



Third Session - Thirty-Seventh Legislature

of the

**Legislative Assembly of Manitoba**

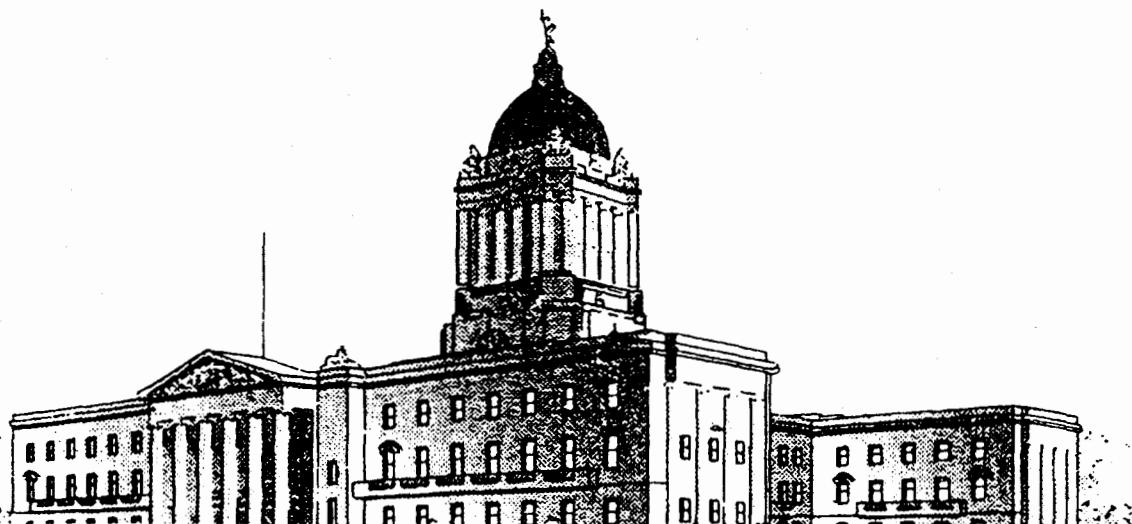
**DEBATES**

**and**

**PROCEEDINGS**

**Official Report**  
**(Hansard)**

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Speaker*



**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Seventh Legislature**

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## LEGISLATIVE ASSEMBLY OF MANITOBA

**Thursday, July 4, 2002**

**The House met at 10 a.m.**

dissolution effected by the regulation under section 7.

### **PRAYERS**

### **ORDERS OF THE DAY**

### **GOVERNMENT BUSINESS**

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, please call report stage on Bill 14.

### **REPORT STAGE**

#### **Bill 14—The Public Schools Modernization Act (Public Schools Act Amended)**

**Hon. Jon Gerrard (River Heights):** This is bringing forward the amendment, Mr. Speaker.

**Mr. Speaker:** The honourable member needs to move it.

**Mr. Gerrard:** Okay. This is the proposed amendment to Bill 14, The Public Schools Modernization Act (Public Schools Act Amended), moved by myself, seconded by the Member for Minnedosa (Mr. Gilleshammer),

*THAT Bill 14 be amended in section 10*

(a) *by renumbering the proposed section 12.2 as subsection 12.2(1);*

(b) *in the part of the proposed subsection 12.2(1) before clause (a), by adding", subject to subsection (2)," after "may"; and*

(c) *by adding the following as proposed subsection 12.2(2):*

#### **Minister must table cost-benefit analysis**

**12.2(2)** Before making a regulation under subsection (1), the minister must table in the Legislative Assembly a cost-benefit analysis of the formation, continuation, amalgamation or

### **Point of Order**

**Mr. Speaker:** The honourable Member for Minnedosa, on a point of order?

**Mr. Harold Gilleshammer (Minnedosa):** Just on a matter of procedure, are we going to go through the amendments in a fashion that emulates the bill or are the amendments going to just come in any particular fashion? It seems to me in committee that amendments are moved as you move through the bill clause by clause.

**Mr. Speaker:** Order. For clarification to the question posed by the honourable Member for Minnedosa (Mr. Gilleshammer), we will be dealing with amendments in the order: first, what is shown on the Order Paper; second, the ones that were handed out prior to 10 a.m.; and then we will deal with amendments that are now being handed out. We will deal with them in that order.

\* \* \*

**Mr. Speaker:** The first one we will deal with, which is on the Order Paper, the amendment which has been moved by the honourable Member for River Heights (Mr. Gerrard), seconded by the honourable Member for Minnedosa (Mr. Gilleshammer), and the proposed amendment to Bill 14, The Public Schools Modernization Act (Public Schools Act Amended), moved

*THAT Bill 14 be amended in section 10*

(a) *by renumbering the proposed section 12.2 as subsection 12.2(1);*

(b) *in the part of the proposed subsection 12.2(1) before clause (a), by adding", subject to subsection 2," after "may"; and*

(c) *by adding the following as proposed subsection 12.2(2):*

**Minister must table cost-benefit analysis**

**12.2(2)** Before making a regulation under subsection 1, the minister must table in the Legislative Assembly a cost-benefit analysis of the formation, continuation, amalgamation or dissolution effected by the regulation under section 7.

The honourable Member for River Heights, the amendment is in order.

**Mr. Gerrard:** Mr. Speaker, I rise to speak to this amendment. First of all, let me state clearly the purpose of this amendment to Bill 14.

One of the issues that the minister himself put on the table when he presented this bill was that there would be a cost savings in administrative areas of \$10 million and that this would then possibly be reinvested in the classrooms. In the various discussions that we have had on this bill at second reading, the minister had an opportunity to present the basis for which he had \$10 million of savings estimated in administration. The minister did not do so at that time.

I waited then in committee stage for the minister to come forward with a detailed breakdown because I thought that this was important information. The minister did not do so, but a number of other people presented information at committee stage which provided some insight into the potential for cost saving or lack thereof as a result of their analysis or the analysis done in their local school division as the result of the mergers, of their local amalgamations of school divisions.

I remember on the side, for example, of cost savings, that one estimate was provided that when two divisions were amalgamated, there might possibly be a saving of \$100,000 in administrative costs. If that was multiplied out across the number of divisions which are being amalgamated, then the administrative cost savings only add up to some \$2 million or a little bit more than that, perhaps, to be generous, somewhere between \$2 million and \$3 million, far short of the \$10 million that the Minister of Education (Mr. Caldwell) had suggested was there in possible savings. So, clearly, this raised some skepticism about the minister's numbers of \$10 million.

Another presenter, I believe it was Karen Carey from Springfield, presented a more detailed breakdown of her assessment of the costs and benefits for the changes that were being made to Transcona-Springfield, that this was a division which the minister decided arbitrarily to cut and slice up and then to merge the separate parts, one with River East and the other with Agassiz.

The analysis that was presented by Karen Carey, which appeared to me quite carefully done, involved a lot of work on the part of parents, not just herself, in the Transcona-Springfield School Division. To my astonishment, when the bottom line was added up, it suggested that there might not be savings, but, in fact, in this circumstance of the rearrangement of the several school divisions, there might, in fact, be additional costs, net costs on the order of perhaps as much as \$8 million.

This was so at variance with what the Minister of Education (Mr. Caldwell) had presented that I wanted then to ask Karen Carey at committee stage some questions about the basis for her estimates to try and get a better understanding of the validity of those estimates and to better be able to judge the meaning, the appropriateness, the basis on which these estimates were based. I would say, first of all, that the detail that was provided was certainly far greater than any detail that the Minister of Education had provided in his own estimates, that there might be \$10 million of savings.

\* (10:10)

Right away, the detail that was there, the effort that Karen Carey had put in, and others, to making these estimates suggested that they should be given some credibility.

This led me then to ask a question, but, unfortunately, the time had elapsed, and the Government led by the Minister of Education decided to deny leave for me to ask the question, to find out, in better detail, what the basis was for the net cost of some \$8 million as a result of the changes that were being made in Transcona-Springfield, with the splitting of the division and the merger of Transcona with River East, which apparently would have a net cost of about \$2

million, and then the merger with Agassiz, which would have a cost substantially more than that.

Mr. Speaker, I think it is very important, given the variability in the numbers that we have received from different sources at committee stage, that the minister table the basis for the cost estimates that he has made, that there will be a \$10-million savings. I think that this is really a fundamental role of the Legislature, to be able to look at and evaluate accountability, that we need openness and transparency in government to an extent which we are not getting at the moment.

Therefore, I think that this amendment, although it may not necessarily apply to the regulations which the minister has already made in terms of amalgamation and changes to school divisions currently, it would certainly apply to any future amalgamations and prevent the sort of disturbing situation we have at the moment, where we have a minister claiming \$10 million of savings and yet a detailed analysis is not provided.

As I asked the minister in the Legislature in Question Period the other day, has the minister not actually done this analysis? Is it guesswork, numbers that he has pulled out of the air, or is there real substance to this \$10-million estimate? I certainly would like to give the minister the benefit of the doubt, the benefit of time to produce the substantive basis for the cost savings which he has suggested will occur as a result of the passage of Bill 14. Nevertheless, one is troubled by the fact that this information is not publicly available, that it has not been presented to the Legislature and that we are being asked to make judgments and pass bills when we do not have some of the critical background, particularly the financial background and the expected financial effects of this bill on government and school divisions' expenditures and, therefore, on the local tax rates and the taxes that people will have to pay.

I think, not just with this bill, but with all bills that come before, we should have the cost-benefit analysis presented to the Legislature so that we are able to make judgments, not only on the quality of the law, but on the cost and the

benefits of the law that we are looking at and considering passing and delivering to the people of Manitoba as new groundwork, new legislation, new basis on which the Province will operate. When I asked this question in committee, and then in Question Period, of the minister, would he provide and table the basis for the \$10 million, the answer that I received back was: Well, we are not going to provide this, but what we will do is, in two or three years' time, after the fact, you will be able to look at school division budgets and you will be able to judge for yourself.

I think that this sort of assessment, evaluation after the fact is certainly important, but I would suggest that it is very important right now that we have this information as we discuss the bill, that we have this information as we consider how we vote to pass or not pass this legislation and that certainly, from a perspective of what is happening with this legislation, just as in other legislation, we need to be able to look at the savings, the costs and the benefits in a reasonable and substantive fashion. We should not have just overall figures thrown or presented to the Legislature without any real substance or analysis.

What this amendment does is to provide for the presentation to the Legislature of the estimates of costs and benefits made by the minister. This will be, then, very important in two or three or four years down the road. One can then go back and see if this has, in fact, been achieved, if these costs and benefits have been realized. Indeed, I think that it would give validity to the notion, the importance of the bill itself. I would say that this is an important amendment which should be considered carefully, but I would ask members to support this with a view to moving forward the cost and benefit analysis that we do in this Legislature and the substantive basis on which we look at legislation.

I would like to put this amendment now in the larger context of what is happening with Bill 14, which we are discussing. I want to do this in a reasonable and in a fair way which looks at both the positive and the negative aspects of this bill. First of all, I would say that there has been some criticism of me for asking that this bill

follow due process and that we not give leave to fast track it through the Legislature in a way that might not allow due consideration of all aspects and the concerns that exist with this bill.

Certainly, at committee stage, we heard a large number of concerns. These were clearly and well presented. I think that the result of the extra time has been additional attention to this bill by all parties. I notice, for example, that the Minister of Education (Mr. Caldwell) himself has tabled an amendment, and indeed this amendment addresses a specific concern that was raised by people in Transcona-Springfield School Division. It appears to be very similar to one that was presented by the member from Minnedosa the other night.

\* (10:20)

Indeed, I am quite pleased that the Minister of Education in this circumstance appears to have listened to what was said at committee stage and by other members of the Legislature, and I think we can see already that the few extra days to consider this in a careful, reasonable and due process fashion has allowed this bill to be improved, we hope, through passage of the amendments which I am putting forward, and hopefully the amendment that the minister puts forward, and hopefully some approval of some amendments that the member from Minnedosa is putting forward, so that we can have a bill which best serves the interests of all Manitobans at the end of the day because, Mr. Speaker, that, in the final analysis, is what we are about.

An issue which a number of school divisions and people in Manitoba have raised is why is this being delayed beyond June 30, which was the initial target date. Well, of course, the Legislature started sitting some weeks after the normal, but the minister actually has another option and that option was certainly part of the framework, for example, that was used to form the Prairie Spirit School Division when it amalgamated, that this did not need Bill 14, and that the minister, as MAST has suggested, has the authority, certainly where there are voluntary amalgamations, to say we will have the regulations and you proceed and you do not have to wait for Bill 14. You can go on and make sure that everything is lined up as fast as possible.

I asked the minister the other day this very issue, and the minister did not provide a reason for why he was not making sure that divisions could proceed as quickly as possible, although it seems that maybe part of his rationale is that he wants to squelch any opposition and any potential for people to appeal his regulations.

I think that the context, and let us put it in a fair way, of this bill, indeed, has positive and negative aspects, as I have mentioned. But I think it is important to note that there are, as was mentioned at committee, some potential, real positive aspects to this bill, and that is all the more important that we should be looking at the negative sides or the problem sides so that in fact Manitobans can benefit from the positive aspects.

I think, as the Manitoba Teachers' Society presentation indicated, the last major alteration of school division boundaries occurred more than 30-40 years ago, and there is some need in this province for a reconfiguration of school division boundaries. Now that assertion needs to be tempered by the knowledge that there have been some changes and amalgamations over the last 40 years. I gave as an example a few moments ago the formation of Prairie Spirit School Division from the Tiger Hills and the Pembina Valley school divisions in 1998.

I have discussed this process with one of the individuals who was involved, Ray LeNeal, and he has indicated that indeed there have been some positive results from this amalgamation and that this amalgamation proceeded smoothly without particular problems but without the need, in fact, for Bill 14, as indeed many other amalgamations could do with some positive support, particularly from the minister.

Clearly, even with the changes that the minister has brought in by regulation, there remain some school divisions with very low enrolments. Such school divisions may have the potential to benefit from amalgamations. Some have questioned the minister why he did not address this issue as well as the other issues, but it leaves the need indeed for making sure that there is a reasonable process for future changes in school divisions and that it is one that does

not stifle change but one that allows citizens to bring forward change in a way that will provide advantage to the community.

I think that it is fair to say, as Bob Land has indicated in his committee presentation, that the Province should be taking a leadership role. I think in some respects that the minister should be credited with advancing this area and taking a leadership role. Many of us have some concerns about the process that has been used, about some of the clauses in Bill 14, but I think that there are clearly some areas of the province and some amalgamations and changes to schools divisions which can provide benefits to students. I think that the leadership role of the Province may, under some conditions, need more than just promotion of voluntary amalgamations. The presentation of Bobbi-Lynn Geekie, the President of Birdtail River Teachers' Association, provides an example of the need to change the administrative structure in the face of a 60% decline in the enrolment from 3200 students in 1971 to 1180 students presently. So she brought forward this, that there needs to be change in administrative structure when there are such drastic changes in students' numbers.

I think we should also acknowledge, as some of the presenters, that there is a potential in some areas for cost savings with amalgamations. The presentations by Andrew Peters and Bobbi-Lynn Geekie provided examples. I think that one of these suggested that there might be a savings indeed of about \$100,000 from the merger of two school divisions, but the problem is that, if you multiply that out by the number of schools divisions which are going to be amalgamated, the savings only add up to at best \$2 million to \$3 million and not the \$10 million that the minister is claiming and that clearly, when we are presented with vital information about the cost of legislation and the savings from legislation, we need to make sure that in fact the analysis has been done in a substantive and meaningful way.

We have seen in this province over the last 15 years quite a number of examples where claims have been made for cost savings from SmartHealth and frozen food and other things, and clearly it is time that we have from ministers in this Legislature a breakdown ahead of time.

We need to have learned from the past mistakes. The NDP government has talked about these past mistakes, has acknowledged that they have occurred and has said that they would try and improve the situation. Yet, paradoxically, here we are today with the Government presenting a bill and making huge claims for cost savings but failing to give us any real, meaningful breakdown so that those claims could be evaluated on a substantive basis.

This is really what this amendment is about. It is making sure that claims are evaluated on a substantive basis. I think it is important that, when we look at cost-benefit analysis, we look carefully at what was said in the Norrie report. We must remember that the Norrie report is what the minister has indicated is the basis for his making the changes to school divisions in this province. So the Norrie report has a lot of credibility. A committee toured the province, spent a lot of time looking very carefully and provided a report to the Legislature of what are the benefits and the costs potentially for school board changes, school division changes, school board amalgamations, and, as the minister has introduced, the cutting and splicing of school divisions, as happened in Transcona-Springfield.

\* (10:30)

I would like, Mr. Speaker, to mention what the Norrie report has indicated in terms of cost benefit. On page 121 of the Norrie report it says, and I quote: In summary it would appear that there is not a lot of money to be saved from assimilation of rural school divisions. There is even a possibility that some portions of integrations could end up being more costly. Integration of divisions with a common special levy would balance costs in a region and would be received positively where the rate drops and negatively where it increases.

The Norrie report talks about the potential for some rationalization of school trustees, superintendents, secretary-treasurers to put some more resources in the classroom but does not provide evidence for the size and scale of claim that the minister has made, a cost saving of \$10 million which could be redirected to the classrooms.

Now, in looking at urban school divisions, I will quote again: In summary, within the 10

urban-based school divisions, there is potential for obtaining net educational gain and net financial savings. The magnitude of both factors is proportional to the extent of downsizing. The minister is downsizing apparently. The largest financial savings and greatest potential educational rationalization could take place at the single school division level. However, the potential for diseconomics of scale is also the highest if one moves to a single school division. So the Norrie report looks at various options.

The minister has chosen an option which would reduce the number of urban school divisions and result in three mergers in an urban situation, but in the circumstances it would have been very beneficial to have the minister table the cost breakdown, the extent of savings. I believe that this is fundamental and legitimate information which all Legislatures should have so that we can judge the merits of this legislation as we deliberate and discuss it here. I think it is a pity that the minister has not tabled this breakdown. I would hope that he would do so.

Of course, the reason for bringing in this amendment is to make sure that in the future there is access to these sorts of cost estimates provided so that there can be better decisions made in the future and circumstances like wasteful expenditures and higher-magnitude estimates than are realistic that are made are avoided.

I think that when we look, therefore, at the legislation, as I have said, there are some potentially quite positive steps that can be made. I have two more amendments which I will be talking to later on, but for the moment I think that this amendment, which says clearly to Manitobans that one of the most important things is that we put this province on a sound financial basis, that we make sure that we are doing legitimate cost-benefit analysis, that this is clearly a vital amendment and I think one that I hope all legislators will support when it comes to a vote.

Mr. Speaker, we have, I am sure, some considerable more deliberations on this bill. There are those who would like to rush this, but I would like to tell you that I have been heartened over the last week with the number of people

who have called in and who have said: You have done the right thing. Let us take this through due process. Let us make sure we get it right.

If the minister wants to speed up the amalgamation process in a number of school divisions, he can do that under the existing Schools Act, while we complete the work of Bill 14 and make sure that Bill 14, when it goes through, is as good as it possibly can be.

That is why I am here with this amendment, and that is why I am here to speak to this bill today. Thank you, Mr. Speaker.

**Mr. Gilleshammer:** Mr. Speaker, I, too, and members on this side have questioned the financial aspects of this particular bill.

When the minister first introduced the bill, he indicated there would be \$10-million worth of savings, and the public, hearing that, generally have accepted that that is a good thing, because he was going to take \$10 million out of administration. Lately, I notice the minister has been backing away from that and saying, no, there really is not any savings. There may be a redirection of some funding in Education.

The fact of the matter is every year school boards redirect money within their own budgets, and I think that the minister should admit that there is no \$10-million worth of savings in this particular bill.

Part of the bill puts a cap on administrative costs of 4 percent, 4.5 percent and 5 percent. What the minister has not acknowledged is that most school divisions already operate within that cap. Therefore, where is the savings going to be? I think the only aspect he has been able to point to is that there will be a savings, in fact, because there will be some fewer trustees. But this is very, very minimal and in no way adds up to millions and millions of dollars.

So we have seen this minister and this Government perpetrate a financial sleight of hand on the people of Manitoba, but that is not unusual for this Government. We are seeing this with the raid on the so-called Hydro profits where the Government is going to take \$288 million out of Manitoba Hydro, money that

Hydro does not have in a cash position, and, in fact, any business that has a \$6.4-billion debt should be spending money like that on reducing debt. So we have seen with this Government in a number of cases that some of the information they provide has been less than honest as far as the savings and the use of money.

The school boards that have been looking at amalgamation have consistently said publicly and to the minister that there are no savings to be had here. In fact, at committee, a representative from the St. Boniface-St. Vital school divisions has indicated that there was going to be a \$1.2-million increase in the budget this year and a \$1.3-million increase going forward in future years, and this is consistent with what we have heard.

Other divisions have also said the same thing, that there are no savings to be had with the amalgamation, and, in fact, there are going to be additional expenditures. We also heard that from Fort Garry and Assinboine South who have been working together on amalgamation, that there will be in excess of a million dollars of additional costs. We have heard that from rural school divisions in Birdtail River, Pelly Trail, Antler River, Souris Valley. Many of them are going to keep on existing administrators. Many of them are struggling with what they are going to do with administrative offices and officers, and, in fact, all of them are seeing an increase in costs for which they are going to be responsible.

So what we have here, I think, is a lack of openness, a lack of accountability on the part of the minister and the Government in talking about the true costs of amalgamation, and we have had to rely on school trustees and school boards across the province to indicate that there are going to be increasing costs here which will be borne by the taxpayer.

In fact, I have raised a number of times the whole question of the costs of education in Manitoba. The minister has consistently said that his new funding has reached historical limits. Well, in fact, every year there is an increase in the Budget it sets a new historical bar for that department. In fact, *The Manitoba Teacher*, when they presented their January-February report in their newspaper, indicated that the

Province is spending less proportionally on a percentage basis on education now than ever before. In fact, the offset to that is that the special levy is going up. We heard at committee a member representing the Dauphin School Division who said the special levy in that school division for next year will be 46 percent, which means that the provincial contribution will be 54 percent. Again, that is a historical level that I would bring to the minister's attention.

\* (10:40)

We heard somebody from the Winnipeg School Division indicate that the special levy in Winnipeg School Division was going to be 43 percent, which means that the contribution by the Province would be 57 percent. So we are seeing consistently, although the minister is putting more and additional dollars into education, as all governments do, the fact of the matter is that the special levy is increasing year after year after year. In fact, the minister's letter to school superintendents, school boards and all of the players in education indicated under his signature that the provincial contribution to the operating expenses of education this year, the average is 59.2 percent. That is the lowest level of provincial contribution on a percentage basis that we have seen in modern times. As a result the special levy is going up and up and up.

I know, in my own community, the tax bills are just coming out. The Rolling River School Division received 4 percent less from this Government this year than they received last year. That is going on the ratepayers. I am hearing from friends and neighbours and ratepayers in Minnedosa that their special levy, their contribution to the local tax, is going up an average of \$300 a household. So, I mean, that is a historical level too. This sleight of hand by this Government and the things they say on financial matters I think are raising eyebrows across this province. So when the minister talks about a saving here, that saving does not exist. We heard again time after time after time school board members coming and saying that with every amalgamation there were going to be increased costs. The minister should have known this.

He has taken great pains after he discovered the Norrie report to say that all this decision

making was based on Bill Norrie's report. He talks about his own autographed copy of the report. Bill Norrie and the people who put this report together very clearly have said there is little if any savings to be garnered from this exercise. In fact, they warned that there may be additional costs.

This was a report that was done eight years ago, 1993-94, and they heard from, I think, 2500 people across Manitoba. It is an excellent report and a snapshot in time of what the Norrie commission heard and saw across Manitoba, but some of the things that they said then are still good today. One is that there are no savings and in fact there could be additional costs.

Now, the minister did not have to find that in the Norrie report. He could have talked to his deputy. His deputy made a submission, Mr. Speaker, to the School Boundaries Review Commission March 15, 1994. He very clearly states that changing boundaries will neither save significant amounts of money nor improve students' learning experience but will involve substantial costs in time and energy. So this is the man who sits in the office next to the minister, his own deputy minister, Ben Levin, who, I think, understood in 1993-94 what the situation was like in Manitoba. I would wonder if the minister consulted him about the costs, whether there would be any savings. Did he talk to him about the boundaries?

The deputy minister, Mr. Levin, goes on to say: The concept of savings through economies of scale is an old one in education. However, we believe there are good reasons for rejecting this concept. So this is the current Deputy Minister of Education speaking to the Norrie Commission in 1993-94, a learned man for sure, who is the man who is responsible for giving non-political advice to the minister, who is responsible for giving him the most up-to-date information.

Well, what Mr. Levin said in 1993-94 holds true today, that there is no saving, yet the minister still purports to say that there is \$10 million of savings by the passage of this bill. He has been asked repeatedly by members who came to committee, by members in this House to identify where that saving is, and he has failed to do so. I think that the time has come for the

minister to stand on his feet and admit, well, we will not find that savings. In fact, there will be increased costs. We have heard that from trustees in St. Vital and St. Boniface, from trustees in Fort Garry and Assiniboine South, from the superintendent of the River East School Division, who talks about the millions of dollars of additional costs that they are going to face through amalgamation. This is just the beginning. These costs are not just one-time costs for this year. These are costs that will continue.

None of these people have factored into that the harmonization of contracts. The harmonization of contracts will take place over the next year and perhaps the next two years. It will involve the teaching staff, which is the biggest part of division costs. It will also factor in the costs for other employees who work within the school division.

I know the Minister of Family Services (Mr. Sale) also spoke to the Norrie Commission at that time and talked about school division amalgamation. So he could have got advice from his deputy on this, and his deputy, I think, would have told him that the economies that he is projecting here are false, that the savings that he is projecting is false, that, in fact, instead of being savings, there are going to be additional costs. But he did not have to necessarily talk to his deputy about this. He could have talked to the Deputy Premier (Ms. Friesen) because she spoke at great lengths when the Norrie Commission, and spoke well, and I think the Deputy Premier, like the deputy minister, understood this issue. She understood the disruption that this was going to cause within the system. She understood the fact that there will be additional costs as we move forward with this. She indicates that reports are very consistent in finding potential cost increases and few or no savings if the Government proceeds with amalgamation.

Few communities see benefits in the reorganization, and, in fact, rural communities are concerned about the potential destructive impact on their quality of life. In Winnipeg, people worry that these new divisions would result in greater bureaucracy, a loss of autonomy and increased taxes. This was in an NDP news release in March 27, 1996.

The minister could have spoken to his deputy before he made those statements. He could have perhaps taken this to his Cabinet colleague, the Deputy Premier of this province, who did extensive work at that time and who made many speeches in this House about the fact that the Norrie Commission was going to be very disruptive if it was fully implemented but, more importantly, that it was going to cost additional money. Those additional dollars fly in the face. This was the Deputy Premier of this province, the current Deputy Premier, then the Member for Wolseley (Ms. Friesen), who did this extensive research. I ask the Minister of Education (Mr. Caldwell): Did he not consult with her? Did he not ask her what her impressions of the Norrie report were? I think that her press release, and we have copies of it, of course, indicates that the bottom line is that there are going to be no savings here. I am surprised that the Minister of Education either did not consult his deputy and the Deputy Premier, or else he steamrollered over their opinions, but he did not consider their contribution to this debate, which has been very fundamental. But we have seen this attitude prevail within this Government. In fact, trustees are still talking about the time the Premier (Mr. Doer) came to speak to the annual meeting of the Manitoba Association of School Trustees and indicated that there would be no forced amalgamations; it was not the Manitoba way. Of course, school trustees accepted that this was the word of the Premier, this was the policy of the Government, that they did not have to worry about having amalgamations forced on them.

\* (10:50)

Well, something has changed. The minister and the Cabinet and the Premier have overridden the thoughts and ideas of the Deputy Premier. They have gone against the best advice provided by the Deputy Minister of Education, a learned man who, I understand, is leaving the employ of the Government soon. Perhaps he is leaving because his ideas are not valued. He had indicated that there would be no cost savings, that there would be disruption, there would be additional expenditures, and the minister chose not to listen to him. Well, deputies stay around as long as their ideas and their opinions are valued. While I do not know what his motivation

for leaving is, it is quite possible that this contributed to the fact that he is going back to previous employment.

Mr. Speaker, there are lots of concerns because, as I say, editorial boards, the public accepted at face value that there were going to be savings. There are other parts of this bill that now make more sense, the motivation, and it is not a good motivation on the part of the minister and the Government to proceed with this, but they make more sense, that they are going to limit the ability of the board of reference. They are going to limit the fact that the minister does not have to adhere to court decisions on this. He is, I believe, going to try and find those \$10-million savings from these school divisions that are being amalgamated by giving himself the authority and the power to micromanage the school division budgets.

This is truly an affront to local school trustees, which is often the first experience that people have in the political realm, that they are interested in the education of their children, and they go ahead and run for school trustee. In fact, there are a number of members of this House who got their initial political experience by becoming a school trustee. They were given autonomy. They were given the ability to make decisions. Their decisions often were based on the fact that they wanted to make decisions that were best for their children.

Now we see a minister and a government who, in fact, are running roughshod over school trustees. They are going to force them to submit their budgets in a very short time frame to the minister, and in this bill he is giving himself the power and the authority to change those school budgets, to send them back and say, no, this is not acceptable.

Well, these people were elected to make decisions for their children, for their neighbours, for the residents of the school division, and now they are finding more and more control is being brought into the hands of the central government, a government who is contributing less on a percentage basis to the operating of school divisions. At one time, the provincial government contributed 80 percent of the cost of school divisions. Now we are seeing that that is

under 60 percent. In fact, in the Dauphin School Division, the trustee indicated that the ratepayer is paying 46 percent of the operating costs, which leaves the Province paying 54 percent.

I ask, where is the moral authority of a government and a minister to take on these additional powers in the operation of school divisions, when they are giving fewer and fewer resources on a percentage basis to that school division? We are seeing that the local ratepayer is paying a greater and greater percentage of the operating of that school division.

Mr. Speaker, this is wrong. Against this backdrop, we have a minister saying there is \$10-million worth of savings there. But he refuses time and time again to indicate where those savings are going to be found. Where are those savings? Well, he is giving himself the authority to force them by micromanaging their budgets. This is a humiliating experience for school trustees, to have to say, Mr. Minister, here is our budget, would you please approve it, and the minister is going to say, no, we are going to make some changes to it, we are going to send it back, and if you do not incorporate those changes we are going to hold back grant money.

This is not the type of partnership that school trustees want. This is a very, very heavy-handed approach to the governing of education in this province. The minister has put himself in a position where he is going to have the authority to micromanage those budgets to try and force that \$10 million of savings. These same trustees and these same school divisions are saying there are going to be additional costs here, that we are going to spend millions of dollars more because of the fact that—

**Mr. Speaker:** Order. The honourable member's time has expired.

**Mr. Leonard Derkach (Russell):** Mr. Speaker, I welcome the opportunity to speak to this amendment. This is something that we have been asking for days of the Minister of Education, without any response. Although the minister stands from time to time and makes us aware of the fact that he brought this bill in almost two months ago, he has not provided

Manitobans with any answers to the questions that have been asked of him. So how on earth can Manitobans be expected to support a piece of legislation where they are not getting answers to questions that they are asking?

The amendment that has been presented by the Leader of the Liberal Party is one which I think makes some good sense. All it is doing is it is demanding of the minister to table the rationale for the statements that he has made. The minister has stood in his place, he has stood at meetings, and he has said there is going to be a \$10-million saving by amalgamating these particular school divisions.

One of the curious things is that we are not doing a province-wide amalgamation here. We have just done a cherry-picking of school divisions that we want to amalgamate or that the minister wants to amalgamate and we have left many of them alone. One has to ask the question: Why have some of the school divisions been left without amalgamation and yet others have been chosen to amalgamate?

The minister has not provided any answers for that either. We have not had any answers forthcoming from the minister on many fronts. I think that the Liberal Party Leader certainly puts it well in his amendment when he says that the minister should and must table the savings and identify where those savings are going to be. That is not an unreasonable request. I think Manitobans want to see from the Minister of Education where that \$10 million of savings is going to come from.

We do not disagree that any savings that result from amalgamation should be turned back into the classrooms. I think that is a good notion. I think that is a good premise. But what are those savings?

From talking to school divisions around the province, and I have talked to many of them, no one has ever indicated to me that there is going to be a saving. No one in any school division has been able to identify any savings.

I go back to the two divisions that are amalgamating on the west side of the province, Pelly Trail and Birdtail school divisions, and in

fact we are seeing not a limit on administration, we are seeing an expansion of the administrative positions that are going to be engaged in that new school division. Right now that school division operates with two superintendents. The new school division will operate with a CEO, not a superintendent, and then will operate with superintendents for different categories of learning.

I am not going to pass judgment on whether or not this is good or bad, but when the minister stands up and says we are going to have massive savings, and these savings are going to be turned from administration to the classroom, he does not quantify that. He does not identify how much saving we are going to have in real dollars on the administrative side and where those savings come from, because what school divisions are telling us right now is that amalgamation is going to cost significant dollars.

We have heard numbers that vary from a half a million dollars to several millions of dollars for amalgamation.

\* (11:00)

Mr. Speaker, the other thing that the minister does is he points to the Norrie Commission as the basis for his making decisions on amalgamation. Well, nothing he has done reflects the Norrie Commission. Nothing. The Norrie Commission had some fairly fundamental principles in terms of how amalgamation should be proceeded with. The minister has not followed that. As a matter of fact, in his early days of amalgamation, he refuted the Norrie report. Then, when he was caught, he went back to say, well, we used the Norrie report as the basis. Yet, in his earlier comments, he said he refuted the Norrie report. So he has waffled on this entire issue.

Mr. Speaker, the other question that many Manitobans have for the minister is why have certain divisions been left out of amalgamation. Why was it not a province-wide amalgamation, as it should have been? If we are really looking at savings, if we are really looking at making education more effective, if we are really looking at cutting the numbers of trustees in the entire division, why did we not address the

situation province-wide, as was recommended by the Norrie report?

Instead, the minister has cherry picked the divisions that he politically wanted to manipulate for his own political purposes. It backfired on him again, because in the west side of the province, once more, he left out Intermountain School Division because he thought it was too politically sensitive for him to tackle. The school division found itself as an island, and it said, my God, how are we going to function with 800 students and school divisions around us are going to have an average of 2000 students. So they said, well, let us address the inevitable; let us make the sensible decision here, and let us look at the future and join an amalgamating school division.

Mr. Speaker, the principle of amalgamation is not wrong, but we have to use some common sense in the way we address amalgamation, and that is something that is void in the decisions that have been made by this Government and this minister. The minister, through all of this debate, has tried to force the amalgamations and this bill through by a certain date. Now, if he had purely dealt with amalgamation, I daresay that this bill would have passed long ago, but in a very convoluted way the minister brings in aspects that have nothing to do with amalgamation.

One of those very offensive issues that he brings in, this legislation, is the fact that school boards now have to present their budgets to the minister and the minister in an arbitrary way is going to say yes or no to the budget that has been presented to him. Now, Mr. Speaker, what ramifications does this have on the school division and on the ratepayers in that school division? The minister could decide that the school division has not put in sufficient funds into a particular area.

On what basis is he going to make that judgment? We do not know and neither does the school division. So they are left dangling. They do not know if they are going to have to increase mill rates because of an arbitrary decision that the minister makes. Mr. Speaker, this leaves school divisions in a very vulnerable position. Who is going to take the heat? Is it going to be

the minister? No. He is going to force the school divisions and the members of that school division to take the heat for decisions that they do not make, the decisions that he makes.

This is a very flawed piece of legislation, and we cannot support it, and we will not support it without the appropriate amendments that have been put before this House. The amendment that was put before this House by the Leader of the Liberal Party is one that I think should be adopted, because all it asks for of the minister is to put on the table, identify where those savings are going to be, to come clean with the people of Manitoba, the school boards in this province, to show precisely where those savings are going to be.

It is a very straightforward amendment, Mr. Speaker, and I will read it into the record: "Before making a regulation under subsection (1), the minister must table in the Legislative Assembly, a cost-benefit analysis of the formation, continuation, amalgamation or dissolution effected by the regulation under section 7."

The minister has an opportunity here. He has an opportunity to substantiate what he has been saying all along. That should not be difficult, because he has been saying to the public, he has been saying to school boards, he has been saying in the Legislative Assembly here, that there are substantial savings to be gained from amalgamation.

He has identified a number. He has said \$10 million. Let him put forward the evidence that shows the \$10-million saving. If he cannot do it, it just shows once again the mismanagement this Government has been identified with.

We talk about the support to school divisions. My colleague the Member for Minnedosa (Mr. Gilleshamer) made reference to the percentage of support that is given to school divisions by the Province of Manitoba. The minister stands in his place many times and talks about the importance of supporting education, supporting students in the province of Manitoba and the importance of ensuring that adequate funding is given to the students' educational opportunities. Well, he has now

dropped the level of funding to schools below 60 percent.

There are, I guess, various ways of looking at that, but let us be honest, more and more of the burden of education is being borne by local taxpayers. Less and less is being borne by the provincial government. The Minister of Education (Mr. Caldwell) is doing to school divisions what the federal government has been doing to us as a province. The Premier (Mr. Doer) stands up and criticizes the federal government's approach to us as a province. At the same time it is exactly what this Government is doing to school divisions in the province of Manitoba.

School divisions have expressed this concern. The trustees' association MAST's president has addressed this with the minister. Yet there has been no response from the minister in a positive way.

Mr. Speaker, I think this minister is somewhat out of control. He really does not know what he is doing in the ministry. He has had great difficulty in trying to get some approval for this legislation. That difficulty will continue. That difficulty will continue until the minister decides he is going to put the evidence on the table that shows where the savings are and how much those savings are.

We look at the legislation the minister has brought forward. Again, he brings into the legislation an amendment that disallows the people of Manitoba, whether it is parents, or whether it is educational groups, or school boards, or teachers for that matter, to be able to appeal a decision made by the minister.

Now the minister could have moved ahead with amalgamation of school divisions under the existing legislation that is part of the school act. He could have moved ahead by using the Board of Reference. History shows the Board of Reference has done a very good job in terms of the issues they have dealt with in education. So if the minister really wanted to amalgamate and was serious about just the pure amalgamation in the province of Manitoba, he could have moved ahead under the terms of the existing act.

Mr. Speaker, what happened was the minister made some very bad decisions and some very bad pronouncements. In making those pronouncements and in making those decisions, he was put into a corner. To get himself out of the box, he brought in this piece of legislation, which now says anything the minister has done in the past would be deemed to be legal and that any appeal launched by any group, any parent group or anybody else, would be deemed to be illegal after this bill passes.

Just think about it, Mr. Speaker. Is that really a democratic approach in the province of Manitoba? Is it really an acceptable democratic approach anywhere in the country? I would have to say it is not.

The minister now says, regardless of what I have done in the past, whether it is legal or illegal, by the passage of this legislation, anything that I have done in the past will be deemed to be legal, and if you challenge me as a minister, and even if you have challenged me before this bill is passed and the court has made a decision in your favour, that will be overruled by the passage of this legislation. Now what kind of draconian approach is this to passing law in the province of Manitoba? Can any reasonable person really be expected to support this type of legislation? I think not.

The minister got his earful at the committee hearings. I think the minister should have been somewhat embarrassed by the presentations, and the presentations were very good. They were reasonable. They dealt with the issues, but they showed how shortsighted this minister was in the approach that he took and how draconian this legislation really is.

Of course, the minister has taken several hits in the newspapers about this. The newspapers have reported what an inappropriate approach this minister has taken to all of this issue. Now, had the minister dealt with amalgamation only, Mr. Speaker, I daresay that he would saved himself a lot of grief and the legislation probably would have passed by now. But, because this minister has taken the approach he has, because of his arrogance, because of his inability to be flexible, he has caused himself enormous grief.

Maybe there are reasons that he cannot go back. Maybe his department is putting pressure on him as minister to do this. Maybe there is political pressure from his Premier (Mr. Doer) to continue on this path. I do not know, Mr. Speaker, but the least that he should do is be forthright and present the evidence that shows that indeed there is going to be substantive savings and where those savings are going to be and how much of those savings are going to be reallocated to classrooms.

I daresay that if we were to do a cost-benefit analysis, as has been requested by the Leader of the Liberal Party, that cost-benefit analysis would show that the costs outweigh the benefits. Now is there a cost to amalgamation? I would assume that there is. Is it an acceptable cost? I am sure that there is an acceptable cost to amalgamation, one that the taxpayer can say, well, this is the cost of making sure that in the future our school divisions reflect what we want. But, Mr. Speaker, the minister has put false information on the record and false information has been presented to the people of Manitoba, and by presenting that false information this minister has not been able to show the evidence that demonstrates his comments. So we have a difficult situation.

You look at the raft of amendments that have been tabled in this House today, and you can see very readily that this bill is terribly flawed. I think there are some 13 or so amendments, or at least pages, that have been tabled so far this morning with regard to this bill. Even the minister is starting to amend his own legislation. Now he will reflect on that and say, well, that means that I am listening to the people of Manitoba, and I am saying, well, thank goodness that maybe he is beginning to listen, but he should have started listening long ago, even before he brought this legislation in.

When I look at the amendments that the minister brings, he still demands that school boards have to go through him in order to get their budgets approved. Now the member from Minnedosa said how humiliating this is going to be to school boards. On the other hand, Mr. Speaker, we have to look at the real issues here. School boards are elected by ratepayers in their areas, in their school divisions. They are

accountable to those ratepayers. They are accountable to the students. They are accountable to the people who put them in office, and that is who they should be reporting to. The minister now has said that he is going to override and overrule school boards by making them come forward with their budgets to him, and by his own authority he is going to indicate whether or not school divisions' budgets are appropriate or whether in fact they may have to alter them according to his wishes.

Mr. Speaker, I see my little light is flashing here and I have to conclude my comments. I am hopeful that the Government is listening to the amendment that has been proposed by the Leader of the Liberal Party (Mr. Gerrard). We certainly support his amendment. We certainly endorse it. I am hoping that the Government is listening. Indeed I welcome the Government to stand in their places and make comment on this amendment. They have a responsibility to respond to the amendment, yet we see them sitting in their place not saying a word. I wonder what we should take from that.

In conclusion, I say that this amendment should be taken seriously, and, as an Assembly, we should be moving ahead and passing this amendment.

**Mrs. Joy Smith (Fort Garry):** I would like to put on record some comments regarding the forced amalgamation by the current Government of what is happening here in cost savings. I have to refer to the amendment. I have to support very strongly the proposed amendment to Bill 14 brought forward by the Honourable Mr. Gerrard. Basically, it is requiring the Minister of Education (Mr. Caldwell) to table the cost-benefit analysis of forced amalgamation. In actual fact, there have been numerous school divisions all throughout Manitoba that have spoken very, very strongly about the lack of preparation of this Minister of Education, the lack of cost analysis prior to the forced amalgamation decision by this current Government.

In Fort Garry, with the harmonizing of Assiniboia South and Fort Garry, the forced amalgamation, the harmonizing of many aspects of the everyday running of Assiniboia South and Fort Garry school divisions, which will now

become Pembina Trails School Division, has caused much worry, much consternation, much cost and much confusion in the Assiniboia South-Fort Garry school divisions. It is hard for me as a long-time resident of Fort Garry to even relate to the new division, Pembina Trails, in terms of the name, because Fort Garry historically has always been Fort Garry. Assiniboia South School Division has estimated the cost of forced amalgamation as \$645,000. They also stated that there would be a 3% increase in local school property taxes.

Mr. Speaker, in Fort Garry many things have happened this year that have been extremely worrisome, extremely hard on the taxpayers in Fort Garry. Number one, this Government has voluntarily sliced and diced Fort Garry for the civic elections that are coming up in the fall. The civic boundaries have now become something that is totally foreign to the residents in Fort Garry.

Pembina Highway cuts like a ribbon through the heart of Fort Garry. Communities on both sides, the east and the west side of Fort Garry, have always been extremely close. They have been communities that have worked together in harmonization. Now we have, Mr. Speaker, on one side of Fort Garry it is now harmonized with Fort Rouge and is called Fort Rouge. On the other side of Fort Garry we have River Heights-Fort Garry as part of the civic elections. This is shocking to the residents of Fort Garry, to have their community, that has long been known as the Fort Garry community, sliced and diced and destroyed.

The same thing has happened with this forced amalgamation. Now the school division has become Pembina Trails, which is a forced amalgamation with Assiniboine South and with Fort Garry. Reason would stand to say that amalgamation is prudent when it saves money and it harmonizes communities, and it helps students get a better education because there are more programs available to them. In actual fact, this is not the case.

\* (11:20)

In actual fact, Mr. Speaker, this very prudent amendment this morning demanding that the minister table cost-benefit analysis of the

formation, continuation, amalgamation or dissolution of school divisions affected by the regulation under section 7 is an extremely strong one and one that should be paid very close attention to, one that members on this side of the House are in full support of.

In my own constituency in Fort Garry, there is no evidence at all that there will be a speck of cost savings due to this forced amalgamation. Contrary to what the Minister of Education (Mr. Caldwell) is spinning in the media, there is a \$1.4-million combined cost between Assiniboine South and Fort Garry to cause this amalgamation to happen. There is confusion over so many things. There is confusion about how things will work, where students will go to school, what schools will close.

Now, Mr. Speaker, since this current Government came into power, there has been no rhyme or reason for the kinds of decisions that were made. We see in the past a labour bill put forward, we see in the past other bills put forward with no regard to what the home grassroots constituencies need and want to make their communities stronger. Here, with Bill 14, we see an ominous bill coming forward that takes all decision making away from the local school division, that disenfranchises the local community, the local superintendent, the local trustees. This is abomination to the right of democracy within this province of Manitoba. This is what happened historically in Europe when the decision making was taken away from the local community and put in the hands of government. We have now a government that has a big brother mentality, that rules with an iron hand, that has no regard for the home constituency.

Mr. Speaker, there are no cost benefits from forced amalgamation in the Pembina Trails School Division, and this amendment now demands that the minister table a cost-benefit analysis. The reason why this amendment demands this is because no one in this province has been able to have documented evidence that this saves any money for the school divisions or that students will benefit. So we have to ask: Why does this so-called modernization bill come forward?

Well, in Fort Garry School Division, the letter from the trustees stated very emphatically

that it came forward for political reasons, not for reasons that have to do with the students and the children attending our schools in Fort Garry and, I daresay, in Assiniboine South. These are two school divisions that have taken pride throughout the years in balancing their budgets, in taking care of things, so students can get the best possible programming, the innovative thinking, the community involvement.

In these school divisions and in Fort Garry, very capable trustees were duly elected in the democratic process that we have here in Canada, and I daresay, I question whether we have it here in Manitoba anyway. There is no democratic process in Manitoba. We are under siege by a socialist government that is taking things in hand. This is the real problem. We have seen the thread throughout many, many bills that have been brought forward. With these bills, comes the heavy hand of government, and people should be aware. People should be very wary, and citizens are becoming more and more wary.

*Mr. Conrad Santos, Deputy Speaker, in the Chair*

Mr. Deputy Speaker, citizens in Fort Garry have signed hundreds and hundreds and hundreds of petitions that were tabled in this House because they did not like what they saw this Government doing to the local community.

Now, Mr. Deputy Speaker, harmonizing the teachers' salaries with the higher paid Fort Garry teachers in the new Pembina Trails School Division will cost at least \$285,000; custodians and maintenance staff, \$46,000; all other staff, \$157,000. So I would like to see, as the member from Fort Garry, this minister table a cost-benefit analysis of what is happening for Fort Garry. Show me where the savings are, because this minister cannot add one plus one. He does not get the correct answer at the end of the day.

Mr. Deputy Speaker, blending Assiniboine South's contracted out bus system with Fort Garry's fleet of its own school buses will cost the division \$82,000. I wish that this current minister would get out his hand calculator if he cannot do it otherwise and start adding up the numbers. They are adding up to big numbers. You know who suffers at the end of the day?

Who suffers at the end of the day are the students, are the children, are the programs that make Fort Garry and Assiniboine South so unique and so credible in the education system across this province.

Mr. Deputy Speaker, Assiniboine South charges a fee for students to ride the bus and Fort Garry does not. Fort Garry also has wider eligibility for a bus ride. That is an additional \$57,000.

I would call it to the minister's attention, and I would like to assist him in doing a cost-benefit analysis for the new Pembina Trails School Division, so he will fully understand what he has done to these very dynamic school divisions. So if he adds \$285,000 plus \$46,000 plus \$157,000 plus \$82,000 plus \$57,000, and then if he adds in the Assiniboine South's recently upgraded computer system which is not compatible with Fort Garry's technology, the cost is alarming. The cost adds up, over everything, to at least \$1.4 million, just to do this little task that the inflated ego of the Minister of Education (Mr. Caldwell) has required of Fort Garry and Assiniboine South.

This is something, Mr. Deputy Speaker, that has no rhyme or reason. The trustees in Fort Garry School Division have stated that this is politically motivated. Well, I am saying to the Minister of Education that the cost-benefit analysis is extremely important.

Mr. Deputy Speaker, in the NDP's decision to phase out university school property taxes over the next five years, it means that the University of Manitoba paid \$700,000 less in school tax this year to Fort Garry, the equivalent of 2.8 percent in overall school property taxes. Four years from now, Pembina Trails, that is the forced amalgamated Assiniboine South and Fort Garry school divisions, will have to do without \$3.5 million a year in university taxes.

Now, we hear constantly the present minister saying \$50 per student will help amalgamation costs and will amount to about \$304,000 over three years. I challenge the Minister of Education to do his arithmetic and add up the numbers, because this does not help a great deal, does not help anybody.

Having said this, we have this very important amendment before us, and I must

commend the member for putting forward this amendment asking the minister to table a cost-benefit analysis for the forced amalgamation of the school divisions in question.

\* (11:30)

Clearly, Manitobans and people in south Winnipeg are puzzled why something like this would be done. We have had submissions from across Manitoba. We have had submissions from school divisions talking about harmonization of collective agreements, talking about computer systems, talking about so many aspects in the running of a school division that potentially will cause great harm if the Minister of Education (Mr. Caldwell) is not willing to guarantee that this money will be forwarded to school divisions to offset the terrible costs that these school divisions and Fort Garry and Assiniboine South are facing. The Transcona-Springfield School Division was so upset that they initiated a court case.

Here we have Bill 14 which in section 41 virtually absolves the Minister of Education of all blame. This Doer government has allowed its Minister of Education, has supported its Minister of Education in doing something like this, in actually harming the programs and the education of the children in the forced amalgamation school divisions. These members opposite, this Premier (Mr. Doer) of this province has actually endorsed the Education Minister. It is okay for this Government to allow this minister to absolve himself of all blame, to absolve himself of any responsibility.

In actual fact, everybody knows there is no need for this legislation. The minister of education, if he takes time to read The Public Schools Act—if he does not have the time, he has an army of support people in Manitoba Education, Training and Youth, that are very knowledgeable and very capable, that can inform him that he indeed has the legal ability right now without Bill 14 to do anything he wants with amalgamation. He does not need Bill 14. What is different about Bill 14 is it does absolve the Minister of Education of any wrongdoing. The Premier knows this full well. The members opposite know this full well. Members opposite and this Premier are supporting this minister. There have been caucus meetings. There has

been discussion. They are pushing this bill through. This is unconscionable.

The principles that Manitoba and Canada have stood for, for freedom and democracy, are at risk. In terms of the mathematics, in terms of adding up the cost benefits, this minister has been silent on this issue, silent on this issue. So what is the reason for forced amalgamation? I have to agree with the trustees in Fort Garry. It is politically motivated. A government in power is supposed to be able to treat all Manitobans fairly and equally. I would call on members opposite, every one of them, to take their responsibility and to quash this bill, withdraw it from the table and do what is democratically right in this province of Manitoba.

**Mrs. Heather Stefanson (Tuxedo):** I am very pleased to put a few words on the record today in support of the proposed amendment by the Member for River Heights (Mr. Gerrard).

Basically, what this amendment suggests and asks for is the Minister of Education (Mr. Caldwell) has, time and time again, gotten up in this House and has been out in the public stating the amalgamation process, which the Government says they have gone through, and so on, this process they have introduced in Bill 14 actually saves the taxpayers of Manitoba \$10 million. All we are asking this minister to do is table the information that supports this statement. By not doing so, or suggesting he will not, or if he decides not to support this amendment, what he is saying is perhaps he does not have the documentation that suggests amalgamation will save this \$10 million that he says. I think that is a very serious problem.

I have actually a number of issues I would like to go through that certainly amalgamation has effects in many different school divisions all across Manitoba, Winnipeg and rural Manitoba as well.

I would like to focus specifically today, Mr. Deputy Speaker, on some issues that affect specifically my school division, which is the Assiniboine South School Division, and also the new proposed school division as well, which takes into account the Fort Garry School Division into what will be Pembina Trails School Division.

Mr. Deputy Speaker, in talking about the cost-benefit analysis, I would suggest the minister take a very hard look at the facts that will affect the taxpayers in the Assiniboine South and Fort Garry school divisions which will be amalgamated, because I would suggest the minister will realize very quickly there is an actual cost associated with the amalgamation process here, that there are no savings at all.

I would suggest maybe he take a look, once again, at some of the numbers that are very, very real here. The importance here is to make sure he understands the effects this will have on the children in those schools and on the taxpayers in those areas. I just suggest once again the minister take a look at these facts.

That is what this is all about, because so many times members opposite, members of this Government, continuously get up in this House and put things on the record that are not factual. I think this is something that is absolutely atrocious. Some of the things the Minister of Education (Mr. Caldwell) has put on the record are not factual. Again, I suggest if they are factual he would not have a problem supporting this amendment.

Mr. Deputy Speaker, I would like to talk about the actual costs associated with the proposed harmonization and amalgamation. Let us talk specifically about the collective agreements. These are annual cost increases to the Fort Garry and Assiniboine South school divisions when they amalgamate into the Pembina Trails School Division. These are annual costs, okay, and these are minimum annual costs.

First of all, let us talk about the collective agreements alone. Professional teaching staff will have an annual cost increase of \$285,000, just as a result, a direct result of amalgamation. Custodial and maintenance staff will have an average annual cost increase of \$46,000, and all other staff, as a result of this amalgamation as proposed by this Government, will have an annual cost increase of \$157,000. So the total recurring annual cost increase as a result of the proposed amalgamation by this Government on the collective agreements alone is \$488,000.

Now, on those alone, who picks up the tab for those annual cost increases? Is the

Government willing to put forward the money to cover those costs, or does that fall on the backs of the taxpayers in those areas? Either way, if the Government is looking to cover those costs or the taxpayers in the new Pembina Trails School Division has to pick up the cost increases in the way of taxation, Mr. Deputy Speaker, either way it goes back onto the taxpayers' backs of Manitoba. That is wrong.

\* (11:40)

I would like to talk about the transportation cost increases to the new proposed Pembina Trails School Division. A few years ago, the Fort Garry School Division and the Assiniboine South School Division conducted a joint transportation study, I believe it was in 1996, to determine whether there was any potential for a combined operation in order to reduce overall costs.

Mr. Deputy Speaker, what the analysis determined was that there would be an additional annual cost of \$82,000 a year. So those additional costs of \$82,000 a year on top of the \$488,000 a year, clearly as a result of amalgamation in these two school divisions, there are serious consequences to the taxpayers in those areas. There are no savings that the minister suggests are there. In fact, it is not even flat; there are cost increases that will go directly onto the backs of the taxpayers in those areas.

*Mr. Speaker in the Chair*

Let us talk again about some other areas that will be affected and the cost that will increase as a result of amalgamation. The general cost of transportation operation, both divisions, kindergarten to Grade 6 students who reside more than 1.6 kilometres from a school are covered. Well, Fort Garry provides the service actually at no charge for eligible kindergarten to Grade 6 students. Assiniboine South charges a user fee to eligible Grades 4-to-6 students, Mr. Speaker. The harmonization of these policies would result in the elimination of user fees rather than the reverse. Obviously this is what would happen. So, as a result of that, the estimated revenue loss to the division would be approximately \$25,000.

Another policy harmonization issue would be an increase to Grades 4-to-6 riders eligible for free transportation. This estimate is roughly

around \$50,000 as an annual cost to the new proposed school division. So, on the transportation operation alone, Mr. Speaker, what we see is that there will be an increase in cost of about \$157,000. Now that is just on transportation alone.

When we are talking about the collective agreements, the increase in costs as a result of amalgamation on those, as well as the transportation cost increases, we look at a minimum annual cost increase of about \$645,000. These are real numbers. These are the facts, Mr. Speaker. I suggest that when the minister decides as to whether or not he is going to support this amendment, he takes into consideration these facts. I would suggest if he does not support it that he realizes that there are significant cost increases that will go directly onto the backs of the taxpayers in Manitoba and, the ones that I am talking about specifically, to my school division.

Another cost which they have not done the analysis for yet and have not had a chance to, Mr. Speaker, is that the Assiniboine South School Division recently put in a new computer system. It is not compatible with that of the Fort Garry School Division right now. The school division spent about \$400,000 on this new computer system in the Assiniboine South School Division. So what will happen upon amalgamation? Presumably, we have to try and find a way to synchronize the two systems and make sure that we are working on the same page, and I suggest that the new school division will incur further costs associated with that as well.

Mr. Speaker, I think there are a number of areas that we need to look into when we are looking at the cost increases as a result. I would like to suggest that certainly in our school division, the Assiniboine South School Division, as it stands right now, if there were no amalgamation, there would be minimal or certainly a less direct effect as a result of the decision to offload the university taxation onto the backs of the property taxpayers in the Fort Garry School Division. That is a direct result of amalgamation because as we amalgamate, obviously in the Assiniboine South School Division we will have to take on some of that

offloading taxation burden. That is very unfortunate.

Mr. Speaker, on January 11, 2002, the Government of Manitoba announced a five-year, phased-in property tax plan for four of the province's universities. The Government of Manitoba's plan shifts the universities' property tax bill directly onto the taxpayers of Winnipeg and Brandon. The cost to the City of Winnipeg for 2002 will be \$1.3 million rising to \$6.64 million in 2006 for an accumulated loss of \$19.9 million over five years. The loss of almost \$20 million over five years will have negative consequences for the City of Winnipeg's efforts to lower property taxes and make Winnipeg more competitive. While all taxpayers in Winnipeg will be adversely affected, those taxpayers residing in the school divisions of Fort Garry, Assiniboine South, St. Boniface, St. Vital and Winnipeg No. 1 will also see increases in their local education taxes.

Now, Mr. Speaker, I represent actually two school divisions, on the one hand, the Assiniboine South School Division, and on the other hand, also Winnipeg No. 1. So as a result of amalgamation, it is not just the Assiniboine South and the Fort Garry school divisions in my area that will be affected; it is the Winnipeg 1 School Division as well, and there are so many other divisions in this province that will be negatively affected as a direct result of this Government's decision to amalgamate.

We are just trying to make sure that a number of those issues get put on the record today, especially when it comes to an amendment that asks for the minister to table the documentation that supports his statement that amalgamation will save the Province of Manitoba \$10 million. I urge the minister to come forward with those documents to support his statements.

The Fort Garry, Assiniboine South, Winnipeg 1 and St. Boniface school divisions will lose \$1.86 million in total this year, rising to \$9.34 million in 2006 for an accumulated revenue loss of \$28 million over five years. The Government of Manitoba has made it clear that it will not in any way make up the loss of tax dollars the universities currently pay to the municipalities and school divisions. I think that certainly that decision to offload the university

taxes onto the backs of the property taxpayers in those areas, you have to take that into consideration when looking at the costs associated with this issue, Mr. Speaker.

There is a document actually that the Assiniboine South School Division sent out to our community, and in that document there was an area in it that said: "Impacts, the Financial and Budget Implications as a Result of Amalgamation." I will go through to read part of it, because it does state some other facts. It is not just the ongoing increases, the annual increases to the school divisions of \$645,000. I suggest that that is a minimum number. I have heard other numbers out there closer to \$800,000 annual increases. Closer to a million now are some of the numbers that are being thrown out, but the ones that I have the documentation for and the proven facts are the \$645,000 as a minimum cost as a direct result of this amalgamation in our area. I will go through and read part of this.

\* (11:50)

Under the area where it says the impact, which is the impact to the local property taxpayers in our area, it says financial and budget implications to the taxpayers in the area. Each division has passed separate budgets for 2002 and 2003 with separate but similar mill rates. The new division will operate with the combined resources of both. Each board has included a provision for amalgamation costs. Roughly, \$800,000 has been earmarked in Assiniboine South and \$500,000 in Fort Garry.

Mr. Speaker, that is the cost up front that the school boards have to put into their budget for 2002 and 2003 in order to cover the up-front costs associated with amalgamation. So roughly \$1.3 million will be the cost up front as a direct result of this amalgamation to the citizens in the areas of Fort Garry and the Assiniboine South School Division. That is up front.

Now, how can this minister actually stand before this House and indeed stand before the people of Manitoba and say with a straight face that this amalgamation process will save the Government \$10 million? This is a one-time cost up front of roughly \$1.3 million, a cost to this

area, to our area. Where does he get this \$10-million figure? I do not understand, with all of the costs that I talked about earlier, the \$645,000 annual increase to our area as a result of the harmonization of collective agreements as well as transportation operation, as well as computer systems and having to look at new computer systems for the area.

How can the Minister of Education (Mr. Caldwell) stand before Manitobans and say with a straight face that his amalgamation process is saving the Government of Manitoba and indeed the taxpayers of Manitoba \$10 million? Just in these two school divisions alone, I see \$1.3 million costs in year one and an annual cost increase of \$645,000 at least, because that does not even take into consideration the new computer systems and all of the other things that increase costs as a result of this amalgamation.

I would suggest and strongly urge that the Minister of Education (Mr. Caldwell) rethink what he is doing with this Bill 14.

**Mr. Frank Pitura (Morris):** Mr. Speaker, I would just like to put a few comments on the record. The first is that we are in full support of the amendment put forward by the Member for River Heights (Mr. Gerrard) and seconded by the Member for Minnedosa (Mr. Gilleshammer) with regard to the minister providing the cost-benefit analysis of the so-called cost savings he has been talking about with regard to the amalgamation and that it is \$10 million.

Over the last number of weeks, Mr. Speaker, we on this side of the House have raised that as an issue with the Government, saying: If there is \$10-million worth of savings or \$10 million that can be redirected, please define it and lay it out before this House so that not only do we as legislators in this House have the opportunity to see the numbers but also all Manitobans and particularly those people involved through amalgamation would have an idea of what kinds of numbers this Government is talking about with regard to redirected or savings that they might incur with amalgamation.

You can say, well, where would these savings come from or where would these dollars for redirection come from? Let us take a look at transportation, for example. When we get two

school divisions that are amalgamating, in my constituency, I am affected with two amalgamations. One is the amalgamation between White Horse Plain and Midland School Division; the second is between the Morris-Macdonald School Division and Red River School Division.

If you take a look at transportation, now, when we amalgamate these two school divisions, of course the school divisions geographically are very much increased in area. So then you have to ask the question, if the various programs are going to be available that were perhaps unique in one school division and now are going to be available across the newly formed amalgamated school division, is it going to actually result in reduced costs?

My argument to that would be, Mr. Speaker, that the cost will actually increase as a result of having to transport students far longer and farther in the newly formed school division.

I guess an example I could give of a program that would fall into that category would be in terms of French immersion within the school divisions of Morris-Macdonald and Red River.

Red River having offered French immersion in that school division or dual tracking, how this would apply now to the Morris-Macdonald School Division, which is now being attached to it, if they would like to have dual tracking or French immersion within the Morris-Macdonald boundaries.

In terms of trying to analyze this, you cannot help but feel that there is going to be an increase in costs with respect to being able to deliver the additional programs, and in fact, being able to transport students the much longer distances throughout the division.

There is also the question as to how long students will be on the bus daily in terms of being able to access some of the programs and courses that are available.

Will they be on the bus for half an hour, for an hour, for an hour and a half? There are limits as to how long students can be on a bus going to and from their schools.

The other thing with regard to transportation, of course, is the collective agreements that are present between bus drivers and the school divisions, and the absence of collective agreements between other school divisions and their bus drivers. When you combine two school divisions, one would expect that there would be then a collective agreement

across the entire new amalgamated school division which would result in the—

**Mr. Speaker:** Order. When this matter is again before the House, the honourable member will have 15 minutes remaining.

The hour being 12 noon, we will recess and reconvene at 1:30 p.m. this afternoon.

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Thursday, July 4, 2002**

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