

LEGISLATIVE ASSEMBLY OF MANITOBA
Tuesday, 3 June, 1980

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY
SUPPLY — NORTHERN AFFAIRS

MR. CHAIRMAN, Morris McGregor (Virden): I call the committee to order. We are on Resolution 116, 4.(a)(1)—pass — the Member for Lac du Bonnet.

A MEMBER: We're on a point of order aren't we?

MR. CHAIRMAN: We sort of closed and I'm not sure. I need some advice. The Member for Rock Lake.

MR. HENRY J. EINARSON: Mr. Chairman, I think when we closed at 4:30, we were on a point of order and we were in disagreement as to whether or not the CEDF was appropriate to discuss on the estimates where we are at the present time. The Minister, Mr. Chairman, indicated that was already discussed, and I want to suggest, Mr. Chairman, to the committee, that repetition is not in order. So I suggest, Mr. Chairman, that we carry on with the next item.

MR. CHAIRMAN: The Member for Rupertsland on the same point of order.

MR. HARVEY BOSTROM: At the risk of repeating myself, I believe that this issue which I raised was not discussed before; it could not have been discussed before because the information on which I based the questions to the Minister was not provided until after the CEDF committee had met and adjourned, and finished their report for the last fiscal year. The question that I'm raising is not on the report which CEDF presented to the committee, which was for the fiscal year ending March 31, 1979. The question I am posing is for loans that were made by the Communities Economic Development Fund for the year 1979-80 and, Mr. Chairman, it is with respect to one very major loan, or a series of major loans to two individuals, which I believe is a proper subject for questioning to this Minister, since he reports for the Communities Economic Development Fund, part of the salary which he receives as a Minister is salary he receives for the purpose of reporting for the Communities Economic Development Fund and some point during these estimates, I intend to pursue these questions and I shall demand answers from this Minister.

MR. CHAIRMAN: The Honourable Minister.

HON. DOUG GOURLAY (Swan River): Thank you, Mr. Chairman. On the same point of order, during the Standing Committee on Economic Development dealing with the Communities Economic Development Fund, as I recall, the Chairman of the Committee indicated, and I'll just quote from his speech: The new loans referred to include significant investment in a hotel project in Snow Lake, probably the largest loan this fund has made.

That was indicated at the beginning of the meeting and there was not one question raised about the motel at Snow Lake. So I'm not prepared to discuss at this meeting tonight, loans referred to under the CEDF. There was opportunity to do that and members opposite chose not to even raise the question at that time.

MR. BOSTROM: The issue of the hotel loan may have been raised by the Chairman as an offhand comment but there was no report at that meeting of the nature of the loan, the amount of the loan, and the terms of the loan, and these are questions which I intend to pose to the Minister now or at some point during his estimates, because we want to know how much money was loaned to that hotel, who it was loaned to, and why was it loaned, on what financial basis was that loan made.

MR. GOURLAY: Mr. Chairman, as I indicated, this information was available at that time. The Chairman indicated the loan, he made mention of this special loan, and the members opposite chose not to even raise the question at that time. However, I don't intend to get into loan discussions tonight and I make that clear at this point, and if you want to rule on it, you can do it, that there was a time and place to discuss the CEDF loans and it is not in Northern Affairs estimates. I am not prepared to budge on that. However, if the member would like more detailed information on the Snow Lake Project, I would be very happy to provide this information to him, but outside of these estimates.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. SAMUEL USKIW: Mr. Chairman, let's then clear the air. Whose estimates does CEDF fall under? Who is the Minister that reports for the CEDF and under what set of estimates do we debate CEDF?

MR. GOURLAY: Under Economic Development, I guess.

MR. USKIW: No, no, that's reports or boards and commissions. We are dealing with the Minister here, not with the board.

MR. GOURLAY: Mr. Chairman, we are dealing with the estimates under Northern Affairs. There was opportunity to discuss the estimates for CEDF under the Standing Committee on Economic Development and, furthermore, when the Minister of Finance goes through his estimates he doesn't discuss Public Accounts at that time.

MR. CHAIRMAN: Is the Member for Lac du Bonnet finished?

MR. USKIW: No, Mr. Chairman. It seems to me that there is ample precedents for discussing the operations of loan agencies of the Crown during departmental estimates of the Minister in charge of that particular board or commission that makes the loans. I recall on many occasions when members

opposite were on the opposite side of the House, that is in opposition, that we were able to discuss this both in committee when the boards reported and on the estimates of the Minister. In fact, there were days of debates in the House with respect to certain operations in northern Manitoba that could have been properly, according to the Minister now, referred only to committee, the committee that heard the report from those particular boards. But that was not the case. The Leader of the Opposition chose to belabour the point before the estimates committee of the relevant department.

So I think that you, Sir, are trying to impose new rules with respect to whether or not the opposition has a right to discuss any aspect of the operations of Northern Affairs, whatever that may be. Yes, there may be a board that reports for the operations of that particular program in northern Manitoba, the loan program under CEDF, but that doesn't mean that the Minister's Salary comes into question when that takes place. Now the estimates of the department is where the Minister's salary comes into question and where the opposition has an opportunity to vote non-confidence in the Minister because of the method of his operation or because of certain things that have occurred in his department. There is where the vote of confidence takes place, Mr. Chairman; it doesn't take place before committee or before a board that reports to a committee.

MR. CHAIRMAN: The Minister of Sport and Recreation.

HON. ROBERT (Bob) BANMAN (La Verendrye):

Mr. Chairman, I think there is a basic fundamental question that we have to ask ourselves here at this time. If the members require detailed information with regards to CEDF, that is why we bring the chairman of the board in front of the group. It's the board of directors, Mr. Chairman, that make the decisions with regards to the loans. The loans are not made or ratified in the Minister's office, that's why we have a board of directors. Well, Mr. Chairman, the Member for Rupertsland says that's where they are. I beg to differ with that. I think one of the strongest points that the Member for Inkster constantly raised, he says if the boards are not operating in a way and loaning the moneys in a proper way that they should be, then you replace the board. But I want to make it clear here that the Minister doesn't go through every loan and checking securities, that's why we have a board of directors. If the board of directors aren't doing a good job, you replace the board. Therefore we have the Chairman of CEDF, Mr. Goodman, from Flin Flon, was in here, answered all the questions and that particular item was dealt with.

Now if the members want further information, the Minister has indicated, and the members know full well, that he hasn't got the resource people here right now to give him all the particulars and neither would any of us expect him to have all of them. But he has indicated that if you want the information, he will be providing it but he does not have it tonight. I think it has to be clearly understood that if we are going to have Economic Development Committee hearings and have these people who are responsible

for these different funds, whether it be Flyer Industries or CEDF or whatever, when those chairmen appear, they answer the detailed questions. If the members opposite are not happy with the way this Minister is administrating the fund or the guidelines under which the fund is operating, that's room for debate and I have no argument. But I think if you are asking for detailed questions, you are putting the Minister in a position where he doesn't have the staff here to answer it. There are no members from CEDF here and I think there should be that understanding here. The Minister has indicated that he does not have the answers tonight but any questions on some of the loans and the guarantees, there is no problem, he can provide it for you. But there is no way that we can discuss things like that here tonight.

MR. CHAIRMAN: Well, I have about five people indicating they want to speak. I am not sure if we should go through all this but the Member for Churchill, the Minister of Highways, the Minister of Government Services, the Member for Rupertsland, at least that many, but in rotation I would have to then go to the Member for Churchill . . .

HON. HARRY J. ENNS (Lakeside): Mr. Chairman, on a point of order . . .

MR. CHAIRMAN: We are on a point of order, to the Minister of Government Services.

The Member for Churchill.

MR. JAY COWAN: I'll be very brief because, as the Minister has indicated, he doesn't have to provide us with any answers tonight. He doesn't have to provide us with any answers to any of our questions. We have been on this side long enough to realize that is the case and that the Minister himself, and other Ministers, have exercised that right from time to time. So we have no quarrel with the fact that he may not answer but we do have a quarrel with the fact that we might be precluded from asking the questions because of a ruling. The members seem to be basing their argument on the fact that the CEDF board has been before another committee of this House and there was opportunity to ask questions during that time. While I am not on that committee and was not present at that hearing, I am certain that there were opportunities to ask questions at that time and questions may or may not have been asked — not being there I don't know — but the fact is that we many times have opportunities to question more than once in the proceedings of the House — (Interjection)— Well, according to the rules. Yes, according to the rules we have opportunity. We can ask this question in Question Period; we can ask this question in Debate in the House; we can ask this question at the committee meeting. I would suggest, since the Minister is ultimately responsible for administering the fund or ensuring that the fund is properly administered, that we can ask those questions under his estimates, although he does not have to provide us with answers and sometimes, as happened this afternoon, we know full well that he can't because of lack of staff, because of the detailedness of the questions, but we still ask them to put them on the record and we still make our comments to put them on the record.

I think we should have that opportunity, knowing full well that for whatever reason the Minister may not have the information here and will report back to us, as he so kindly agreed to do this afternoon on numerous questions that we had asked following, I might add, from a book called *The Third Year Review*. That book also mentions the Community Economics Development Fund as being under the jurisdiction of the Northlands Agreement, under the jurisdiction of the Minister. So I would suggest that we are in fact in the appropriate area and we are talking to the appropriate Minister. We would like the opportunity to ask the questions. We understand that the Minister may not have the answers. We would hope that he would take them as notice and report back to us. We would like the opportunity to speak to the subject by way of statements which we have in every other regard.

I have to agree with the Minister responsible for Sports and Recreation when he said that if we believe the Minister is not administering the fund properly, or is not operating the fund properly, or is not ensuring that the fund is administered properly, that this is the place to discuss that. That's what he said and I'm in agreement with him, that this is the place to discuss it. We can discuss it by statement; we can discuss it by question but we should have the opportunity to discuss it and I think even a Minister of your own government is agreeing with us on that point — and I don't know the details of this particular instance so I can't speak to the subject per se, to the hotel in Snow Lake — but I do believe that the members here do have some questions as to how the Minister is administering the fund and therefore would hope that you would follow the advice from the Minister for Fitness and Recreation.

MR. CHAIRMAN: The Minister of Government Services.

MR. ENNS: Mr. Chairman, I believe at this time a little bit of common sense and a little bit of recognition of the traditional way that we handle the discussions of estimates is about due, and perhaps I am a reasonable example. As Minister of Government Services my estimates were discussed for the better part of a week, which of course included my responsibilities as Minister reporting for Autopac, for the Manitoba Telephone Systems. On a whole week of questioning, Mr. Chairman, did none of the honourable gentlemen opposite question me about Autopac or the affairs of Autopac, which is a fairly substantial operation in the province of Manitoba, nor was a single question raised by any members opposite during the estimates of Government Services, who pays my salary as the responsible Minister, on the Affairs of Manitoba Telephone Systems, which I would submit is not a totally insignificant operation in the province of Manitoba because they knew, by tradition and by practice, that they would have the full and maximum opportunity in front of the Public Utilities Committee to have the Minister and the appropriate Chairman and staff appear before the Public Utilities Committee to answer all and sundry questions having to do with those associated agencies that a particular Minister is responsible for.

Now surely, Mr. Chairman, honourable members opposite will concur that this is a pretty common sense resolution of the problem. This Minister has a reporting status and concern for the affairs of the Economic Development Committee fund but we have the similar kind of situation that I just described prevailing. And for the honourable members opposite not to take cognizance of that fact, simply belies a sense of understanding of the way we have operated traditionally in this Legislature and in these committees.

I repeat that in Government Services during a week's consideration of the estimates of Government Services, none of the honourable members opposite had any concern expressed about how the Minister, who was being paid on the Minister's salary, how the affairs of Autopac were being run. By the way, Autopac is something near and dear to the hearts of honourable members opposite and one might expect that they might have raised that question if they thought the particular responsible Minister wasn't doing an appropriate job or not conducting himself in a way that the members opposite thought he ought to conduct himself with respect to that corporation. Or perhaps even in that multi, multi-million dollar corporation known as Manitoba Telephone System, for which I also report to the House and am responsible for, that the honourable members might have raised a question then. But, Mr. Chairman, and I direct this question directly to you, that the pattern, the tradition, and I take some exception . . . I note that the Honourable Member for Lac du Bonnet has left because his last comment was that for you, Sir, to rule that the affairs of the Community Economic Development Fund should not now be discussed would be some radical departure of the rules. It simply isn't true, Mr. Chairman; you were my Chairman when we discussed both the estimates of Government Services and, then in committee, discussed MTS and Autopac and I am sure you will recall that wasn't the case.

So I believe the Minister of Northern Affairs is simply following a well-established precedent, a well-accepted tradition of the way we deal with estimates and the way Ministers, who have reporting responsibilities but who are dealing with agencies that report separately to established committees, and the affairs we are talking about has reported to an established committee. Honourable members opposite have had full opportunity to deal not just with the Minister but with the Chairman directly responsible, with a backup staff of CEDF, and that report was accepted and passed. Mr. Chairman, what they are doing is that they did something wrong a few days or a few weeks ago.

Now if the honourable members want to take the Honourable Minister up in the House in debate that can be done and they have their occasions to do that, and the Minister has agreed to do that. But surely for the passage of these estimates, we should not be unnecessarily delaying the function of the House. Thank you, Mr. Chairman.

MR. CHAIRMAN: The Honourable Minister.

MR. GOURLAY: Well, thank you, Mr. Chairman. — (Interjection)— I was on the list a long time ago and I was missed and I didn't say anything about it. I

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would like to say at this time that CEDF does not come under the jurisdiction of the Department of Northern Affairs. It could be a separate portfolio. It just happens that I handle both areas and we only receive dollars for staff support. Furthermore, the development agencies and the Communities Economic Development Fund has not been discussed in estimates yet; it comes up later on in the estimates, Page 32 and Page 33. So, I'm not sure whether this is a valid point or not but one thing I know for sure, I'm not prepared to discuss loans under Department of Northern Affairs.

MR. CHAIRMAN: Inasmuch as the Chair has allowed several members on both sides to enter on this point of order, I find the Minister's point of order is reasonable and the subject being discussed is not relevant to the item being discussed on Resolution 116.

The Member for Flin Flon.

MR. BARROW: On another point of order, the Minister sitting here came in last, he was recognized long before other people who had their name on the list.

MR. CHAIRMAN: That was the ruling of the Chair. It is true the . . .

MR. BARROW: The ruling of the Chair. You said before we broke off, in all fairness this should be discussed, questions should be asked and answered in this particular phase of the estimates, that's what you said. Now if they don't dispute that then they must challenge your ruling, before you make any decision. Is that not right?

MR. CHAIRMAN: Well we closed . . .

MR. BARROW: Well if you're going into red tape, let's go all the way into red tape.

MR. CHAIRMAN: The committee rose at 4:30, we were discussing the point of order as I understand it; we continued on at 8:00 discussing that same point of order. And as I said, I let several members on both sides; that's the decision that the Chair has made and you know you can challenge it if you desire. I think . . .

MR. BARROW: No, it is up to that side to challenge you, Mr. Chairman, you had made the decision; I can reproach you. In all fairness, at this particular time we should discuss this, that's what you said. If you check the record you would find out that's what it was. Now if your rule . . .

MR. CHAIRMAN: I didn't have any right to say it because we were discussing the point of order and it was just at 4:30, I called 4:30 because time ran out. To the Member for Lac du Bonnet, I made a ruling.

The Member for Lac du Bonnet on a point of order.

MR. USKIW: Yes, I wish to ask guidance of the Chair then as to when members of the committee might debate the operations of the CEDF. Mr. Chairman, I believe that I have the floor. As I understand it, and perhaps you might correct me or

the Minister may, if the operations of the CEDF result in the questioning of confidence in the Minister on the part of the committee, I want to know where that can be done, where is the proper place to question the role of the Minister in the operations of the CEDF, if the question results in a vote of confidence being put on that issue.

MR. CHAIRMAN: The Honourable Minister.

MR. GOURLAY: On the same point of order and I've already mentioned it, just before you came in, with respect to the CEDF, it comes under Development Agencies, Page 32 and Page 33, and that still has to come up in estimates.

MR. CHAIRMAN: The Member for Lac Du Bonnet on the same point.

MR. USKIW: Mr. Chairman, I appreciate that the Development Agencies have not yet been before committee and that at some stage we will get to it. The problem I have is that if the committee wishes to vote non-confidence on this issue, they cannot do it under Development Agencies because Ministerial Salaries do not show up there. They don't show up before a committee of the Legislature when CEDF reports to the committee and the only place they do show up is under the Department of Northern Affairs. Therefore, I suggest to you that while it may not be in order to discuss the operations of CEDF under Resolution 116, that when we get down to Ministerial Salary, it's in proper order, Mr. Chairman, to have a full debate on the total operations of the department and this Minister. That's what the salary question is all about, Mr. Chairman. So I have no problem with deferring it to the point where we get to the Ministerial Salary. But, Mr. Chairman, I hope that we're not getting the impression from the government side that we cannot discuss it whatever and that's the point I wish to make. —(Interjection)— Look, we can say what we want about it. Whether you agree with us or don't agree with it, that's up to you.

MR. CHAIRMAN: The Chair has made the ruling. 4.(a)(1) — the Member for Rupertsland. Before . . .

MR. USKIW: Mr. Chairman, can we have a clarification? Are you in agreement, Sir, that we can discuss the CEDF, the Minister's role with respect to the CEDF under the Minister's Salary. —(Interjection)— Well, he doesn't have to answer; nobody says he has to answer. Nobody says he has to answer.

MR. CHAIRMAN: To answer the Member for Lac du Bonnet, I would agree that can be discussed. All right, 4.(a)(1) — the Member for Rupertsland.

MR. BOSTROM: Well, Mr. Chairman, I —(Interjections)—

MR. CHAIRMAN: I would appreciate if all members would recognize the Chair and have their discussion through the Chair, or else I might as well go home and I'll enjoy and let you fight it out. That would be much easier for me.

The Member for Rupertsland.

MR. BOSTROM: Thank you, Mr. Chairman. I believe the precedent was set before we raised the points of order before the adjournment at 4:30 that the Communities Economic Development Fund, its operation, its policies, were proper ends for discussion under this item. I asked the Minister several questions about the Communities Economic Development Fund, to which he responded at that time. He refused to respond to the question I put to him on the loans but, Mr. Chairman, if he refuses to answer that particular question, I can only assume he's too embarrassed to answer those kinds of questions. But, Mr. Chairman . . .

MR. CHAIRMAN: The Member for Rock Lake on a point of order.

MR. EINARSON: Mr. Chairman, on a point of order. I thought, Mr. Chairman, that we had discussed this matter on the point of order before and the Member for Rupertsland is coming back and trying to renegotiate the kind of agreement he thought he was going to get at 4:30. Mr. Chairman, the Minister had indicated his position very clearly and I would suggest that the Member for Rupertsland is completely out of order on the comments that he has just made. I would suggest, Mr. Chairman, that he would get back to the resolution at task on Salaries and Wages where we are talking about the Manitoba Agreement.

MR. CHAIRMAN: I don't believe the Member for Rock Lake has a point of order, but also I caution the Member for Rupertsland that I really did make a ruling earlier and, if he abides by that, his subject matter shouldn't be discussed at this point.

MR. BOSTROM: Mr. Chairman, I believe I still have the floor; is that correct?

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Thank you, Mr. Chairman. Well, Mr. Chairman, I have questions on this item. It is not passed; I have questions on this item.

MR. CHAIRMAN: The Member for Lac du Bonnet on a point of order.

MR. USKIW: I would like to determine, Mr. Chairman, whether or not CEDF comes under the description Northlands Agreement in any way, shape or form.

MR. CHAIRMAN: The Honourable Minister.

MR. GOURLAY: Mr. Chairman, I can indicate to the members here that 148,000 comes from Northlands for CEDF for salaries.

MR. USKIW: Mr. Chairman, can I then ask the Minister whether in that 2,114,200, that out of that 148,000 is for CEDF?

MR. GOURLAY: No.

MR. USKIW: Well, then can we have an explanation as to where we find the 148,000.00?

MR. GOURLAY: Item 6., under Canada-Manitoba Northlands Agreement.

MR. USKIW: Oh, all right, so that's where we can discuss it then. Mr. Chairman, the Minister confirms that . . .

MR. GOURLAY: That's only the 148,000 for salaries.

MR. USKIW: That 148,000 for the administration of CEDF is found in Item 6., Resolution 118, Canada-Manitoba Northlands Agreement. So then it would seem to me, Mr. Chairman, that is probably the proper place to debate the whole operation of CEDF. There's 148,000 in there.

MR. CHAIRMAN: All right. 4.(a)(1)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I have some questions on the policy of the Communities Economic Development Fund which I believe would be in order in some place during these estimates, since it does receive funding from this department and there is at least some point in the estimates where that is shown as an appropriation for the Communities Economic Development Fund. So I would ask for your ruling at this point in time so it would be very clear and we will not be confused by points of order in the future as to what item under which I can pose these questions.

MR. CHAIRMAN: I'm not sure if that's a decision the Chair should be continually making. I'm chairing this committee and I'm taking orders from the committee, rather than giving orders to the committee.

The Honourable Minister.

MR. GOURLAY: The funding of 148,800 goes to Appropriation 27(1)(c) which is the Development Agencies and recovered from Item 6 under the Northlands or Northern Affairs.

MR. CHAIRMAN: 4.(a)(2)—pass; (a)(3)—pass; 4.(b)(1)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I believe that this item would cover the Northern Flood Agreement as indicated in the covering statement at the top. Could the Minister indicate what is the status of the Northern Flood Agreement and what funds, if any, are provided for the communities in northern Manitoba under that agreement and what the department is doing to assist the communities concerned, in terms of the agreement signed between the provincial government and the communities concerned?

MR. GOURLAY: Mr. Chairman, under the Northern Flood agreement, I might advise the committee that parties have agreed to the appointment of Judge Patrick Ferg as the arbitrator, and Manitoba has passed an Order-in-Council approving his appointment, and the federal Order-in-Council is awaited before final announcement — well that was completed. What has happened since their agreement was signed? Land exchange, mapping for

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the five communities will be complete by March, 1980, the cost will be roughly 800,000; Remedial works, Manitoba Hydro is responsible for remedial works; Commercial fishing and trapping, Manitoba Hydro is delivering a registered trapline compensation program giving income assistance and incentives to trappers; Citizens groups, appointments have been made to the Community Liaison Committee, Wildlife Advisory and Planning Board and Employment Task Force; Development, the province of Manitoba has granted a total of 800,000 to the Neyanun Development Corporation since its inception and Manitoba assisted in the management and training for this corporation's employees.

MR. CHAIRMAN: 4.(b)(2) — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, a problem has been raised in recent days regarding the water levels in Cross Lake and the problems associated with those water levels for the community of Cross Lake. No. 1, they're having problems with access to their community; and secondly, they are having serious problems with respect to the fishing industry. I am wondering what, if anything, the staff of Northern Affairs are doing to assist that community in terms of their negotiations with the relevant agencies of government, whether it be Hydro or whatever, to assist them through the problems that they are having. I understand, for example, that if it is not possible for them to fish Cross Lake because of the water levels, the fishermen are requesting that the government provide them assistance to fish Walker Lake, which is a lake near their community. In order to do that, of course, they would need assistance from either Manitoba Hydro or Northern Affairs, whichever is the relevant agency, to move their fishermen and their equipment and supplies in and out of the lake before and after the fishing season and also possibly some assistance through the freight of the fish over that period of time of the fishing season. I wonder if the Minister could indicate what action, if any, his department is taking on this issue.

MR. GOURLAY: Mr. Chairman, first of all, with respect to the low water situation in Cross Lake, I might point out that when the water services were installed back in 1976 by the previous administration, they did not take into consideration the low level water intakes, in spite of the recommendations at the time that this could be a problem. The government of the day completely ignored the fact that there may be a low water situation. Although this was ignored the problem has now surfaced and as a result of the low water this season, there was a problem with safe drinking water in the community and immediately action was taken by the staff of Northern Affairs to install a submersible pump, and the water supplies are adequate and safe and will be such until fall. However, if the low waters continue until fall then there will be a problem over winter. In order to ensure safe water supplies over winter, it's estimated it would cost somewhere in the neighbourhood of 100,000 to supply the proper equipment and facilities to ensure safe water over the winter season under

low water situation. That's the story on the water situation.

With respect to the fishing, of course again, the problem with the low water does create a problem for the fishermen. We have staff in Cross Lake at the present time consulting with the local communities and the fishermen, to ascertain how they can be compensated for the problem with which they are now faced. You raised the question of using Walker Lake in the area as a source of fishing. I understand that this is being agreed to. But nevertheless, we have staff in the Cross Lake community discussing the problems with the local community people, including the fishermen, to try and resolve this important problem to the people of that area.

MR. BOSTROM: Mr. Chairman, it's very nice to hear the Minister report that he has people in the community discussing the problem with the fishermen. However, I think the fishermen would be more interested to know what the government is prepared to do to assist them. I posed a very specific question to the Minister and that is, is the government prepared to assist the fishermen by way of transportation assistance for men and materials and supplies to move into Walker Lake to do the fishing; to move their men and equipment and materials out of the lake after the fishing season; and secondly, to assist the fishermen in the community by way of freight assistance to move the fish out of the lake to market during that period, since the low water situation in the lake is something which is not the fault of the community, not the fault of the fishermen, in fact, they probably have some concern over the way in which the water level is being managed. Perhaps the water level could be managed so that more water could be let through the control structure at Jenpeg so that the Cross Lake water level could be more up to normal levels. I wonder if the Minister has investigated that possibility.

MR. GOURLAY: Mr. Chairman, with respect to the problem with the fishermen, as I mentioned, there are people in the area at the present time discussing the problems with the local community people with respect to compensation for the losses that they are sustaining because of the low water problem, and the problem is mainly because of the drought. Hydro are operating within their limits. However, that doesn't remove the problem with the local people and compensation is being discussed at the present time.

MR. BOSTROM: Mr. Chairman, I repeat, I believe the fishermen would be more interested in knowing what specifically the government is prepared to do. You are expressing a concern, but what, in terms of funding and assistance, is the government prepared to do to assist the fishermen to follow their livelihood this summer if they are not able to fish in Cross Lake?

MR. GOURLAY: Again, this is why the people are in there from the department to discuss with the local people with respect to all these problems. They are negotiating this with the local people as to their future.

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MR. BOSTROM: Mr. Chairman, can the Minister indicate where the assistance will come from if the fishermen require the assistance which I have outlined which I believe they do require and which they are requesting? Will the assistance come from the Minister's Department of Northern Affairs or will it come from funds made available through the Northern Flood Agreement, or will it come from other sources, and if so, can the Minister indicate which source that would be?

MR. GOURLAY: Mr. Chairman, the funds would come through Manitoba Hydro.

MR. CHAIRMAN: (b)(2)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, who would be administering those funds? Would it be the Northern Flood Agreement people who report to the Minister or would it be officials of Manitoba Hydro?

MR. GOURLAY: Officials from Manitoba Hydro.

MR. BOSTROM: What role, Mr. Chairman, would the Department of Northern Affairs play in this whole issue?

MR. GOURLAY: They are co-ordinating the whole exercise.

MR. CHAIRMAN: (b)(2)—pass; (b)(3)—pass; 4.(c)(1)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, could the Minister indicate the present status of the Special ARDA Agreement between Canada and Manitoba?

MR. GOURLAY: This is the Special ARDA, it's basically the same as it was last year.

MR. CHAIRMAN: (c)(1) — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, for the information of the committee, could the Minister be more specific as to what programs they are carrying out under the Special ARDA Agreement?

MR. CHAIRMAN: (b)(2)—pass — the Member for Rupertsland.

MR. HARVEY BOSTROM: Mr. Chairman, who would be administering those funds? Would it be the Northern Flood Agreement people who report to the Minister or would it be officials of Manitoba Hydro?

MR. GOURLAY: Officials from Manitoba Hydro.

MR. BOSTROM: What role, Mr. Chairman, would the Department of Northern Affairs play in this whole issue?

MR. GOURLAY: They're co-ordinating the whole exercise.

MR. CHAIRMAN: (b)(2)—pass; (b)(3)—pass; 4.(c)(1)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, could the Minister indicate the present status of the Special ARDA Agreement between Canada and Manitoba?

MR. GOURLAY: It's basically the same as it was last year.

MR. CHAIRMAN: (c)(1) — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, for the information of the committee, could the Minister be more specific as to what programs they are carrying out under the Special ARDA Agreement?

MR. GOURLAY: Mr. Chairman, with respect to the Special ARDA, under the year ending March 31st, 1980, there were nine projects under fishing; nine under trapping; one under agriculture and infrastructure; and there were 21 under training, for a total of 41 projects.

MR. CHAIRMAN: (c)(1)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, can the Minister indicate what is the status of this agreement between Canada and Manitoba and when the agreement is expected to expire?

MR. GOURLAY: Mr. Chairman, the Special ARDA Agreement runs out March 31st, 1982.

MR. BOSTROM: Can the Minister indicate if his staff of his department and/or other government departments concerned are having negotiations with the federal government with a view to extending the program or negotiating a new program along the same lines?

MR. GOURLAY: Mr. Chairman, there have been some preliminary discussions and the advice that I'm receiving is that it looks very favourable at this point.

MR. CHAIRMAN: (c)(1) — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, is the Minister proposing to negotiate agreement very similar to the one which is in place now or is there some suggestions or proposals for amendment to it or the changes to it, and if so, what are they?

MR. GOURLAY: The final format or decision on that has not been decided. It will be part of the ongoing discussions.

MR. CHAIRMAN: (c)(1)—pass; (c)(2)—pass. Resolved that there be granted to Her Majesty a sum not exceeding 2,114,200 for Northern Affairs—pass.

5.(a)—pass; 5.(b)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, can the Minister indicate what is being proposed here in terms of the Construction or Acquisition of Physical Assets? Does he have a program list which he can supply to the committee or perhaps read to the committee, so we would know what the plans are for these funds?

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MR. GOURLAY: Mr. Chairman, under the shareable arrangement we anticipate some 694,000 will be spent on roads; 78,700 on water and sewer; another 20,000 on equipment and repairs; 110,000 on garbage facilities; 261,600 on buildings; 34,000 on docks; 55,300 on detention centres and 106,300 on subdivision development; the fire program will amount to 349,500, for a total of 1,711,200.00.

MR. CHAIRMAN: 5.(b)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, can the Minister indicate how much of the funding which was available for last year was actually spent and what were the programs that covered?

MR. GOURLAY: While I'm waiting for those figures, I'd like to indicate that those figures that I indicated earlier are shareable cost figures. We have an additional 873,000 that's non-shareable covering basically the same items dealing with roads, garbage, detention centres, subdivision development and that sort of thing.

Mr. Chairman, this past year on shareable items we spent 1.1 million on the items indicated, such as roads, water and sewer, equipment, and garbage and so on.

MR. CHAIRMAN: 5.(b)—pass; 5.(c)—pass. Resolved that there be granted to Her Majesty a sum not exceeding 873,200 for Northern Affairs—pass.

6.—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, since this item contains funds for the administration of the Communities Economic Development Fund, I have some questions regarding the operation and administration of the Communities Economic Development Fund. One question pertains to the level at which the Board of Directors of the Fund have the authority to make loans. Previously, the Communities Economic Development Fund Board of Directors had the authority to make loans up to 75,000.00. Anything over and above 75,000 had to have the approval of the Minister and/or Cabinet. Can the Minister indicate if this policy is still in effect?

MR. GOURLAY: Mr. Chairman, on a point of order, I think I indicated earlier that the appropriation of 148,800 is under Appropriation XXVII (1)(c) but the money is recovered under this item No. 6, as it is for other departments. So that would come under the item of XXVII (1)(c) which is the Development Agencies, which has not come up for estimates at this point.

MR. BOSTROM: Mr. Chairman, there are funds within the 25 million-plus here which relate to the Communities Economic Development Fund. This was the indication of the Minister earlier in the estimates this evening. My question simply relates to the administration of the Communities Economic Development Fund. It's a pretty straightforward question regarding the operation or administration of the Communities Economic Development Fund and since there are funds within this line in the estimates

for administration, for the Communities Economic Development Fund, I think it's appropriate for me to put the question at this time and I think it's appropriate and reasonable for the Minister to reply to that question.

MR. GOURLAY: Mr. Chairman, there are some 11 or 12 departments that are covered under this Item 6 and the item that supplies the salaries of some seven staff man years to the CEDF is recovered under this item but the appropriate is under XXVII (1)(c), which is the Development Agencies the CEDF, and that item still comes up before the estimates some time later on, in the next matter of weeks.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, just on a point of order here. There was a direct question asked to the Minister and I gather he has not refused to answer it but he has indicated that it appears under another item. What specific item under Northern Affairs does it come?

MR. GOURLAY: It doesn't come under Northern Affairs, it comes under Development Agencies which is the Communities Economic Development Fund.

MR. CHERNIACK: Is the Minister responsible for the CEDF?

MR. GOURLAY: Yes.

MR. CHERNIACK: Well, Mr. Chairman, I don't quite see that. The Minister apparently has not answered the question; he doesn't seem to want to answer it now. Therefore, I would like to know, Mr. Chairman, whether this Minister, who is responsible for it, will answer it under the estimates of his department, Northern Affairs. If he says he'll answer it under Salary, then I for one can understand that, but, Mr. Chairman, if he is refusing to answer it under Northern Affairs, then surely, Mr. Chairman, that is not his right so to do.

MR. CHAIRMAN: For the Member for St. Johns, it was agreed that the members could discuss this under the Minister's salary. The Chair didn't agree that the Minister, of course, does not have to answer but it was allowed that this was where it would come, under the Minister's salary.

MR. CHERNIACK: What would, Mr. Chairman?

MR. CHAIRMAN: The CEDF.

MR. CHERNIACK: CEDF will be discussed under Minister's salary. The Minister is prepared to discuss CEDF under his salary; is that what you say has been agreed to by the Minister?

MR. CHAIRMAN: The Chair agreed that could be discussed.

MR. CHERNIACK: Mr. Chairman, I heard back there somebody saying there was an agreement, I just want to know, did the Minister agree that it will be discussed under his salary?

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MR. GOURLAY: The items that are under discussion right now by the Member for Rupertsland comes under appropriate XXVII (1)(c) which is the Development Agencies or Communities Economic Development Fund, which still has to come up later in estimates, and I'm not prepared to answer those questions now because I don't have the appropriate staff here to do that. Furthermore, the Communities Economic Development Fund was discussed under the Standing Committee of Economic Development some ten days ago and the questioning of the Member for Rupertsland could have been dealt with at that time but he chose not to raise those questions.

MR. CHERNIACK: Mr. Chairman, then on the point of order, I understand —(Interjection)— Pardon.

MR. BOSTROM: Just on a point of privilege, Mr. Chairman, I indicated to the Minister earlier that the reason I could not discuss the question which I was posing to him tonight is that I did not have the detailed information at that time. I requested that detailed information at that meeting; the Minister supplied it to me by letter later on that week. After receiving that information and looking it over, I was able to pose the question that I have for the Minister tonight.

If he's saying that now he's not going to answer under these estimates, there will be other places during the estimates process which we will be asking the Minister these questions. But don't let the Minister attempt to say that we were able to pose these particular, specific questions at the last meeting of the Economic Development Committee because we didn't have the information available at that time.

MR. GOURLAY: Mr. Chairman, the information with respect to the Snow Lake Project, we had the information; that information was here, you didn't raise that question at the time. The Chairman of the Board of CEDF, in his opening remarks, made reference to the Snow Lake Motel Project, indicating that it was the largest loan that had ever been made under the CEDF and no one ever raised a question any further on that.

MR. BOSTROM: Mr. Chairman, the record will show that at that meeting I requested of the Minister and of the Chairman that they supply me with a list of all of the loans made during the fiscal year 1979-80. They indicated to me that they did not have that list readily available at the meeting. I said it would be fine if they provided that to me later, which was done, but I did not have the specific information on which to base these questions. There may have been some general comment regarding a Snow Lake Hotel or whatever but I did not have the detailed information on which to base these questions.

MR. GOURLAY: That is correct. However, at the same time, the questions you're raising with reference to the Snow Lake Motel, which was identified at that meeting and, had you wished to pursue questions with respect to details on the loans and the people involved and the whole feasibility of

that project, could have been fully discussed at that time but it was not raised.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, on that point of order, it is the tradition that one does not go hard on a new Minister; that's not always observed, as you know, Mr. Chairman, but it's sort of a tradition. But in this particular case, as I understand it — and that's why I want clarification on it, Mr. Chairman, because there are two committees sitting and we can't all be in both committees at the same time — you have ruled that you are going to permit questions about the CEDF during the salary and I understand the Minister now to be giving notice in advance that he's not going to answer these questions. That being the case, then — (Interjection)—

A MEMBER: That was the ruling.

MR. CHERNIACK: Mr. Chairman, I don't know any rulings that were made and did you, Mr. Chairman, make a ruling that the Minister was not to answer questions under his salary dealing with CEDF? Was that a ruling that you made?

MR. CHAIRMAN: No, I agreed that it could be discussed at the Minister's salary; there was nothing about answering for, you know, things that were not involved here.

MR. CHERNIACK: Then, Mr. Chairman, . . .

MR. CHAIRMAN: It was agreed between the Minister and myself, I think, that earlier discussion would fall in the Minister's salary.

MR. CHERNIACK: Then, Mr. Chairman, the Minister is incorrect if he suggests it was ruled that he would not answer questions on CEDF, that's what he said.

MR. CHAIRMAN: It was not ruled, it was agreed.

MR. CHERNIACK: Mr. Chairman, I believe, now again, that under his salary anything dealing with any department with which he is charged comes up and therefore —(Interjections)— You know, I'm getting support from my left and of course, I admit there are people who are sometimes to the left of me, and they're supporting me and suggesting that every question dealing with the Minister's responsibility comes —(Interjection)— Mr. Chairman, let it be noted that there are people sometimes on my right who are to the left of me too, you know. Some of my best friends sit on my right.

Mr. Chairman, therefore it seems that it is clear that all the questions to be asked, that wish to be asked on CEDF or anything else dealing with the Minister's responsibility, may be asked under the salary and I would like to know, before we move off this item, whether the Minister is now agreeing that he will answer those questions or whether he is refusing in advance to deal with them. Because if he's refusing in advance then I want to support my colleague on asking his questions now rather than

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wait until the salary, when he is going to refuse it anyway.

MR. CHAIRMAN: The Minister of Government Services.

MR. ENNS: Mr. Chairman, on the same point of order. Mr. Chairman, the Honourable Member for St. Johns, understanding his responsibilities in other committees as well, was not here when I made the appeal to you earlier, Mr. Chairman, and I speak particularly as Minister of Government Services responsible for Autopac, a not insignificant corporation in the affairs of the province of Manitoba and the Minister responsible and answerable to the Manitoba Telephone System, employing some 4,000 employees and expending of considerable sums of money. I made the point, Mr. Chairman, in response to the Honourable Member for Lac du Bonnet, who suggested that there was some departure from a traditional approach to this question and to the estimates before us, by simply acknowledging that the affairs of CEDF have been fully discussed at the Economic Development Committee of this Legislature, have passed and been approved by members opposite and the Economic Development Committee and that surely that should be noted, Mr. Chairman, as establishing, you know, a reasonable approach to discussion of the estimates.

The fact of the matter that honourable members may wish to raise, may wish to discuss on the Minister's salary any or all items dealing with what they perceive or believe to be germane to this Minister in his responsibilities to Northern Affairs and the operation of CEDF, of course it is taken for granted, but I believe what also should be taken for granted is that the Minister does not have the officials of CEDF with him here. They were provided already to members opposite, just as I provided officials for Autopac, just as I provided officials for MTS. During the discussion of my salary as Government Services Minister, no members opposite chose to depart from a well-established tradition and procedure in discussing MTS or Autopac affairs during my salary, on the item as the Minister of Government Services.

So, Mr. Chairman, honourable members, I know, can persist, and obviously will, but I just want to put it on the record that it is a particular departure of that tradition that all members opposite now are suggesting. I'm not suggesting for a moment that they should not be able to address the Minister — indeed if the Minister wishes to respond about the operations of CEDF — or talk to him about policy matters about the fund, or particular ways that he should direct or use his influence as a Member of Cabinet and as Minister of Northern Affairs about CEDF, but to suggest that the affairs of CEDF have not received a full, a very full and proper hearing, in front of a committee of the Legislature simply is contrary to the facts and honourable members opposite know that.

MR. CHERNIACK: Mr. Chairman, I don't know who suggested it; I, for one, have not suggested that CEDF has not presented its report and had opportunity to discuss it. I'm talking about the Minister, Mr. Chairman, I'm not talking about CEDF,

and the Minister for Government Services knows very well that Ministers are accountable for the work they do and they are most accountable when one deals with their salary.

So, Mr. Chairman, there isn't the slightest doubt in my mind that one needn't go too far into the records to find the Minister for Government Services, when he was in Opposition, making sure that every Minister justified the salary when it came before him, and I have no doubt that this is the case here.

Now there was a question asked by the Member for Rupertsland which I believe asked about Ministerial involvement in decisions and the item we brought it up under is an item which deals with some money that goes to CEDF or some of this money goes to CEDF. Now if the Minister said, I don't want to answer that question now, I'll answer it under my salary, I for one can understand it, I've seen that happen, but for him to indicate — and I don't think he had really the support of the Minister for Government Services on that basis — but he seemed to indicate that he's not going to answer questions about his own involvement. — (Interjection)— Good.

MR. ENNS: On the point of order, if the Honourable Member for St. Johns will permit.

MR. CHERNIACK: I would certainly permit him to interrupt me.

MR. ENNS: Well, I asked that with some courtesy because we were both not in the committee at the same time. The questions that were being asked of the Minister were specific questions about particular loans that CEDF had made, specific involvement in projects that CEDF was involved in and these, Sir, I suggest, Mr. Chairman, are precisely the kind of things that were taken up properly at the time that the management and the responsible Minister was answering for CEDF in front of the Economic Development Committee.

MR. CHERNIACK: Mr. Chairman, we're back to where we were when I first asked some questions and that is, if this Minister really cannot rely on his memory to deal with questions relating to his involvement in CEDF decisions, then surely we're just as far from the source of information as the telephone is — I would think that it's not that difficult for him to make himself familiar with his problems of memory — but to indicate a refusal to answer means that we get stuck right here. Whereas, on the other hand, an indication that he will deal to the best of his ability, and none of us can expect more than that, under his salary, I think is wrong. If he would indicate he will deal to the best of his ability on his salary, then I, for one, would suggest that we wait for his salary and deal with it to the best of his ability.

MR. CHAIRMAN: All I can think was agreed that we would allow all to put questions under the Minister's Salary. That's where it ended, if there was an agreement to that earlier.

MR. CHERNIACK: Mr. Chairman, I asked specifically if the . . .

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MR. CHAIRMAN: The Honourable Minister.

MR. GOURLAY: Mr. Chairman, with respect to the last question that was posed by the Member for Rupertsland, as I understand it, he was dealing with a specific item, 27.(c)(1), which comes under the CEDF, the sum of 148.8 thousand, which still will be subject to discussion when those estimates come up. It's recoverable under item 6.

MR. CHERNIACK: Mr. Chairman, I wonder if the Minister realizes he didn't answer my question as to whether or not he would respond under his salary to questions asked of him, dealing with his involvement, to the best of his ability.

MR. GOURLAY: Mr. Chairman, I would be very pleased to answer questions that are posed to me under my salary and if I feel I can't answer them adequately here I will certainly get the information and forward it to the respective member.

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, that's precisely what we wanted from the Minister and the question I asked him just a few minutes ago was with respect to a policy of the Communities Economic Development Fund, and the Minister, being responsible for the Communities Economic Development Fund, surely should know what the policy is with respect to the level at which the board of directors can approve a loan and what level has to come to Cabinet or to his attention for approval. That is a valid question; that is a reasonable question, and it's one which I would expect the Minister to know without checking any facts or checking with any relevant staff. It's something which is within his immediate purview as a Minister responsible for the Communities Economic Development Fund.

MR. GOURLAY: Mr. Chairman, I would be pleased to deal with that under Minister's Salary.

MR. CHAIRMAN: The Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I now understand the Minister is prepared to indicate that he is prepared to deal with answers to questions on his salary. I would like to say, Mr. Chairman, that repetition is not in the rules of our committees. The Minister has indicated that answers were given, or at least if answers weren't given the members opposite have the opportunity to pose the kind of questions for information they want to seek when the matter came up. The other thing, Mr. Chairman, on the point that I wanted to point out, is that when we come to the Minister's Salary it's normal, and has been traditional as long as I have been in this House, that the official critic of the respective department makes his comments to the Minister. It's a sort of summation, not necessarily that they're seeking information and, Mr. Chairman, if the members want to pose questions in their summation, that's their right, but the Minister does not necessarily have to answer. But all I want to say and the point I want to make, Mr. Chairman, is that the repetition is not

required to an answer by the Minister if it is being posed on other areas where questioners had the opportunity by the opposition to pose, and in this case, the CEDF, where they have the opportunity, with the proper staff who were there to answer any questions they had before them. They did not take that opportunity. I don't think that's the responsibility, Mr. Chairman, of the Minister in question.

MR. CHAIRMAN: The Minister agreed to answer all questions within his ability or facts, so I would hope that we pass 6, get on to the Minister's Salary, where these questions can be put and the answers supplied if possible. 6.—pass.

Resolved that there be granted to Her Majesty a sum not exceeding 25,966,400 for Northern Affairs—pass.

1.(a) Minister's Compensation — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I'll put my question again with respect to the policy of the Communities Economic Development Fund and the amount of loan which the CEDF board of directors are allowed to make without reference to the Minister and/or the Cabinet. I would ask the Minister if the policy is still in effect, that the board of directors is only empowered to make loans up to 75,000, anything above that must come to the Minister and/or the Cabinet for approval?

MR. CHAIRMAN: The Honourable Minister.

MR. GOURLAY: Thank you, Mr. Chairman. The limit is 75,000 as you state, and anything above that has to have Ministerial approval.

MR. BOSTROM: Mr. Chairman, if we take that further, can the Minister indicate if that is in effect for individuals and/or individuals who may have interests in companies which are loaning from the Communities Economic Development Fund. I ask the Minister if the individuals are loaning from the fund and a company which they own is also loaning from the fund, if all of the loans are taken into account when considering whether or not they are above the 75,000 limit.

MR. GOURLAY: Excuse me, Mr. Chairman, I wonder if I could impose the member to just run through that again.

MR. BOSTROM: Mr. Chairman, I'm looking at a specific case where two individuals received a loan of 5,000 from CEDF, which would normally be in their purview to make the loan. The same individuals as shareholders of a Limited company, made a 581,000 loan and the information supplied from the Minister indicated there was an additional 248,000 loan. If you put them all together, of course, they are well over the limit of 75,000, and I am wondering if the board would have the power to approve the 5,000 loan on their own, knowing full well that there are other loans if totalled in with the 5,000 would be well over the 75,000 limit, or if all of those loans would have to come to the government and the Minister for approval.

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MR. GOURLAY: It would sound as if you were referring to the Snow Lake Hotel project, and of course the total of 75,000 limit was adhered to and beyond that had to get my approval. Now I am not sure at what point they received a 5,000 loan but I know that I had to approve that particular loan in excess of 75,000.00.

MR. BOSTROM: Mr. Chairman, I'm looking at the Manitoba Gazette of May 17th, 1980, in which the two individuals in question received a loan at interest rates of 12-1/2 percent for six months for 5,000; and in the same period, January 1st, 1980, to March 31st, 1980, they received a loan for five years at 12-1/2 percent under the company name of Diamond Willow Inn Limited for 581,000.00. I'm wondering if both of those loans would have come to the attention of the Minister, not only the 581,000 but also the 5,000 loan.

MR. GOURLAY: Mr. Chairman, there was some difficulties with respect to the construction of that project, whereby the original contractor declared bankruptcy and there was a complete refinancing of the project. The sums that you mention of 5,000 and 248,000 and 581,000, was accumulative, and this is not the case. The total loan, I think, amounted to 500 and some thousand dollars, as a result of refinancing.

MR. BOSTROM: Can the Minister indicate how much the principals involved had put in by way of their own financing?

MR. GOURLAY: Mr. Chairman, as I recall, they put up 42,000.00.

MR. BOSTROM: Mr. Chairman, is this in keeping with the policies of the Communities Economic Development Fund that the individuals must put up a certain percentage of the total project before receiving funding through the Communities Economic Development Fund?

MR. GOURLAY: Mr. Chairman, there was, as I indicated, at the outset there was some difficulties with respect to this project when it was initially approved. There was federal funding and there was some bridge financing by the CEDF that I guess was secured by a second mortgage. When the original contractor went bankrupt there was a request for the CEDF to put in further funding or abandon the whole project and drop over 100,000, or else to finance the entire project at some 541,000, I'm just trying to recall the exact figure, but it was over 500,000.00. So the CEDF had the choice of refinancing and taking a first mortgage on the whole project which it was recommended that they do. That's the situation they're in at the present time.

MR. BOSTROM: I believe the amount reported in the Manitoba Gazette is 581,000 to the Diamond Willow Inn Limited, the loan interest at 12-1/2 percent over five years. I would ask the Minister, in view of this large loan made to a hotel operation in Snow Lake, which I believe already has a hotel, can the Minister explain how this fits in with the policy of northern development and with the policy of assisting

remote communities to develop employment opportunities. I would ask the Minister if any of the objectives, original objectives of the Communities Economic Development Fund were taken into account when considering making such a massive loan to two individuals in a community that already has a hotel facility.

MR. GOURLAY: Mr. Chairman, there was a great deal of pressure put on by the community of Snow Lake with respect to the advancement of this motel project. I am sure that the Member for Flin Flon is well aware of the need for the additional facilities in this community where they attract a lot of tourists in the summer months, and furthermore, the project is built adjacent to the new hospital in Snow Lake. It's a complimentary type of construction; they're similar design. Furthermore, the hospital does not have meal facilities; there is an arrangement made with the motel to supply meals to the hospital. The hotel will engage some 12 people and I would say that the people of Snow Lake are looking anxiously forward to the day when the motel will open, some matter of three or four weeks, the first of July I would expect, that the motel will be open for business.

MR. BOSTROM: Mr. Chairman, the question I pose was how does this fit the original objectives of the Communities Economic Development Fund, which were to promote economic development in depressed areas of northern Manitoba where there was a need to create employment opportunities and to give disadvantaged people an opportunity to find financing that they would not normally be able to obtain. In the case of a hotel operation in a fairly well-established industrial community in northern Manitoba, I would wonder how these original objectives of the Communities Economic Development Fund would apply to this project, if they were applied at all.

MR. GOURLAY: Mr. Chairman, again, I have to refer to the circumstances surrounding the developments that took place with respect to this project. The young couple that are promoting and owning the project, have put in, they feel, a very substantial input in providing some 42,000.00. That's a lot of money as far as they are concerned and it is a lot of money, period. The fact that the original contractor had some difficulties and had to declare bankruptcy put a different slant on the whole project and it was a matter of CEDF abandoning the project and dropping 100 and some thousand dollars or else trying to salvage it and make it a viable operation. Basically, it may not originally, at this present time, fulfill the guidelines. However, it was a result of extenuating circumstances.

MR. BOSTROM: Mr. Chairman, I would ask the Minister to elaborate more fully on what he refers to as extenuating circumstances and I would challenge him on his statement that 42,000 is a substantial amount of money when one considers the total investment. If 581,000 even is considered the total investment in the operation, the 42,000 is less than 8 percent of that. So if one is looking at their input as a percentage of the total investment, it's a very small amount for anyone to put up who is intending to go

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into hotel business. Certainly with that kind of financing, they would not be able to arrange financing of that nature through normal lending institutions. I would agree with that. But given that that is the case and that they would not be able to go to a bank or a trust company for mortgage financing or venture financing for a hotel in Snow Lake, why would the government see fit to put up that massive amount of money to provide a facility which is, to a certain extent, a duplication of a facility that's already in place, in that there is already a hotel in the town of Snow Lake and I believe a facility for a beverage room. The Honourable Member for Flin Flon indicates there are two, including the Legion, I believe, which is available for people to use.

So I would ask the Minister, with those facts in mind, if he would elaborate on what extenuating circumstances would persuade him, as Minister, to agree to making such a massive loan to two individuals. I would also ask him to elaborate on the business experience of the individuals in question. Have they ever operated a hotel before? Have they ever been in any kind of business before? Have they been checked out as to their financial worth and their ability to operate such a business and to make the business pay so that the loan some day could be recovered? All of these things are important in terms of assessing the financial viability of an operation and I would expect that the Minister took these things into consideration when he made the approval for this loan.

On top of that, Mr. Chairman, I would point out that the interest rate of 12 1/2 percent over 5 years is, in itself, a substantial subsidy to this operation, since if the person was able to go to a normal lending institution during the period, January 1, 1980 to March 31, 1980, as everyone else in Manitoba is painfully aware, they would have to arrange for financing at much higher rates, possibly around 18 percent. So that the 581,000 loan at a saving of at least 5 percent over other normal lending institutions is a substantial subsidy to the operation in itself. I would ask the Minister to elaborate on those issues and give us a better explanation as to why he saw fit to lend over a quarter, I believe, of the total CEDF loans to two individuals for a hotel facility.

MR. GOURLAY: Mr. Chairman, the total cost of the project, as indicated, some 581,000, of which the proprietors are entitled to a special ARDA grant of 185,000, which reduces the cost to the owners, brings it down to 396,000, I believe. Now, when I came into the portfolio this project was already under way and the CEDF were financing to the tune of 248,000 in conjunction with the Federal Business Development Bank, I believe, and subsequently, as I mentioned, the original contractor declared bankruptcy and so I was faced with the decision of scrapping our investment, at that time it was well over 100,000, we could forget it, write it off, abandon the whole project or else inject further CEDF funding in co-operation with the federal people and not have really any blue-chip collateral as far as security.

The decision was made that the CEDF should finance the whole project at a total end or bottom-line cost of 396,000 and we would have first mortgage. The CEDF has first mortgage on the project and I might admit that it is a very fine

building. I was able to have a quick look at it 10 days ago or so when I was up in the area looking at the fire situation. I feel that, as far as the business aspect of it, we are much better off having a first mortgage on the project involving some 396,000 than we would have been to scrap the project and losing 150,000-or-so several months ago, walking away from it, or even if we had continued to finance the project in co-operation with the federal government, we basically wouldn't have any collateral to fall back on.

Just to add further with respect to the credibility of the couple that are operating the motel, I'm not personally familiar with them. CEDF personnel supplied me with background information on the couple and strongly recommended that they had the desire and the attitude, together with some managerial input, to make this a viable operation, and I feel that this can work out.

MR. BOSTROM: Can the Minister be more specific as to the original loan approval? Apparently he indicates 248,000 was originally approved. Would that have been approved by the previous Minister responsible for Communities Economic Development Fund?

MR. GOURLAY: I can't recall the original date of the application, but it was some time before the time that I became involved as Minister of Northern Affairs.

MR. BOSTROM: When the financing was recommended to the Minister for 581,000, can the Minister indicate if that was a decision that he took on his own as Minister or did he take that decision to Cabinet for discussion?

MR. GOURLAY: I made this decision on my own.

MR. BOSTROM: Mr. Chairman, can the Minister indicate further to his comments about the capabilities of the couple? He indicated they have a desire and enthusiasm for operating a hotel. If that were the only qualifications, I'm sure there would be many couples in Manitoba who would be rushing in to the Minister and wanting him to approve funding for hotels. I would ask the Minister if he had asked his staff in the Communities Development Fund to provide him with any information on this couple in terms of their business experience. Had they had any previous business experience in any kind of business in which he could draw from that, at least make some judgement as to their possible success in terms of operating a hotel facility?

MR. GOURLAY: With respect to the couple's background, I don't recall all the details; I know that they were not involved in a hotel operation before. I just can't recall, you know, a lot of their details. I was concerned about their ability to be able to make this project operate because it does take a lot of managerial ability to make this type of operation a viable operation and to pay the heavy debt that was attached to it. As I mentioned, I can't recall all the details with respect to the couple. I recall considerable discussion with consultants from CEDF that spent time with this couple and related

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information to me, that I eventually made the decision to approve this.

MR. CHAIRMAN: The Member for Flin Flon.

MR. BARROW: I haven't too many questions, Mr. Chairman, but I have a few comments to make. It concerns me, it's in my area, I lived there for six or seven years. I admire the young couple for their ambition and their desire to get ahead. I'll give you a little background: He was a miner, she is a daughter of a miner. So they have no business background as such, except the ambition.

Snow Lake is a town of 2,000 people. We have a motel there, it's rundown; we have a nice Legion, which takes up most of the drinking facilities. For tourists it's not that good because you are 25 miles off 391, which is the main road. You have two lovely parks there with camping grounds and a huge lodge. The people, tourists, that are hunting or fishing very seldom live in the town, it's mostly out. It's a facility that is an asset to the town; it's a facility which would fit very well here in the centre of Winnipeg. It's an elaborate fixture. What bothers me is, how are they going to make a go of it? Disregarding the paybacks, the cost of the motel is 834,000 at 12 percent or 12 1/2 —(Interjection)— well whatever. At 12 1/2 percent, how much is that, Mr. Chairman? How much? —(Interjection)— Pardon?

MR. USKIW: 45,000.00.

MR. CHERNIACK: More than that, Sammy — (Interjection)— Come on

MR. BARROW: So you have this huge amount off the top. You say they are going to employ eight people; they are going to have three cooks. Or the other five are, besides themselves, or them, but they have that payroll to meet, plus they are going to have to buy food. They are going to have a big eating facility. They are going to cater to weddings, but this is few and far between. What I am worried about, Mr. Chairman, is what happens to these kids if they go belly-up? Personally, I would not invest that much money in Snow Lake, although I lived in Snow Lake, and this bothers me to a great extent.

MR. GOURLAY: Mr. Chairman, I think to refer to Snow Lake as a tourist centre, I think it is an important tourist attraction in the north. There is a lot of fishing. I know that the motel in question has had lots of bookings, actually going back to the first part of June or even maybe into May. They originally had hoped to have opened in the middle of April, I believe, before the original contractor ran into difficulties. The indications are they have heavy bookings in their rooms and they have adequate dining facilities which, as I understand from the people of Snow Lake, are anxious to see this project proceed.

Now, you indicate that the cost of the project was 800,000-and-some. Those figures are not correct. I think the Member for Rupertsland indicated early this afternoon the project; however, the total project being 581,000, less some federal grants brings the cost down to, I believe — and I'm just going by memory — I think it's 396,000.00. Granted, it will be

a very difficult task to make this thing pay for itself. It's going to take a lot of hard work and a lot of effort by the people that will be owning the project and I'm sure that had this proposal been given to me as an initial proposal, it would have received a different response from me. However, as I indicated, there was some extenuating circumstances how we got into this project and it was a case of abandoning the project where we would drop 150,000 or so. The way it is now I hope that CEDF doesn't have to recover it under the first mortgage. However, the aspect of recovering that motel in the case of further bankruptcy by the owners, certainly I think still puts us in a better financial gamble than it would have by walking away from it three months ago.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I'd like to get this transaction clear in my mind. The first deal apparently was 42,000 put up in equity and was it a loan of 248,000, approximately?

MR. GOURLAY: Yes. The initial requirement from CEDF as I recall, was 248,000 plus some — I'm not sure how much the federal government was involved — but they had the first mortgage.

MR. CHERNIACK: And what was CEDF to have? What security was CEDF to have?

MR. GOURLAY: I'm only guessing, I presume it was a second mortgage.

MR. CHERNIACK: The Minister indicates 42,000 equity, CEDF 248,000, which is a total of 290,000, and an indeterminate amount from the federal government. Would that have been substantially less than the 185,000 figure he has given for the final deal?

MR. GOURLAY: I can't be specific on the details prior to the involvement of the federal financing.

MR. CHERNIACK: Could the Minister indicate whether there was more built after the second financing than was expected to be built under the first? Or was it the same end result?

MR. GOURLAY: To my knowledge the design was the same as previously. It was just completed the same as originally intended.

MR. CHERNIACK: Then does the Minister recall how much was the cost of the changeover? How much additional money did the CEDF put up?

MR. GOURLAY: The total cost as I recall or indicated earlier, I believe is 581,000 and this is financed entirely by CEDF.

MR. CHERNIACK: That then means that the federal government was going to advance money which it was now relieved of advancing, is that correct?

MR. GOURLAY: Mr. Chairman, with respect to the construction end of it, you mean?

MR. CHERNIACK: The financing. The federal government was going to finance and have a first mortgage. That financing has been relieved now, is that right, by the CEDF taking over the whole burden of loan?

MR. GOURLAY: That's right.

MR. CHERNIACK: Then the Minister in making the second deal relieved the federal government of some moneys that it would otherwise have been putting up?

MR. GOURLAY: Mr. Chairman, the federal government was going to be required to put in additional funds as well as CEDF but it was a recommendation of the board of CEDF that they were getting too much money involved to be held with a second mortgage, and it appeared to be more desirable to finance the whole project knowing that there would be recovery of some 185,000 through the Special ARDA application, which has been approved and I understand the money has been now paid.

MR. CHERNIACK: Mr. Chairman, I'll come back to the other in a moment. This special 185,000, would it not have been payable in either event under the first deal and the second?

MR. GOURLAY: I expect it would have been. Mr. Chairman, I know that you were not present when I indicated earlier this evening that I could provide full and accurate details of the whole transaction from CEDF and I'd be pleased to do that. I'm just trying to recall from memory some of the details and I may not be completely accurate as to the total figures.

MR. CHERNIACK: Mr. Chairman, I clearly recognize the Minister's dilemma, yet he has remembered quite a bit here and I'm trying to get a picture now which appears to be developing, as I see it, that there was an underestimate of the cost. The first contractor went bankrupt; then in order to complete the job additional moneys had to be paid out; and I don't know yet how much more had to be paid than was originally contemplated for the same structure; which suggests to me that whatever contract was let the first time was substantially less than it should have been, and I should think the Minister would have asked questions as to what happened? Why this increase in cost? Why does a company go broke? The fact that it goes broke is apparently an indication that it couldn't match its bid. It couldn't build for the price at which it had contemplated to build so they went broke, that's the normal thing.

Now I see the Minister saying that it's better to have a first mortgage than a second mortgage. Well, Mr. Chairman, I'd have to question whether that's true. If you're going to put up the money equivalent to the first mortgage, why is it better to have a first than a second? It's the total exposure that counts. And meanwhile apparently the government has put up more money at 12-1/2 percent interest than it would have been required to do had the federal people stayed in. So the direct question to the Minister is, were the federal people prepared to go in

on this new transaction to the same extent as in the first?

MR. GOURLAY: I can't accurately indicate the position of the federal government at this point in time. However, as I indicated, I'd be happy to supply the full details of the project. I know that the additional cost in the construction of the hotel drastically increased when the original contractor went bankrupt and they had to find a new contractor to come in and finish a project that was well advanced, that still a considerable amount of work had to be done. I know that the original estimate, the cost of the motel went up as a result of this new transaction with a new contractor on site.

MR. CHERNIACK: Mr. Chairman, any lender has to have some idea as to whether the moneys originally proposed to be advanced would be sufficient to complete the job, and if it turns out that there was a substantial price to be paid in excess of the original in order to complete the job, then it means that there has been some bad mistake in estimating or in monitoring the disbursements of the first time.

I wonder how the Manitoba government could sink over 100,000, you said — I think 150,000 — into a project without knowing that all the money that went in was intangible building which would not be lost if it were developed from thereon in. But now the Minister says it was much more than it was originally contemplated which sounds most peculiar to me — I'm talking about generalities, not specifics; I understand the Minister doesn't have specifics now — the first question that would occur to him if he were told it's better to have a first mortgage than a second, is whether he had a choice. It seems to me that since it had to be a choice between the feds and the province, the feds may have said, we're out of it, and the Minister doesn't even know if they said, we're out of it, or not.

MR. GOURLAY: Mr. Chairman, I'm trying to recall the specific details and I would suspect, and I can't recall for sure, but I rather doubt that the federal government was prepared to put more money into the project at the time. It was going to recall further CEDF funding to complete the project and still have no further collateral to cover their investment, and was a decision of the board that they undertake to completely finance the project at this point in time. Was the better of two evils.

MR. CHERNIACK: Mr. Chairman, now the Minister and I are both inclined to agree, I mean, we are agreed in suspecting that the federal were going to pull out of it. Now he doesn't know for sure but I was aiming at that because I'm pretty sure they were going to pull out of it and leave it high and dry. And I'm saying, if they were protecting taxpayers money that way then I'm marvelling that the Manitoba government wasn't prepared to protect taxpayers money to the same extent rather than putting it in. It's beginning to look to me like it wasn't a matter of choice but of CEDF saying, well, we'll take a first mortgage, because, Mr. Chairman, if there's 100,000 first and you have a 300,000 second, the total indebtedness is 400,000; and if you replace that first 100,000 and the second 300,000 by one first

mortgage for 400,000, it's the same amount of money that is exposed, only somebody else is subsidizing the interest rate to the extent of the first mortgage. So the reasoning seems to me, Mr. Chairman, to be faulty.

But what I'm really concerned about is, what is the true value of that place? It was intended to come in at a much lesser figure; it came in at much more. Is that still to say . . . You know, Mr. Chairman, I have to say, shades of the CFI. I have to say shades of that boat on the Winnipeg River, rather on Lake Winnipeg. I have to say all those things that the Minister of Fitness can reel off one after the other of terrible deals he inherited from the previous government, and my goodness, Mr. Chairman, it looks to me like we've got another one here. Here we have an equity of some 7 percent and we have apparently an ARDA forgiveness of 185,000.00. Is that forgiven right off the bat whether or not they make it? Because as I recall DREE, Mr. Chairman, as I recall CFI, the arrangement had to continue I think for a period of three years, during which time there was some forgiveness. Now I would want to know from the Minister whether this 185,000 is in fact forgiven or whether it is potentially forgiven. That's a rather important question because that would affect, surely, the exposure by the Manitoba government.

MR. GOURLAY: The 185,000 is forgiven, totally forgiven.

MR. CHERNIACK: Now we are told, Mr. Chairman, that there's a mortgage for 540,000 odd . . . Pardon?

MR. GOURLAY: 396,000.00.

MR. CHERNIACK: We were told it was 541,000 and when the Minister says forgiven 185,000, does he mean that the federal government paid that to the CEDF?

MR. GOURLAY: I think I did throw out a figure of 541,000 earlier in the discussion. That figure should have been 581,000 less 185,000 Special ARDA Grant, bringing the total cost to the owners, 396,000.00.

MR. CHERNIACK: Mr. Chairman, how much is the investment approximately by CEDF?

MR. GOURLAY: 396,000.00.

MR. CHERNIACK: And in addition to that the owners have 42,000, is that correct?

MR. GOURLAY: Right.

MR. CHERNIACK: All right. So that the figure of 581,000 which included the 42,000, was a figure which also included the forgiveness by ARDA?

MR. GOURLAY: As I indicated earlier, I would like to supply you with the specific figures. I'm only trying to recall from memory and these are only what I can recall, and I would be pleased to supply you with the complete details for your records.

MR. CHERNIACK: Mr. Chairman, I for one would very much appreciate receiving those but I also would like an opportunity, once having them, of discussing them with the Minister. Really what I'm now interested in is assessing the Minister's judgement in this deal, and as I say, the Minister of Fitness is here and he can reel off without any difficulty, criticisms of various transactions that have taken place in the past where there was hardly any equity, and here, it looks like taxpayers' money is into this whole thing all the way, whether it's federal or provincial.

The one thing that bothers me is, the Minister said that there was Snow Lake pressure. Frankly, I don't understand that as being a reason of any kind whatsoever. I mean, either this was a viable operation or it wasn't, and if the department was not prepared to write off 100,000 or 150,000, how much is it prepared to write off in order to make sure that this is viable? Let's face up to it now. If these people are walking in with something like a 7 percent equity, then has the government revamped its projections as to viability and decided to make it on a more practical basis in order to take a loss? The government doesn't object to making grants so is it going to make a grant or does it see already that these people are burdened with an impossible burden? Is he taking two people, young people I gather, without any experience in the hotel business, and going to make them work very hard and does he see that they will be able to walk out of that with something, or will they be working for the next few years and finally have to give it up because they're not making payments to the government? In other words, is the government going to give them grants to finance the operation; is it going to reduce interest, waive interest, waive principle, like ARDA did apparently, in order to make this viable? Do these people have a hope? So I have to ask the Minister specifically, what efforts is he making to monitor the ongoing operations of this hotel to make sure that these people who appear to be unfortunate people who are now caught in a vise, are not going to be squeezed so that all their hopes and expectations are dashed to the ground.

MR. GOURLAY: Mr. Chairman, CEDF will be monitoring the operation of this hotel project very closely in co-operation with the owners. There will be expert advice available to the couple that will be running this project. The member indicated the pressures from the people of Snow Lake, what bearing would that have? All I indicated was that the people of the community are enthusiastic about this project, were anxious to see it proceed. They feel that it is needed in the community, in spite of what the Member for Flin Flon has indicated, and the fact that the tourist trade is also anticipated to be very great, and mind you, this was prior to the dry season and the forest fire hazard that struck the community and this may affect the tourist trade for the balance of this year. Hopefully that will not be the case and the weather situation will change that situation. Granted, the people that will be in this project are going to have a big task ahead of them to make this function. They are willing to take this risk and to work hard at it and I am sure that they have the right

attitude and desire to make it function properly and viably.

MR. CHERNIACK: Mr. Chairman, the Tory government wiped out effectively the MDC and say, we don't believe in that kind of financing, we do not believe that that should be done, but they maintained the CEDF. Why? Because of the reasons I think mentioned by the Member for Rupertsland. To help stimulate the growth and economy in the northern areas of Manitoba and especially to help the underprivileged people start to surface in their own operations. Now the Minister is giving us all the traditional justifications that the Tory government has been so critical of in opposition. Tourism, the townspeople like it. Of course they liked it.

The city of Winnipeg people enjoyed hearing all about Trizec until they found out the extent to which they were taken in financing Trizec. So everybody seems to think that seeing a building going up is good. But I am really shocked that the justifications given by the Minister don't at all jibe with what I understood, and the Member for Rupertsland understood, were the objectives of CEDF. It seems to me that the government got trapped into an operation which was not feasible. There was a bankruptcy. The government stepped in, pitched in more money, pitched in more money, decided that a first mortgage looked better on its books than a second mortgage and therefore took the federal people off the hook, and though the Minister and I suspected the federal people were not going to go along with this second project, and yet we find they have sunk 185,000, already forgiven, he says, they've already advanced 185,000 into a motel. I would ask the Minister when he gives us all the information, to file with us the necessary documentation to show that the ARDA money was paid and made as a grant which is not repayable under any circumstances to the federal government so we get a fuller picture of that. So I would ask the Minister if he would produce that information as well.

Then, Mr. Chairman, if the Minister would see to it that we got this information before we dealt with that other item, which he says also deals with this, then we could possibly review it with him when he gives us the information under that — I forget . . . page, 32 is it, Mr. Chairman?

MR. GOURLAY: Yes, 32, 33.

MR. CHERNIACK: Then we could probably come back to it with that information. Can the Minister see that we have that information before we deal with 32, 33?

MR. GOURLAY: Mr. Chairman, I indicated earlier that I would get this information with respect to the Snow Lake Motel as soon as I possibly could and supply it to the members.

MR. CHAIRMAN: 1.(a)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, just a follow-up on the comments of the Honourable Member for St. Johns. I believe someone from behind me here said

the more we hear about this, the more it sounds familiar.

Mr. Chairman, if one remembers the comments made by honourable members of the Progressive Conservative Party when they were discussing the Thunderbird Lodge and lamenting the fact that the provincial government had made any loan financing whatsoever towards that venture, and to use a comparison, Mr. Chairman, the Thunderbird Lodge, I believe the final tally or total for that project was probably about the same level as the project we're considering here. That was, as you recall, a lodge in northern Manitoba, supposed to be for servicing tourists on a lake which was supposed to be a viable lake. It had a main lodge cabin with several out-camps. I just don't recall the numbers that were reported. But, Mr. Chairman, the operations were certainly similar in many respects as to scale and also type of operation.

Honourable members of the Progressive Conservative Party were very critical of the Manitoba government's involvement in that even though they knew full well at the time that the loan that was made —(Interjection)— Mr. Chairman, to use that example as a contrast and for the information of the Honourable Minister of Highways, who is commenting from his seat again, the Communities Economic Development Fund made a loan, as I understand it, to the Thunderbird Lodge operation of 75,000 which was within the authority of the board of the directors of the communities economic development fund to make. That was made, as I understand it, an operational loan. There was no involvement of any Cabinet Minister in any funding to the Thunderbird Lodge.

In contrast, Mr. Chairman, here we have a hotel operation in Snow Lake, which is being operated by two individuals who have had no experience in hotel business, who have obtained a loan from the Manitoba government through the communities economic development fund, and in this case, Mr. Chairman, in contrast to that which was received by the Thunderbird Lodge where the board of directors had the authority to make a decision and made a decision without reference to a Minister of Cabinet, in this case the amount was so substantial as to require the approval of the Minister. In the first case I assume it was the Honourable Member for Thompson, when he was the Minister of Northern Affairs, that made the original approval of 248,000 for this facility. The honourable present Minister had to pick up the pieces of that problem and in order to try to salvage the government investment, had to increase the loan by over 100,000 so the net amount now is somewhere in the order of 370-380 thousand owing to the Manitoba government. All of which I point out was made under the authority directly of the Minister and not directly by the communities economic development fund board of directors because it's beyond their authority to make such a loan.

Mr. Chairman, I am shocked that the government would take this kind of action with respect to one loan in a community, in a town, with all due respect to my colleague from Snow Lake and the need for such a facility in that community, I would maintain that that facility is not so desperately needed that this kind of financing need be provided to one

project, and particularly to two individuals who have no experience in the operation of that kind of business, if indeed they have had any experience in the operation of any business at all at any time. The information I received from the Minister tonight and from other sources would indicate that they have not had any business experience. So I am indeed very surprised and shocked that this government that prided itself in its original statements of getting the government out of business and of making loans to losing propositions, would put themselves out on a limb on a project like this that's not really needed and making a huge loan to individuals who have no real experience in the business world.

Mr. Chairman, I think the honourable members will have plenty of time to lament and to weep over this decision that was made by this Minister and his colleague who was the former Minister for this department, because I believe that this project will have great difficulty in days ahead, given the management ability that's been indicated by the individuals in question.

MR. CHAIRMAN: 1.(a)—pass — the Member for Churchill.

MR. COWAN: Thank you, Mr. Chairperson. When opening the remarks from this side in regard to the Minister's estimates, we made some general statements in reference to the problems that confront the Minister in northern Manitoba, and I wanted to make the record explicitly clear that these problems have been around for quite some time. They are not problems of the Minister's making. They are not problems of any one government's making. They are historical problems.

I said that at the beginning, and at that time I believe that perhaps one of the member's opposite had misinterpreted what I said. So I wanted to make certain that the record is clear in the fact that we don't wish to assess blame in this regard but we wish to examine the situation and we do wish to examine what the government has done in regard to dealing with them. Because while they may not be blamed — it would be unfair to blame them for the situation that confronts them, particularly this Minister who has been in the portfolio for a very short time — we can very reasonably assess what they have done and analyze it and try to determine whether or not it will meet the need according to our perception of the need and our perception of the activities of the Minister.

I would like to put some specific statistics on the record because I believe they are pertinent and I believe they are important and I would like for any person who is interested in what is happening in northern Manitoba, in the north of this country, among particularly the Indian and Metis people of this country, to understand the full extent of the problem that confronts the Minister. Maybe I'll go through them piece by piece which is probably the best way.

Taking the life expectancy, Mr. Chairperson, is probably one accurate way to reflect, not only the number of years that an individual lives, but the quality of life that an individual has during that lifetime, because if their life expectancy is in fact out of line with the life expectancy of other groups within

the society, we can assume that it is that way because of lack of health care, because of lack of other facilities, because of lack of opportunity to live a productive and complete life.

If we look at the life expectancy in years of the Indian people versus all Canadians, we'll find that for females the life expectancy of Indians is 43.3 years. We have to compare that with all Canadians for females, which is 69.1 years, and we have to ask ourselves why that tremendous difference of almost 23 years? Why does a Canadian person, primarily white Canadian person, live on an average 23 years longer than an Indian person? There is something terribly wrong in our society when we recognize the extent of the difference in life expectancy between Indian people, in this instance, Indian females, and Canadian females generally.

The statistics are not much different for males, whereas Indians have a life expectancy of 41.5 years and all Canadians have a life expectancy of 63.6 years. So we see a 22-year difference. Those 22 years have been taken — statistically mind you, but we have to realize that the statistics do in fact represent real people — have been taken from the Indian people because of many of the problems that they find they must confront throughout their lifetime.

The quality of life is by and large determined right from the very moment that a person is born, and we find that, in fact, the statistics regarding infant mortality for 1,000 live births do show that Indian people again are suffering far more mortalities among their infants than are the Canadian society as a whole. The Indians suffer 39.6 infant mortalities per 1,000 live births while all Canadians, on average, suffer 15. So we're looking at more than double in that regard.

But then after surviving the birth trauma, if they have — and we have to look at why more Indian children die within the first year than Canadian children in general, and that is because of the housing that they find themselves in; that the housing is substandard in many instances; that the housing is deplorable in many other instances. We also find that the diet of the pregnant mother is different, that the diet of the pregnant mother is not, in many instances, as healthy as it is for other Canadians, and that is because of lack of access to transportation systems as well as a lower median income which would result in them having diets that are not par with other Canadians.

We also have to look at the health care because that's a very difficult time for any individual entering this world, and that is when they are born. It is important that the health care at that time be sufficient to meet the very severe needs of a newborn. We find that in the reserve community, in the Metis community, in northern communities in general, that we don't have the health access system setup that we do in the more urban centres. So we find that there is a problem there.

Then we look at them as they follow their life through education and we find that only 19.1 percent of all Indians, on average, complete high school as compared to 88 percent of all Canadians. So we see a very significant different there and we have to question why that difference exists and why we're allowing it to exist; because these figures, Mr. Chairperson, while improving somewhat, are not

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improving significantly to any great extent and are not, in fact, improving to the same degree that are improvements being made in other areas of the society.

Then when the Indian and the Metis person goes to find a job they will find that because of poor health, because of lack of educational opportunity, that they are going to be frozen out of the job market. This is an area where the Minister can have some profound impact with programs under the Northlands Agreement that teach skills that have not been taught before, and we were quite concerned to see many of those programs cut back, many of those programs sold off to private enterprise. We know for a fact that in most instances when that happened the programs employed fewer people or went entirely out of business because there was a need for government involvement if the dedication was there. So we find 47 percent of all Indian people on average unemployed as compared to the 8 or 9 percent that we find throughout the rest of society.

We find that 54 percent of all Indians are living in what can be considered substandard housing as compared to 9.7 percent in regard to all Canadian society; and both those figures are deplorable. That anyone in this day and age should have to live in substandard housing, Mr. Chairperson, is something that we should reflect upon for quite some time and develop programs to deal with. We're concerned that those programs aren't being developed to the extent that they should be.

I'd like to quote just very briefly from a report that was entitled, *The Study of Accidental and Violent Deaths of Indian People in Manitoba*. It's copyrighted in 1978 by the Manitoba Indian Nurses' Association. What it shows, Mr. Chairperson, is that accidents and violence are the leading cause of death among Indian people. They are not among white people. They are not among most other segments of society. But among Indian and Metis people they are. If the present patterns continue — and this report studies patterns from 1974 to 1978 — we will find that one out of three Indian persons and Metis persons will die due to a violent or an accidental death and that's a staggering statistic on its own. Unfortunately we have a societal tendency among ourselves, and it's perfectly natural and understandable although it is unfortunate nonetheless, to blame the victim, to blame the Indian person, to blame the Metis person for the circumstances that cause the frustration and desperation that lead to these accidental deaths, that lead to these violent deaths. I have read off some of the statistics.

I would suggest, Mr. Chairperson, that if we lived under those same conditions, if we lived under the same circumstances, that the frustration and desperation that manifests themselves in the accidents and the violence that are reported in this very pertinent document — a document I might add, by the way, which the government has refused to table; not this Minister but the Minister of Health has refused to table — but if it were you or I who were in those circumstances, confronted with a similar situation, we would suffer the same statistics. If it was you or I who suffered a 20-year reduced life expectancy; if it was you or I who had 25 percent of our friends and colleagues going to high school; if it was you or I who watched our children die off in

circumstances like that or suffered the unemployment levels or had to live in substandard housing, we too would suffer the same sort of statistics in regard to accidental and violent deaths.

So I believe that the situation that confronts the Minister, the situation that confronts this government, the situation that confronted our government, the situation that will confront the next government, whichever government it may well be, is a serious situation and is worthy of some very strong action. It's not that we're saying the Minister is not taking any action. We have just suggested on this side that he's not taking strong enough action and that they have cut back on what we consider to be some very important programs. We deplore that and we hope that the Minister who has from time to time during these estimates, showed that he is willing to reconsider some of his actions; that he will reconsider some of the cutbacks that have taken place in regard to programs under the Northlands Agreement, programs under his Ministry and that he will reconsider the attitude that his government has shown in regard to northern Manitoba. We can only encourage him to do that, suggest very strongly that he do that, because if he does not, these statistics will not get better, they will in fact worsen and as they worsen they will create frustration, they will create strains on the entire society. The problems will not confine themselves to northern Manitoba. We saw that last year with the demonstration on the lawn and we saw that last year with the demonstration in the Federal Building; because the fact is that you cannot confine that type of poverty and that type of frustration and that type of desperation to a geographical area. It will move out and it will have an impact on every area in the province.

So we are not just talking about northern Manitoba. We are in fact talking about Manitoba on the whole. We are in fact talking about Canada as a whole. We are in fact talking about our world as a whole. The true test of a government, of any government, of a legislator, is how they react to this specific type of problem, because this is the type of problem that is difficult to solve; this is the type of problem that demands extraordinary dedication and extraordinary action on the part of a government. It is the type of problem when you cost it out in dollars and cents it does not make economic sense if you look at the very narrow vision of, does this program in fact pay for itself right now.

One has to devise and implement a social cost-benefit analysis system that will determine whether or not there are hidden costs to allowing this frustration and this poverty to exist. I will suggest that there is, I will suggest that we will find that those hidden costs will, in some way, impact themselves on the economic conditions of our province as a whole. So it is best to try to deal with that problem in the most productive manner possible, and that is to provide economic opportunity; that is to provide educational opportunity; that is to provide better housing, better food; that is to provide an opportunity for persons that they don't suffer the frustration and the desperation, and that is to, in very broad terms, paint a broad stroke in regard to the type of programs that you deal with. You can't cost them out on a single program basis. It won't

work. We will end up paying for it in other programs. We will end up paying for it in welfare programs. We will end up paying for it in hospital programs. We will end up paying for it in maintaining jail populations. The fact is, that we can solve the problem by attacking the problem at the root, and the root, Mr. Chairperson, is the circumstance; and the circumstances are one of poor health conditions, poor housing conditions, poor economic conditions.

So we are dissatisfied with what has been done. We would have hoped that more would have been done. We had hoped that we'd put in place some mechanisms to deal with those problems that would be continued by this government and expanded upon more so than they have done. We have felt that they have become trapped from time to time in their own ideology in wanting to sell off programs that were performing a function, to the private sector. We have found in the case of, say, Athapap Builders, in the case of Pakwagan Loggers, that when these projects which were providing employment, providing opportunity, most important, were providing hope, were sold off to the private sector, that they failed, and the government should have known that. We knew that. They cannot exist alone. They need support. But the money that is spent on those programs will pay benefits for a long time to come. So we just hope that the Minister, between now and the next estimates, will have opportunity to re-examine some of the actions of the previous Minister, some of his own actions and will come back next year with an expanded program, with a bit more dedication to solving the problems that we've just outlined and we can discuss the better use of his Department of Northern Affairs.

Having said that, Mr. Chairperson, I hope that we have offered him some encouragement as well as some support in that regard.

MR. CHAIRMAN: (1)(a)—pass. Resolved that there be granted to Her Majesty a sum not exceeding 208,800 for Northern Affairs—pass. Committee rise.

SUPPLY — EDUCATION

MR. CHAIRMAN, Abe Kovnats (Radisson): This committee will come to order. I would direct the honourable members attention to page 39 of the Main Estimates, Department of Education. Resolution No. 51, Clause 2. Research, Item (a) Salaries—pass — the Honourable Member for Rossmere.

MR. VIC SCHROEDER: Yes, Mr. Chairman. In the Minister's opening remarks he'd indicated that one of the proposed plans of the Research Branch was to implement a test-scoring support service for the department and school divisions. It may be that I've missed any discussion of this during these estimates, but could he just expand on that for a minute?

MR. CHAIRMAN: The Honourable Minister.

HON. KEITH A. COSENS ((Gimli): Mr. Chairman, I believe the honourable member is referring to an optical scanner which this particular department will be utilizing in the coming months. This particular equipment will enable them to provide a great deal

of support, not only to the assessment program of the department but also for the particular programs that school divisions are offering.

MR. CHAIRMAN: Item (a)—pass; (b)—pass; Clause 2.—pass. Resolution No. 51—pass. Resolved that there be granted to Her Majesty a sum not exceeding 299,300, Department of Education. Research, 299,300—pass.

Resolution No. 52, Clause 3. Financial Support Public Schools, Item (a) School Grants and Other Assistance—pass — the Honourable Minister.

MR. COSENS: Mr. Chairman, just as an introduction, this is the particular section that covers the grants under the Foundation Program, and other grants that go out to assist school divisions in the financing of the particular programs that they offer during the year.

The sum that appears there this year is some 221,229,300, which represents I believe in a rough calculation, some 8.4 percent increase over last year. There are a number of areas where we have increased these grants this year, Mr. Chairman, and perhaps I could just touch on them briefly.

Under the Foundation Program the transportation grant has been increased from 255.00 to 290.00 per transported pupil, an increase of some 35.00 per pupil. We are well aware, Mr. Chairman, that transportation costs are increasing and this is, in part, the government's response to that perceived concern of school divisions.

We also have increased the print and non-print materials grant. This was a grant of some 16.00 per pupil; we have increased this to 20.00 per pupil, Mr. Chairman, realizing that costs of textbooks are increasing as is almost everything else in our society, with the exception perhaps of Hydro rates.

The per pupil grant which forms a large portion of the Foundation Program is the area that has received the single most significant increase, Mr. Chairman. It is increased from 307.00 per pupil to 365.00 per pupil, an increase of some 58.00. These are some of the, perhaps, most significant increases although the declining enrolment grant that I alluded to this afternoon in our discussions on declining enrolment has been increased from 350 per student to 500 per student, a rather significant increase, Mr. Chairman.

There are a number of other areas where there have been increases as well, Mr. Chairman. These are some of the highlights that I thought I would touch on at this time. This particular section is composed, not only of the Foundation Program, but also the Other Grants portion, as well. So there are actually two components to the Educational Finance section.

MR. CHAIRMAN: The Honourable Member for Rossmere.

MR. SCHROEDER: Could the Minister advise as to the amount of Item (a) which goes to public schools and the amount which goes to private schools?

MR. COSENS: Mr. Chairman, the moneys budgeted for private school agreements and that is for instruction in private schools, for 1980-81 is some 2,707,985.00. That amount is separate from the

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funding that we have been discussing for the public schools.

MR. SCHROEDER: Mr. Chairman, could the Minister advise, although that funding is separate, could he advise as to whether that funding is a part of the 221,229,300 we are discussing here?

MR. COSENS: No, Mr. Chairman, I repeat, it's separate and not part of that particular program.

MR. SCHROEDER: Could the Minister then advise as to where it is located in the departmental estimate?

MR. COSENS: It's found under this particular heading, Mr. Chairman, 3.(a) Grants and Other Assistance. I suppose you could give it the appellation, Other Assistance, if you wish.

MR. CHAIRMAN: (a)—pass — the Honourable Member for Rossmere.

MR. SCHROEDER: Well, Mr. Chairman, 3.(a) states School Grants and Other Assistance, total 221,229,300.00. If we have 221,229,300 being applied to the public school system, then where is the extra 2,700,000.00?

MR. COSENS: Pardon me, Mr. Chairman. Of course, it's in this section. I thought that the honourable member was referring to the Foundation Program. Certainly, it's included in the 221 million. I'm sorry if I mislead him.

MR. CHAIRMAN: (a)—pass — the Honourable Member for Rossmere.

MR. SCHROEDER: Yes, Mr. Chairman, are there any small school grants included and could the Minister advise as to, if not, when the last year was that we had small school grants and why we no longer have them in view of situations which have arisen in the past year, such as Elkhorn, in the Fort La Bosse School Division?

MR. COSENS: There are no small school grants, as such, Mr. Chairman. The last year these were paid was in 1978, I believe, and what we have done there on the recommendation of the Special Advisory Board on Educational Financing, made up of representatives from the School Trustees Associations, superintendents and Teachers Association, on their recommendation we have abolished that particular grant and we have added additional moneys under the per pupil grant that we feel that more than compensates for the moneys that school divisions have received under the previous small schools grant. There were several inequities that existed in that particular grant, there were some divisions who had considerable number of small schools but did not qualify under the particular formula that applied.

MR. CHAIRMAN: The Honourable Member for Rossmere.

MR. SCHROEDER: I ask the Minister whether in the Fort La Bosse School Division had the small

schools grant applied they would not have had the problems that they had this past year, and I refer to the month long situation where the children were not in school, the local school division was squeezed for funds and is one of the reasons why those things are happening, the fact that these types of grants are no longer in existence.

MR. COSENS: Mr. Chairman, I can assure the honourable member that under the present system with the enrichment of the per pupil grant that the Fort La Bosse School Division, without even checking the figures, and I am not sure of the discrepancy between what exists now and what would have existed with the small schools grant, without checking that I can assure the member that the Fort La Bosse School Division would receive more moneys under the present setup than they would have if the per pupil grant had not been enriched and if the old small schools grant had remained in place.

MR. SCHROEDER: Well, could the Minister then advise as to the percentage of public school education financing which is taken care of by this item for the year 1980-81 as opposed to the last four or five years, say the last five years.

MR. COSENS: In total, Mr. Chairman, in both direct and indirect grants to school divisions, the percentage this year of the net expenditures of school divisions in this province, that percentage in total of direct and indirect grants is some 76.6 percent. That's for 1980 our present year that we are in. For 1979 that percentage was 73 percent — again I'm speaking of direct and indirect grants, Mr. Chairman; for 1978, 72.9; for 1977, 75.4 percent; for 1976, 73.7 percent. And I can keep going if the honourable member so desires for another two or three years but I think that gives the picture over the last four or five years.

MR. SCHROEDER: For 1980 that 76 percent, does that include the property tax credit which is payable to individuals over and above any education tax that may be payable, and if so, what percentage of the property tax credit is actually for municipal taxation as opposed to education cost?

MR. COSENS: Mr. Chairman, the figure includes the total tax credit, as it has for the last number of years, five or six years, I'm using exactly the same type of comparative figures for 1980 as have been used since, I believe, about 1973 or 1974, and in answer to his question, yes, it's 100 percent of that tax credit. I'm not aware of what the percentage would be. I have never been able to find that figure and I understand that no government to this point has broken it down, Mr. Chairman.

MR. SCHROEDER: Well, Mr. Chairman, I would suggest that it's not that difficult to break down; on each tax bill there's an indication as to the amount of education tax payable. Those individuals who have less than 225 of education tax payable, receive 225 anyway as a minimum, providing that the total tax bill is 225.00 The difference between the education tax and the 225 certainly is a property tax credit as

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opposed to an education tax credit and if at the end of the year they receive further funds on their income tax return, that as well as a municipal tax credit as opposed to an education tax credit and whether that calculation has been made as an education tax credit or not in the past, it would seem to me that the appropriate procedure would be to separate out the education portion when we are dealing with education, and I don't think it would be that difficult a task. I would ask the Minister to try to do that.

MR. CHAIRMAN: (a)—pass — the Honourable Member for St. Vital.

MR. WALDING: No, Mr. Chairman, we're not prepared to pass 237 million at this stage. I wonder if the Minister has given the committee a breakdown as to this particular amount, both under the Foundation Program and the Other Grants. If not, would he give it to the committee now.

MR. COSENS: Mr. Chairman, first of all under the Foundation Program, under the following categories these are the amounts for 1980: Under Salary 80,607,585; Transportation — the honourable member may have missed the first part of my remarks — we have increased that some 35 per transported pupil, that figure is 16,254,926; under the heading Capital, sub-heading Buses, the figure is 4,659,450, and still under Capital, sub-heading Debt Servicing the figure is 30,280,628; under the sub-heading, still under Capital, Other Capital 5 million; under the sub-heading Vocational Equipment, still under Capital 1 million. Under the heading, Print and Non-print, and I mentioned in my earlier remarks that we have increased this from 16 per pupil to 20 per pupil. The figure is 4,057,740.00. The vocational per pupil grant, 3,418,550.00. Per pupil grant, I think I mentioned earlier also that there's been a 58 increase per pupil in this particular category this year, 71,109,665.00. In the library grant per pupil, this is 5 per pupil, 974,105.00. The declining enrolment grant, and this has been increased from 350 per pupil to 500 per pupil; the figure for this year, 2,612,250.00. Under the heading, Transfers, 9,366.00. Under Administration, Finance Board, Salaries and Expenses, 416,000.00. Under the heading, Interest Charges, 950,000.00. Those figures, Mr. Chairman, total 221,394,265.00. — (Interjection)— 221,394,265.00. That is the Foundation Program, Mr. Chairman.

Under the Other Grants portion of school assistance, under the equalization grant heading, and these grants are paid on the basis of school enrolment and balanced assessment in school divisions according to a formula, the total for equalization is 22,756,776.00. Under the heading, Special Revenue, 122,754; under Special Levy Reduction, 6,262,938, that's the particular section that pertains to Frontier School Division and a couple of smaller situations where there is special levy reduction that takes place. Frontier accounts for the greatest portion of that. Tuition fees, Indian, 2,836,704; tuition fees for non-Indian students, 1,817,388; special grants, 240,500; the northern cost of living grant, 696,345 — this is a special grant paid at a rate of 65 per student north of 53rd parallel and a rate of 80 per student north of the 60th parallel;

the school nutrition grant to Winnipeg School Division No. 1, 200,000.00.

The bilingualism grant is broken into two parts, Mr. Chairman. The first part, the Francaise, and the total there is 2,361,575, and the French section, 388,425.00. The Winnipeg special grant, sometimes called the core area grant, 1,500,000.00. Grant for St. Boniface College rental, 136,814.00. Private school agreements, where the instruction is in the public schools, the money goes directly to the public schools, 28,800.00. The non-resident grant, 184,000.00. The special needs grant for handicapped children, 1 million, Mr. Chairman. That grant has been doubled this year.

The grant for native paraprofessionals, 333,316.00. The Sacre Coeur grant, and this is an agreement that has existed for some time with Winnipeg School Division No. 1, 73,976.00. The grant for English as a second language, 259,627.00. The grant that entitles school tax rebate, and this should not be confused with the school tax rebate that we speak of in other parts of the program, Mr. Chairman, 25,000.00. Evening school grant — this covers in part rentals, in part teaching salaries, and in part the administration, a total, Mr. Chairman — and I'll just break those three down, let's say the grant for the rent is 21,180, the grant towards teachers' salaries for evening school is 148,960 and the grant towards administration is 10,825, for a total of 41,405,903. I've already mentioned the Honourable Member for Rossmere, who had asked me the amount of money that is paid under the private school agreements, that is 2,707,985.

MR. WALDING: Thank you, Mr. Chairman, the Minister has given us a lot of figures here and it will take a little time to digest. The Minister gave the value of the Foundation Program this year as 221,000,000; I'm sure he has the breakdown of the Foundation Levy, the provincial share and the grand total.

MR. COSENS: Yes, Mr. Chairman, of that 221 million, if I can speak in round figures, the Foundation Levy is some 44,278,853.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MRS. WESTBURY: Thank you, Mr. Chairperson. I wonder if the Minister would tell us why the program Headstart was terminated, and why the program Special Opportunity Medical and Dental Program for Native Children was terminated?

MR. COSENS: Mr. Chairman, I would be quite prepared to address those particular questions, but I believe they fall under the Native Education Branch and we will be considering that under 4.(d) on Program Development and Support Services.

MR. CHAIRMAN: Item (a)—pass; — the Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, I had asked the Minister for the provincial share. He didn't give it, but I did a bit of quick arithmetic and I come to 177

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million as the provincial share. I wonder if the Minister could just verify that for me?

MR. COSENS: I'll just check that, Mr. Chairman. 177,115,412, yes, the member is correct.

MR. CHAIRMAN: The Honourable Member for Rossmere.

MR. SCHROEDER: Mr. Chairman, I'm wondering whether it is the intention of the Minister to provide any funds for non-residents of Winnipeg for adult education in Winnipeg One School Division this year. If he will recall that Adult Education Centre has been going for some number of years during the 1960s and early '70s; there was no real problem because the bursary from the provincial government was approximately equal to the fees which students were being charged, but as inflation ate away at things, gradually these adult people who went back to high school have been put in a position where they are paying just absolutely atrocious fees to go to school. They are, I believe, somewhere in the range of 1,200 per year to take high school. I have a copy of a letter from the Minister to the Associate Superintendent of Winnipeg One dated April 20th, 1978; in that letter the Minister states I am replying to your recent letter with respect to support for non-resident students attending the Winnipeg Adult Education Centre. To begin to provide the support which you are requesting with respect to non-resident students would be to embark on a new program. One of the principles under which my government is operating this year is that no new programs will be started. I regret to say, therefore, that it is not possible for me to be of assistance in this matter. Yours sincerely.

Now that was several years ago, I would hope that now in 1980 the Minister would see his way clear to redressing this matter. Many people are allowed to take advantage of that Adult Education Centre. People, for instance, from rural and northern Manitoba can move into Winnipeg One and sort of become residents of Winnipeg One and thereby qualify for residency status. The people who are really hurt by the current situation are the people from suburban Winnipeg who live in East Kildonan, St. Vital or St. James or wherever, and just simply, if they remain in their homes and try to go to these schools, it's 1,200 a year. That's more than double or approximately double what it costs to take a university course, and I would hope that the Minister would soften his heart and consider doing something about this.

MR. COSENS: I can assure the Member for Rossmere we have this matter under consideration, Mr. Chairman.

MR. SCHROEDER: Mr. Chairman, this matter has been before the Minister for more than two years. Surely there is nothing complicated about it, either the government is going to pay or they will not pay, and to say that you've had it under consideration for two years, to say that you have it under consideration after being well aware of it for more than two years, knowing that it is affecting education for adults in our suburban and other areas of the province, is not good enough, I think that the

Minister should say, I'm going to fund them or I'm not going to fund them. To say that it's under consideration is just more flim flam.

MR. CHAIRMAN: (a)—pass; — the Honourable Member for Elmwood.

MR. RUSSELL DOERN: Mr. Chairman, I want to support my colleague here in regard to the Adult Education Centre and indicate that we have pressed this matter for a number of years. I think it is well known that the adult centre is to the advantage of students from all across the metropolitan Winnipeg area and probably to the advantage of the entire province as a whole. And I think it is true as well, Mr. Chairman, that as one who taught there a couple of summers ago, that there's also some hanky panky on the part of some of the students, who can easily register as Winnipeg students at the home of some relative, have the Winnipeg taxpayer pick up the burden and then go home to the suburbs or wherever the student formally resides. I assume that the Minister's problem here is that he doesn't have a million dollars or more which would probably adequately cover all the differences between the costs to the taxpayers of Winnipeg for one student, and the differential charged to people from outside the area. You might also tell him, Mr. Chairman, if he isn't fully aware of it, that a large number of the students at the centre are recent immigrants, and some I guess have their fees paid for by the federal government, and some have the finances to be able to afford their own education. So there we're talking about a very small amount of money and the Minister doesn't appear to have the money or the concern.

I also want to ask him about another area where he has simply dismissed a requirement that he should have met, and that is namely that it was indicated to him that there should be protective padding around gymnasiums because of the fact that a young 22-year-old basketball player was killed as a result of an injury in a basketball game and that there was a recommendation made as a result of an inquest that the gyms be padded. The Minister said, well, they should hang up their mats at either end of the basketball court because . . . I assume he said that. Again, I assume it's either a lack of interest, which I find hard to believe, or a lack of funds, which is probably the thing that stopped the Minister. But here we're dealing with what is clearly described as a matter of life and death. I discussed this matter, Mr. Chairman, and you would appreciate this as one who has a life-long interest in athletics. You can hang a mat close to a basketball court but if a couple of players jump up and one pushes the other or trips, they are going to have to be pretty high mats. They're going to have to be seven to ten feet in the air because if somebody is leaping in the air and they're six feet tall, they're going to go up over the end of what I think would be a normal mat. So there is 3 million or 4 million that the Minister doesn't have. He's missing a million here and a couple of million there and a couple of million there and this is where we are seeing some of his priorities.

The area that I would like to focus in on is of course in regard to the city of Winnipeg. I heard the Minister say earlier today that he had made an

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increase of a half million dollars in a special grant to the city of Winnipeg. I think this is a very major area of discussion this particular year. The Minister clearly thought this was a significant step forward. And it's also related, Mr. Chairman, to this whole business about the foundation levy and the whole problem of funding of education in general and in particular in Winnipeg School Division No. 1. If the Minister were to provide sufficient funds for the special needs and requirements of the students in Winnipeg School Division No. 1, that other question could be looked at or tackled or resolved in another way than is being suggested by one of his backbenchers. So for the past couple of years this Minister has said, not a penny more for the special needs and requirements of Winnipeg School Division No. 1. And after freezing that amount for consecutive years, he, in his third year, comes up with a 500,000 increase.

Mr. Chairman, on a requirement of 7 million to 8 million, that is not good enough. I think the Minister should have come up with at least half of that amount if not the entire amount. He seems to, although he is an educator himself, be unable or unwilling to grasp the special requirements of the Winnipeg School Division, because we're not just talking here about one division, the largest division. We're talking about a division which in a sense is the repository of all the needs and problems and peculiarities of our entire province. There are people in the central part of Winnipeg who have problems unlike that of people anywhere else in Manitoba. Some are different in kind and many are different in quantity, and I am sure at some point in the debate that my seat mate from Winnipeg Centre may say a few words on this particular matter because he is familiar with some of these particular problems because he represents people in this area, as I do, in the northeastern fringe, namely of Elmwood.

These people are, in common with everyone else, or at least with most divisions perhaps I should say, Mr. Chairman, being confronted with program cuts, which I suggest is a quality reduction. They are being confronted with larger classes and I would like to hear the Minister again on that topic. I don't know if he has given us an answer. I did, I think, raise this with him earlier about what he considered to be the maximum manageable size of a class. They are being confronted with increased taxes. The thing that most disturbs me is the special needs that are found here, that are in many cases not peculiar to other divisions; problems that are unique because of the fact that you have an older declining core area. The homes tend to be older. The residents tend to be poorer, and they tend to have special problems.

Just last weekend, Mr. Chairman, I drove through some of my old neighbourhoods in the north end of Winnipeg, which is one part of this area in the McGregor-Arlington area around McGregor and around Mountain and around Redwood and Stella and Dufferin and so on, and you can see visually some of the decay and also the changing nature of the area. There are a lot of people in the area who are on welfare or who are what might be described as the working poor. There are a lot of transients in the area and this presents, I think, a unique problem to the educators in the area. I mean, how do you handle a child who comes into your class for a month and then moves out? We've heard stories,

horror stories as the Tories were wont to call such things, of children who might move nine or ten times during the year. Well, how they can go into a new school and make adjustments into programs and dovetail their homework and pick up where they left off? If that happens, that's almost a guarantee for an average student of automatic failure.

Then there are the problems of native education. A lot of people who are natives come into Winnipeg and go into this region. Then they have special problems and then they go to Stony Mountain. The Minister comes from Stonewall and he knows the Stony Mountain situation and I don't know what the current figures are but they were a few years ago that maybe my colleague, who is the former Minister of Corrections, can reel them off, but there was a time when I think 60 to 70 percent of the inhabitants of that correctional facility were native Canadians. So there is a tendency to come off the reservation, into the north end and the core area, briefly touch the system and go right out the other door into the correctional facility. This is the kind of schooling that is being provided for.

Then we have the immigrants and, of course, this area has taken the immigrants from, I guess, the beginning of the province of Manitoba and the beginnings of the city of Winnipeg. People in the north end came from Europe, they came from the Austrian empire, the Russian empire, the English empire and so on. Nothing new in that regard, but the more recent immigrants, the Boat People, the Philippine community, Portuguese community, Italian-Canadians and so on are also pouring in and they have the same kind of problems, the same kind of needs as has been existent in the last many decades.

The division attempts to grapple with this. They have a tax base; they have people who don't have the kind of incomes that are found in some of the other areas. Then, they have these additional problems, so the division goes out of its way to provide summer courses, which have been endangered several times. They try to provide special counselling; they try to provide additional physical education and so on. All this while they are grappling with the prospect of larger and larger classes and smaller and smaller programs.

Mr. Chairman, one could speak at great length, but I think that I would stop at that point so as not to preclude other people on this side to hear the initial response of the Minister. I mean, he's been unable to come up with money for the adult education centre, and I think he should. He says that he will not come up with money to provide for the kind of protection necessary in gymnasiums, in view of a death. In particular, he is only able to come up with 500,000 as a special needs grant to the city of Winnipeg.

Mr. Chairman, if ever there was a justifiable area, in addition to these others mentioned, this is it. In the entire estimates I think that this area here is the one that is most underfinanced. It has the greatest need and that the Minister is not recognizing — I just cannot understand why he has been unable to obtain the funding necessary to provide the Winnipeg School Division with 7 million. And I would be very interested, along with everyone else on this side, to

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hear his explanation as to this paltry increase in the light of great and justifiable need.

MR. COSENS: Mr. Chairman, I'd like to respond to the remarks of the Member for Elmwood. He has covered a number of areas and I can appreciate the fact that he certainly is speaking up for what he feels are the concerns of part of his constituency and these are legitimate concerns. I do take exception to the approach he uses in regard to the protective padding in gymnasiums. I think he is really using a rather sensationalist approach there and trying to, more or less, find some headlines on the basis of what he thinks is a good sensational topic. I suggest to the Member for Elmwood that there have been gym mats hung strategically on the walls behind basketball baskets in the gymnasiums of this province for some time. In fact, Mr. Chairman, I was under the impression that they were hanging behind all baskets. I found out differently since, that there were a number of school divisions where that had not taken place, but in practically all schools that I've visited in the last number of years, I observed that, Mr. Chairman.

However, following the tragic accident of a few months ago, I had a letter sent out from the Public Schools Finance Board to all school divisions in the province pointing out the necessity for having gym mats, proper padding suspended behind basketball baskets in those particular areas where the greatest danger occurs. It is of some interest, however, Mr. Chairman, that over a large number of years, as far back as I can trace, we have not had that type of accident occur during a school activity. It's unfortunate in this case this particular death took place during an evening activity that was not, as I understand, a school-planned or school-sponsored activity.

Nonetheless, Mr. Chairman, I think it's imperative that the areas behind the baskets be properly padded. Of course, in many school gyms they have cross-court baskets, as well. They are used for practise purposes chiefly and, of course, if these are being used in a game situation it is also I think rather imperative that there be padding provided there. But the idea that gym mats would be suspended in this particular situation, Mr. Chairman, is nothing new. As I say, it's being done in the majority of high school gymnasiums in this province and following the letter that went out as of April 22, 1980, from the chairman of the Public Schools Finance Board to all school chairmen of school boards in the province, secretary-treasurers, I am sure that particular action has been taken.

The judge has also recommended, of course, that a greater distance be allowed between backboards and the end of the court, and his recommendation was as far as new buildings are concerned. It is something that I've asked school boards to look at in regard to existing buildings. So on that matter, Mr. Chairman, I'm a little bit disappointed in the Member for Elmwood. I think he is trying to capitalize on what he feels is a situation that politically might be advantageous.

As far as the Winnipeg special grant is concerned, Mr. Chairman, an increase of a-half-a-million, an increase of 50 percent in a particular grant in a year is certainly not insignificant. It may be to the Member

for Elmwood who has no problem in spending other people's money, and I would suggest to him also that though he keeps referring to this sum of money, he forgets another grant that exists in this particular appropriation, called the nutrition grant. This particular grant of some 200,000 applies only to Winnipeg School Division No. 1, as well, so we in fact could be talking about a total of 1,700,000, Mr. Chairman, that accrues to Winnipeg School Division No. 1 for assistance through particular needs in the core area of the city.

The Member for Elmwood throws out a figure of 7 million. Is that the figure he believes is the cost over and above the provincial funding that Winnipeg has to provide for special needs in the core area? I'm very interested if that's the figure that he's quoting, Mr. Chairman.

MR. DOERN: Mr. Chairman, without debating what the Minister just said previously, the figure I'm using, I believe, comes from the Winnipeg School Division itself. It could be from the Winnipeg Teachers Association, but I believe it comes from the Winnipeg School Trustees themselves, and that is their calculation — I think I can dig it out of their brief — as to costs that they have that are peculiar to the Winnipeg School Division. I accept that figure, and if the Minister doesn't, perhaps he could indicate where he is in agreement with it and where he isn't.

MR. COSENS: I was interested just to find out, Mr. Chairman, what particular source the Member for Elmwood was using in his reference to 7 million, which he calls paltry, by the way. It is not paltry in anyone's particular ballpark, I would suggest. I would also suggest to the Member for Elmwood that that particular 7 million, I believe, was an estimate, and I understand, although I haven't received any official notification on it, that subsequent studies have revised that figure downward a considerable amount. So when he throws the 7 million around quite freely, he will be interested, as I will, to see the new figures that have been arrived at after subsequent study.

However, I can also point out to the Member for Elmwood, that not only are we looking at a grant in total between attrition and the Winnipeg Centre grant of some 1,700,000. I have also mentioned in the figures that I gave to the Member for St. Vital, an increase of actually 100 percent in the special needs grant category, from a half a million to 1 million this year. I would suggest that a considerable portion of that will also accrue to Winnipeg School Division No. 1 in relation to their population and the needs of that population.

So, Mr. Chairman, when the member somehow would like to infer that we have no concern in that regard, that we're not doing anything, I suggest to him that in fact we are doing something, the figures speak for themselves. I can also tell the honourable member that as was announced in the Budget Address by the Minister of Finance, we are in the process of reviewing and have been in the process of reviewing the educational financing program for this province. All of these concerns are being looked at and given careful consideration as we work through that particular review. The results hopefully will be viewed by the honourable member and members of this House before the end of this calendar year.

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MR. CHAIRMAN: The Honourable Member for Minnedosa. I'm sorry, the Honourable Member for Elmwood. To the honourable members, before we allow the honourable member, we have allowed consistent interrogation of a particular person rather than break up the order in which people speak, but normally it is the person who stands up in his place that will be acknowledged. I think out of a courtesy we will allow the Honourable Member for Elmwood. —(Interjection)— Well, I missed you. The Honourable Member for Elmwood.

MR. DOERN: Mr. Chairman, sometimes a big man is hard to see. The Speaker has trouble seeing the Member for St. Boniface. Just in response to the Minister, we attempted several months ago to raise a matter of urgent public importance concerning the special needs and requirements of Winnipeg School Division No. 1. The operative part of that resolution was, that the division is supplying to residents of the core area of Winnipeg, services which are the responsibility of all the citizens of Manitoba.

I want to read one page of the submission that was presented to the Premier and members of the Cabinet in March of 1980 as to how they arrived at this particular figure. I read from page 5 of that particular brief, which indicated that in addition to the inflationary spiral in maintenance and energy costs, that the division has, Disproportionate numbers of special education, immigrant, native Canadian or other Special Needs children where the identified population is so distributed. Then they go on to explain that they have 238 teachers in their employ for whom the province paid no grant. Then they talked about some of the differences, for example, how the teaching situation has changed in the past 12 years; how, for example, the pupils have gone down in 12 years from 48,000 to 33,000; how the number of native pupils have gone from 1,000 to 5,000 — you can see the change there, Mr. Chairman, from probably 2 percent of the number of students to what looks like about 13 percent — and how they then had 12 years ago less than 100 students with English as a second language, and today they have 2,700 immigrant children with less than two years' residency in Canada. So obviously 12 years ago, the amount of immigration was not significant, just a fraction of their total numbers, and now it is approaching some 8 or 9 percent of their total numbers. Then they talked about their segregated special education students who could function in class situations as 1,300, 12 years ago and up to 3,200.

So, Mr. Chairman, I say that when one looks at, first of all, the needs alone in the Winnipeg Division, those are particular special needs and problems, the main cost of which is being borne by the taxpayers of the city of Winnipeg. That's in isolation. When you then take the past 12 years and look at the shifting patterns, you see that those special needs have grown enormously, so therefore the financial burden has grown as well, and the provincial government has not kept pace.

The Minister did not do anything for the first two and a half years his government was in office. They didn't increase the million dollar grant, they froze it, and now he's giving a half a million dollar increase. I say this is not adequate; that these are not my

figures; that these are the figures from the Winnipeg Division, and I ask him point blank, is he rejecting, does he deny that these are the true costs incurred by the Winnipeg School Division? I also ask him whether he doesn't feel that he should be able to do better in terms of funding what is not only the responsibility of the Winnipeg School Division but the responsibility of all Manitobans. It's simply an accident of geography that these people are in the Winnipeg School Division, but I think that it is clear that it is the provincial government's responsibility to provide the funding for the special needs and requirements.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. DAVID BLAKE: Thank you, Mr. Chairman. I don't want to belabour the particular topic, but I was unable to get the floor earlier. I have heard it before from that side of the House of the unfortunate accident that caused the death of a young man in a basketball game. We've heard the criticisms from that side of the House, and I just want to say, Mr. Chairman, that I think it's time that matter was put to rest, because I have some experience with basketball players. I had a daughter play university basketball and was on the G-pack All Stars with a couple of others that have gone on to the Olympic hopefuls. Unfortunately, she suffered knee damage and her basketball career is finished. I have talked to these people about that unfortunate incident, and I don't particularly care what the members on that side want to spend on padding and precautions on basketball courts, it's not going to change the situation. Mr. Chairman, they pad the gloves of boxers to prevent them from killing each other and that doesn't really always prevent unfortunate accidents. But for members on that side of the House, Mr. Chairman, to continually criticize the Minister for not providing funds for padding of the basketball areas is strictly a crass political gimmick, and I want to say that in the strongest possible terms. I think the Member for Elmwood ought to be ashamed of himself for continually bringing that up and criticizing the Minister of Education for not providing funds to pad all the basketball courts in Manitoba. He has told them what all the facilities are capable of doing, and all of the facilities know that and they have done it in many many cases. I can't say it in any stronger terms, Mr. Chairman, I abhor that type of cheap political trick and I don't want to hear it from the Member for Elmwood again, trying to capitalize on an unfortunate and untimely accident such as the one that happened on the basketball courts in the city of Winnipeg.

MR. DOERN: Mr. Chairman, on a point of privilege.

MR. CHAIRMAN: The Honourable Member for Elmwood on a point of privilege.

MR. DOERN: I have to tell the Member for Minnedosa, who speaks in some ignorance, speaks in some ignorance, and displays his ignorance, that I am quoting from an inquest that was held by a judge. It was the judge, not me. I have only raised this matter once before in question period; I have not

raised it before in estimates. I am quoting from an inquest from Judge J. T. Lismer, who recommended that end walls of gymnasiums be padded. He's the one who held the inquest on the death. He is the one who made the recommendations. He made the recommendations, and he is the one who I am quoting. So you might be better off directing your remarks against the judge, because I assume that the problem that the Minister has is one of dollars. I don't know if the member is saying that it doesn't matter whether you have the dollars or not, it's a waste of money, but I can tell you that the judge didn't say that. He suggested that by providing proper protection, you might prevent a recurrence of that accident. So if you want to stand up and make some charges against the judiciary, go ahead, but be aware of the fact that I didn't invent this situation and I am not labouring a point. I am making a point that this Minister has money for certain things and not for others. He is the one who decides the priorities, but it's Judge Lismer who was quoted extensively in the press, saying that he thought that funds should be provided for this purpose. So get it straight if you're going to make some comments.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. BLAKE: The Member for Elmwood asked me to get my facts straight. We have seen how clear he has his facts straight demonstrated again this afternoon in the question period. He didn't have his facts straight. I'm saying I'm not criticizing any expenditure of funds. I'm saying the suggestion was there that the protection be provided, and that is available in all of the gymnasiums, and the Minister has explained that before. I think that it's just a political trick to keep this matter going, and I couldn't mention it more strongly that I hope the Member for Elmwood lets it drop and quits bringing this up in Education estimates or any opportunity that he has, trying to make the Minister look in a bad light.

MR. CHAIRMAN: The Member for River Heights.

MR. FILMON: Mr. Chairman, on the same point of order.

MR. CHAIRMAN: We're on a point of privilege. The Honourable Member for Logan on a point of privilege.

MR. JENKINS: The point I wanted to know, if the Honourable Member for Minnedosa had a point of order. He rose on a point of order.

MR. CHAIRMAN: I corrected the Honourable Member for Minnedosa and asked him if he was speaking on the same point of privilege, and he carried on, so I assumed it was on the same point of privilege. The Honourable Member for Logan.

MR. JENKINS: Than I ask, Mr. Chairman, does the Member for Minnedosa have a point of privilege, because I would refer you to page 59 of our rules. A point of privilege, as has been stated many times in this House, should rarely arise. The difference of

opinion between members is not a point of privilege. With all due deference, Mr. Chairman, I would suggest you read the rule book.

MR. CHAIRMAN: Fair enough. I would have to rule on both the last two speakers who have been speaking on the point of privilege. The Honourable Member for Minnedosa has a difference of opinion and he doesn't have a point of privilege. The Honourable Member for Elmwood made the remarks as if they were his own remarks, not making reference to any judge at the time that he made his remarks, and therefore he does not have a point of privilege.

The Honourable Member for River Heights.

MR. FILMON: Mr. Chairman, I'm not sure whether I should pursue that point, because I was going to challenge the same lack of information that the Member for Minnedosa challenged in the statement of the Member for Elmwood. He indicated that mats were not adequate, because they would have to be ten feet high in order to provide sufficient presentation. I think it's obvious that the Member for Elmwood has not played basketball before, because I think he would realize that if he did, that no member of any basketball team rises to a height, other than his hands, may rise to a height of ten feet in playing the game, because otherwise the backboards, which are approximately six inches below the hoop, which puts them at a level of 9-1/2 feet, would come into collision with basketball players heads, and not even in the NFL have I heard of that happening. So — (Interjection)— I'm sorry, NBA, I beg your pardon. I'm watching too many sports these days. The NBA. Thank you very much for the correction, to the Member for Fort Rouge. I did play basketball for many years, including the senior league in which the unfortunate accident occurred. In fact, a cousin of the deceased was a team mate of mine during the many years that I played, and I am very familiar with the situation. The mats come in 8-foot lengths, and they would indeed provide the protection if properly installed at the back of the backboards. If the Minister has made that judgement that that's the most practical way to solve this situation at the present time, they certainly will provide adequate protection, I am sure.

Mr. Chairman, I had the privilege of being invited to the meeting at which the presentation was made by the Winnipeg School Division about their particular needs, and have since had an opportunity to follow up on a variety of items which we called into question during the time of their presentation. The division at the time when they put forward the 7 million figure were asked whether or not it was based on cost accounting and in fact if they had cost accounted each of the special needs programs that they referred to. I know that their response was that they did not have a program-by-program cost accounting and it was therefore an estimate. My understanding is that on review of the estimate they found that indeed the costs were not as great as they had originally projected.

Secondly, the division in its presentation indicates that it is the recipient for all of the special needs students from outside of the division who come into Winnipeg No. 1 to receive the specialised forms of

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training that they can have in Winnipeg No. 1, and it occurred to me later and I had the opportunity because a meeting was convened of all the representatives of home and school associations of schools within Winnipeg No. 1 that fall in my constituency, a meeting was convened at which one of the assistant superintendents attended as a resource person, Mr. Donald, whom many of you may know, and the statement was made in their presentation that there was some greater cost to the division because of all these people from outside the division coming in for these special needs programs. And it occurred to me that if all of these people were coming in from outside the division, surely that should be paid for by the divisions which sent the students into Winnipeg No. 1 and at this particular meeting in the River Heights area which Mr. Donald attended, he did confirm that all of the students who come from outside the division for any special needs classes do pay and do pay the exact cost. In fact he indicated some for handicapped students in which the costs, I believe, were in excess of 2,000 per student, in fact they may have been, they were much higher than I'd ever anticipated. He confirmed that the division does receive every penny for people who are sent in for special needs education from outside the division and in those cases they are able to establish what the exact costs are.

Mr. Chairman, I am wondering if this is the point at which I may address the Greater Winnipeg Education Levy. It's a topic which I wanted to address in debate earlier this year in the Private Member's Resolution but the time elapsed before I had the opportunity to speak and I'm concerned that I may not have the opportunity to speak on that particular topic other than in the estimates because the motion may not come forward again. Is this the proper time?

MR. CHAIRMAN: This would be the proper time under Item (a), it's quite a wide field and we've allowed a great deal of latitude in the discussions so

MR. FILMON: It has been referred to in the discussion and so I wanted to address it because I believe it is an area that does require review and in fact in my view should not be in existence in its present form as a cost to the Winnipeg School Division No. 1.

The Greater Winnipeg Education Levy was a part of the Unicity Legislation brought in by members opposite when they were in government in the early part of 1972. And it was in effect, I believe, Mr. Chairman, an effort to equalize the property taxes throughout the city to try and make some adjustment to lessen the blow on various areas of the city who would be as a result of unification facing much higher property taxes than they had been experiencing during the former separate, municipal jurisdictions. Particularly areas such as Tuxedo and St. James were going to face very massive and indeed did face massive increases in their property taxes. In those cases the increases were phased over, I believe it was three years, but as well the government of the day decided in its wisdom or lack of same to use the property tax, the school portion of the property tax, as a means of lessening this blow and trying to give some of these outlying

municipal jurisdictions a break when unification was causing such massive increases in their property taxes.

I believe, Mr. Chairman, that is the area in which they made their very very major mistake because the school portion is not, in my view, the part of the property tax which should have been used in order to accomplish any sort of lessening of the increase in property taxes in any particular area. It was the most inappropriate point, in my view, that they could have chosen. I believe that equalization overall makes some sense and in fact is recognized within the school finance situation in a variety of ways. Equalization of course in its larger sense is recognized by the Foundation Grant System, in which a much higher proportion of the moneys which are being collected for the Foundation Grant come from industrial and commercial properties and they are then spread throughout all of the divisions within the province, and in fact this results in a substantial equalization throughout all of the school divisions coming through that mechanism.

A second major area is the area which is referred to as Equalization Grants in the Education budget this year and I believe it's something in the range of 25 million. My understanding is that of that 25 million of equalization payments that is spread through divisions throughout the province, less than half-a-million goes back to Winnipeg No. 1. So in fact that's a second way in which the commercial, industrial source of taxation from Winnipeg provides for equalization payments throughout the various divisions in the province, the least of the payments of which goes to Winnipeg No. 1.

So they are already being equalized in two separate ways in terms of education financing in the province. What justification can be arrived at for saying that they should be equalized in a third way within the metropolitan area of Winnipeg, I don't find much justification for it, Mr. Chairman, and I'm afraid that my sense of what happened in 1972 is that the former administration, in wanting to lessen the blow of the increases in property taxes that were going to occur because some areas were richer in industry and commerce than others, went to the administrators in the Department of Education and said, we want to achieve some form of equalization, come up with a formula for us.

The Member for Elmwood will probably appreciate the analogy of having the answer that you want to arrive at and then saying to your people, give me the question or give me the justification. It reminds me of one of the regular routines that you see on the Johnny Carson Show. I'm not sure if the Member for Elmwood is a fan of Johnny Carson's, I don't have an envelope here but he has a routine that I think he calls the Amazing Carnac or the Incredible Carnac. —(Interjection)— The Great Carnac. He takes the envelope to his head and he gives you the answer and then he opens the envelope and he pulls out the question. Well, it seems to me that the members opposite did exactly that routine when they arrived at the Greater Winnipeg Education Levy. They wanted to spread some of the money from Winnipeg No. 1 out through the other divisions to lessen the increase in property taxes that they were going to experience. They used the education portion and they just came up with some sort of formula that seemed to suit the

situation and arrive at something that was plausible that they could justify publicly. Well, that kind of routine and that kind of approach, Mr. Chairman, had no basis of reason or logic in 1972 and when you base something on very little reason and logic, you find that as time goes on, it has even less relevance and less reason and logic and rationale when it's investigated at a later point in time.

I'll give you an example of exactly what I am speaking of. I might indicate, Mr. Chairman, that one of the first times that I became aware of the inequity and the unreasonableness of the Greater Winnipeg Education Levy was as a member of the Executive Policy Committee at the city when the then treasurer, Mr. Gilmour, who many members opposite probably know through his many years of service as a municipal finance authority, probably one of the best known and most respected municipal finance authorities in the entire country. He wrote a letter one year to members of council in which he said that it was the most inequitable, unreasonable form of equalization or taxation that he had ever seen and it bore no justification in his mind.

I'll give you an example of what has happened since 1972 and why I think that the matter is based on no logic and is totally out of whack. Since 1972 the property tax, the total assessment in the city of Winnipeg has increased by less than 40 percent. During that period of time the Greater Winnipeg Equalization Levy, that amount that is paid from Winnipeg No. 1 to the other urban school divisions within Unicity, has tripled. So the payment, the equalization payment, has tripled while assessment has increased by 40 percent. It doesn't seem to make any sense whatsoever to me, Mr. Chairman. Incidentally, I might indicate that the other thing about Mr. Gilmour's presentation that impressed me was that although he was the City Treasurer in Winnipeg, he lived in St. James and so he wasn't speaking as an individual who had anything to gain by it or who was being adversely affected by it. He was speaking as a municipal finance authority who looked at a situation logically and objectively and said, this isn't right.

During that period of time and since that period of time, many presentations have been made to the Minister, as they had been to former Ministers, urging that it be changed, urging that it be wiped out and, unfortunately, it hasn't happened. I, as one member who represents a constituency that is totally contained within the boundaries of Winnipeg No. 1, am very interested in seeing the matter reviewed and seeing it changed, Mr. Chairman, to eliminate the inequity, to eliminate the unsatisfactory situation that it leaves with respect to Winnipeg No. 1. Winnipeg No. 1, as you probably are aware, is paying some 7 million in equalization payments to the other urban school divisions this year, despite the fact that they are carrying very very onerous responsibilities that the Member for Elmwood has referred to.

I believe that the major problem in their financial constraints and the adverse situation they find themselves in is the Greater Winnipeg Education Levy. Mr. Chairman, if I have some recommendations to make, I suggest to you that the levy has to be adjusted so that the equalization portion does not involve residential properties, that residential properties are not adversely affected with respect to

other residential properties in the city, because within the brief that the Winnipeg School Division presented to us is contained the examples of how residential properties of similar size and type and assessment in Winnipeg No. 1 are paying so much more education property taxes as a result of this equalization than even residences in well-to-do areas, such as Tuxedo. They give the example of some innercity houses that are in their view — and I believe it's true — supporting to a certain extent smaller or reduced education property taxes in Tuxedo. I suggest to you, Mr. Chairman, that this ought to be changed; this ought to be reviewed and adjusted as quickly as possible to eliminate this.

During recent months, as a result of debate that's been carried on regarding the equalization levy, the matter has been considered by the Manitoba Association of School Trustees who, as you well know, represent people from all school divisions in the province. They have looked at it and they have looked at it not from a partisan viewpoint, because they are not affected by the Greater Winnipeg Equalization Levy or at least those who represent rural divisions are not. They have looked at it; they believe that it's inequitable. It's an ill-advised piece of legislation and I agree with them wholeheartedly, Mr. Chairman, and I suggest respectfully that the Minister, before it becomes too deeply entrenched, before it comes to a point where it can't be adjusted because it represents such a large amount of money that nobody will take the courage to make an adjustment, I suggest that we look at it now and we come forward with a recommendation to change it as quickly as possible.

MR. CHAIRMAN: The Honourable Member for River Heights. I'm sorry, for Fort Rouge.

MRS. WESTBURY: I know we look alike. Thank you, Mr. Chairperson. I wonder if the Minister would tell us what steps he is taking, if any, to alleviate the situation where school divisions have to finance their working capital through bank loans because there is a need to organize the cash flow to the school boards so that they don't have to borrow. Before the Minister answers that, I wonder if he would tell me why the Department of Education makes a nutrition grant to School Division No. 1.

The Minister told me in reply to a question yesterday that in talking about affirmative action in school divisions we should talk about that under Item No. 4. I wonder if, in fact, it shouldn't be discussed under this whole matter of grants, because what I want to ask him about is whether in making grants and in making money available to school divisions, we are encouraging school divisions and all educational institutions to get involved in affirmative action programs so that women and others who feel that they have not been treated equally in the past can rise to the level of their potential, especially in the area of principalships and vice-principalships, in areas where the opportunities have not been made available to them. So I will sit down and perhaps the Minister can answer those three questions.

MR. COSENS: Thank you, Mr. Chairman. I thought perhaps some members on the other side might wish to speak in regard to the Greater Winnipeg

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Equalization Levy and perhaps some still may wish to take advantage of that particular opportunity.

In regard to the cash flow problem that has been a rather expensive burden to school divisions in this province, I would refer the Honourable Member for Fort Rouge to the recent announcement in the budget where the Minister of Finance at that time announced the speed-up of cash flow of moneys to school divisions, particularly under the Foundation Program and the Other Grants portion. This in part, Mr. Chairman, will remove some 4 million of interest costs to school divisions in this province. That is only one part of the total interest costs that are a burden as far as school divisions are concerned. The other part has to do with the pay-through of moneys from special levies collected by the municipalities in the province. The Minister of Finance in his budget address also announced that consultation would be taking place in the few months with the municipal councils in the province to investigate ways and means of speeding up the particular cash flow in that regard. So we have taken immediate action to do something about the government portion of the moneys that accrue to school divisions. The special levy portion is being negotiated over the ensuing months. So that part has been addressed, Mr. Chairman, and I am sure that school boards appreciate that particular action.

The nutrition grant has been in place as far as Winnipeg No. 1 is concerned for a number of years. I can't give the member the year that it was started but I would guess 1975, 1976, perhaps, and of course, justified no doubt at that time on the basis of some of the arguments that the Honourable Member for Elmwood has put forward that Winnipeg No. 1, particularly in the core area of the city, is dealing with a particular type of population that had needs different to those found in other parts of the province. As a result, the nutrition program was not only necessary, but in their view vital to the operation of that particular sector of their school division. We have continued that particular grant and as I would mention this year it's been increased to some 200,000.00.

I still suggest, Mr. Chairman, to the honourable member, that I would much rather discuss the affirmative action aspect under Programming because that is where we usually discuss it and I think it rightfully belongs.

MRS. WESTBURY: Perhaps the Minister will be kind enough to tell us if the change in the cash flow situation, the speed-up in cash flow, if that is in effect immediately or if it is coming into effect in September or after that.

MR. COSENS: I understand that money has gone out before this date, Mr. Chairman, and that the program is now in place.

MRS. WESTBURY: The reason I asked the question on the nutrition grant, Mr. Chairperson, is this, I was hoping that . . . the Minister was so eloquent in describing the needs of the particular children in the area that I was hoping we could prevail upon him to speak to his colleague, who sits behind the seat he presently occupies, who has stated that he doesn't think we need lunch and after

school programs but refers to them as noon and after school programs, because surely we don't need to be providing meals for the children. I suggest for the same reason as we need special nutrition considerations to certain parts of the core area of the city, so we need to consider lunch and after school programs rather than calling them noon and after school programs because, as I have said on other occasions, unfortunately the reality is that some children are not properly fed by their parents.

Mr. Chairman — Mr. Chairperson, I am trying to remember to say — (Interjection)— Good, good, good. I am trying to remember, however. There is the concern that's been expressed on the particular situation as it applies to Winnipeg School Division No. 1 and the fact that the situation there is declining. Before I elaborate on that, I would like to point out a letter that was sent from the Parents' Advisory Council of St. Johns High School to the Minister. I received a copy a few days ago and they put it very succinctly: We believe that Winnipeg residents are prepared to pay part of the cost of program enrichment needed in this division, but that we should not at the same time support schools in other divisions which have fewer special needs. On the subject of special needs, I had a different impression from that of the Member for River Heights and I am hoping somebody will correct me on this, but my understanding was that when children from other school divisions come into Division No. 1 for special needs classes that School Division No. 1 was recompensed only to the extent of what it would cost for an ordinary student coming into an ordinary class, not to the level of special needs' costs. The Minister for River Heights said that they're recompensed to the actual cost. My understanding was different. I wonder if the Minister could clarify that. It's quite important.

MR. CHAIRMAN: The Honourable Minister.

MR. COSENS: Mr. Chairman, just in response to the Honourable Member for Fort Rouge, I think the particular letter she refers to was in regard to the Greater Winnipeg Equalization Levy, if I can remember the letter correctly. I'm in the process of replying to the letter and acknowledging it. We do appreciate that type of communication from parents' councils.

One of their main points was that they didn't disagree with the equalization of commercial and industrial assessment, but they felt that it was placing an inequitable burden on residential assessment.

I understand, Mr. Chairman, that in regard to children coming into Winnipeg No. 1 from other school divisions, that this falls under the heading in The School Act, Payment of Residual Costs, 465 subsection 19 and it says: Subject to any regulations made under The Education Department Act every school board shall make provision for a pupil to attend a school in another school division for a program not provided by the pupil's home School Division and the pupil's home School Division is responsible for paying the residual costs of the education. I think that would perhaps clarify the honourable member's question. It is the paying of the residual costs, that amount of cost over and above

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what is provided through the grants from the government.

MRS. WESTBURY: I thank the Minister for clarifying that, because I do believe there's a lot of misunderstanding by the taxpayers of Winnipeg School Division on that particular point. I wanted to talk for a moment about the particular needs of core areas of cities, the decay of the core area, which unfortunately has not been halted in our particular city. It seems to be spreading without, I'm afraid, any action being taken to this date, and unfortunately such decay results in a migration out of the core area, which in turn results in declining enrolments. And when you have declining enrolments along with a financial constraint, the result is loss of jobs, larger classes in many cases, and increased workloads for the remaining teachers, and just generally speaking, an acceleration of the decay and decline, particularly as far as the schools are concerned.

The projected figures indicate that a minimum of 3,800 elementary school children in the inner city will move in the next few years because of the already accelerating decay of the core area of the city. That's twice the size, I'm told, of the Norwood School Division, Mr. Chairperson, and altogether a quarter of a million people — that is the whole population of the former city of Winnipeg — are going to be affected by this decay and by the migrating out of the core area of the city of this number of children. Now, I suggest that the present government is just not addressing this whole question. We're applying — we, being this Legislature — applying band-aids. They're not addressing the whole situation as it is occurring and as it is accelerating.

Even if we accept the most desirable option under the Development Plan, that's Option No. 3, it's going to be too late to stop this out-migration and the closing of schools and the resulting acceleration of the decay. We need specific policies coming forward from the department which will aid those inner city schools — and I'm not only talking about core area here, I'm talking about Ashland, Fort Rouge, Gladstone schools, three of them on our side of the river — which are among those about which has been considerable conjecture about them closing.

Before the 1977 election, we heard a great deal from the present government, the present members, on how they were going to change the whole financing of education picture, if they were elected. They promised that they would bring the province's funding up to 80 percent of the total funding, and instead we just have more and more demands on the school divisions and the property taxpayers. I've referred in the past to a paper that was presented by Mr. Donald MacDonald, the former Chief Commissioner of the city of Winnipeg — I think he's known to everybody sitting in this Chamber — and he stated as follows — this was a paper that he presented at the Community Conference of City Centre, Fort Rouge last fall at their annual conference: Property taxpayers in Winnipeg No. 1, said Mr. MacDonald, contributed disproportionately large amounts to the Foundation Fund through the Foundation Levy. The subsidized property taxpayers and other Winnipeg School Divisions through the redistributive effects of the Greater Winnipeg Education Levy and received the lowest level of net

provincial support through the Foundation Grants Program.

I know that some changes are being made, but the Spivak report on the task force on government organization under economy stated that, Financing of public school education is in a chaotic state and needs to be revamped. Mr. MacDonald mentioned that because he wanted to agree with it. He said, The continued heavy reliance on the property tax is a complete anachronism. I'm quoting Mr. MacDonald because he's such a highly respected civic servant — he has been for so many many years — I hope that the members of the government will listen to what this retired civic servant has to say, because I think he's been close to the problem for a long time and we can perhaps learn from him.

He continues: Education as a service bears no relationship to property, and property should not be taxed to pay for it; that property is taxed to pay for much of the cost of education in Manitoba is merely an historical accident, a holdover from the days when a rudimentary education was provided on a local basis and property was the only source of tax revenue. The advent of personal and corporate income taxes, consumption taxes and other sources of tax revenue, more progress of more elastic and more related to ability to pay make the property tax inappropriate as a method for financing education. Mr. Chairperson, I hope that the Minister will continue to look at this whole area of the financing of education, and particularly as it applies, from my point of view, to School Division No. 1 taxpayers who have suffered under the system that's been applied over the past 10 years.

I guess I'll talk about the Affirmative Action Program next time around. Thank you, Mr. Chairperson.

MR. COSENS: Mr. Chairman, if I might just respond to a couple of the points that the Member for Fort Rouge has brought to our attention. I would imagine that most members in this Chamber could stand and speak on some of the inequities of the Greater Winnipeg Equalization Levy. She has pointed out the concerns of her constituents very ably. I could give her the undertaking and, of course, I could reiterate the statement by the Minister of Finance in his Budget Speech, that it is the intention of this government in this calendar year to see the finalization of that revamping that she referred to when she was quoting the gentleman, Mr. MacDonald. I will take as much pleasure at that point in seeing the review that we have been conducting for some two and a half years come to fruition, because I think it is long overdue and will be welcomed by all Manitobans.

The Member for Fort Rouge also states many of the concerns and characteristics of the core area. I think that we all, at this point, recognize what those problems are. The problems are very apparent by, I believe, the civic government and the provincial government. All of the agencies that are attempting to come to terms with those concerns feel great frustration at times at not having absolute answers, not being able to come up with programs that really show that much success.

I would suggest, not only to the Member for Fort Rouge, but to all members, that if there is one

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program that is probably approaching success, that is seeing some accomplishments for its efforts, it is the educational program. I would suggest to any members in this Chamber, that of all the programs that come in contact with people in that particular area of the city, the educational program is probably seeing more success. I'm not saying it's seeing the type of success that we would like to attain, but I would suggest that it is a situation where children find a very comforting atmosphere, where they can spend a few hours of the day in the company of concerned people, who attempt to work with them, to help them explore new areas of knowledge, and that of all the programs that presently are being offered in that particular area, that the educational program is having as much success as any. I am not standing here, Mr. Chairman, and saying that it is being successful, I am saying that perhaps, of all the programs, it is one of the most successful.

I realize that there are great improvements that can be attained, and I have some admiration, Mr. Chairman, for the efforts of Winnipeg School Division No. 1 and their administration and their officials in this regard. They have put in place some very worthwhile programs that are attempting to address some of these problems, but there are many other problems of that area that really impinge on the schools, over which the schools have no control. If we are going to talk about those programs, Mr. Chairman, and we must talk about alcoholism and marriage breakdown and lack of employment for people who have problems becoming employed for various reasons, we can go into a whole host of people problems that impinge on the schools, but over which the schools themselves have very little influence. The schools, I would suggest, are attempting to cope with their clientele, the children who come to school, and are doing it to the best of their ability under very trying circumstances. And I take my hat off, Mr. Chairman, to the teachers, the clinicians and the people who work in that particular area, who attempt to help the children who come under their surveillance and the children that they are responsible for.

MRS. WESTBURY: I couldn't agree more, Mr. Chairperson, with the last few remarks that the Minister made, that the schools unfortunately are the only source of comfort in too many cases for some of these children. I think the reason that I referred to the other problems of the decay of the core area, was in the hope that in bringing them to the attention of the Minister, we could get his support in getting some action from the government in remedying the decay that is progressing.

MR. CHAIRMAN: The Honourable Member for Rossmere.

MR. SCHROEDER: Mr. Chairman, back on that 1.5 million grant to the city of Winnipeg which the Minister at one stage refers to as a core area grant, the Member for Elmwood had indicated that there was some 7 million spent by Winnipeg No. 1, and I believe the Minister was questioning that figure, could the Minister advise as to the basis upon which the department is paying that 1.5 million? Is it on the basis that there is a 3 million cost? Is it on the basis

of a 5 million cost, or on what basis? Is it a percentage basis of Winnipeg's problem that you are attempting to pay for, or is it just 1.5 million for no reason other than that in 1977 it was 1 million?

MR. CHAIRMAN: The Honourable Minister.

MR. COSENS: It is not based, Mr. Chairman, on any particular formula, but it is a grant that is arrived at on the basis of what we perceive as some of the extra costs that are being incurred by the city in that regard, by Winnipeg No. 1 rather, in that regard.

MR. SCHROEDER: Does the Minister believe that the 1.5 million is adequate?

MR. COSENS: Mr. Chairman, adequacy is always a very difficult thing to define, and one person's terms is much different than another person's terms. What I have asked the educational finance advisory committee to study this year and come up with recommendations on, is some type of granting formula that will more closely be in line with the number of students who have been identified with specific needs of one type or another. That then will give us a formula that will enable us to deal with students rather than with perceived costs of an overall program.

MR. SCHROEDER: I would ask the Minister whether any field officers have attempted to determine for him whether the 1.5 million is adequate.

MR. COSENS: Mr. Chairman, our personnel have certainly been working on this particular problem and are working on it at this time. I am hopeful that we will, within a short time, be able to come up with grant formulas and funding formulas that will be more equitable and will deal more specifically with the problem..

MR. SCHROEDER: Mr. Chairman, although this is my first session, on reading back on the Minister's previous answers, it's just *deja vu*. Back in 1978, the Minister was asked whether the 1 million grant to Winnipeg No. 1 was adequate, whether he thought it was adequate, and he said he didn't know because there was not the capability to determine that, and then he stated: I would hope, now that we have external administrative support unit people out in the province and available to monitor some of these activities, that that type of feedback will come to me and I will be in a better position to help assess this type of situation. Now this type of gobbledegook has been coming back at us ever since this government has taken office; it's monitoring, it's studying, it's under consideration, it's under review, assessment, but there is nothing happening.

I am sure the Minister is well aware that in Winnipeg No. 1 there is a far greater incidence of people with difficulties than in any other area in the province, and there are many reasons for that. The single-parent family, for instance. The family that doesn't make it in the suburbs and splits up, winds up generally with the spouse who has the children in the inner city, living in poverty somewhere in the inner city. The reason for that is very simple. That is

where you have the cheapest housing. That is where that individual will be closest to his or her job, and these people wind up having to send their kids to schools which are being inadequately financed. There is no consideration taken for the fact that these kids need more assistance than the middle-class kids in the suburbs. This is the area into which the thousands of native and northern families are moving when they come into the city. These are the people who require more assistance, not less, than the people in the suburbs, and we talk about 1.5 million as though that, in any way, is representing any kind of a solution to some very serious problems. The Minister again, just continuously talks about reassessment, and under review, and something is going to happen. When will it happen? It seems to me that it's time that we started looking at the kids with the special needs, and again, they are concentrated in Winnipeg No. 1 more than in any other district. I would hope that now would be a time when we would start doing something about it.

On another area, I would like to ask the Minister what he is doing, if anything, this year, for transportation for children between divisions, in order that they can take part in these programs. That is, you may have a child living in River East, who wishes to partake of a program in Winnipeg No. 1, which is not offered in River East; is the Minister this year finally providing some assistance for the transportation of these children? Is the Minister providing transportation, for instance, for French Immersion from one district to another? Where your home district doesn't provide French Immersion, is the Minister now preparing to provide transportation to another district so that will be provided?

And further, is the Minister providing any funds within divisions, where you have one school set up, such as in Fort Garry, for instance — where you have a French Immersion school set up on the northern part of the school division and then you tell the parents the only way you can get your kid there is, you're going to have to get them there yourself by car, which eliminates those people who are single-parent families and it eliminates the poor. It eliminates them very simply, first of all, because many of them don't have transportation to get their kids down there, and secondly, they probably have to go to work. They probably have to be at work while they should be transporting their kids to school. Has the Minister done anything about those problems within this area of grants to public schools for 1980?

MR. COSENS: Mr. Chairman, in answer to the Member for Rossmere, for some time, we have been paying transportation for students who have to travel to an adjoining division to take vocational education. It's my understanding that we also provide funding for students with special needs who must travel to another division. As of this year, as of this fall, we will be changing the regulations to cover the grant for the transportation costs of students who have to travel to other divisions to take Francaise or Immersion courses. This is a new provision that will come into place this fall.

MR. SCHROEDER: I would like to ask the Minister, in view of the fact that the new Act specifically states

that no school division is required to provide a bus route into another division, whether this means that it will be some form of reimbursement to parents who are fortunate enough to be able to transport their children, or on whom will the onus rest to transport the child from division A to division B, and will the child have that transportation as of right?

MR. COSENS: Mr. Chairman, I would just remind the Honourable Member for Rossmere that he refers to the school Act; I am referring to regulations regarding transportation. That is somewhat different. The sending school division is responsible for the transportation of the students, Mr. Chairman.

MR. SCHROEDER: Thank you, Mr. Chairman. Could I then ask the Minister again whether this is a right of the child, an absolute right, where there is no, for instance, French Immersion program in division A, that they will be entitled to have the school division transport the child to division B without cost to the parent? That's question number one. Question number two, will parents have the right to have their children transported to that type of a school within their division assuming that there is a substantial distance from the home to the school, such as is the case presently with Fort Garry, for instance?

MR. COSENS: There is no provision, Mr. Chairman, for the transportation of children within city, towns, or villages, or again, if we're talking about within urban divisions. I think the Honourable Member is aware that in the case of certain handicapped children that provision is there.

MR. SCHROEDER: Is the Minister saying that there is no provision for this type of transportation between urban divisions nor within urban divisions, or is he just saying there is no transportation provision within urban divisions?

MR. COSENS: The only provision that exists in the urban divisions is for handicapped children, Mr. Chairman.

MR. SCHROEDER: So then we're back to a class system of education for this coming fall. That is, if your home division does not have French Immersion, only those who can afford it will be able to transport their kids to another division within the city of Winnipeg to have French Immersion. Is that correct?

MR. COSENS: Mr. Chairman, just to clarify for the Member for Rossmere, where the child travels to another division to take Francaise or Immersion, as of this fall, the regulation will be changed so that the sending division receives grants to compensate for that particular transportation. This is a new provision and regulation.

MR. SCHROEDER: I understand it's a new regulation. It's certainly a step in the right direction. In the last several years, the enrolment in French Immersion and Francais courses has gone up substantially, by leaps and bounds in fact, in this province, while other enrolment is going down, and so this is something that should be done. But again,

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I am asking the Minister specifically, does this include transportation between divisions within the city of Winnipeg as well as in rural Manitoba, and from rural to urban areas?

MR. COSENS: Yes, Mr. Chairman, if the child must travel to an adjoining division, or at least travel outside of their own division to another division within the urban area, this will apply, and this is a new provision.

MR. SCHROEDER: Mr. Chairman, I would certainly encourage the Minister to make a similar provision within school divisions, and I will give the Minister an example. In River East, several months ago, there were applications sent out to parents who had children in Kindergarten or Grade 1, asking them whether they wished to enroll their children in French Immersion courses, and it was specifically at Neil Campbell. My daughter was one of those for whom application was made for Grade 1, and there were some 40 or 50 applications, I believe altogether, for Kindergarten and Grade 1. The school as a whole had some 40 percent of its enrollment from single-parent families, but the French Immersion classes, the applicants for French Immersion, were practically, every one, from two-parent families. And there was a very good reason for that. They were the ones who could come up with the transportation. The people who lived several miles away from that school had no hope of getting their kids to that school. And so we have set up, with these kinds of special schools, a system whereby the middle-class can have a different type of education than the poor. I would hope that the Minister would consider a change of mind and I would hope that the Minister would provide funding, starting this fall, within divisions, for transportation, in order that we can overcome these problems, I don't think it's fair to the other kids whose parents would like to have them go but they can't afford it, and I would hope that something would be done about it.

MR. COSENS: Well, Mr. Chairman, I would merely point out to the Member for Rossmere that it is the local school division board that makes the decision as to the location of immersion classes in schools in their division and he implies that these are located in such a way that only certain people of a certain income can attend them. I have some trouble understanding that. I think there may be other reasons why people would decide that their child should take immersion than just income.

MR. SCHROEDER: Well, Mr. Chairman, no matter where you place the French immersion class within a school division, the fact of the matter is that only a very small percentage of the children will be within walking distance of that school. The children who are from within walking distance of that school, it doesn't matter whether they are rich or poor, they have equal access to that school. It's the ones from further out in any direction, and I would suggest that it doesn't matter where the school is placed in a school division, by not providing transportation to that school the Minister is setting up a situation where we have two different types of education for people in different economic circumstances, and I

see that as unfortunate. The Minister says that it's then up to the local school division to pay for the transportation. Certainly it could do that, there's nothing preventing the school division from doing so. However, the school divisions under this government have been squeezed and they have to make decisions in terms of a limited base of financing, and I would suggest that this is something that should be coming from the provincial taxpayers.

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

MR. WALDING: Thank you, Mr. Chairman, I've been looking over the figures that the Minister gave us earlier this evening and I regret that I cannot make them balance. Now I don't know if that's a problem with my arithmetic or with the figures that the Minister gave, but he informed us that the Foundation program was 221 million and that the provincial share was 177. He also informed us that the other grants were 41.4 million, and if I add the 177 as the province's share to the 41 million in other grants, I can come up with a figure of 218.5 million, which is 3 million short of the 221 million shown in 3.(a). I wonder if the Minister could explain the discrepancy, please.

MR. COSENS: Mr. Chairman, I think the Honourable Member for St. Vital realizes that the Foundation Program is made up of two components, the Foundation Levy which amounts for 20 percent of that program, and the provincial share which amounts for 80 percent. And I think that is the point where the member may have lost his 3.4 million — is that the amount the amount that he mentioned? The Foundation Levy happens to be 44.2 million; he then looks at the other grants portion which is 41.4. I believe that's where the discrepancy that he refers to occurs. The 44.2 million, Mr. Chairman, is the 20 percent raised through the Foundation Levy.

MR. WALDING: I'm aware of that, Mr. Chairman. I also understand that the 221 million in 3.(a) is composed of the provincial share of the Foundation Program and the other grants that the Minister listed for me, that the total is made up of those two sub-totals. If that is incorrect, I would appreciate the Minister's clarification.

MR. COSENS: Mr. Chairman, the 221.2 that the honourable member refers to here also includes the 2.7 million in private school agreements, private school agreements, but instruction in the private schools.

MR. WALDING: Thank you, Mr. Chairman. Did not the Minister say when he gave us the total of other grants that the private schools agreement was a part of the 41.4 million, at least that was my impression and I wrote that total down.

MR. COSENS: No, it is not a part of that particular other grants, Mr. Chairman.

MR. WALDING: Then would it be correct to say that the 221 million in 3.(a) consists of the provincial share of the Foundation Program plus the other

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grants plus almost 3 million in aid to private schools, would that be correct?

MR. COSENS: Yes, that's correct, Mr. Chairman. I think the problem the member may be having is that there are two figures that are similar here. The Foundation Program in totality amounts to 221.3 million, and when we add together the provincial share, 177.1 million and the 41.4 million under other grants, plus the 2.7 million in private school agreements, that we also arrive at 221.2 million. That may be the reason for the confusion on the 221 million.

MR. WALDING: Mr. Chairman, no, that is not the reason. We have this discussion backwards and forward every year and I recall clearly from last year that 3.(a) is composed of the provincial share, plus the other grants. And I had assumed from the way the Minister had read the list that the aid to private schools was within the amount of 41.4 million, the Minister has now clarified that is an extra amount and I want to suggest again to the Minister, and I believe I did last year, that it is confusing to include aid to private schools under the appropriation No. 3, Financial Support to Public Schools.

I'd further like to ask the Minister, referring back to an announcement he made earlier this year of some additional 20.6 million going to education. I don't have the news release with me and I'm not sure whether the Minister indicated that was 20.6 million going to education or whether it was to public schools or just what it was that the money was intended to be used for. I wonder if the Minister could clarify his use of the figure 20.6 million?

MR. COSENS: Mr. Chairman, I can refer to the particular letter announcing the school grants. The letter is dated January 30, 1980 and I think perhaps the honourable member may have received a copy or at least the education critic on that side of the House would have received it, and I quote from that letter. It says direct grants to school divisions and districts in 1980 will be increased by a total of 20.6 million.

MR. WALDING: Mr. Chairman, can the Minister inform the committee what proportion of the direct grants of 20.6 million fall under the Foundation Program and how much fall under the other grants and how much falls under the private school agreements?

MR. COSENS: Yes, Mr. Chairman, under the Foundation Program we see an increase of some 17.2 million in total and under the other grants an increase of some 3.4 million, I believe it is, I could be out one point in that particular figure, for a total of 20.6 million.

MR. WALDING: Mr. Chairman, is the Minister then indicating that there was no increase in aid to private schools in the 20.6 million figure?

MR. COSENS: There is a reduction, Mr. Chairman, in the amount to private schools from 2.9 million to 2.7 million.

MR. CHAIRMAN: (a)—pass — the Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, when the Minister says that 17.2 million of the 20 million was under the Foundation Program, I will assume from that that it is the total Foundation Program of which 20 percent comes from the Foundation Levy and hence is not a direct expenditure of the province, 20 percent of a fifth of 17.2 million would be about 3 million. So if we are to be accurate in assessing the additional funds that the provincial government is providing for direct education assistance, then the figure would be somewhere in the region of 17 million and not the 20.6 million that the Minister is indicating.

MR. COSENS: No, the member is quite correct, Mr. Chairman, in his statement, these moneys in total are paid through the provincial government to the school divisions of this province and in the statement in the particular letter that I made announcing the grants for this year, it said direct grants to school divisions and districts in 1980 will be increased by a total of 20.6 million. They were increased by a total of 20.6 million and the Member for St. Vital points out quite correctly that of that increase, a portion can be accounted for under the 20 percent Foundation Levy.

MR. WALDING: Mr. Chairman, the Minister indicated in another document that he sent over earlier that there was just over 1 million that lapsed at the end of the 1979-80 year, under this particular appropriation. Can the Minister detail for us just under which grant or grants the 1 million was not used?

MR. COSENS: Mr. Chairman, I understand that under the Foundation Program, some 2,000 lapsed; under the equalization grant a lapsing of 281,950; under the heading and I believe the honourable member has these headings so he can follow, under special revenue districts 107.70; under special levy reduction, 42,367.36; under tuition fees for Indian students, that wasn't a lapsing, Mr. Chairman, that was an over-reach, under special grants heading, a lapsing of 170,580.20; the Northern Cost of Living Allowance, a lapsing of 9,263; under the school nutrition program, a lapsing of 13,600; under the bilingualism grant, a lapsing of 168,832.61; of course no lapsing under the Winnipeg School Division special grant; the St. Boniface College grant was a slight overage. Under private school agreements, a lapsing of 514,606.66; under the non-residents grant, some 12,566.04; under the special needs grant, a lapsing of 28,787.48; under the heading, native paraprofessionals, 59,190.11; under the Sacre-Coeur grant to Winnipeg School Division, a lapsing of 6,607.37; a lapsing of 780.34 on the term grant; under English as a second language, that particular grant lapsed by 29,658.78; under school tax rebates, a lapsing of 1,328.46; and the evening school grant, a lapsing of 25,628.00.

Now, most of these, Mr. Chairman, are explained by the fact that they are linked to per-pupil grants in many cases and what has happened here is that in coming up with the budget we have estimated a certain number of students and then at the time the grant was to be paid the number of students has

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been less than what was anticipated, or in some certain cases where contracts have been made, the contracts have been less. In each case these are accounted for by usually lesser numbers than had been anticipated or, I suppose, in the case of evening schools, a lapsing of 25,000 because the applications for the utilization of that program were not quite as high as we had anticipated.

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

MR. WALDING: Mr. Chairman, I wanted to ask the Minister if he finds these amounts at all unusual and whether they are along the same lines and in the same order of magnitude as previous years or whether there was something special that affected 1979-80. I note with interest that under the Foundation Program some 200 million, there was only an amount of — I think the Minister gave me about 2,000, I would say that was quite accurate, and I am wondering if the department can be so accurate on a Foundation Program which is again very much on a per-student basis and, yet, be so far out or relatively far out on some of these items on the other grants which are, as he says, many of them on a per-student basis.

MR. COSENS: I'm informed, Mr. Chairman, that is is not unusual, that you do have specific areas that are over and others that are under each year. I believe if you take the total here and compare it with the total sum of money we are talking about, it's something like 2 percent. I understand that is not unusual in government departments.

MR. WALDING: While we are on the topic of paying out grants, the Minister did — or maybe it was the Minister of Finance — announce a certain speeding up of grants going to school boards and I would just like the Minister to confirm that all of the amounts noted for the previous year have, in fact, been expended. I also would like to go on from there and ask the Minister about payments to private schools and ask him what the schedule of payment is private schools.

MR. COSENS: I understand that it is paid twice a year, Mr. Chairman, once in the fall term and once in the spring term.

MR. WALDING: I thank the Minister for that indication. Do I take it from his statement that it is paid in two equal amounts or on some other ratio?

MR. COSENS: No, I don't think — if the Member is suggesting that the two terms would be equal, Mr. Chairman, that would not be correct. The program, I suppose, could vary, the number of students could vary from term to term. Of course, the length of the terms are different, the fall term being shorter than the spring term.

MR. CHAIRMAN: (a)—pass — the Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, I wanted to ask the Minister what information he can give to the committee on this whole matter of the investigation

and planning for changes in the education finance. It's been mentioned by the Minister of Finance that some sort of study is going on. The Minister has mentioned in reply to another question that he has asked his Advisory Committee on Finance to look into the matter of — I forget just what the reference was — something to do with the innercity. I want to know who is actually doing this study. The Task Force on Government Re-organization that produced its report early in 1978 spoke of a task force. It spoke of, as I recall, the chaotic condition of education financing and recommended that steps be undertaken. I want to know from the Minister just how this review of school financing is being carried out. Is there a special task force that has been put together? Is there an in-house special committee or an interdepartmental group that is doing it? Just what are the details of that procedure?

MR. COSENS: Mr. Chairman, perhaps I might clarify just one remark of the honourable member before I go on to answer the last part of this question. Less he misunderstand the function of the Advisory Committee on Educational Finance, this is a committee composed of people representing the Trustees' Association, the Superintendents' Association, the Teachers' Association, who meet on a weekly-monthly basis, certainly do not treat this topic in a full — it's not a full-time career with them at all. But they meet and examine certain areas of educational finance each year and make recommendations to the Minister of the day. When I mentioned earlier that I had referred certain tasks to them as suggestions for areas that I would like them to study and recommend on this year, that was quite correct, but they are not a body constituted in such a way and on a full-time basis that would undertake any major overhaul of the educational finance system of this province. They certainly make recommendations on certain aspects of that particular system but they do not have the time, apart from their regular jobs, to treat a major overhaul.

The review that has been going now for some two-and-a-half years is being conducted by people in-house, senior people within my department, who have worked with educational finance for some years and also we are using the expertise of the Department of Finance when necessary.

MR. WALDING: Thank you, Mr. Chairman. I am still unclear from the Minister whether there is a formal committee or task force or something that goes, perhaps, by another name. The Minister mentions that people in his department are looking at the problem and that people in Finance are looking at the problem. I can well see that it has implications for both departments. The question then arises, are these people studying this independently on their own; do they meet once a week or once a month? Is everyone going his own way, or do staff in his department look at this problem, perhaps, at the end of day, if they have finished all their other work and looking around for something to do? Can the Minister explain the form of the review process?

MR. COSENS: Mr. Chairman, I think I can outline it for the honourable member. There are certain

datelines that we have set up that we attempt to adhere to, in our review, certain dates that we know that we would like to meet as far as having certain parts of the review accomplished, and we have been adhering to those datelines. As for the number of hours or the particular occasions on which these people meet, I would have some difficulty. I would have to go and check these out with the department to find out how often. I am concerned with what is produced by the personnel who are working on this problem when they report to me on regular occasions.

MR. CHAIRMAN: (a)—pass — the Honourable Member for St. Vital.

MR. WALDING: Can the Minister tell me how many people are on this review process?

MR. COSENS: I would say that there are five regulars, Mr. Chairman, and at times they can expand to utilize the expertise of other people. In particular, again, I refer to the Department of Finance.

MR. WALDING: Mr. Chairman, when the Minister says that there are five regulars, are these five regulars from his department or is it a total of five? If it is a total of five, how many from his department and how many from Finance? Other than that, does this particular committee or review process have a name?

MR. COSENS: Mr. Chairman, we haven't formalized it to the point where we have a fancy name. I suppose we call it the Educational Finance Review Committee. The people who have been involved with this for some time, they probably recognize that that is the particular function of those personnel.

MR. WALDING: Mr. Chairman, the Minister is very vague on this point. I would have thought that something as major as a department spending, perhaps, 13 or maybe 15 percent of the total budget and recognizing the crying need for some reorganization of the finance system would be on a little more formal and structured method than the Minister has explained to us. It sounds a little bit like waffling, Mr. Chairman, when the Minister says that, oh, there are people in my department and talking to people in the Finance Department. Let me quote something to the Minister and this is dated October 1979: The report of the government's Task Force on Government Organization and Economy recommended that a comprehensive study on financing be undertaken. The report states that, Financing of public education is in a chaotic state and needs to be revamped. A wider study should develop alternatives to the present method of financing schools. The committee concurs with these findings of the task force. There is a need to examine alternatives to the existing dependence on the property tax, including a study of the sales and income taxes, as well as other revenue sources such as the wealth tax and value added tax. There is need to examine alternatives to the existing foundation program, including a study of other foundation plans,

power equalizing schemes and full provincial funding. Existing studies in relation to the Property Tax Rebate, assessment procedures and standardized accounting could be included within a major comprehensive review of education finance. The advisory committee is unable to undertake such a major study. A task force with seconded personnel and with back-up administrative and clerical assistance, is required to undertake the following: an examination of methods used to raise moneys for educational expenditures, including property sales, income and other taxes and transfer payments from federal sources; A study of methods used to provide grants to school divisions, including foundation plans, equalization procedures, full funding by the province, etc; An analysis of the property tax rebate and credit schemes. In addition to its study of existing practices, the task force should receive submissions from interested organizations and persons. The task force would then be in a position to make recommendations to the government. The recommendation to the Minister is, that a task force be established with seconded personnel, and with backup administrative and clerical assistance to study and make recommendations of all aspects of funding education in Manitoba.

Mr. Chairman, that was dated October, 1979, that's a little over six months ago. The Minister has inferred to the committee that an ongoing study has been in effect for some two and a half years since this government took office. Now, Mr. Chairman, if that is the case, I wonder why the Minister's advisory committee on finance would not be aware of that. They are clearly agreeing that education financing is in a chaotic state; they are recommending that an in-depth study be undertaken; they say that a task force should be set up. We wonder, do they not know what the Minister's been doing for two and a half years? Or perhaps more to the point, perhaps they do know what the Minister has been doing for the last two and a half years and that's why they are recommending a task force to study the matter.

MR. COSENS: Mr. Chairman, I'll try to clarify some of the questions that the honourable member has. I repeat for him, that we certainly are following the recommendation that he has read out to us insofar as we are conducting an overhaul and revamping of the educational finance system, and looking at all the alternatives and all of the problems that are associated with that type of overhaul. I can tell him that we have been gathering information from many many sources. We've had a great number of briefs presented to us from interested school divisions, interested individuals over the last couple of years. These have been of value. They have been considered by the personnel who are working on this particular project. I repeat to the honourable member that the Special Advisory Committee on educational finance deals with tasks that are specific tasks that are assigned to it, and I remind him that it is not a full-time committee but a committee where people give up their extra time to work in that regard, on specific tasks and make recommendations from the viewpoint of their particular organizations.

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MR. WALDING: I realize the point the Minister makes about it being a part-time committee, and I quite realize the enormity of the problem involved with a review of education financing, which would I suppose of necessity, be a review not solely limited to financing of education. It would impinge upon the matter of education itself and the actual delivery of education throughout the province. I also suggest to the Minister, in looking over the list of the persons on that committee, that they are people in the education community, very well aware of the policies and the views of their organizations, and are people who can see the need for such a task force and such a large review. I am sure they are well aware of the situation, that despite what the Minister says about this matter being monitored and reviewed by the government for the last two and a half years, that that has in fact not happened on any systematic basis. That is the reason why these members of the Minister's Advisory Committee on Education Finance have made that recommendation.

Mr. Chairman, it's a very good recommendation. It's overdue, and it should be undertaken in a very formal and structured manner. The committee calls for a secondment of other personnel and with sufficient backup to be able to do a proper job. I suggest that we have heard no indication from the government of how much money it is intending to put into this review, that the Minister says will be completed by the end of this calendar year.

I would just recall to the Minister the last time a major review was done, and changes in education, was somewhere around 1966-67. The Minister of that day produced a White Paper, and I believe he called it a revolution in education, or the Education Revolution, words similar to that. But the word revolution was used at that time, and that was of course in the Duff Roblin era. I'm not suggesting the Minister wants to again use the term revolution. I'm not sure that the word would sit too well with him. But, Mr. Chairman, revolutionary changes are needed. I think the Minister knows it, and I think his staff knows it, and I think the teachers and the trustees and other members of that educational community are equally knowledgeable and equally recognize the need for such a study.

I would encourage the Minister to set up such a task force in a formal manner and give us a line in his estimates — I'll support such a line — and let's see what the Minister can come up with. I have my doubts that the five regulars on the committee that he mentions can conduct the sort of in-depth review of education and education financing by December of this year. I see other provinces that have dealt with this problem over the last few years, have spent enormous amounts of money, enormous amounts of time, recognizing as they go, I believe, that the problem becomes more and more complex.

The province of Ontario recently included such a study. It spent large amounts of money on computer time and came out with piles of material, and a report on the material, and then a report on the report, and perhaps a report on the report of the report, because there was so much information in the beginning. So it's clearly a major undertaking, Mr. Chairman, and I will recommend the Minister to formalize it and proceed along with it.

MR. COSENS: I have some problem, Mr. Chairman, following the Member for St. Vital's logic. At one point he chastises me for too many studies and studying, and now he's saying we must have another study and we must spend a lot of money, because if we don't spend a lot of money we won't be able to identify the problems. I suggest to the honourable member that we have identified the problems, and that having identified the problems, then the next step is to come up with alternatives and solutions to those particular problems; that we are doing that, and that he will, in due course, see the results of that particular effort. I'm sure that he will welcome it. In mentioning the people who, in our system, would welcome it, he forgot the taxpayers as well. I believe they are people who will be interested in the result of this study.

MR. WALDING: Mr. Chairman, I'm not sure that I chastised the Minister for producing too many reports and I'm not sure that the Minister fully realizes the scope of the problems that are involved. He gave us an example here tonight of a couple of things that he was referring to his committee, his education finance committee, asking for a report on these one or two particular things, which have a bearing on education finance. Now, if he is conducting a separate independent overview of education finance, would that not suggest to you, Mr. Chairman, that this particular task that his hard-working education committee is working on, is likely to become redundant in tackling the larger problem?

Granted that it will take a lot of money, but there is a lot of money being spent right now, and the Minister has not convinced us that the money is being used to the best effect. The Minister spoke earlier today of small schools. Indeed there are small schools. The Minister also spoke of small school divisions. He also spoke of the closing of certain schools, that this may be necessary. He touched on the matter of declining enrolment and various grants. We have a list in here of some 20-odd grants. The expression, they're putting bandaids on top of other bandaids has been used, and that suggests an inefficient method of financing education. I believe we'll have more to say about this later.

I do want to give these figures a little more study, Mr. Chairman, noting that the time is a quarter to 11:00, I wonder if this would be a convenient time for the committee to rise.

MR. CHAIRMAN: Are we going to pass this item, or do you want committee rise before this item is passed?

MR. WALDING: I move that committee rise, Mr. Chairman.

MR. CHAIRMAN: We have a motion for committee rise.

MOTION presented and carried.