be reduced in terms of sections and certainly students will have alternate sections available to them so that the programming changes which come about have not at all been as dramatic as originally suggested. I acknowledge that the University of Manitoba is a large institution. They do have difficulty in controlling their costs.

The government has recognized that and, despite the fact of modest funding, I think it is certainly unfair to suggest that they have not received the appropriate attention. I know they, like any other institution, would want more and certainly the Provincial Government would like to be in a position to offer them more. But

the fact of the matter is that, while they are certainly a priority, they are not the only priority.

**MR. C. BIRT:** Mr. Chairman, the Minister spoke of giving funding above the inflation level, but if you look at either his figures of 3.8 percent or the university's of 2.78 percent, that falls below the inflation rate for the year which is approximately 4 percent.

I would draw the Minister's attention to a letter dated June 26 issued by D. Naimark. I presume that he has received a copy of it, but in it he talks about the so-called extra funding that the university is supposed to have received from the Minister, one of them was a new nursing program, one was the Earth Sciences Program and there was some miscellaneous capital. But, basically, when he adds it all in and it works through onto the computer, it shows a 2.81 percent increase which is awfully close to that 2.76 percent that we've talked about and still is dealing with the reduction of services, the loss of teaching positions at the university and no matter how the Minister cuts it, it would appear that there is a reduction of service being carried on at the University of Manitoba. I'd like to know what steps, if any, the Minister will be taking to remedy this problem.

**HON. J. STORIE:** I've indicated what the result of the earlier announcement has been. To my knowledge, there have been no layoffs as the result of any of the changes that have been made; that in fact without wanting to overstate the situation, whether there was some posturing or some initial reaction which was not as well informed as it should have been I guess is a question, but the negative consequences which were originally predicted have not come to fruition.

So all I can tell the member is that the funding that has been provided and that will be provided in the next fiscal year, will be in line with the needs of the university and the capability of the province to provide those dollars.

**MR. C. BIRT:** Is the Minister saying that there will be no staff layoffs or termination of teaching employments at the university now?

**HON. J. STORIE:** Mr. Chairperson, as the member knows, I do not control that. I have indicated that another president of another university has indicated that with prudent management this crisis has not been precipitated by the funding levels provided by the province.

I have indicated that I recognized that there are some special circumstances in the University of Manitoba. However, given the scope of a budget that is in the neighbourhood of \$165 million in total, they should be able to find resources to make sure that their priorities are maintained, whether it be Women's Studies courses or maintaining the accreditation of the Engineering Faculty.

**MR. C. BIRT:** Has the Minister or his staff met with representatives of the universities, in particular of the University of Manitoba to see if there are going to be staff layoffs?

**HON. J. STORIE:** Certainly staff of the Universities Grants Commission have made inquiries about the

specifics of the changes. I can indicate that the latest information that we have has just been provided, and there has been no indication from the university to date that there are, in fact, going to be layoffs.

As well, I have met with the university presidents and certainly intend to increase my contact and my consultation with them, because I think it's important that they understand the government's position, not only with respect to their institutions but with respect to the provincial financial situation and our ability to meet all of their needs.

**MR. C. BIRT:** Does the Minister know the number of faculties that are presently being reviewed or on sort of almost a credit watch type of situation for accreditation, how many faculties may be in potential of losing their accreditation?

**HON. J. STORIE:** Mr. Chairperson, it may come as a surprise. That kind of information is not reported to the government. In fact, we had no knowledge of a question even being raised about the accreditation of the University Faculty of Engineering. Those are matters within the university's jurisdiction and, although I guess they're made public from time to time, what sometimes seems inappropriate at inopportune moments, those decisions and those concerns are first addressed in the university community and, I presume, at the board of governor's level, although I have no knowledge that in fact occurs.

But those would be questions, it would seem to me, would be in the rightful domain of the University Board of Governors. It seems to me that is their role in fact, to ensure that the university's priorities are consistent with the best interests of not only the university but the community and the province as a whole.

The fact that the province isn't informed or the Minister or the Universities Grants Commission, I guess, raises alarm bells in my mind in that we certainly anticipate that our universities are going to be accountable, that they are expenders of huge sums, large sums of public funds, and yet certainly at the political level, at the legislative level, there is sometimes a feeling that the Minister isn't in charge. That's probably an accurate perception. Our control results, by and large, through funding that's allocated and any conditional funding which may be attached to that, but that's rather a limited role in terms of providing overall assurance that there is accountability and so forth at our universities.

**MR. C. BIRT:** Mr. Chairman, surely the department and government must be concerned as to the types of universities that we have, the types of programs that we're offering. I don't think the Minister lives in a vacuum, and I don't think he's trying to convey the idea that he does, because there are all kinds of interprovincial agreements where you don't duplicate services, where one university will develop an expertise and, for cost considerations, there are agreements made and entered into where you can transfer people and resources back and forth. But certain basic things, if they're essential to the training of young Manitobans, have to be there, whether it be the Faculty of Agriculture which is the area that the province or the University

of Manitoba first got its expertise and world reknown in, whether it be the Faculty of Medicine or divisions in that faculty, whether it be the Engineering Faculty or any others, I can't believe that the Minister would just say that it isn't our responsibility, it's the responsibility of the university.

Now, I could appreciate that the allocation of resources within the jurisdiction of the university is one thing, but the province has to set priorities. It has to make determinations, and it has to set certain standards for its educational institutions. The province has played a very active role in the community colleges, and I find it surprising that there wouldn't be some sort of watch or review kept on the universities to ensure that some of the basic programming that's been there has always been there.

If it's a problem of accreditation, why is that? Maybe there isn't enough money being entered into. Maybe some special agreements have to be entered into. There's a whole host of things when you try to solve some of these problems.

So I take it from the closing comments that the Minister made that he would like to become more informed and know what is going on and what is happening there, especially as it affects accreditation of faculties, because they may very well be on the Minister's doorstep with cap in hand, saying please bail us out or give us extra funding for this particular project. How do you say no when the university Engineering Faculty is going to lose its accreditation? I mean, that's just not something you argue politics over. If it's going down the drain, you take steps to try and solve the problem.

So I would just like to have the Minister's assurance that he will keep a watch on it. Whether the amount of funding that one gets is adequate or not, the important thing is the basic structure of the university being sound and continuing to give good education to young Manitobans.

**HON. J. STORIE:** Well, certainly I think our universities do excel, and the member referenced the fact that universities, by accident or by design, across the country have become reknowned for certain specialties. Certainly, there is exactly the same phenomenon developed in Manitoba where the University of Manitoba is well-known for its Faculty of Agriculture, its Faculty of Medicine. Brandon is well-known for its Music and Education, and CUSB is known for its French language studies. It is true.

The problem that I raise is one that I'm reasonably certain other Ministers of Education have felt. The Member for Fort Garry raised an interesting phenomena in the 1980's in that he said the government has to set its own priorities. Certainly in terms of post-secondary education, we have. Not all of those priorities have been reflected directly by the wishes of the university. I have indicated that we have spent tens of millions of dollars in post-secondary education outside of the university community, something that did not happen from the years 1977-88, reflecting this government's priorities.

In addition, over the course of the last four or five years, there have been programs implemented on the basis of conditional funding. In other words, the

governments had said, yes, here are the priorities. Here's what we're going to do. Here's the money to do them. I shouldn't make that sound as if the government established those without the interest of the university community. By and large, there was interest expressed, and those priorities were established in consultation with, in cooperation with the universities, whether it's the nursing program or Native studies or whatever.

So the government has done that, but the unfortunate and the difficult part of that is that has been done by additional funding. In fact, I am sure most Ministers of Education have felt somewhat at a loss in terms of re-establishing the priorities of existing funding. Within the universities, the priorities are established by the administration and board of governors. That's as a result of long-standing tradition that universities are seen as autonomous bodies.

It is easy to be, I guess, innovative and imaginative when the resources of the government are unlimited. It's easy to add programs. It's much more difficult to redefine priorities within constrained financial resources, and that's what makes the current situation so challenging. It's not only a challenge for me. I am very well aware of the fact that it's also a challenge for the university presidents themselves and the university communities.

All I can assure the member is that the board of governors and the presidents of the university, their goals are no different from this government's. We want to provide quality university education. We want the universities to be accessible and at the same time we have to be aware, both of us, all of us have to be aware of the constraints that we face in terms of resources. I'm not copping out; I'm not blaming any other level of government. It's simply a fact of life, and we have to deal with it.

**MR. DEPUTY CHAIRMAN, D. Scott:** The Member for Fort Garry.

**MR. C. BIRT:** The Minister made reference to this earlier, and I'd like to deal with it for a moment. There is an indication under The Loan Act that the University of Manitoba is going to be able to borrow \$10 million. Is this the first time the university has borrowed money?

**HON. J. STORIE:** No, Mr. Chairperson.

**MR. C. BIRT:** Is this something that they do on an annual basis?

**HON. J. STORIE:** In the mid-Seventies, the university had a large debenture for renovations previously.

**MR. C. BIRT:** Why is the university borrowing 10 million through this route? Why is it not coming as a capital grant or miscellaneous grant through the Province of Manitoba?

**HON. J. STORIE:** I understand the university requested that.

**MR. C. BIRT:** Mr. Chairman, when one looks at the annual report for the university and also in the report

for Universities Grants Commission - I think I'm reading it right - that the province then gives the university both capital and interest to pay off this debenture or loan over a period of time.

**HON. J. STORIE:** Yes, that's correct.

**MR. C. BIRT:** Is there a limitation on the amount that the university can borrow imposed by the province?

**HON. J. STORIE:** There is no limit per se, other than the amount that's negotiated.

**MR. C. BIRT:** The Minister indicated that it was a similar loan back in the Seventies. Does that mean it took from then to now to pay it off, so they're now reborrowing? Is this what they're doing?

**HON. J. STORIE:** No, they are not related, but it was paid off.

**MR. C. BIRT:** Mr. Chairman, what does the university intend to do with this borrowing authority? I mean, did they have to come to the UGG or the Minister to provide a basis on what they intended to do for it and how they were going to finance it?

**HON. J. STORIE:** I understand it's for a variety of purposes, the upgrading of the plant, purchase of major pieces of equipment, those kinds of capital projects.

**MR. C. BIRT:** In allocating the amount of funds or the monies that will go to the university next year, certain items are taken care of and not dealt with in sort of operating. You know, specific salary increases, things like that, I believe, are covered by the province. There is a certain increase in discretionary funding. Will the amount of monies allocated by the province for principal and interest be fixed, or will that be included in their discretionary funding allocation for next year?

**HON. J. STORIE:** No, that would be an allocation apart from the base.

**MR. C. BIRT:** Mr. Chairman, are the other universities able to borrow capital like this for local improvements or renovations, repairs, etc.?

**HON. J. STORIE:** Yes, they could.

**MR. C. BIRT:** The Minister also indicated that there was an increase, I believe, in the amount of monies paid to the university as grant in lieu of taxes. Does that money just not flow right through then to the municipality? Is that amount not determined then by the Provincial Government as how much money the public institutions in Manitoba are going to pay to the various municipalities? Once that is made, then is that money not just allocated into the budget?

**HON. J. STORIE:** Yes, it does flow back to them.

**MR. C. BIRT:** So actually the amount of money then allocated for grant in lieu of taxes paid by the university

is really not money in their budget. It's just a flow-through mechanism.

**HON. J. STORIE:** It would have to be paid by them obviously.

**MR. C. BIRT:** But it's put in specifically by government policy to flow through to the municipalities.

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** Okay.

I think it was in 1985, a draft of The Brandon University Act surfaced and was circulated to the University of Brandon and also to, I think, people in the community. Can the Minister advise what the status is of that draft bill for Brandon University?

**HON. J. STORIE:** It is one of two, I guess, that are under consideration. The University of Winnipeg is also considering the possibility, I guess, or are interested in having their own act to establish themselves in a formal way. It will be considered; they will be considered quite seriously.

I indicated that it wasn't going to be possible to do that in this current legislative Session, but that it is something that I think I want to raise as a possibility for the next Session.

I should point out that the four universities in the province are quite disparate in their history and their current status in relationship to the Provincial Government. The University of Manitoba, for example, has 23 members on their board, 12 of which are appointed by the Minister, the Government of Manitoba. The University of Winnipeg has some 32 board members, 10 of which are appointed by the Provincial Government. The College Universitaire de St. Boniface has no appointments from the Provincial Government. The infamous Board of Governors from Brandon University have 10 appointees out of 17.

So they are quite a diverse group, and I have been contemplating the advisability of producing a universities act which would establish them, provide some semblance of order to the institutions. They're all publicly funded. They are treated identically in terms of their ability to receive public funding. It's something that certainly raises some interesting questions about why that divergence. There is, I think, a rationale for reviewing them in their entirety. I think there are a number of questions that could be answered by a review of that kind of legislation.

**MR. C. BIRT:** The University of Manitoba has its own act or charter, I guess it was, when it was first incorporated and there is a Universities Act which I believe both Brandon and the University of Winnipeg operate under.

Is the Minister attempting to say that you're going to create one major universities act legislation, so that the same rules would apply to all of the institutions?

**HON. J. STORIE:** No, the University of Winnipeg and Brandon University actually operate under O/C, Order-in-Council.

**MR. C. BIRT:** Under The Universities Act though. Where do you get the authority to give the Order-in-Council?

**HON. J. STORIE:** The Universities Establishment Act.

**MR. C. BIRT:** Okay, that's The Universities Act. All right.

**HON. J. STORIE:** But they want their own act; and two universities do have it and two don't.

So the point I'm making is that they all receive the same kind of provincial funding and it would make sense it seems to me, superficially, to have them structured in a similar fashion and to have them accountable in similar fashions and it's simply a question that's raised when we start talking about the Universities of Brandon and Winnipeg wishing to establish their own act.

Like I said, given that they are receiving large sums of public money, I think it makes sense to review that whole question and see if you can't bring some uniformity to the way they're established, the way they operate and it's something I will be reviewing over the coming months.

**MR. C. BIRT:** If the Minister or his staff could turn to Page 20 of the Annual Report, 1984-85 of the Universities Grants Commission, and it's the explanatory notes, when you see academic staff full time, there are the four colleges mentioned and then there's a Roman numeral I under St. Boniface College and it says, "An additional 109 full-time academic staff are paid from non-operating funds. Now does that apply to the total staff complement of the four universities mentioned there or is it just to the St. Boniface College?"

**HON. J. STORIE:** I'm told that it's for the total.

**MR. C. BIRT:** So the other two explanatory notes then would also be for the four colleges, not the . . .

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** Mr. Chairman, in the grants to the universities, you gave me a breakout as to the sum of money that is going to the various universities and the University of Manitoba got \$129 million, which is an increase of 3.2 percent; The University of Winnipeg, 17.3, which was an increase of 4.9 percent; Brandon University at 11.4, which gives you a 6.1 percent; and St. Boniface College at 2.9, giving you a 5.5 percent increase.

The general formula, and I think the figures used by the Minister or at least during the Budget Debate, was that some 3.8 percent increase in funding was going to the universities.

Why do you have different amounts and different percentages going to the universities and what was the criteria for giving them different amounts?

**HON. J. STORIE:** The difference can be accounted for in terms of the targeted funding, \$100,000 for a targeted program. A conditional grant to a small university obviously means a much larger percentage increase. There were also some ongoing or previous commitments.

The Earth Sciences Building is one for the University of Manitoba; the University of Winnipeg, a catch-up

grant because of some inequities that were related to funding at the University of Winnipeg.

There was some community programming as well, additional dollars for some community programming at the University of Winnipeg. The University of Brandon received some additional operating dollars for the Music Building, so there are some specific dollars attached to either previous commitments or additional commitments that the universities made.

**MR. C. BIRT:** Mr. Chairman, the Annual Report shown by the University of Manitoba, - and I don't have the other ones available - they've shown their operating status over a number of years and it would appear that they try to come in with surpluses. What happens to those surpluses? Are they taken into consideration for the next year or is that refunded to the university? Are they free to spend it within their own milieu? What happens? If they make a surplus, what happens to it?

**HON. J. STORIE:** I understand that surpluses are not uncommon. In fact, in the previous year, I understand there was a small surplus.

Again, that is within the domain of the university themselves to rearrange funding within the budget or to allocate additional funding to specific programs as they see fit. So once the allocation is made, there is no attempt to recoup surpluses. I guess some would find it surprising there would be surpluses in these so-called tight times.

**MR. C. BIRT:** But if there is a surplus or a deemed surplus - and I can appreciate often it's just a paper figure it's not a real surplus because you may not have filled staff roles completely or whatever - then is the Minister saying that for the next year's budgeting any surplus is not taken into consideration in allocating an operating grant?

**HON. J. STORIE:** That's correct.

**MR. C. BIRT:** Mr. Chairman. That's all my questions.

**MR. CHAIRMAN:** The Member for River Heights.

**MRS. S. CARSTAIRS:** Yes, there's a number of things that I'd like to discuss, but the first one I'd like to discuss is the basic statement of the minimum amount needed to maintain the existing level of program activities at the universities that will require an additional 5.7 percent or 8.890.1 to the operating base.

Why did the universities take such a beating in the overall Estimates process, if in fact it started off with a 5.7 percent increase and ended up with a 3.6 percent increase?

**HON. J. STORIE:** I'm certainly shocked and quite taken aback by the Member for River Heights' excessive use of a motive language with respect to this issue. I think clearly the government has been most judicious and fair in their allocation - as they are wont to be, I understand - in their allocation to the universities.

I think if you actually look at all of the sources of revenue, the conditional grants, the miscellaneous capital, capital grants that are provided to the



universities, actually the figure is very much like 6 percent. I had given the Member for Fort Garry a breakdown of the different sources of revenue that the universities had and I would just review those, if I can find them.

There was a 2.76 percent increase in base funding, which applied to all of the universities; then there was additional funding offered to each of the universities for specific projects, which brought it up to approximately 3.8 percent. The universities, by virtue of the fact that another major source of revenue is tuition fees, obviously received approximately another 1 percent increase as a result of increasing tuition fees; an increase in provincial support by way of a grant in lieu of taxes to offset increasing taxes of approximately 1 percent; and I've already mentioned the specific categorical grants. So you come to a figure that's close to 5.76 percent or 6 percent, the 5.8 percent that's mentioned or the 5.5 percent.

In addition to that, the University of Manitoba which is the largest, and obviously budget-wise significantly the largest, also received authority for a \$10 million capital debenture. The cost to the province in meeting the interest, and the principal and interest of that, will be an additional sum of money which will be the responsibility of the province.

So, I think while certainly perhaps from the university's perspective we have not provided enough, I think provided essentially what we believed was necessary, recognizing as well the Universities Grants Commission received substantially more requests than what were included in their recommendations. Requests from the university foresaw the need of an increase in the magnitude of 10 percent to 11 percent. I suppose if you include the \$10 million that has been provided by way of debenture, that we're almost there, but in terms of straight grant, obviously, the recommendations of Universities Grants Commissions are tempered, if you will, by the resources of the province and our ability to fund the university's needs along with the very real needs of our health system and the needs of post-secondary training in other parts of the province through other institutions and other venues. If that's an explanation, I guess that's it.

**MRS. S. CARSTAIRS:** With all due respect, Mr. Chairman, to the Minister, I'm really not interested in all the other kinds of funding. I'm interested in the grants received through the commission for the universities.

The Minister in his answers to the Member for Fort Garry threw out things like we have one of the lowest tuition fees in Canada, while in fact that's not entirely true; McGill has a lower one than the University of Manitoba. We throw out things about the money we give to education and, quite frankly, the provincial Tories are equally guilty of having badly funded our universities - as you are unfortunately becoming, as this government - but Nova Scotia provides far more per capita to education than we do in this province, simply because they place an extremely high value on the education process.

If you, in fact, deal with the reality of the situation, our universities in Manitoba - not this year - but in the very near future are going to be in serious difficulties

at maintaining a high level of academic excellence. One only has to go through the number of faculties that have been in danger of losing accreditation and funding had to be found rapidly in order for them not to lose their accreditation.

Architecture, dentistry - now we're looking at internal medicine - engineering - we lost ophthalmology. It goes on and on. That may well be the purview of the Board of Governors, but since the vast majority of the monies that go to the Board of Governors come from the Province of Manitoba and the government of this province, then we must do something to either make a decision that we're going to have excellence at our universities or we're going to make the decision that they are going to be less than excellent.

I maintain if we continue this level of funding that was provided last year and this year, we're going to have a serious excellence crisis in this province.

**HON. J. STORIE:** I guess two points, one, I think the universities and certainly the government are concerned with excellence. I think it's recognized that for a small province, really, we have three fairly large university communities, four universities, and certainly I think a sizable responsibility for a province of a million people.

It is true and I've indicated we have reduced the level of funding over the past couple of years, but I think it should be recognized it was on a fairly substantial base where increasing was substantially beyond inflation, and over the five years our record is pretty fair. I don't think we need to feel any shame in funding universities at 8 percent beyond, 9 percent beyond inflation over the past few years. Clearly, that should be enough for them to maintain their mandate and provide excellence.

I think our funding of universities has been comparable to the public school system and I recognize there are many school boards out there who would also, as the University Board of Governors, want more funding. But I think if you compare our level of funding to other provinces, we have done a better job in terms of clearly establishing universities and post-secondary funding as a priority than other provinces, that we have tried to maintain our system.

Clearly, the government, by virtue of its relationship with the university, cannot establish the priorities, cannot - and I've indicated to the member previously - does not have the kind of the information that would allow it to intervene in perhaps a more timely way to prevent the loss of accreditation. Those decisions are within the purview of the university and have been, I guess, guarded rather jealously by the universities for some time. If the member is suggesting the university's autonomy should be jeopardized in some way, then obviously that's another ball game entirely.

The universities, I suppose like other institutions, have had a difficult time over the last few years coming to grips with the fact that they needed to reprioritize; that no institution however important, however based on tradition can remain static forever, and there have been significant changes at the universities, and some of them brought on by the fact that funding was at a premium and new ways, better ways of doing things had to be found. Some universities have been able to accommodate the current reality better than others.

Although it has been painful, I'm only aware of the possibility of the loss of accreditation for one faculty

and, again, something that was brought to my attention through the media and indicates, to my way of thinking, a lack of planning, a lack of foresight at some other level. While I share the responsibility and certainly will do, as has been indicated, will work cooperatively with the universities prevent those kinds of things from happening, perhaps it can only be prevented in the future by a closer cooperation and more sharing of information and I think that's desirable.

**MRS. S. CARSTAIRS:** Quite frankly, Mr. Chairman, I'm appalled the Minister of Education would say he learns about accreditation problems at his major universities through the media. I don't think it is any threat whatever to the autonomy of the university for the Universities Grants Commission to ask for a report on the status of faculties and any difficulty those faculties may be encountering because of a lack of funding. I would think that would be an obvious question to ask prior to budgeting for the Grants Commission.

**HON. J. STORIE:** Certainly, the universities have within their budgets the ability to deal with, for example, the accreditation problems that may or may not face the Faculty of Engineering. They may choose, for their own reasons, to deal with it without acknowledging there has been a problem, and I presume that has happened in the past.

The member does raise a good question about our ability to ask questions, but it also raises other legitimate questions about the need, if you will, for the university community to share that kind of information in a more timely fashion. It is a problem; I agree that it needs addressing. As I've indicated previously, I will be meeting with the university presidents and do intend to work much more closely with the university presidents so that I can understand their needs better and so that they can appreciate our position as well.

**MRS. S. CARSTAIRS:** I don't like to pit one university president against another university president; however, since the Minister in fact brought them both into the conversation, I think it would be very appropriate for the University of Winnipeg to be less unhappy with his grant of 4.9 percent than it would be for the University of Manitoba to be happy with his grant of 3.2 percent. I think it's also fair to say that the University of Winnipeg, several years ago - and I think one of the reasons why they're now getting catch-up grants, was that they made massive cuts in courses three years ago. That was the same period of time in which we were dealing with closing libraries a year or so later and limited hours and access of students to those library hours. I think that there are many students at the University of Winnipeg who are still complaining about the lack of availability of courses that used to be available in the calendar of that university.

**HON. J. STORIE:** Just for the record, they didn't close the university library but there were in fact some reduction of courses. I don't see that as an entirely negative phenomenon. I think that universities have to revamp the courses they offer from time-to-time as well; that they in fact have to reflect more broadly the needs of the students and that if that means reducing

sections, changing the ratio of one faculty's offerings versus another, that that's an appropriate thing to do.

I can only indicate what I've heard from the university president and that is that they saw the necessity for changing in a rather dramatic way some of the things that they were doing; and they did them. That may be necessary. Again I don't see that as all-negative; that change is sometimes a positive force and it can be at the universities as well. Whether that means that we can expect fall-out, I guess, from a process at the University of Manitoba or other universities, is open to question.

**MRS. S. CARSTAIRS:** Has the government and the Grants Commission in particular ever thought in terms of long-range planning for our university institutions because it appears to me that this is where the real difficulty occurs. I mean the first two years of your government being in office, no question, gave substantial increases of money to the university community. They expanded in courses; they built new buildings; they introduced new faculties; and then all of a sudden when they have been used to that level of funding, the crunch hits. They are then left with the dilemma of having hired more staff; having put programs into place. Would it not be more advisable to put them on some kind of a five-year plan so that they had some knowledge of where they were going over the years of a government?

**HON. J. STORIE:** Yes, I think the member raises an excellent idea, not only for the universities, for the public school system, in fact for our other major institutions which are funded by government. Although that is a desirable thing - and I believe that the First Minister and the Minister of Finance have indicated that we will in fact be moving in that direction - that we would like to table a longer-term perspective of the problems and the opportunities that we face in terms of our fiscal financial picture, it does pose some problems.

I'm reminded of the initial term, the initial year of the NDP Government in 1981-'82, when we had as a matter of course, invited several experts in to discuss the future economy of Manitoba, the directions that the Canadian economy, world economy was going to take and received assurance from many quarters that the recession was in fact over, that the prospects were thus and so. These were recognized economic experts from other parts of the country that in fact many of the leading economic forecasters were predicting the same kind of thing and it never came to pass. In fact we went through a severe recession. So it leaves one with a very difficult scenario where in fact while it's desirable, it has some potential pitfalls in that if you indicate that this is going to be the scenario and the economic circumstances of the province, the country turnaround, you may have set in place some planning and the implementation of some programs that will be negatively affected.

I think the benefits outweigh the disadvantages and I think in fact that kind of planning should be taking place and what we've got to do is make sure that the planning isn't carved in stone. But it's an excellent idea and if we're really going to get some priority-setting, I believe particularly for the university community, they need to have that kind of assurance.

**MRS. S. CARSTAIRS:** Mr. Chairman, the Minister indicated earlier that there was not going to be the kinds of staff cuts that had appeared the faculty association felt there were going to be. Did his Grants Commission also look into other types of staff because I understand that in fact it will end up being a support staff that will be cut? Quite frankly, I'll give you my own bias there in that if I had to cut a secretary rather than a lecturer in one of the sections of the course, I'd cut the secretary and no questions asked. I still believe that a library and a good teacher can create a degree of excellence.

**HON. J. STORIE:** I can only indicate that we have had no indication that there are going to be any layoffs, whether they would be staff, teaching staff or support staff. Those priorities have to be determined by the university in the event that layoffs are necessary of any kind. It wouldn't be unusual to see support staff laid off where that was possible and wouldn't jeopardize the longevity, the safety security of the buildings, I suppose.

**MRS. S. CARSTAIRS:** I was amazed when we first discussed the University of Brandon and again tonight, quite frankly, that the government would have 10 appointees out of 17 and I would hope that while he's looking at new acts, he would not use Brandon as his guide. I think that if we are really serious about the autonomy of universities that in fact the government, while it should have representation, should certainly have less than 50 percent.

**HON. J. STORIE:** I appreciate the member's candid comments. I'm sure that the current Board of Governors at Brandon University will take no offence at that thought; it was the concept I think that's important. I guess that is a question that needs to be reviewed fairly carefully. In my own mind, it is a question of accountability and how does one best achieve that. I can only indicate that I had not thought of Brandon University as a model necessarily.

**MRS. S. CARSTAIRS:** If we're talking about accountability, I don't think that there's anywhere been proven that Collège St. Boniface is any less accountable than any other of our universities, yet they have no appointees. I don't recommend that as, quite frankly, the model either, but I do think that autonomy at universities is extremely important, and I think that a 40 percent government participation is perhaps a more reflective and realistic goal for university participation from the government.

**HON. J. STORIE:** I appreciate the comments.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Mr. Chairman.

I wanted to deal with this question of long-term planning for the university, because I think that's extremely important. The Universities Grants Commission Annual Report on Page 32 refers to, with respect to the University of Manitoba, a multi-year plan to 1989-90 which was to be presented in June of 1985.

Does the Minister and the Universities Grants Commission have that multi-year plan?

**HON. J. STORIE:** The university, as with many I guess agencies, has a five-year rotating plan. It is not something that is tabled with the Universities Grants Commission. It is simply an internal plan and a rotating one. It's part of their budgeting sequence, I presume relates more to the capital and operating projects.

**MR. G. MERCIER:** Mr. Chairman, this reference in the commission report is contained under "Financial Planning." Why would the Universities Grants Commission be commenting on a multi-year plan that is internal to the University of Manitoba if they do not have access to it or have knowledge of it or be aware of it?

**HON. J. STORIE:** It is referenced merely to indicate that the university is doing longer-term planning. In fact, the five-year rotating plan is a relatively new phenomenon for the University of Manitoba. I gather all of the universities now have some form of longer-term planning, the five-year rotating plan or whatever. The University of Manitoba has been at it for several years now, and it's again a device that assists them in preparing in a longer time frame.

**MR. G. MERCIER:** Mr. Chairman, is the Minister saying that the Universities Grants Commission does not have access to or is not aware of the contents of that, what he refers to as an internal five-year plan for the university?

**HON. J. STORIE:** I understand that there is no formal plan that is tabled with the Universities Grants Commission. Some portions of the plan are discussed, I gather, in detail with the commission, but there is no overview by the Universities Grants Commission of the full plan. As I indicated, basically the Universities Grants Commission encourages the universities to undertake this kind of planning just for their own purposes, so that they could have a better appreciation for what was on the horizon and what kind of costs were anticipated.

**MR. G. MERCIER:** Mr. Chairman, the Minister has just acknowledged the Member for River Heights, and I agree with her concern about the benefits of some longer-term planning. We have a situation where apparently the University of Manitoba, for example, has prepared a multi-year plan, a five-year plan which obviously would express some objectives and some ideas about where the university would like to go over the next five years. The Minister is telling me the Universities Grants Commission does not have that plan presented to them. You know, I find that very difficult to accept that if the university has gone to that extent to prepare a long-term plan, why the Universities Grants Commission would not be reviewing that and, through the Minister at least, be giving some advice to the university on the objectives and the projected funding, etc., and making some determination as to whether government will, through the Universities Grants Commission, be agreeing with the long-term planning of the university.

**HON. J. STORIE:** I think we're talking about two different plans here. This is really a fiscal financial plan of the university, which outlines in a rather logical way what costs are anticipated to do in each of the categories of their budget. It doesn't deal with the planning issue of policy priorities. It doesn't deal with the whole range of planning possibilities for the university, and certainly doesn't deal with the funding policy of the government over the next number of years.

So when I was talking about planning and encouraging that kind of planning and indicating that I felt that it was useful and something that we should be doing, I was talking about the more all-encompassing kind of planning, not just saying here's our secretarial costs and we calculate that by five years they're going to be this. That's the kind of five-year rotating plan that they have, but it isn't a setting of priorities for the university. It isn't saying, here's where our costs are going in terms of this particular area of this faculty. How can we control them? So it isn't the kind of detailed policy planning, the detailed kind of budgetary planning in terms of funding that's needed to support the activities at the university. It's much more basic than that.

**MR. G. MERCIER:** If it's a fiscal plan, I believe the Minister referred to, can he indicate what the projected increases in expenditure at the University of Manitoba are for the next five years then on the basis of that?

**MR. CHAIRMAN:** I would just point out, for voting purposes, it is now 10:00 p.m. I assume we wish to continue.

The Minister of Education.

**HON. J. STORIE:** I understand that the projections are now that the universities would need somewhere in the neighbourhood of 4 percent over the next five years. Now that again, as I have indicated with any five-year plan, even though we're talking about strictly the financial planning of the university, there are a whole bunch of "ifs" built into that plan. If the winters are short, the costs are lower. If student enrolment drops, costs are lower. If liability insurance continues to escalate, costs are higher, many of those costs. But that's the kind of financial planning we're talking about. It's at the very specific level, and deals with the costs of staffing in each of the categories, costs of operating maintenance projections, but it isn't the kind of policy planning that immediately springs to mind when you talk about a university's five-year plan.

**MR. G. MERCIER:** Does the Minister have any long-term plans or objectives for universities in Manitoba?

**HON. J. STORIE:** Well, it would be a little bit premature to tell you my goals. I've indicated generally, broadly what I feel the universities are about. I feel that there needs to be a greater degree of public accountability. I believe that we need to increase the accessibility of universities. I don't believe that we should react to the crisis, the difficulty that we have funding the universities, by limiting access. I believe that many of the concerns of the university have to be addressed in much more

detail between the government and the university body themselves by dialogue and consultation.

I'm not in a position after being Minister of Education for three months to say in detail all of the things that do or don't need changing. They're important institutions, and they very much reflect the quality of life in Manitoba. So having said that, they are going to continue to be a priority. There's no question about that.

**MR. G. MERCIER:** Having said that, does the Minister agree that first-year Science students should not have labs available to them?

**HON. J. STORIE:** Again, I'm not a science professor, so I can't say categorically whether they should or shouldn't. I think there is probably an argument that can be made that the quality of education would not suffer unduly without them in some instances. I know that there are science courses offered with and without labs. I think you probably would find a difference of practices between the universities, and difference of practice between universities amongst the provinces.

So, you know, I don't think there's any easy answer to that. It depends on the objectives of the course. I certainly do believe that there is room for change in the way that some of those things have happened. Changes occur in the classroom and I'm sure changes can be brought into effect at the university level.

**MR. G. MERCIER:** Has the Universities Grants Commission during the past year approved any courses which are duplications of courses in other universities in Manitoba?

**HON. J. STORIE:** Staff say they can't recall any. The member raises a good point though. Certainly, if there are going to be any efficiencies had in a relatively small province, that is one of the areas that you would want to make sure there isn't duplication.

**MR. G. MERCIER:** Are there any discussions being held with, say, other western provinces with respect to, along this line of efficiencies, perhaps it would be, I suppose, similar to the Veterinary School which is in Saskatoon where they have that course. Are there any similar discussions being held now with respect to a specialization by one province in one field in lieu of another province specializing in another field? Would those kinds of discussions be held firstly by the universities, or are they handled by the Universities Grants Commission?

**HON. J. STORIE:** I understand that there are, and increasingly have been over the last few years discussions at the Deputy Minister's level and the Council of Ministers of Education. So the same issue has been raised at the Council where Ministers are discussing those kinds of issues.

I had indicated to the member for - I can't remember which member - one of the members opposite earlier, that discussions were now taking place with respect to the establishment of an institute for training teachers of hearing impaired on an interprovincial basis. It's a significant specialty, and obviously wouldn't be a viable

enterprise if one province were to go it alone, but it may be if it was done on a Western Canada basis. So those kinds of discussions do go on from time to time.

**MR. G. MERCIER:** Have there been any discussions with respect to speech therapy, which I understood at present they attend school in North Dakota?

**HON. J. STORIE:** Yes, I recall some year ago, year-and-a-half ago, that one of the items - in fact, I attended a meeting with Governor Sinner where the whole question of sharing of expertise and establishment of centres of excellence would be a possibility. I don't know that those kinds of discussions have gone on interprovincially. The one area that has been raised by staff is the question of training of Native medical students.

**MR. G. MERCIER:** Just a few more questions. Could the Minister indicate, through the Universities Grants Commission, how many courses did students drop out of during the past year and request a refund of tuition? I raise the issue because it's being presented to me and the suggestion has been that a significant number of students drop out of courses prior to the eligibility date and then receive a refund of tuition, and it's becoming somewhat of a problem. There's no question that no one would dispute dropping out for health reasons or medical reasons, but with university being so competitive, the suggestion has been that a number drop out because they feel they're not going to do well enough, and pick it up in summer school or the next year.

The Minister may not have that figure but I wonder if he would take the question as notice and advise me perhaps of the number of courses that students have dropped out of during the past two academic years and received a refund of tuition, and what that amounts to in terms of dollars for each academic year.

**HON. J. STORIE:** Staff have noted the questions and I'll respond back to the Member for St. Norbert.

**MR. G. MERCIER:** The last area, Mr. Chairman, that I raise in regard to the Canadian Nazarene College, which is one of four church colleges that the Minister will be familiar with. They are constituents of mine. Certainly, the president is. The school may be on the boundary.

The Minister may well be aware that they've been making a number of requests to governments over the years that do involve the Minister of Municipal Affairs in their assessment but, as well, they have pointed out that a major part of their curriculum coincides with that of the universities and that religious studies have now become a part of the universities' program and they're funded through the Universities Grants Commission. They have pointed out to me and, I believe, to perhaps the previous Minister that courses from these church-related colleges are transferable to university departments.

I know mostly about the Canadian Nazarene College because they're located on, I believe, Lee Boulevard in my constituency. There are a number of students who attend university who also attend their college and

receive a credit for the religious education courses that they offer. Yet the college itself, as I understand it, receives no financing through the Universities Grants Commission. I wonder if the Minister could tell me what he is prepared to do about it.

**HON. J. STORIE:** I am aware of their request. There are a number of options that have been raised with myself and the Minister responsible for Municipal Affairs. We are looking at that issue and I understand we'll be meeting with representatives of the four colleges in the very near future.

Certainly I will be made aware of the issue and will be discussing potential solutions, I suppose, to some of the problems.

**MR. G. MERCIER:** I take it from that answer the Minister has no positive response that he can give at this particular time?

**HON. J. STORIE:** I may have a positive suggestion. I guess positive is sometimes in the eyes of the beholder. But I certainly am aware of their problem and I believe we'll be discussing the issue and may have a suggestion that may be worth consideration.

**MR. G. MERCIER:** Does the Minister not, specifically within his portfolio, agree with the legitimacy of the argument that if they're providing the course of which students attending the University of Manitoba will receive a credit, that they should be entitled to some financial support for the operation of their facility?

**HON. J. STORIE:** I'm not as familiar maybe as I should be with the background and the rationale for the establishment of the college. Clearly, that college is not the only one in the province.

I should indicate that the Universities Grants Commission does not offer support to theological faculties; and the Religious Studies, of course, are of a variety, non-sectarian I guess in some respects. So there are some differences as well in the orientation of the Religious Studies offered at universities and those offered at some of the colleges.

**MR. G. MERCIER:** I'll defer to the Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, during the course of discussions, on the Canadian Nazarene College and the other three colleges, raised by the Member for St. Norbert, I think I must put it on the record that the Canadian Nazarene College is a client of mine in my professional capacity as a lawyer, and though I did not absent myself this was a debate and I did not participate in the debate.

I just want the record to show that I wasn't involved in any way, shape or form promoting or supporting their cause. I deliberately abstained from it, and I felt out of abundance of caution I should put my interest, as far as my client is concerned, on the record and trust that it doesn't cause anyone any concerns.

**MR. CHAIRMAN:** So it has been stated, so it shall be written.

The Member for Fort Garry.

**MR. C. BIRT:** Thank you, Mr. Chairman.

I believe these are all of the questions on the Universities Grants Commission?

**MR. CHAIRMAN:** Item 6.(a)—pass; 6.(b)—pass; 6.(c)—pass.

Resolution 51: Be it Resolved that there be granted to Her Majesty a sum not exceeding \$162,161,300 for Education, Universities Grants Commission for the fiscal year ending the 31st day of March, 1987—pass.

Now, we return to Item 1.(a) Minister's Salary - the Member for Fort Garry.

**MR. C. BIRT:** Thank you, Mr. Chairman.

I don't have any additional questions or topics that I wish to raise at this particular time.

Some several days ago, when we entered into the debate on educational policies of this government and the funding of same and where they were going or not going, I had set out a number of concerns that I and my caucus had on the record. I would just like to briefly touch on four areas that are of concern to me. I was hopeful as the Minister and I went through our Estimates that he showed promise of opening up, in fact, not being trapped by his predecessor's perceptions or positions because, quite frankly, I think some of them were not very well thought out or very positive as far as the educational field was concerned in the Province of Manitoba. However, the Minister seems to be somewhat trapped by some of his predecessor's actions in this area and for that I'm a little disappointed that he was not able to swing a new broom and perhaps bring some new light into the areas.

The one in particular I looked forward for mostly on was the quality of education. The previous Minister, in fact, set the parameters and I had hoped during the interim with the new Minister arriving on the scene, that the scenario would not be as it is now unfolded.

Quite frankly, I think the public wants a review of the high school curriculum. The students should be assured that they are going to be given a quality education to take them into the work force or into post-secondary education. That entails and challenges the perceptions in which the department provides the various services, the criteria, the course program, the funding, all of this.

I do not think you can get a fair and valid review, and I don't take any umbrage with the professionals who are from the department on it. They bring a legitimate point of view and I don't challenge their competence or capacity. It's the question of a review, that if it's to be meaningful because it's such a long time in coming - I think the Minister had indicated some two decades have passed since any major review of the high school area had taken place - that we would get what I would call a more independent arm's-length review of the whole system.

Unfortunately, by structuring the committee the way it has with an acting deputy minister as chairman and two assistant deputy ministers on the board and having the department prepare the material for the position paper that this committee is going to develop, sort of closes many options. It's all well and good for the Minister to say they'll come out in a public debate, but

I know very well that once you stake a position or set a positional paper out, it almost by itself precludes other debate.

The time frame on it, quite frankly, I think is a little too short to anticipate that they are going to develop something within two or three months and then go to the public and be able to report to the Minister in any meaningful way within a year, quite frankly, puts too much of a rush on the whole process. I've indicated in the House and I've indicated to the Minister on previous occasions that I think he's going about the wrong way, and for that I'm a little disappointed.

The other area of concern to me was the priority of funding for post-secondary education in this province, and in particular the university area, and I'm still not convinced that the Minister has given the priority it deserves because as the Minister talked on one hand, yet when probed in other areas, he would contradict himself. Quite frankly, I don't think the universities are being developed so that their spheres of excellence are being added to, that their future as sound educational institutions are being assured and guaranteed. I think the area of additional funding and some long-range planning is long overdue.

As I indicated in my opening remarks, I did not believe this government had a long-range future or plan for post-secondary education and to this point and time they've given no evidence they, in fact, do have a formula or a plan, and that I am also disappointed with.

The other troubling area of concern is the funding formula, or three types of funding formula as far as grants to the municipalities and the school boards are concerned, and this is causing some extreme problems.

The Minister may agree that it is or advocate that it is an insoluble problem. But it seems surprising that you would have three formulas working within this province, and each receiving a different funding base. I was a little disappointed to find that the Minister is not prepared to review this whole area or move in this area, and to say, it's an impossible problem and we can't solve it. I don't think problems like that are insoluble. I think if you spend enough effort, time and energy that they can be resolved. I would urge that the Minister get moving in this particular area.

The other area of concern was the Educational Review or quality of education review that I thought had some meaning, but in going through the earlier parts of the Estimates it seemed every time we raised a good question the Minister said it would be covered under that review. It seems to me it's become sort of the catch-all or defensive phrase for inactivity or reasons for not doing things, and it might be studied in this area.

Again, I find it a little disappointing. However, the Minister was frank and open in some of the suggestions being offered by myself and other members around the table, and I think there is some hope. I would hope that he could convince his colleagues in Cabinet that education is a higher priority than they seem prepared to give it at the moment. I was intending to make a motion to lower the Minister's salary to \$2.78 to reflect the true purchasing power of his salary as it relates to the amount of increase in funding that the university is trying to cope with. But feeling that the Minister might feel that it was a too generous offer and that it was in excess of the inflation level, that I couldn't without

a calculator, get a true and correct value on the amount of money we should pay the Minister for the next year, I've decided because of the lack of technical tools, I can't accurately define what he is really worth. So I will not be making such a motion. We may be talking in pennies but I think quite frankly it's something substantially less.

Anyway, Mr. Chairman, I enjoyed the debate, I enjoyed going through the Estimates and I just hope that the Minister can promote some of the ideas that were presented forward and some of the suggestions I think he took in a positive frame. As I say, I enjoyed the debate.

**HON. J. STORIE:** Just a few brief comments.

After those very gracious remarks do you think I'm going to let this opportunity go to give a few shots? I do appreciate the comments that have been made by all members opposite. Clearly, this has been as much a learning process for me as for some members opposite despite the fact that I have been involved now for two or three months. I have not pretended that I know it all. I have, I think, been quite open to suggestion and will be, not only from members opposite but from the university community, from other organizations involved in education. I appreciate some of the comments that the Member for Fort Garry has made. I'm not in agreement with many of them but I appreciate that they're made sincerely in the interests of improving the quality of education in Manitoba and in the concern for the continuation of quality education being available.

So with those few remarks I'd like to thank all members opposite, the Member for River Heights for her patience and understanding and cooperation in many respects, and to the Member for Fort Garry, the Education critic, for his thoughtful comments and moderate tone throughout. I look forward to being in a position to answer some of your concerns when we meet again with respect to our ability to meet the challenges that are out there.

**MRS. S. CARSTAIRS:** Mr. Chairman, I will be very brief.

I want to thank the Minister for the cooperation that he showed throughout the Estimates process. I will probably not be able to go through with him again next year simply because my time has to be spread around, and that will disappoint me, because I think that everyone is aware of my long and abiding love for education as a professional teacher and as a parent.

I would just ask the Minister as he's putting together a budget for his department next year that the area of Curriculum Development, which is so very important if we're going to have quality teachers, which means we're going to have good education, is one which must be emphasized, and must not lose its primary position of focus within the Department of Education. I know it is not the department that gets the most money and it shouldn't be the one that gets the most money for obvious reasons, the funding of the public schools must be that. But it is an area upon which quite frankly the ship will sail or it won't.

I would hope that within the quality initiative area, particularly with regard to gifted children and very bright children, and my bias is showing; my Master's Degree

is in Special Education for the Gifted - that I feel that it is imperative that those children, if we want to have future leaders in our society, not be ignored and allowed to waste their talent.

**MR. CHAIRMAN:** Item 1.(a)—pass.

Resolution No. 46: Resolved that there be granted to Her Majesty a sum not exceeding \$5,197,100 for Education, Administration and Finance for the fiscal year ending the 31st day of March 1987—pass.

Thank you all.

Committee rise.

## SUPPLY - ENERGY AND MINES

**MR. CHAIRMAN, C. Santos:** Committee, please come to order.

We are now considering Item No. 4.(a) Expenditures Related to Capital, Acquisition/Construction of Physical Assets - the Honourable Minister of Energy and Mines.

**HON. V. SCHROEDER:** Thank you, Mr. Chairman.

This afternoon, we had been discussing the ERDA Agreement and how good news seldom gets out. I've got a mittful of documents here which are public which we do our best to circulate, and which I'd like to present to the Member for Lakeside for his perusal and approval.

**MR. CHAIRMAN:** The Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, I thank the Minister for that information. I appreciate that among the voluminous material that we receive, I may well have received some of those documents in the past, but then again maybe not. I appreciate the Minister's consideration in making us apprised of this information.

Mr. Chairman, we're dealing with the last item, and then we'll return to the Minister's Salary, but perhaps just a brief explanation of the capital requirements of \$145,000, Acquisition of \$70,000.00. Is the Minister planning to acquire a new Volvo or a BMW, or what does the current Minister intend to do with the capital requests before us?

**HON. V. SCHROEDER:** Mr. Chairman, obviously the member has seen my car. I am in need of a different one possibly.

It's a purchase of field equipment for summertime exploratory surveys in the province, and simply a maintenance and improvement of drill core storage facilities.

**MR. H. ENNS:** Well, Mr. Chairman, we're prepared to pass this item, and return to the Minister's Salary. Some of my colleagues who have been involved in other committees and have had other responsibilities may wish to take up with the Minister a few more issues before we approve his salary. That's an important part of these Estimates as well, Mr. Chairman. With that, Mr. Chairman, let's approve this last item in the regular Estimates.

**MR. CHAIRMAN:** 4.(a) Expenditures Related to Capital, Acquisition/Construction of Physical Assets—pass; 4.(b) Capital Grants—pass.

Resolution No. . . .

**MR. H. ENNS:** Mr. Chairman, just prior to doing that, I regret that I didn't make a point of asking this of the Minister before. Some of the Ministers have, in their Estimates, followed a practice which I appreciate and those members in the Opposition appreciate, that is introducing senior staff before them. Neither of these gentlemen are acquainted to me, either one of them, and it would be helpful, I think, for all of us to know some of the senior people . . .

**HON. V. SCHROEDER:** Charles Kang is my Deputy Minister of Energy and Mines and Henryk Mordarski is with him as well.

**MR. CHAIRMAN:** Resolution No. 61: Resolved that there be granted to Her Majesty a sum not exceeding \$215,400 for Energy and Mines, Expenditures Related to Capital, for the fiscal year ending the 31st day of March, 1987—pass.

The committee is now reverting to budget Item No. 1.(a), relating to the Minister's Salary - the Member for Arthur.

**MR. J. DOWNEY:** Mr. Chairman, I want to ask of the Minister what input or what concern he has had for the policy that is certainly of concern to the majority of landowners in the southwest area of the province dealing with a hearing that will take place on Thursday in Virden dealing with the reduced spacing of oil well sites in that area of the province.

I'm in receipt of a letter from the Minister dated June 19, in which he's made reference to specific sections of the mines, not really the act, but the regulations; and I want to get into some area of policy discussion with the Minister on this particular area because - and, as well, I'm prepared to table a letter which came from some individuals from the Virden area dealing with their concerns.

My colleague, the Member for Virden, met with the Surface Rights Association sometime earlier this year, in May, discussing the proposed request by Chevron to reduce the numbers of acres in which an oil well site could be placed on a farm. I think, Mr. Chairman, to be fair, that the reason that such a protest came forward is because of the historical actions or the inactions by the Surface Rights Board in giving the kind of protection to the surface rights owner that I think and they think they deserve.

If, in fact, there had been fairness applied and decisions made that were, I think, more compensatory to those individuals, then in fact there wouldn't have been the kind of protest that we're now seeing. But there have been some decisions made, there have been some judgments made by the Surface Rights Board which have not been in the best interests of those individuals.

For example, judgmental settlements made by the Surface Rights Board, less than what had been some of the traditional negotiated settlements - and remember that it's either the landowner or the oil company that can put it before the Surface Rights Association. So what, in fact, has taken place, where in some cases negotiated settlements have taken place,

there have been requests to go to the board and the board has come back giving less settlement than some of the area settlements or area negotiated agreements that are place. It's cost the farm community a considerable amount of money.

Mr. Chairman, we're now seeing what I would consider a major policy change. I'm not satisfied with the letter the Minister sent to me, saying that it's under the regulations of The Mines Act, that the board can now, after a hearing process, can make any reference to the hearing process as to whether or not they reduce the acreages from 40 to 20 acres per site. That's really what the question is: is it going to be a general government policy - and I don't expect the Minister to make any reference to the hearing process as it's coming up on Thursday - but I want to alarm the Minister and I want to be on the record as speaking clearly on behalf of the Surface Rights Association and the landowners, that the hearing that's proposed for Thursday has major policy implications; it is a major policy change where you reduce the numbers of acres from 40 to 20 in which one oil well site can be put on a farm.

That virtually says on a quarter section of land, you can go from four oil well sites to eight oil well sites. In the days of modern agriculture when you have some of the larger equipment, when you have some of the kinds of difficulties experienced by previous drilling experiences; whether it be salt water spills; whether it be hydro poles; whether it be roadways; whether it be all those things necessary to provide the infrastructure for the drilling of oil wells when you now have it on every 20 acre site as opposed to 40 acres, it does become a major problem.

There are two sides of the coin, and I'll talk a little bit about the other side of the coin. If, in fact, there were or there had been satisfactory settlements with the Surface Rights Board and if, in fact, the landowners had been satisfied with some of the judgmental cases that had come down previous to this - and satisfactory land payments - then probably an oil well on every 20 acres would be more productive than trying to farm it under the economic conditions of which farmers are trying to produce grain. There are two sides to the story and I'm not trying to say there isn't. What I'm concerned about is farmers have the opportunity to be heard and treated fairly. That, to this point, Mr. Chairman, hasn't taken place.

I would suggest the Minister - and I'm saying he's certainly not going to get involved prior to the hearing, but after the hearing on Thursday - take into account particularly, No. 1, the concern of those individuals who have previously not been treated fairly under The Surface Rights Act and some of the previous hearings. If he's to impose an additional four oil wells per quarter section, if they're going to have to live with the kinds of decisions they've lived with, just really doubling the complications of which they've now been trying to have corrected. So it is - and I can't emphasize this enough, Mr. Chairman - a major policy change and I would hope, as I understand what Chevron's request is and the application is for testing in the daily field, the testing could well expand to a normal procedure.

I would hope before that were to take place though, the Minister would be able to lay before the Legislature, lay before the public, who are going to be affected, what other jurisdictions have; what the benefits would



Tuesday, 5 August, 1986

be to the No. 1, the industry, to the people of Manitoba; and at what costs those benefits would be to those individuals who are affected, and make sure that his colleague, the Minister of Municipal Affairs, gets off of his duff and makes sure that the Surface Rights Board is going to act in the best interests of those people that it was established to before.

To his point, his experience isn't very good, with the experience that they've had with the Minister responsible for the Surface Rights is not very good. They're waiting for someone to take a hold of them. The last Minister - who we all know who is now on the government payola - was a disaster, a complete disaster in the administration of the act.

This Minister has a chance, and has had a chance in the last few weeks to somewhat improve the record from the previous Minister. — (Interjection) — I would hope that he doesn't, but I'm saying this to the Minister of Energy and Mines, when this decision is made by his board - and this is where farmers get caught in-between government bureaucracies - that the Natural Gas Petroleum Board make the decision as to whether there's a reduction in the spacings for oil wells.

The Minister of Municipal Affairs has the authority, under his board, to make sure they're treated fairly. It is a double whammy; in fact, if his board makes a decision to allow the doubling of oil wells per quarter section and if the Minister of Municipal Affairs Board is not treating the farm community fairly, then they're in a double whammy situation. Let's make sure before we double the problems, we get the board and the Minister of Municipal Affairs fully engaged in what's going on.

As well, Mr. Chairman, there's a third ministry that is kind of dragging their feet - not kind of dragging - is dragging his feet, but that's not unusual because in this particular case there are no marks to be made by bashing the Federal Government - that's the Minister of Agriculture and the Deputy Minister, who we were just introduced to, has indicated in his response to a letter to Mr. Perrin in the Viriden area, that in fact the Minister of Agriculture is expected to carry out an impact study as to what impact it will have on the agricultural community.

I'll just quote one line and this is to Mr. Perrin, "I note, by copy of your letter to the Minister of Agriculture, you've already raised the suggestion of having an impartial study carried out by that department. The board would fully support such a study." Well, now, I haven't heard the Minister of Agriculture make a public announcement that he's going to have the Department of Agriculture carry out a study dealing with the impact of surface rights or the oil drilling activity on the farm community.

There are three ministries, Mr. Chairman, that are involved: the Minister of Energy and Mines, who has definitely a vested interest in seeing the development of the oil industry in Manitoba; the Department of Municipal Affairs, who I think should have - and I know he hasn't - have very close communication with the municipalities; and the Minister of Agriculture, who should be defending the farmers who are having the major impact on them.

There are three ministries involved and I would hope that before this progresses too far, after the hearing on Thursday, before anything is done, that those three

ministries comes together with their staff and say here's where we're at to date. The Surface Rights Board hasn't been working properly. We have now have a decision before us, one way or the other, as to whether we're going to reduce the numbers of acres per oil well and we have the Minister of Agriculture who has been dragging his feet, Mr. Chairman, as far as doing an impact study of the oil industry on farming. I don't think I could lay it out any better than what I've said here tonight. Mr. Chairman, it's not a criticism and I don't want the Minister of Mines and Energy to go into a tantrum like he did the other day. I want him to give me the response as to whether or not he, the Minister of Agriculture and the Minister of Municipal Affairs, following the hearing on Thursday, that they'll sit down and bring this to one meeting of their ministries and let the farm community know where they're at.

Mr. Chairman, I'm going to table a letter, as I said earlier, from Catherine Angell and Don Angell of the Viriden area. This was a letter to the Deputy Minister of Mines and Energy. Here are some of the things, and I'll read them into the record because it's important. This is for the application. It's so important that I want to read it into the record.

This is dealing with the daily unit three and four. I'll just quote some of their concerns and they are, I think, very legitimate. "This is in response to a letter of April 23, 1986, in response to our original objection to the reduced spacings in daily unit three was received. Your last sentence is somewhat vague and leaves us wondering what the next step will be. We were unable to reach you by telephone, but spoke with Mr. Moster. We need to know what the procedures for objection is. Mr. Moster did not provide a clear answer." That's the first problem, Mr. Chairman, that we've had.

I spoke to a municipal reeve on Sunday and, again, they are concerned at the short period of time in which they've had to prepare an objection brief for this hearing on Thursday. The notices apparently were too short in term to do an appropriate job, and that was the reeve of the Brandon municipality who indicated the council did not have a lot of time to prepare their objections.

Here are some of the objections that came from the Angells in the Viriden community. "Some of the grounds we base our objections are: 20-acre spacings would destroy the viable agricultural use of our land." That's correct. I put it on the record that when you reduce the acres between an oil-well site from 40 to 20, it virtually makes the farming of a quarter section impractical if not impossible with the kind of machinery that is now farming the lands.

Here's another major concern, and I want these on the record, Mr. Chairman. "Our farm is a century farm, over 100 years in the same family, and we feel the necessity of preserving the heritage for future generations." Now that's, I think, a pretty commendable concern, that they want to maintain for their future generations the farm as they have had it left to them. It's entrusted to them and they want to continue on with the kind of passage onto their family.

"We, as landowners, need to know the procedure for objections. What, in the mind of the board, constitutes a valid objection?" They've been told they have to have a valid objection. Well, in their minds, I would think, and in most people's minds, that any objection would be valid, that there is somewhat a

vagueness. The timing of these applications to coincide with busy spring planting is inappropriate. Well, we've gone from spring planting to now full harvest in the southwest corner of the province. So we're now dealing with the problem of spring seeding and now we're into the harvest and I hope that people take the time to go and be heard even though they have the harvest at hand.

Again, "The extremely short time frame is inadequate and Chevron Resources is not an honourable company." They make that comment; they've had some bad experiences; and I'm reading and quoting from a letter that went to the Deputy Minister and this is absolutely a quote: "They've had some previous dealings with them; they've had some bad experiences in our opinion." That's in brackets in the letter from which I'm reading.

There are several other comments made dealing with that. I'm not saying, as did the Member for Arthur, that Chevron aren't, but I've certainly had a lot of people who have had concerns about some of the activities and I will reserve my judgment on that particular case until after the hearing is completed.

Here's one of the final concerns and requests by this letter to the Deputy: "We request that a decision on both Daily Unit No. 3 and Daily Unit proposed No. 4 be withheld until surface owners are provided with more information and had an opportunity to meet with the board representatives. We request that the Department of Agriculture invest the implications of reduced spacing on a farming unit." A valid request that the Department of Agriculture give an implication study or have an implication study done on the reduced spacings. It's not the first time that the Minister has heard of this. The Deputy Minister, in his letter which I quoted from, supports the Department of Agriculture carrying out such activity.

So it's a matter of the rights of these individuals and I indicated, Mr. Chairman, this letter did go to the Deputy Minister of Resources and I do want to table a copy of it so that all members have it available to them.

Mr. Chairman, I would like the Minister's response. As I indicated earlier, I do not expect him to interfere with the hearing that is going to be carried out on Thursday, but I would expect him to clearly assess what the board's decision is because I would think that the Minister will have the opportunity to say, yes, we will go ahead and do it, or no, we won't. We'll allow that to happen.

But on the broader situation, I'm saying this, in total, I think before anything happens, No. 1, the Minister of Municipal Affairs and the Minister of Agriculture should sit down and give the farming public and the people of southwest Manitoba some indication as to what they plan in the future.

No. 2, that if, in fact, there is a decision to reduce the spacings on these two test units, that the Minister strike some form of a hearing mechanism, whether it be a legislative committee or a form of a task force, that they have hearings as we did when we were in government.

We had the Nugent Report. We had the Nugent Study which went out to the community affected. It made recommendations dealing with surface rights and the surface rights legislation that was to be proposed. Mind you, there were some things that went astray and the

farmers have ended up with something that they're extremely unhappy with, but it's probably more the administrative procedures and the board activities, than it has in fact been the legislation. Of course, they continually indicate that there are a lack of regulations and guidelines that would be helpful.

So I'm asking the Minister for his thoughts. I'm asking him if he would consider doing those two things and I would hope that he's prepared to respond at this time.

**HON. V. SCHROEDER:** I'm not sure whether the member received back a copy of the letter to the Angell's sent by the Oil and Natural Gas Conservation Board, but I should possibly just set that into context with what he said. We all do recognize the seriousness of the issue. I think the member has put it well, in terms of both what happens for the oil company if they can do that, and what happens to the farmers if they do it.

"Your letter dated May 2, 1986, regarding your objections to the recent application by Chevron Canada Resources Limited for reduced spacing in the subject unit is acknowledged. The procedure for registering an objection against an application is basically as you have followed in this case. As stated in the notice, any objection must be in writing. The more fully the objection is explained and supported, the better understanding the board will have of the grounds on which the objection is based.

"Upon receipt of an objection, an acknowledgement may be sent if necessary requesting additional information regarding the basis of the objection. When sufficient information regarding the objection is available, a decision is made on the validity of the objection. If an objection is determined to be valid, it will be considered in the disposition of the application.

"In determining the validity of an objection, the board assesses the possibility of the objector's rights being adversely affected by the application. In the case of this application, your objection would be considered valid due to your royalty interest in the subject unit as well as your surface ownership in the area.

"In reaching a decision on an application, the board is guided by its mandate under The Mines Act to maximize the recovery of the resource for the benefit of all Manitobans, while endeavouring to minimize any adverse effect on individuals or the environment. I hope this helps to clarify the operation and mandate of the board.

"I will now attempt to address a number of your individual concerns. You state that '20 acre spacings would destroy the viable agricultural use of our land.' If the surface ownership information we have is correct, probably only one additional well would be drilled on your land if the unit were to be fully developed on 20-acre spacing.

"With respect to the time frame for filing objections to the application, I note you received a copy of the notice April 14, and the expiry date for objections was May 7, 14 days after its latest date of publication in The Virden Empire-Advance of April 23, resulting in an elapsed time of some 23 days. I feel this to be an adequate time in which to voice an objection.

"The board has no control over the timing of these applications, but is bound under its mandate as

discussed above to consider and decide on an application in the most expeditious manner possible. In considering the final disposition of this application, the board is considering a number of options including the holding of a public hearing, restricting approval to a pilot area, and directional drilling.

"I reiterate that the board is bound by its mandate to encourage maximum economic recovery of the petroleum resources of the province with due regard to individual rights and the environment. Should you feel that the board's final decision in this matter jeopardizes your rights as a surface owner, you would have recourse under The Surface Rights Act. Yours sincerely, Charles Kang, Chairman of the Oil and Natural Gas Conservation Board."

As the member is probably also aware, the date for giving notice of interventions, I believe it was July 30 or July 31. We've had some internal discussions, and the Planning Branch of the Department of Municipal Affairs has indicated formally that it intends to present a submission at that hearing. I'm not sure that it has actually filed that submission, but I know that the indication is that they have.

Of course, as the member is aware, we can't interfere in the hearing process, but the Planning Branch is there on behalf of and takes into account the concerns of the Department of Agriculture. If one put it in context with different kinds of provincial board hearings, I think it would be somewhat similar to the hearings with respect to zoning matters, when you have the Municipal Board holding hearings or other bodies up to that point and you have the Municipal Planning Branch generally makes the appearance on behalf of the variety of provincial departments, be it Water or Natural Resources or Agriculture or Hydro or whoever whom they have all approached to determine whether there's a difficulty with an application. So there will be that kind of representation.

As indicated, the process must be completed in accordance with the act. I think we all must have some faith in that process working.

**MR. J. DOWNEY:** Mr. Chairman, that will be interesting to hear and, seeing as the Minister of Municipal Affairs is paying attention, I would hope that we would be given the opportunity to hear in the next few days what the Minister will be presenting from his department from the Planning Board. I would hope we'd have a copy of that submission, so that we could make our own judgment and understand where they're coming from.

But I do seriously think that the Minister should consider the three Ministers' departments getting together after this decision is made or whatever takes place on Thursday to let the public know in some official manner as to what the future holds as far as, No. 1, the long-term implications dealing with agriculture and the oil industry. That's part of the concern that I have, that the farmers are dealing with the Energy Board, who are anxious I'm sure to see the maximization of the recovery of oil. That's the proper position in which that Minister has to come from. It's his responsibility.

The appeal to the Surface Rights Board is the point I tried to make earlier. They're not overly anxious to go back to that system, because it isn't working very

well. They're unhappy with it, and the Minister of Municipal Affairs, I hope, was going to prepare to deal with some of the concerns of the farmers and the Surface Rights Board. That's the point that I again want to emphasize.

I will ask the Minister who's on the Energy Board. Who will be sitting on the hearing?

As well, just to give you an idea as to what some of the concerns of the farmers are, I have been on sites and, initially when the oil industry started to develop in the southwest, where if there was a surplus of salt water, rather than digging a pit and putting it in a proper holding facility, they would dump the salt water into a slough and that slough would drain into another slough. Now, if you're to drive over that quarter-section of land, you'd see some of the tallest summer cypress in the country. It is a terrible mess. So there have been some problems created that have to be avoided in the future.

As well, my colleague from Virten was at the site of an oil spill, but we're into the situation where there's been an oil spill or a salt water spill for several days, and it has caused the loss of considerable numbers of acreages of valuable farm land. The concern is, to my knowledge, there isn't the mechanism for the farmer to go to to say, here I have considered a substantial loss. Now, I guess the courts are the only place that he can go or she can go to get justice if, in fact, that takes place on their land. I would hope that the Minister is well aware of the fact that, when you see this development, there is a mechanism put in place that, if a farmer has a major loss due to the oil industry, they can go and receive fair and equitable compensation because of long-term losses. That's the kind of mechanism that I would like to see put in place, if it is in fact not there. I'm not satisfied that it is.

So we're not without problems. I think that, treated fairly, the farm community could be quite, and has been over the past, understanding and reasonable. They don't mind seeing the development of another industry, and I'm sure that, if done in proper perspective and proper compensation paid for the loss of what they'd have to give up, they would be prepared to move on it. But there have been far too many injustices in the past to just say they're going to give you a blank agreement to go ahead and deal with their land.

As I say, the other side of the argument is, and I'm sure it has been used before, and that is that if you're paid fairly for an oil well every 20 acres, it probably would beat the heck out of the agricultural returns that one is taking in these times. But we're not in it for the short term; we're in it for the long term. That's what we have to look at it with, and that's why I've requested the Minister to make sure that, following this hearing, he gives a careful assessment and the Minister of Municipal Affairs is brought fully on stream with the Surface Rights Board and, as well, the Minister of Agriculture get off his duff and represent the farmers as he should.

**HON. V. SCHROEDER:** The members of the board are: Charles Kang, who is the Chairman, Bill McDonald, and Bruce Ball. All are departmental staff, which has always been the case; it's always been members of the department.

**MR. J. DOWNEY:** They're all department staff?

**HON. V. SCHROEDER:** Yes, they are, three.

**MR. CHAIRMAN:** The Member for Morris.

**MR. C. MANNESS:** Thank you, Mr. Chairman.

My colleague says I'm angry because I can't find any oil on my property and yes, that is difficult. Only oil that comes from flax — (Interjection) — that's right. I think there are some mineral rights left, Mr. Chairman.

Mr. Chairman, I rise at this time only for a brief moment, to register with the Minister my criticism because I feel if I don't do it at this time, he'll remind me that I missed my opportunity. I register my criticism with the manner in which he chose to release some information dealing with Hydro matters on Friday of last week. Indeed, some portion of it just reached us, I understand, today.

Mr. Chairman, I have been asking myself, and certainly my colleague from Lakeside has been asking for much more extensive information, but I can tell you I have been asking for a period of almost two, a full month-and-a-half, about specific information related to the profitability presumed or forecasted with respect to the NSP sale. Mr. Chairman, the information that has been provided in answer to that, to my viewpoint, is not complete, is totally unsatisfactory. I had asked for a computer run, a printout of the material provided and the forecasted benefits of the NSP sale under various assumptions, specifically those that would exist today.

Mr. Chairman, I'm not going to move into a long discussion at this time because the Minister's staff is not here but I feel, it's my belief, that the Minister has had this information for some period of time, has chosen deliberately not to place it before the House until we basically completed Energy Estimates. Therefore, I would add only this, that by my understanding of the information placed before me, the forecast indicates that if interest rates continue at the present 10.5 percent or 11 percent that they are now at, and if inflation stays at a figure of 3 percent or 3.5 percent, that the revenue associated with the NSP sale, the net revenue, indeed will be less than half than was forecasted in 1984 dollars.

Mr. Chairman, I sort of give notice to the Minister that that will begin to be my theme in additional questioning at another time. But I feel that it is incumbent that I rise at this time to tell the Minister that I think his department, Manitoba Hydro, and the Manitoba Energy Authority, over whose signature this material has been released, has not been completely fair and open with respect to this matter. Of course, all that does is cause those of us in Opposition to want to pose more questions in the future.

**HON. V. SCHROEDER:** I would say you can do anything you want with numbers up to a certain point of reasonableness, but if the member is suggesting for the next 10 years we are going to have real interest rates which are in the range of 7.5 percent, which is something that we have never experienced before in history, real interest rates of 7.5 percent for a decade. That is something that has never happened in Canada's history. Real interest rates tend, in the long run, to be in the range of 3 percent or less. I think there has to be some realism in terms of what you put into the system.

I had the numbers for somewhere in the range of a week when I released them. I wanted to go over them very carefully so that I could say to myself that I understand what it is that the numbers show. In fact, I took home the Moses material and tried to understand it. Quite frankly, I found it was somewhat easy to fall asleep reading it.

But it comes back down to the question of attempting in the middle of the game to replay the decision. The decision point was taken after the NEB made its finding. I didn't say that we should advance Limestone; didn't say we shouldn't. What it said was, it found nothing wrong with Hydro's calculation that if we did advance Limestone by two years and make the NSP sale, then they expected that the profit from that decision, beyond what we would have if we had no NSP sale and no advancement, would be \$385 million in 1984 dollars. Then there was the one-year advancement similarly, except that it was \$365 million.

It's at that point that we had to make a decision. There were only three decisions: We could say we'll be a little more careful. We'd take the one-year advancement and not go for the interruptible sales that are in the meantime. Or we will say no, we're not going to take the chance of the advancement, which means that next year we would have had to start with Limestone anyway but we wouldn't have that 500 megawatts sold of the 1,200 for the first period of time and we would know that we would then be held hostage by purchasers who would come along and nail us for it on the spot market, so we would know that over that 12-year period where we would otherwise have had the NSP sale, what we would have had was interruptible sales at historically lower costs. That's something that history demonstrates. We knew that. So the time we had to make the decision was then. The best knowledge we had was precisely that. Once the decision is made, it's too late to be coming along and saying every few months, well, let's look at the numbers now.

I think now we sit back and we do the work, make sure that we bring it in at the best possible price with the most Manitoba content, with the most advantage to our economy, and that's the best we can do. If there is other information members want in terms of numbers, I'm prepared to take those things as notice. I don't even have the material with me right now. I acknowledge that it may well not have required the length of time that it did but I also know that the people involved - and there are half-a-dozen to a dozen people working fairly intensely in this area - have been busy with other things and there have been holidays and so on. These kinds of things happen in the summertime. Not everybody manages to figure out a way of spending their summer in the way we have figured out how to spend a summer this year.

**MR. H. ENNS:** Mr. Chairman, those last comments by the Minister really are far from acceptable. Manitoba Hydro officials appeared before a committee of this Legislature - as it their statute responsibility to do so - in late May and they only do so once a year.

Mr. Chairman, I'm sure many of the Minister's own departmental officials would have sooner been on holidays at about this time, but they were here to respond to questioning of their Estimates, as is their

**Tuesday, 5 August, 1986**

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responsibility to do so. To suggest for a moment that Manitoba Hydro officials will only have to go through this process once a year, and who were served notice in late May, could not have provided that information before us, begs some question.

I raised earlier on this afternoon the question that does concern me about the future energy policy creation role in the province, in the diffused manner and way in which energy questions are being handled in this province. Mr. Chairman, I cast no particular specific responsibility on this Minister, or indeed on this government. There were certainly actions taken by previous administrations, such as the creation of the Manitoba Energy Authority, that played a responsibility in part of the problem as I see it.

I am troubled by the fact that we don't have one source, one agency, one institution, one department that is guiding formation of energy policy in this province. It becomes convenient therefore then to have off different responsibilities in different areas. It's not totally fair, Mr. Chairman, for us to have charged this Minister under discussion of these Estimates, with all the concerns that we have about Manitoba Hydro. We spent a considerable amount of time at it but we, ourselves, felt constrained about it, recognizing that our structure is such that Manitoba Hydro, as a separate Crown agency, does appear before a Standing Committee of this Legislature and therefore affords that opportunity for that kind of questioning.

We also recognize, Mr. Chairman, that not even Manitoba Hydro today has the only lever and the only policy decisions to make about future decisions with respect to energy production in this province, energy sales in this province. We have another agency called the Manitoba Energy Authority that does that. Then because the Minister is a little bit more convenient to us, a little handier to us, we of course take every opportunity that we have to discuss with the Minister these concerns that we have about the formation of energy policy in this province.

Mr. Chairman, I would like to see the Department of Energy and Mines a new department, strengthened. I happen to believe, Mr. Chairman, I say this without any authorization from my leader, certainly not of my party, that the time of Manitoba Hydro is past. Manitoba Hydro should be absorbed by the department. I have believed that since 1969, since major policy decisions with respect to Hydro development in this province have been taken in this Chamber or around the Cabinet room, and not at Manitoba Hydro.

Once you accept that basic fact then you should have the courage to challenge tradition and the reasons for the maintenance of that tradition if it's not, in fact, working anymore. I don't say, Mr. Chairman, that it is particularly wrong. I may want to cast back to good old days when Manitoba Telephone System did their thing, Manitoba Hydro did their thing; but life, I suppose, has become more complex or the corporations have involved themselves in more complex matters.

We now are debating in this Chamber the involvements of certain activities by these corporations, but in no other field than in Energy is that debate more keen and are those decisions more pivotal that are being made in this Chamber as part of public policy, than in energy matters.

We have a situation where, at least in three major areas, responsibility for those decisions diffused in the

department, currently under discussion, the Manitoba Energy Authority and of course at Manitoba Hydro.

Mr. Chairman, earlier this afternoon I spent some time in one particular aspect of this diffusion of authority and was able to glean from the Minister and from his department officials, that despite the fact the Manitoba Energy Authority has its own act, has its own authority, it nonetheless processes all its work through the department.

Mr. Chairman, I was aware of that a month ago, or at least three or four weeks ago, when I had some rather harsh observations to make about the chairman of the Manitoba Energy Authority. I have no problems about taking this opportunity, having had the opportunity to have discussions this afternoon with the Minister and with the staff at present, to confirm what I believe to be the case; namely, that the Department of Energy and Mines processed all financial matters of the Manitoba Energy Authority.

So, Mr. Chairman, that information led me to believe, and leads me to believe to this day; that as such, the chairman of the Manitoba Energy Authority was in error when he suggested that the department knew nothing of a particular contract.

I was in error, Mr. Chairman - I'm prepared to put on public record - to use the word, "perjury" in that connection. Perjury has a particular legal definition, that of not speaking the truth under oath, and that was clearly wrong. I withdraw and apologize for that remark with respect to having attributed that to the chairman of the Manitoba Energy Authority.

But, Mr. Chairman, what I don't withdraw and what firm conviction I hold today, as I did then, was that the Department of Energy and Mines was totally aware of a particular contract being awarded to a particular person. It had to be, because this afternoon it was informed that they were doing the paying and they were processing the papers and they had to be satisfied that what they were doing was right.

Mr. Chairman, I take it one step further. In my experience as a Cabinet Minister, whether I was personally aware of it or not, I certainly accepted the responsibility of anything in a department I've had responsibility for, had legal jurisdiction over, that becomes and is my responsibility. And that is called Cabinet responsibility.

**A MEMBER:** Especially your executive assistant.

**MR. H. ENNS:** Well, as my colleague comments, particularly if your politically-appointed executive assistant is in attendance at some of these meetings, who has really only one function to do, that is to report, to aide at these meetings on behalf of the Minister, and to report back to the Minister as to the purpose of a particular meeting.

But, Mr. Chairman, that's neither here nor there. I simply wanted it put on the record. I was pleased that the record will show very clearly that the Department of Energy and Mines is responsible for and is aware of all financial transactions undertaken by the Manitoba Energy Authority. That was clearly established this afternoon.

I took an occasion to indicate that that information has prompted me, at an earlier time, to make a

statement that was not correct and I let the public record show that I withdrew that statement.

Mr. Chairman, we will continue to argue with this Minister and with this government about the energy direction policies that this government is pursuing, whether or not they have taken into full account what kind of a volatile age we live in, and with the fact that, when we commit ourselves to multi-billion dollar construction projects that have built into them 60, 67 years I believe it is, 64, 67 years of repayment terms, amortization terms, on the strength of 12-year contracts with a foreign jurisdiction, of hopeful contracts that have yet to be concluded, although that didn't prevent this administration from making references to them in the Throne Speech.

The Throne Speech talked of three other major power projects. There was a time, Mr. Chairman, when even with the licence that politicians exercise, authors of Throne Speeches exercise but nonetheless, when one alluded to something in the Throne Speech, it was a major document. When you alluded to legislation in the Throne Speech, in due course that legislation would be there. When you alluded to certain other actions by government in a Throne Speech, that was a given signal. That was a clear indication, a commitment of the Government of the Day that they wished to pursue during their term of office. Mr. Chairman, this Throne Speech alluded to three additional export power sales arrangements. We're still waiting. The Session is drawing to its inevitable conclusion, although not yet, but we have seen nothing of them yet.

We are voting huge amounts of money to give to this government. We have just tabled with us Friday figures that slash by one-half, 50 percent the \$1.7 billion that the former Minister of Energy talked about profits on the sale with NSP - yes, by one-half. That's just by simply us asking a question, those profits have frittered away by 50 percent.

**MR. D. BLAKE:** There goes the heritage fund.

**MR. H. ENNS:** In the meantime, Mr. Chairman - thank you, Mr. Blake from Minnedosa - we are passing legislation to set aside, to establish a heritage fund of money that won't start to come to us to begin with until the year 1993 and, under the best, under the most optimum terms - I even hate to put it on the record to acknowledge that there will be a profit but, using their figures now cut by one-half, maybe by the year 2000 we'll have one wooden nickel to put into that heritage fund. But we're bamboozling the people of Manitoba with a lot of wind and rabbit tracks, smoke and mirrors. We're passing legislation talking about a heritage fund.

When will the first \$1 million, when will the first \$1,000, when will the first \$100 be deposited in the act, Mr. Minister, that you're asking us to pass? When will that first \$100 go into that heritage fund that you are asking this Legislature now, approaching the middle of August, to pass in 1986? We talk about smoke and mirrors, wind and rabbit tracks.

My only regret, Mr. Chairman, is that my comments will be, by and large, regarded as political rhetoric which is, I suppose, part of our profession and part of our trade, except the last time I made a speech like this,

four years later, Manitobans woke up to paying 140 percent, 150 percent more for their Hydro bill, four short years, 140 percent more for the Hydro bills, and we're still paying them. The fact that the Minister says that we still enjoy reasonable rates, of course we should, but action unplanned and imprudent decisions made in this area are of such consequence that thousands of ordinary Manitobans today are paying more every month than they ought to for hydro, a basic service that's required in this province.

I see nothing in the actions of this government. In fact, information that we just fully began to appreciate this morning indicates that we're on that same path again and that, far, far from having any benefits of a heritage fund or an Energy Foundation, Manitobans will pay the price of having used Hydro once again for political reasons, rather than for the sound, economic reasons that are written into Hydro's act. That is to produce energy at cost for Manitobans and for Manitobans first and, if there is surplus, then - for goodness sakes! - sell it, but don't use Hydro as an employment agency. Don't use Hydro as a means to try to encourage an aura of economic development when, in fact, it's artificial.

That's what Messrs. Schreyer and company did in the mid-Seventies, and we have paid the price for it and are paying it ever since. You look at your Hydro bill. You are paying at least 67 percent more than it ought to be today, and have been doing so for the last 10 years. I have no reason to believe, no encouragement at all to believe, in fact, less as of this morning that we are embarked on any different course.

**HON. V. SCHROEDER:** Mr. Chairman, fortunately we'll be around four years from now. The prediction is that four years from now, we'll have this hugely increased Hydro bill. Chances are, about four years from now, there'll be another election. If that's the case, then obviously we're going to have a problem, because we don't believe that those numbers are accurate. Of course, what the Opposition is doing is exactly what they've been doing with Hydro all along.

They get the numbers. They get the numbers from us; they get the numbers from the NEB. Then they stick their heads in the sand and pretend they haven't heard. That's basically what you're doing again. You're doing it again. I think it's about time that you put forward alternatives of your own, if you don't accept the numbers the National Energy Board is giving you and others are giving you.

The Member for Morris asked a particular question giving a whole number of circumstances. Hydro came back with a number that indicated that the profit would go up by something like 20 percent based on those numbers, but that's not something that the members talk about tonight. They talk about worst-case scenarios. The worst-case scenario still provides us with a significant profit.

Given that, even with that worst-case scenario, we made an offer years ago to Saskatchewan, several years ago. They could purchase power, not at that cost but 5 percent less. We're not like Saskatchewan and Alberta which say that they will not sell oil and gas to us at below world prices. We're saying: well, you're Canadian, we'll give it to you for 5 percent less. But

they say: oh, no, that's far more than the Tories were prepared to sell it to us for. They were prepared to sell it to us for cost for 17 years. And you say we can only talk about arrangements that are coming up once everything has been totally finalized.

Do you recall 1981 and all of those ads on radio, on television and the newspapers, you are sitting on a gold mine. Thousands of dollars spent on: you're sitting on a gold mine, when Sterling Lyon was sitting on a land mine and was defeated several months later and you people are telling us that we can't talk about, in reasonable terms, in a Throne Speech, that we have some arrangements that we have entered into and we're proceeding to finalize them, and we still are. We're still working on it. We expect that there will be a finalization before the end of 1986, but I will not put myself onto that date, because it may well be that there will be snags and I'm not going to put myself in the box of saying that it has to be done by a particular date. Because anyone who knows anything about negotiations knows that's a pretty fool way to work on negotiations. We will not do that. We've gone through all the arguments about the numbers.

There were some interesting comments made by the member in terms of the politicization of Hydro. I think Hydro has always been political. I don't believe that in 1966 decisions were taken in terms of construction decisions without the Cabinet being informed and without the Cabinet putting its seal of approval on. I see nothing wrong with that. I think there is a little bit of a pretense, that somehow this all started with the NDP. I think that's a pile of nonsense. The Premier of the province, as the Member for Lakeside said the other day, D.L. Campbell, said, "We are going to electrify Manitoba." That wasn't something that Hydro's policy set up. It was the Government of Manitoba. It was a political organization. Then, in the 1950's, and it is true that there is politics involved now as there was under the Liberals, under the Conservatives and now under the NDP. The only difference being that it's good politics now, as the Member for Emerson suggests.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**HON. V. SCHROEDER:** Just one point, one final area, and that is on the issue of the MEA and the financial administration for them by the departmental administration.

To suggest for one second that, because administrators were paying out on a bill to an outside consultant, WMC, there should be knowledge attributed to the department of a contract with someone who was a business partner of someone when we found later that was not true, of course that only came out in the Free Press, and one shouldn't pay too much attention to that, that there was some kind of knowledge to be attributed to members of the department about something that had never happened, is incredible. It is purely, totally incredible and just unacceptable that people can stand up and make those kinds of accusations against civil servants in this kind of a forum where they can't protect themselves, where they can't answer back, and I think that's about the lowest kind of politics. I really think it is terrible politics to come into - attacking a civil servant. I'll attack any one of you . . .

**SOME HONOURABLE MEMBERS:** Oh, oh!

**HON. V. SCHROEDER:** Mr. Chairman, I don't recall attacking civil servants — (Interjection) — well, I'll just let it go at that.

**MR. H. ENNS:** I simply want to put on the record, the Minister is telling me that staff that is responsible for the pay out of a particular contract, that a Minister's politically appointed executive assistant who attends meetings with respect to arrangements for a contract, that if the Minister is telling me that for sure, then of course the Minister would know nothing about it, then I'd have to accept that. That's obviously the way NDP Ministers operate.

**MR. CHAIRMAN:** Are we ready to pass 1.(a)? 1.(a)—pass.

Resolution No. 58: Resolved that there be granted to Her Majesty a sum not exceeding \$1,120,700 for Energy and Mines, Administration and Finance, for the fiscal year ending the 31st day of March, 1987—pass.

That completes the Estimates for the Department of Energy and Mines.

## SUPPLY - CROWN INVESTMENTS

**MR. CHAIRMAN:** The Honourable Minister responsible.

**HON. V. SCHROEDER:** I don't have an opening statement.

**MR. CHAIRMAN:** The Member for Morris.

**MR. C. MANNES:** Mr. Chairman, the Minister catches me a little unaware. I was fully expecting an opening statement. Maybe there was one prepared and he doesn't happen to have a copy of it.

Mr. Chairman, I'd ask the Minister at this time why there is such a considerable decrease in the appropriation of the funds directed towards Crown Investments for this year?

**HON. V. SCHROEDER:** Mr. Chairman, there is a substantial decrease; a large proportion of that basically has to do with the significant amount of work we put in in the Flyer divestiture and, of course, we had anticipated that it would come to an end during this year.

**MR. C. MANNES:** Mr. Chairman, perusing the Estimates of years previous when the Minister has always had a long opening statement, he indicated that his department - and I'm talking now about the Department of Crown Investments - was working on the establishment of a conflict-of-interest policy and guidelines for directors. I would ask him whether he now has these conflict-of-interest guidelines for directors? Do they also exist for senior personnel and senior management in the Crown corporation, and if they exist on paper, could he provide them for the House?

**HON. V. SCHROEDER:** Mr. Chairman, I'm prepared to provide all of those documents, that is the conflict-of-

interest guidelines for boards of directors and employees of Crown corporations. Also, we have several other policy documents in terms of export policies and so on. We'll provide the works.

**MR. C. MANNES:** Mr. Chairman, can the Minister tell us why we have to ask for them in this manner? Why would these not - or maybe they are public. If so, why has he not provided copies for members of the House previously? Certainly I would think that the government and the Minister would want to share them with the public at large.

**HON. V. SCHROEDER:** Mr. Chairman, we don't have the guidelines here, but we certainly will provide them. What we had was some information, some updates on them, but not the actual . . . I'm sorry, I should say that all of the Crown corporations under the purview of Crown Investments, except for Venture Tours, have conflict-of-interest policies for both the boards of directors and employees. I have a schedule detailing the dates of approval by the boards.

There was a draft suggested policy, which is what I will get to the member, which was distributed to all of the Crown corporations in 1983. In terms of what we got back from the Crowns, who had these reviewed and had them adapted to the individual Crowns, some of them approved them in a virtually identical form to what was proposed; some are very similar; and some are expanded from what we had originally proposed. Some corporations have incorporated the policy into the corporate by-laws. All of the corporations have procedures in place for advising present and new employees of conflict-of-interest policies. In some cases, employees are asked to sign an acknowledgment that they have seen and read the policy; some are also looking at ways in which they can obtain disclosure statements, including nil statements from employees on a regular, probably I'm told, an annual basis.

I have the schedule here as to when the various Crowns have approved their own conflict-of-interest policies, which I'll present to the member now. The member will understand that each Crown would have its own specific policy but, as I indicated, most would be very similar to the draft.

**MR. C. MANNES:** Mr. Chairman, yes, if the Minister would share that schedule with me. I don't have to have it tonight but, in due course, if he could send a copy of that over to me, that would be sufficient.

Mr. Chairman, I read in the Supplementary Information for Legislative Review that has been presented, provided to us by the Minister, under the overall responsibilities, it says in 1985-86, and I quote: ". . . Manitoba Crown Investments," meaning the department, "was responsible for providing an overview of the financial and operational activities with the following 19 provincial Crown corporations."

Mr. Chairman, I ask the Minister, has that overview been committed to paper and, if it has, can that be shared publicly with members of the Opposition?

**HON. V. SCHROEDER:** Mr. Chairman, these documents are written to a large extent as variance reports, as advice to Ministers, and have been written with the

assumption that they would not be made public. I think one could liken them to some of the initial statements an auditor makes to a corporation with respect to anything that the auditor feels ought to be changed and, usually, as long as something happens in terms of in response to it fairly quickly and it's cleared up, the matter doesn't appear on a public report.

I would think that this basically would fit into that category. I don't think it would be appropriate to be filing a document which wasn't anticipated to be made public, especially after, on many occasions certainly, companies would have responded by clearing up any difficulties which may have been noted in the reports.

Members should appreciate as well that staff from this particular department are on the boards of directors of the Crown corporations and it's a bit of a delicate balance between being actively involved in the overview of a corporation from that perspective and also being involved from a central perspective in providing advice to government as to what it is that is happening out there.

**MR. C. MANNES:** Mr. Chairman, I'm having difficulty in determining the chain of command when I look at this department. Using the Minister's explanation, I suppose I can understand why those documents or those reports would want to be maintained in some form of secrecy.

I take it from the Minister's answer, they will then be excluded under The Freedom of Information Act, whenever that's proclaimed but, Mr. Chairman, the reason I asked the question, because I can see where the Minister's staff, within this department, may have some concerns with respect to a certain activity in a specific Crown corporation. There's probably no better example than the one that's been before the public in Manitoba over the last three weeks, Manitoba Telephone System and its subsidiary, MTX.

Mr. Chairman, what I would like to know is how the chain of command works, because all of a sudden we would have officials and departmental staff within Crown Investments maybe doing a report with respect to activities within the Manitoba Telephone System and, no doubt, obviously giving that report to the Crown corporation, using my example, the Manitoba Telephone System; probably also giving a copy of that report to the Minister in charge of the Manitoba Telephone System and, quite obviously, a copy to the Minister of Crown Investments, the present Minister of Energy.

Mr. Chairman, my question is: Who decides whether that report, if it makes some type of recommendation suggesting that some action be taken, who decides and ultimately makes a decision whether or not that decision is enacted? Is it the Minister of Crown Investments? Is it the Minister responsible for the Telephone System? What is the chain of command? What does the Crown Investments Department do, Mr. Chairman?

**HON. V. SCHROEDER:** Ultimately, of course, it is the Cabinet. It is the Cabinet, as a group, which is entitled to ask a Crown corporation to make changes if necessary. That is something I don't recall specifically having happened but obviously if Cabinet was not appreciative of a decision of a Crown corporation board



Tuesday, 5 August, 1986

of directors, it has the ultimate authority to remove that board of directors and replace it with a board of directors who would be prepared to follow Cabinet's directives, just as any shareholder ultimately has that right with respect to its corporation. — (Interjection) — Pardon me?

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** I asked the Minister, I didn't hear him. I was reading this and turned the other way. Did the Minister say that the Crown corporations, the structure can get rid of the board of directors of Crown corporations if they so desire?

**HON. V. SCHROEDER:** The Cabinet appoints members of Crown corporations and Cabinet can remove members of boards of directors.

**MR. F. JOHNSTON:** I didn't hear you say Cabinet.

**HON. V. SCHROEDER:** I was saying that the ultimate authority is Cabinet.

But in our structure, basically we have the Economic Resources Investment Committee of Cabinet, which reviews any problem areas and makes recommendations to the Minister responsible. The Minister responsible would then have the discussions with the Crown corporation.

The Minister of Crown Investments is involved to the extent of ensuring that staff is on to problem areas, has been involved with the overall issues of the day, as an example, conflict of interest policy where the department would prepare policy or, as I have before me and I'll give the member a copy, the Manitoba Crown Corporations Export Policy, which is a statement of export policy and guidelines on business conduct, planning, investment, purchasing and procurement, etc.

**MR. C. MANNES:** The Minister seems to indicate, and I don't want to put words in his mouth, that this is a watchdog agency, one that sort of sets the standard for Crown corporations within a whole host of deals, and yet when decisive action is to be taken really it's the Cabinet who, after being alerted either by way of report from the departmental staff of Crown Investments or any other source, decides to act.

Mr. Chairman, I said I may be putting words in the Minister's mouth and he may want to change or say specifically what he believes to be the case for the record on his own. But I can understand why there is need for a watchdog agency. I believe there are 19 Crown corps that fall within this area. I understand there's a new one, this Manitoba Energy Authority is now part of the group. It came aboard in July 1986, Mr. Chairman, and when I think of the Energy Authority it reminds me of a lost star that's just sort of floating around out there, and sort of bouncing from the department to another section and all of a sudden now it comes under the full gravitational pull of Crown Investments.

Mr. Chairman, that begs another question but I guess I was wanting to know how it is, what role this particular department has? I was interested also in the chain of command, which department was in a sense superior

when, in fact, one of them is an umbrella department, sort of watches, observes from above or at least from afar, the activities of the various Crown corporations.

It also begs another question, Mr. Chairman - I can't help but notice, I believe it was the former deputy of this department who recently was the liaison between the government and MPIC, Manitoba Public Insurance Corporation, is now in an acting executive officer, chief executive officer position of that company. I guess I question how it is that somebody that's been watching an organization and then having some other individual find some alleged wrongdoing would then find - and I'm talking about Mr. Silver - find himself in a position where he could run that organization. I don't really want to belabour that, Mr. Chairman, but I'm trying to in my own mind determine the working relationships between this department and the various Crown corporations.

So maybe the Minister wants again to try and clarify how this department fits in and again tell me, sell me on its role and its worthiness in the government structure.

**MR. CHAIRMAN:** Before the Minister clarifies - since there is a Minister's Salary also in this item I'd like to focus our discussion on (b)(1) first as usual. Crown Corporation Support: Salaries; and (b)(2) Other Expenditures.

**HON. V. SCHROEDER:** First, I said previously that Cabinet was the ultimate authority. Cabinet is not the organization which basically does the decision making, that is done at the Economic Resources Investment Committee of Cabinet, of which I am the Chairman.

The department is not in any sense superior to people they're dealing with. They are not in a position to order a Crown corporation to do or not do anything. They're entitled to ask for information. If the Crown corporation has any difficulty with it they may say they're not prepared to give it. In that instance there are procedures obviously to be followed; the department might come to me and say they need the information, in which case we might go to the Minister in charge and say this is why we need it, is there a problem. Sometimes there have been problems that have been worked out and so on.

If there are recommendations, the recommendations would go to the Economic Resources Investment Committee of Cabinet. The department is very much involved with supporting and reviewing and addressing the problems of the Crown corporations. Slowly, we have in one way or another gotten out of some of the worst problems we have been in, things like McKenzie Seeds as an example. The department spent a fair bit of time going over any assistance they could provide in terms of numbers, in terms of suggestions, for better operations and so on.

The Flyer involvement was very extensive. We had staff working there to a large extent last year, both in terms of attempting to keep the operations going during some very difficult times and in assisting to evaluate sale and purchase proposals, the various suggestions that came forward from all over the place, as always do, with that kind of situation.

**MR. C. MANNES:** Mr. Chairman, in 1984 when the present Minister, who was also then the Minister of

Crown Investments, indicated that there were preparations being made with respect to business conduct and the way the Crown corporations acted in the business sense and other countries, foreign countries, and the Minister said this - and this is from Page 2050 and I quote: "The preparation of guidelines of business conduct, which among other things, say that Crown corporations must operate on obedience to the laws of Manitoba, of Canada, and the laws of the jurisdiction in which they are operating, even if that jurisdiction is a foreign country."

I would ask, Mr. Chairman, the Minister whether MTX, the subsidiary of MTS, has either followed that guideline, or indeed has broken it?

**HON. V. SCHROEDER:** Mr. Chairman, that quotation is from the document which I just forwarded. I took it from that document which I had forwarded to the member. I am not aware of any circumstance where the MTS has violated the laws of Manitoba or of Canada. There may have been an instance, as I understand it now from the discussions in this House, where MTX may have violated the laws of the jurisdiction in which it was doing business, and that's something to be examined. I really don't have any comment on that other than to say that in the last few weeks certainly is the first that I was aware of that issue.

**MR. C. MANNES:** Mr. Chairman, that begs the question then, how closely is the Department of Crown Investments watching the activities, the day-to-day activities, and the policies of the Crown corporations which they're supposed to monitor? Is it just when it's reported from a third party that this department becomes aware of non-compliance under the policies in effect, or are there other circumstances or issues, such as this that, the Department of Crown Investments has uncovered and at this time is not public?

**HON. V. SCHROEDER:** Mr. Chairman, we have a fairly small staff of eight people, and we do not pretend to be worldwide policemen who are going to go into Saudi Arabia to determine whether MTX is or is not maintaining the religious laws of that country. I don't think anybody would expect us to have that kind of intimate, detailed knowledge. We are not in a position with some 19 or 20 Crowns involved with a number of local issues here to be doing that policing. We expect the Crown corporations to do that themselves. We expect that when the guidelines are put out and approved by the Crown corporations that they will be followed by the Crown corporations, and there should be no doubt that we are not an agency that's going to go around looking at activities in foreign countries to determine violations. Obviously, if we come across areas where people are violating laws, we will bring it to the attention of that Crown corporation very quickly to ensure that that is stopped.

**MR. C. MANNES:** Mr. Chairman, changing the subject, the Minister also a year or two ago indicated that part of the function of the Crown Investments was to keep the public more informed about important developments in the Crown corporations. What has been done in this respect, Mr. Chairman? All I've really

seen by way of press release coming from this department over the last few months is the press release that dealt with remuneration to senior management.

Can the Minister tell me over the last year or two what the department has done in an attempt to keep informed the public of Manitoba in a more comprehensive fashion dealings with Crown corporations and activities of Crown corporations?

**HON. V. SCHROEDER:** The member makes a very good point. I think that the public in the province ought to be provided with far more information with respect to the roles of the Crown corporations, what is expected of them, what they're achieving, their importance in the economy of the province, their costs and so on, and I have to admit we haven't delivered. Basically in the area of providing information to the public, we simply have not had the resources available to do that; we just simply had to make decisions in terms of priorities. Obviously, the first priorities are as previously explained. This is not an area that we've been able to achieve. With the budget reduction this year, although I've explained that the basic reason for the budget reduction is the elimination of Flyer, it will not be achieved this year either.

**MR. C. MANNES:** Mr. Chairman, the Minister says that the reason that some of these objectives have not been met is because there's been more emphasis or higher priority given to issues of the moment, and I can understand why a fair amount of time would be directed toward Flyer and Manfor; it represented massive hemorrhages of public funding. But, Mr. Chairman, Manfor supposedly is just about maybe, hopefully behind us. Manfor, we've been told by the Minister responsible for Manfor, that losses this year will only be in the area of \$5 million . . .

**A MEMBER:** Cash.

**MR. C. MANNES:** Those are cash losses. — (Interjection) — Net operating losses of 5 million, Mr. Chairman, so obviously the Minister and his staff will have some more time available to them to do this, Or are there some other Crown corporations that are experiencing some major difficulties over the last few months that we're not aware of, maybe the Minister would like to indicate that staff are having to direct a greater percentage of their time toward?

**HON. V. SCHROEDER:** Mr. Chairman, there's nothing out there the members aren't aware of. There's no emergency we're working on or anything like that, but at the same time we are attempting to get more corporate planning done. We are attempting to initiate and have been initiating over the last year some fairly sharp discussions with the Crowns who present plans in terms of revenues, expenditures, sales projections and so on to try to ensure that goals are met.

The point the member makes with respect to Manfor is well taken, that sometimes people like to present a better picture than is really there. I think that for some time some of our management have liked to think that depreciation is something that they shouldn't be concerned with, even though at the same time we're

buying equipment possibly or other capital goods for them which don't show up on the one side. On the other side, if they don't want to show the depreciation either, then we've got ourselves a problem in terms of reality, because depreciation is certainly a reality.

**MR. C. MANNESS:** Mr. Chairman, I can become a complete supporter of this department if they do nothing more than go to senior management of Crown corporations and convince them of the facts of life in some of these economic matters, and how some of the costs should be more truly accounted.

I'd like to get a little better understanding of the staff. The Minister says "we," and yet I refer to Page 9 of Supplementary Information provided, Schedule 3, and I see that there are basically five managerial staff year positions consuming some \$306,000 or roughly an average salary of \$60,000.00. Mr. Chairman, could the Minister tell me the qualifications of these five individuals, such that all five of them could command a salary in that area? Maybe the Minister can tell me specifically who they are.

**HON. V. SCHROEDER:** Mr. Chairman, I'm not sure that I have C.V.'s on these - well, I've got the Deputy Minister, Mr. Wilson with me here. He has an MBA, a CMA with extensive experience in public sector financial management, consulting and Crown corporation activity, including rescues and divestitures, an MBA from the University of Windsor, a Bachelor of Commerce from the University of Windsor, a Bachelor of Science, University of Calgary and, as I indicated, a CMA, Certified Management Accountant.

There are three executive directors, one Deputy and one analyst for those five positions. Mr. Broughton, who is the Executive Director of Policy Coordination and Management Services, an MBA with extensive experience in public sector administration and program management in Crown corporation activities. His MBA is from the University of Manitoba. His Bachelor of Commerce is from Lakehead University.

Those are the only two that I have here, but the other people are qualified people, and that's what it works out to.

**MR. C. MANNESS:** Mr. Chairman, I'm glad to hear that the staff indeed are qualified and from now on, of course, we will hold the Minister fully responsible because, quite obviously, with his competent staff they will keep him in tune whenever there is any new problem evolve under any of the Crown corporations.

Mr. Chairman, the remuneration list that was provided covering the chief executive officers of all the Crown corporations was somewhat revealing but, under the salary aspect of it, is there or will there be any attempt by this department to direct specific guidelines to the salary determination or, specifically, is it just information that's been provided, bearing in mind that different chief executive officer positions, of course, require some different type of people, and the market may or may not have an abundance of that type of person once an opening does develop. So, Mr. Chairman, I'm wondering if there is any attempt by government to bring these salaries and these additional benefits into any degree of commonality at all.

**HON. V. SCHROEDER:** Mr. Chairman, it would be the Compensation Committee of Cabinet which would be responsible for that. Crown Investments would provide advice and, yes, we would like to see more logic in the salaries as between each other, but there are sometimes anomalies.

You have, as an example, the highest-paid executive is at Manfor. In that industry, it's a fact of life that salaries for management people are very high. We have been attempting, as I've indicated previously, to compare with other provinces. The Federal Government has put out numbers in terms of minimum and maximum for different positions, which gives some rough idea as to what kind of executive salaries they're paying, but we're the only province in the country which has put these numbers out there so people can see and compare and see whether it makes sense or doesn't make sense. There will always be some extra pay, I presume, for more difficult assignments, assignments that are viewed as more remote, or whatever, or more difficult. But it is Compensation Committee that would deal with that.

**MR. C. MANNESS:** Mr. Chairman, that begs the question, and it's not based on the fact that Manfor has had such miserable losses, but are we receiving fair value - I won't say, in all cases - but in some of these Crown corporations that have undergone tremendous losses? Mr. Chairman, there have been management changes, several of them, over the last six or eight years.

Would it not be better or has the government ever considered promoting from within? Maybe somebody from within who knows some of the problems, yet doesn't bring with himself or herself the industry acknowledgment and the industry wherewithal that can be spelled out on a piece of paper, but nevertheless may be the proper person under that set of circumstances. I gather that this government particularly, when it sees a problem in a certain area, believes that it can withstand criticism if it goes out and hires somebody that has supposedly a name in the industry. I question whether or not there aren't people within various Crown corporations who can field the chief position, the highest management position quite well.

**HON. V. SCHROEDER:** That sometimes happens. The President of Hydro recently retired. Mr. Arnason came from within. The MTS President is from within. There are a number of them. Some possibly might be viewed as lateral transfers, as for example the acting chairman of MPIC coming from government, coming from the Crown Investments Department.

I just wanted to add on that Mr. Silver was here on an executive exchange with the Federal Government. That exchange actually was to have terminated in the spring, I believe, of 1986; it was a three-year secondment. So he was basically looking. Certainly, we would have been quite happy to see him here but this came up and I think he's, in a sense, from within. Of course, it's a temporary placement.

There are others from outside. McKenzie Seeds, I think, had unique circumstances where we really should have gone outside, and we did. There were all kinds

of questions raised about what was going on there and it would have been very difficult to bring in anybody who had been working under former management, at that time, to take control.

Similarly, Manfor, the individual who was promoted there was promoted from within. Manitoba Oil and Gas, well we didn't have a "within," so we went outside. The Liquor Commission was someone who worked out exceedingly well from the outside. I don't know whether there was anyone available.

So there is a mixture, but it's certainly well taken that people in an organization should be entitled to feel that they have a decent chance to make it up the ladder and they're not going to be precluded from that. At the same time, we do have to look to ensure that we have the best people possible, in charge.

**MR. F. JOHNSTON:** Mr. Chairman, I'd like the Minister to clarify something. It says, "Overall Responsibilities," on Page 5, "The Minister of Crown Investments, through the Department, is responsible for the overall administration of Manitoba's commercial Crown corporations to ensure the most effective utilization of public investments."

The complete administration, yet I wonder if he could just, as examples, Moose Lake Loggers and Channel Area Loggers came to the Economic Development Committee, answering with the Community Economic Development Fund Report, I found nobody there from this Crown Investments Department. The Minister answering for it was the Minister of Northern Affairs at that time. Just what role does this organization play with those particular companies?

Then again, here you have the Manitoba Development Corporation comes before the committee as the Manitoba Development Corporation with you as the Minister attending. The Manitoba Development Corporation has some responsibilities as you mentioned. Flyer is in there, and yet again, we don't see anybody from the Crown Investments Corporation.

When you read this over, you see Manitoba Telephones, which is having a problem, Manfor having a problem, Flyer having a problem, A.E. McKenzie Seeds is just coming out of them, but owe \$7 million or better, ManOil is losing money, Moose Lake Loggers have a problem, Channel Area is not bad - it might be the other way around - Public Insurance is losing money on the commercial side.

I might ask on the Public Insurance, on Monday, June 23, in question period, the Minister in charge of the MPIC, the Public Insurance Company said that Mr. Silver was ex officio on the board of MPIC, very knowledgeable, very close to what has been going at MPIC for two or three years. Under that circumstance, he obviously wasn't aware of what was going on with the executive of that board.

Again we have the Agricultural Credit Corporation and the Co-op Insurance Corporation under the Department of Agriculture. I've never heard anybody but the Minister of Agriculture answer for those. We seem to have here an organization which is basically structured, but not really here to give answers tonight, but the Minister, because it's his responsibility, doesn't seem to be available when we discuss any of these corporations in committee at all. Could the Minister enlighten us on that?

**MR. DEPUTY CHAIRMAN, D. Scott:** Mr. Minister.

**HON. V. SCHROEDER:** Obviously, Mr. Deputy Chairman, as I indicated previously, Crown Investments does not have line authority over the Crowns, and I'm not sure that the particular statement the member quoted is well written by us. But I should possibly just go over some of the things we've done in the past year, so the member gets a better feeling for what I'm getting at.

We've initiated a number of actions, improving operational and financial information pertaining to the performance of our Crown corporations, which have resulted, from our perspective, in a more informed decision-making environment. Those measures include participation, as the member has indicated, of departmental officials on various boards, both as full board members, and on some boards as officio members; coordination of financial reporting respecting the performance and capital requirements of all the corporations; that is, all of them submit their capital requirements to Crown Investments and there's an application which has, to date, always gone jointly by the Minister responsible for a particular Crown corporation and a Crown Investments Minister to the Economic Resources Investment Committee of Cabinet to determine whether those capital requirements fit within the overall amount of capital government is prepared to put out; and, as indicated previously, there's been significant staff assistance for Flyer but also for Manfor and Channel Area Loggers by departmental officials. In terms of Channel Area, we've provided significant advice on budgeting and financial management to that corporation over the past year.

We've reviewed the requirements for internal audit and capital budgeting for Crown corporations; consideration of compensation provisions, as indicated previously; coordination of compliance with government-stated objectives of affirmative action; development of a corporate planning capability in selected corporations - one must appreciate that with eight staff people, we are not going to do everything at once - as well as presentation of seminars for members of boards of directors, the seminars being, we believe, a fairly important item in terms of making people familiar with their roles, as directors, keeping in mind that we also now have on most Crown corporations, two people from the workforce on the boards who we've spent some time in developing their knowledge as to the role of a board of directors, what their rights and obligations are, and so on.

We've attempted to establish an information base for the Crown corporation sector and a system of quarterly financial and operational monitoring, which is presented by the various Crown corporations to the Economic Resource and Investment Committee. So those are things we do but not with any right of line authority over anybody.

**MR. F. JOHNSTON:** Can I ask the Minister, did he say or let me ask the question: do these Crown corporations have to submit their budget to the Department of Crown Corporations?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, they must provide their capital budget to the Economic Resources Investment Committee.

**MR. F. JOHNSTON:** That's a committee of Cabinet. They don't present them to the Department of Crown Investments?

**HON. V. SCHROEDER:** No, Mr. Chairman, they are analyzed by the Department of Crown Investments, but they go to the committee.

**MR. F. JOHNSTON:** Does the Provincial Auditor not have, within his department at the present time, people set up to work with each of the departments and the Crown corporations and report to the Minister. It seems to me that the Provincial Auditor's Department or the Finance Department had people within them that made regular reviews and would bring to your attention many things, to a Minister and I just wonder, is this Department of Crown Investments taking over that particular role of the Finance Department?

**HON. V. SCHROEDER:** No, Mr. Chairman. Anything the Finance Department would have done, or the Auditor's Department, for that matter, would have been on an after-the-fact basis.

**MR. F. JOHNSTON:** I don't know whether this government has changed that, but the chairman of a board of a corporation is technically a deputy of the Minister, responsible to the Minister, representing that board of that Crown corporation. Does that chairman of the board not have that status anymore, or do chairmen of boards not have that status anymore? I know that the chairman of the board of the Manitoba Housing and Renewal Corporation was regarded as a Deputy Minister representing that board to the Minister.

**HON. V. SCHROEDER:** I think it's fair to say that's still correct, but a Deputy Minister in government would not be able to pass any kind of a capital budget without having approval within Cabinet for that kind of a budget. Basically, in that sense, they are being put in a position somewhat similar to a deputy minister.

**MR. F. JOHNSTON:** That's quite true. Just let me say this, does your Deputy Minister administrate - the Deputy Minister within your department - who is responsible to you and you are responsible for the Crown Investments? Does that particular Deputy Minister have authority over Crown Investments or work with them? Or is it Mr. Wilson, I believe you mentioned, who is responsible to you for Crown Investments?

**HON. V. SCHROEDER:** I'm not sure I quite understand. But my Deputy Minister would present a capital budget to me for approval to go to Cabinet. Cabinet would review that and only on approval in the Estimates Review would a decision be taken after which my Deputy Minister would be in charge of that capital budget.

In the case of a Crown corporation, rather than going to the Estimates Review of Cabinet, the Capital budget is examined by Crown Investments and goes to the Economic Resources Investment Committee of Cabinet where it is approved or amended; then, of course, Cabinet sees the minutes of the meetings and would have an opportunity to change things at that stage, but I don't recall them ever having done it.

**MR. CHAIRMAN:** The Member for Arthur.

**MR. J. DOWNEY:** Thank you, Mr. Chairman.

I find the comments quite interesting and I don't plan to take a long time, but I do just want to get a little bit more information from the Minister.

He indicated to my colleague from Sturgeon Creek that, unlike the Auditor, the Department of Crown Investments would have a chance prior to decision-making process, that they'd have input and recommendations on certain decisions taken; whereas the Auditor was looking into decisions afterward or that type of process. If I understood him correctly, I think that's the way he alluded to the responsibility, because I'm having a hard time really seeing what the purpose of the Crown Investment organization is. It's not a line department. It can't veto or stop the expenditure of money. It's more or less a watchdog or a financial body which has a chance to review the Estimates of a Crown corp.

Were there recommendations, for example, from Crown Investments dealing with the sale of Flyer? Were there recommendations dealing with, for example, the investment that Manitoba Telephone System made on MTX? Were there recommendations to continue to expand and put money into the money-losing ManOil? What were the recommendations of Crown Investments when it came to the continuation of Manfor and steps that should be taken?

There must be some documentation, some firm recommendations that are available, because we're asking for money to be spent for this department. If there aren't, then I have a hard time supporting the expenditure that goes into Crown Investments.

My colleague from Morris may have asked that question and I wasn't here or listening, if I was, I'm somewhat puzzled. Maybe the Minister could provide us with some more information, some background that has been worked out by the staff of Crown Investments to give us some background information as to some of the decisions that were taken.

**HON. V. SCHROEDER:** Yes, we received advice on Manfor from Crown Investments. Crown Investments has pushed and pulled and so on to ensure that information be made available to Cabinet and has made recommendations and given us advice in terms of its view of numbers coming forward which has given us an opportunity to re-evaluate statements made by any particular Crown corporation.

On Flyer, when we were discussing sale proposals, we had people from Crown Investments, as well as obviously MDC, to discuss the issue. But, as I indicated previously, advice given under the circumstances in which it was given is not advice which we could readily make public. It is advice given to Ministers. Sometimes there are differences of opinion between this department and the Crown corporations and there can be very easily - and sometimes Crown Investments is wrong - although very often I think that they've been quite sharp in terms of detecting problems possibly before the Crown corporation might admit that there was one and so on. But in the role that they're playing, with the understanding staff has had up until now, I would really have great difficulty in providing specifics.

**MR. J. DOWNEY:** Let me make this case, Mr. Chairman.

We, as members of the Legislature have the opportunity, and I'll use Manfor which is the responsibility which I have, to have the board of directors of Manfor come before the committee. They're spending taxpayers' money in the carrying out of their operations of Manfor.

We have Crown Investments who are as well responsible for the overall umbrella and the overall activities and financial advice. Would it not be productive - and I say this in the best interests of the expenditure of taxpayers' money - and maybe we could proceed to ask some of the questions now - however, I don't have my file dealing with Manfor - but would it not be productive if we were able to ask the same questions of some of the decisions taken by Crown corps and by those chief executive officers and the boards of directors of the Crown Investments? Would that not be productive?

I put it to the Committee. I put it to the Minister, that in fact it would be. That's what they're there for, apparently as a watchdog financial organization to oversee the expenditures and make recommendations to the Ministers. He's laid out a fair role for them, that possibly some of the decisions taken, as the Minister indicated in his comments previous to my speaking, that Crown Investments aren't always right, but he thinks in the majority of cases that they maybe are and a little sharper.

I think it would be productive and helpful for those taxpayers who have got money in telephone systems in Saudi Arabia that maybe we should have and maybe this is the time to have the Minister comment and the government comment as to whether or not in the future we couldn't make this a more meaningful tool to really get at some of the basic decisions that are made with taxpayers' money.

I think a case can be made, if you're going to have the organization there. We're going to have the staff involved and, granted, the Minister has made a fair comment, that possibly - I don't think we need to see the bureaucracy expand within it, but if there are certain specific areas within a Crown corporation that should be looked at and questions arise from that, let's hear the other side of the picture from an organization or people who are hired by the taxpayers who are supposed to be the overseeing body. I think it would be an opportunity to have them come before committee. That's what we're doing now, as I understand it, is before a committee; but I think that probably it's been a lack of understanding in my situation that now is a chance that we could ask the other side of the question.

I think, for example, when we deal with Manfor - my colleague alluded to it a few minutes ago - the kind of losses, the cash loss that was talked about and the target in which they have set before them is to bring the losses in Manfor down to something like \$5 million. The bottom line is that they're trying to bring it down with depreciation to something like \$12.7 million. A fair question to the staff in Crown Investments, what do they see as an acceptable accounting mechanism or acceptable to them? Are they satisfied with the \$5 million objective, come within \$5 million of the cash loss, or should in fact the public be told openly and straightforwardly that they are in fact going to have a \$12.7 million loss?

That's what it is and the target should be to get it down to zero; — (Interjection) — and my colleague reminds me from his seat that it should be shown accordingly in the annual report.

What is the side of it as far as Crown Investments are concerned? I think those are the kinds of bottom-line questions that we should be able to ask of Crown Investments. I can see, Mr. Chairman, without expanding the staff, without expanding the need for building up of individuals, that we would want to have in the future the opportunity to ask Crown Investments some of these kinds of questions. We'll be prepared to deal with it a little more extensively in the near future.

**MR. C. MANNES:** Mr. Chairman, I would ask the Minister, and I referred to this before, why did the Manitoba Energy Authority, how was it able to escape - I'm using the word, being placed under the aegis of the Department of Crown Investments until July of 1986?

**HON. V. SCHROEDER:** Mr. Chairman, the short answer is that I wasn't aware that they weren't under the aegis of Crown Investments.

**MR. C. MANNES:** Mr. Chairman, the Minister has been in charge of this department, I believe, since 1983. Can the Minister indicate whether this oversight was ever brought to his attention previously and, if so, why it may have been ignored?

**HON. V. SCHROEDER:** Mr. Chairman, I don't recall ever having been informed of it, but apparently it seems that the original rationale of Crown Investments, excluding MEA, had to do with the proposition that Crown Investments involved a commercial orientation and somehow the notion that MEA wasn't commercial at the time. I don't know exactly when it became operative.

Crown Investments became operative in 1982. MEA came along - it had been incorporated back in 1980 but never became active until 1984. I'm told that there were several Crown corporation organizations which weren't under the aegis of the Crown Investments.

**MR. C. MANNES:** Mr. Chairman, I suppose I could accept that, except I'm going through this list very quickly and I notice two things, that Lotteries Commission is part of this, and I would ask why. But what about the Crown corporations that are involved in Manitoba Properties Inc.? I don't see them either, and yet they may or may not be covered by this; again, I'd ask why.

I should also indicate to the Minister, and I would serve notice at this time that we may want to, on another day, ask some specific questions, very detailed questions, as to why the Energy Authority has escaped up to this point in time.

**HON. V. SCHROEDER:** Mr. Chairman, MEA has actually been reporting on a more regular basis to government than any other Crown corporation.

Because of the negotiating role that it's had, the fact that it hasn't been under the aegis of Crown Investments, has in no way meant that its activities

which - and its activities have not been in the area of spending money, its activities have been basically out there negotiating. Those activities have been more closely monitored than the activities of any other Crown corporation, from the Premier on down through the Cabinet.

The other entities that the member mentions, I don't have an explanation for him.

**MR. C. MANNESS:** Mr. Chairman, I find it odd that the Manitoba Lotteries Commission, which I believe last year did upwards somewhere between \$250 million and \$300 million of activities somehow could escape this, and yet Venture Manitoba Tours Ltd. is shown as one of the Crown Investments, Crown corporations.

Again I would ask the Minister if he could, for another day, indicate how it is that some direct government controlled organizations are not part of this and some are, because there seems to be some major inconsistencies with respect to how one of the corporations falls under the control of Crown Investments or how it might miss falling under that control.

Mr. Chairman, how much money did the Crown corporations in Manitoba lose in 1985-86, accumulative?

**HON. V. SCHROEDER:** Overall, they would have made a net profit of \$80.2 million.

**MR. C. MANNESS:** Mr. Chairman, I'm not terribly upset with the answer. I'm glad to hear that the numbers are being collected in a fashion.

Could the Minister indicate, if we remove Manitoba Hydro and the Manitoba Telephone System and MPIC, what the loss may then be in the other corporations?

**HON. V. SCHROEDER:** Mr. Chairman, the member still hasn't hit the jackpot. Hydro was \$11.1 million net income; Telephones, \$15.2 million; and MPIC, \$4.5 million. The really big one was the Liquor Commission at \$136 million, so for ease of calculation I can provide the member with a list of the incomes of the various organizations.

**MR. C. MANNESS:** Mr. Chairman, I thank the Minister.

I would ask him, with respect to the capital commitments of the Crown corporations - no doubt we will be debating them once we move into Loan Act (2) - whether or not there are capital commitments out as far as five years which he could share with us at this time, of the various Crown corporations?

**HON. V. SCHROEDER:** I should say, first of all, that not all of the capital budgets will be debated in this Chamber this year. There are some instances where there is internally-generated capital so there's no need for loan authority in which case those Crowns don't have to come to the Legislature, and that's one of the reasons we did want to look at what these people were doing; Liquor Commission is an example. Although a very profitable corporation, some people in government felt that the additional expenses they were going to in terms of building newer and fancier stores were something that one should assess, and so on. In each

area, there is certainly some responsibility on government for whatever the Crown corporations do.

Capital budgets of the commercial Crowns over the past three years have been 1984, 373 million; 1985, 423 million; 1986, 524 million, and that includes the Limestone for 1986; and with the exclusion of Limestone we're anticipating that probably the funding to be approved by government over the next four years will average in the range of \$400 million per year.

**MR. C. MANNESS:** The Minister says excluding Limestone. I would think then that would add roughly another 800 million over those four years, or \$200 million a year. I don't know if that would be somewhere in the ballpark, but the Minister says it may be.

Mr. Chairman, I'm curious as to whether the Department of Crown Investments themselves come up with some capital plan after they've weighed the various Crown corps and put priorities, or is that all done within the capital?

I'm curious to what degree this department ends up trying to be totally objective and trying somehow to indicate to government by way of recommendation which area should receive the highest priority for further or additional capital supply? Or, does that not happen and is that decision made totally and completely within, first of all, the Committee of Cabinet that looks at investments and then ratified by Cabinet as a whole?

**HON. V. SCHROEDER:** Mr. Chairman, the decision basically is made in terms of the overall with the Economic Resources Investment Committee which would look at overall requirements and would attempt to keep overall capital within an overall number. Crown Investments would give advice as to where there's some give and that would be the basic procedure. It wouldn't be done in the Cabinet room.

**MR. C. MANNESS:** Mr. Chairman, I'd ask the Minister why this department does not put out an annual report - at least I'm not aware if it does - that would give some very brief financial and economic overviews of all the Crown corporations? Basically a 20-page booklet - one page on each Crown corporation - but included in that information the total amount of monies received by government up to that date in time; the amount of interest or the going rate of interest if any is paid or should be paid, because I think the Minister has indicated in other answers that this is only being fairer to the public of Manitoba. I could see where a compendium of very basic and brief financial statistics directed towards each of the 19 or 20 or 24 Crown corporations would be a document I'm sure all of us would keep close to us, because it would be a handy reference piece of material.

Mr. Chairman, I can't understand and, hopefully, the Minister would see fit to direct his department to consider issuing such a report next year; and if he does not see fit to do that I'm wondering why or what his reasons may be for not supporting such a report.

**HON. V. SCHROEDER:** Mr. Chairman, the member has absolutely convinced me, I think we should do it. My Deputy Minister tells me we are in the process of preparing an annual report for 1985-86 which will be ready in about two months approximately.

**MR. CHAIRMAN:** The Member for Arthur.

**MR. J. DOWNEY:** My colleague from Morris asked earlier what was an oversight or why the MEA or half of Energy Authority was not overseen by Crown Investments? Does the Minister plan to include the Manitoba Energy Authority in the future under the purview of the Crown Investments? Will that be brought under the review by the Crown Investments? Does he have any intention to make changes so there is an ability for Crown Investments to have the overview, that they now have of other Crown Investments, of the Manitoba Energy Authority?

**HON. V. SCHROEDER:** Yes, we will have that but as I've indicated, they've probably done more reporting than anyone.

I should say there's just a whole host of organizations which don't come under the purview of this particular department and there's no way we can get a handle on all of them with the staffing we have. As you can see, rather than adding, we're cutting staff because we've cut down some of the assignments. But things like the Workers Compensation Board which goes through a fair bit of money are not included here; the Surface Rights Board which we discussed earlier and just a whole host of boards, commissions, agencies, and so on.

**MR. J. DOWNEY:** The Minister I know is aware that something like the Surface Rights Board is not really a Crown Investment. It's the investment side of it that I'm concerned about.

Just one further question on one item. Is the Minister under Crown Investments carrying on the review of any proposed or intended investment combination by Manitoba Hydro and the Manitoba Energy Authority? Is their Crown Investment taking a look at that? What stage is that at?

**HON. V. SCHROEDER:** No, we haven't reviewed that at this stage and there's nothing before us to review.

**MR. J. DOWNEY:** The Minister said he has repeated this. Is there any undertaking in progress at this particular time between MEA and Manitoba Hydro in this regard?

**HON. V. SCHROEDER:** MEA is in the process, together with Hydro officials, of discussions with respect to the three entities that were previously referred to with respect to three different sets of agreements for the sale of power. Two of them are Diversity Exchange Agreements and one is a long-term power export. Certainly, there are ongoing discussions between MEA and Hydro on those issues.

**MR. J. DOWNEY:** Is there anything further dealing with a joint corporation of some kind to work as a Crown investment or to work as a financial organization to put financing together for Hydro or for a combination of the two.

**HON. V. SCHROEDER:** Financing proposals are - as the member knows, the Department of Finance has in

the past done all of the financing for all Crown agencies. At this particular time we are putting out a proposal call for people who might be interested in the financing of a portion of the Limestone Project off the books of the province. This is in accordance with suggestions made by our financial advisors, Wood Gundy, Bank of Montreal and I believe it's Merrill Lynch. But it's only gotten to that stage. We'll see what we get back and take it from there.

**MR. J. DOWNEY:** Mr. Chairman, just one final question. I hope the Minister is prepared to provide the kind of information that we will be requesting from Crown Investments without having to use The Freedom of Information Act. There may be some information that would be helpful to the public and to the Committee and I would hope that the Minister isn't too reluctant to provide it without having to take the route of The Freedom of Information once it's proclaimed.

**HON. V. SCHROEDER:** I will do my best to provide any information to members which they would be entitled to under the Freedom of Information Act.

**MR. C. MANNESS:** Mr. Chairman, the Minister, of course, is being coy and he loves to think he's put one over on us.

I would ask the Minister whether this department is involved in any of the Manitoba Hydro dealings, any of the negotiated contracts with energy authorities in the United States, any involvement in monitoring the Northern States Power Agreement sale at all?

**HON. V. SCHROEDER:** No.

**MR. C. MANNESS:** Mr. Chairman, can the Minister tell us why then, and by whose direction is this department, which is to review and be monitoring the processes and the procedures and I believe the activities of all Crown corporations, or certainly those 19 or 20 that have been listed; whose decision? Does that department decide that it will be actively involved, closely monitoring contracts, etc., of certain Crown corporations and yet totally making itself or becoming unfamiliar with other activities of other Crown corporations?

**HON. V. SCHROEDER:** We don't get involved in the day-to-day operations of the Crowns.

**MR. C. MANNESS:** Mr. Chairman, I'm not talking about day-to-day operations; I'm talking about entering into major contractual agreements and arrangements covering, in some cases, hundreds of millions of dollars with out-of-province, out-of-country companies. I would ask on whose decision is it that the department, Crown Investments, does not familiarize itself with those activities.

**HON. V. SCHROEDER:** Mr. Chairman, there are no activities which receive as much scrutiny from government as the activities of the Manitoba Energy Authority. Any potential agreements which they enter into must, before being finalized, be approved by Cabinet. They are given the very strictest of scrutiny



Tuesday, 5 August, 1986

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before there is any kind of approval. We have a team of people involved with that. Certainly there is no organization which receives more scrutiny.

**MR. C. MANNES:** Mr. Chairman, I'm just trying to point out the inconsistency by which this department - this department has its marching instructions. That's all I'm trying to point out.

I believe the Manitoba Energy Authority was created to look after details of sales of exportable power and matters of energy within the province; it was sort of a watchdog of Manitoba Hydro. Yet, Mr. Chairman, we have Crown Investments, which was to look at another side, which was to look at all Crown corporations, one of them now the Manitoba Energy Authority. Yet somebody has decreed that this group not look, that this department not look at the goings-on or the activities associated with the Energy Authority. Mr. Chairman, that's all I'm trying to do, is point out that inconsistency.

I don't have an awful lot more to put on the record with respect to the department. I hope that the Minister will be successful in causing to be laid before Members of the Opposition, within the space of a year, an annual report. Well, the Minister has indicated there will be an annual report in the next two months, but one shortly thereafter that will bring forward in a financial sense an overview of all the Crown corporations, detailing the debt associated, the public investment.

Hopefully the Minister will also be able to better explain in due course how it is that some Crown

corporations fall under the purview of this department and others are missed, because I think that there is one thing Members of the Opposition and, indeed, members of the public like to see government practice, and that's consistency.

Mr. Chairman, I sense that within this area, even though this department isn't that old, there are still some major growing pains associated with what type of Crown corporations, what type of activities it should find itself doing. Mr. Chairman, with that I am prepared to pass this department.

**MR. CHAIRMAN:** 1.(b)(1) Crown Corporation Support: Salaries—pass; 1.(b)(2) Other Expenditures—pass; 1.(a) Minister's Salary—pass.

Resolution No. 40: Resolved that there be granted to Her Majesty a sum not exceeding \$614,800 for Crown Investments, Crown Investments Administration, for the fiscal year ending the 31st day of March, 1987—pass.

Committee rise.

Call in the Speaker.

### IN SESSION

**HON. V. SCHROEDER:** Mr. Deputy Speaker, I move, seconded by the Member for Morris, that the House be now adjourned.

**MOTION presented and carried** and the House adjourned and stands adjourned until 2:00 p.m. tomorrow (Wednesday).