

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 6 April, 1981

Time — 2:00 p.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports By Standing and Special Committees . . .

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Minister of Energy.

HON. DONALD W. CRAIK (Riel): Mr. Speaker, I have a Ministerial Statement and I expect copies of it, apart from my own, to be available in a few minutes. I wonder if I could have leave of the House to come back to it.

MR. SPEAKER: Is there agreement to wait? (Agreed)

The Honourable First Minister.

HON. STERLING R. LYON (Charleswood): Mr. Speaker, I would like to lay on the table of the House, copies in English and French, of a telex that went forward to the Prime Minister of Canada on Friday last relative to the Constitution and the position of eight provinces of Canada.

MR. SPEAKER: The Honourable Minister of Health.

HON. L. R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, I would like to advise all members of the House through you, Sir, that the daffodil on each member's desk is conveyed by the Manitoba Division of the Canadian Cancer Society in recognition of April as cancer campaign month.

MR. SPEAKER: Notices of Motion . . .

INTRODUCTION OF BILLS

MR. ABE KOVNATS (Radisson) introduced Bill No. 18, The Pharmaceutical Act.

MR. LLOYD G. HYDE (Portage la Prairie) introduced Bill No. 20, The Registered Dietitians Act.

MR. WARREN STEEN (Crescentwood) introduced Bill No. 21, The Physiotherapists Act; and Bill No. 47, The Interior Designers Association of Manitoba Act.

INTRODUCTION OF GUESTS

MR. SPEAKER: At this time I would like to draw honourable members' attention to the loge on my right where we have the former member for Swan River and the former Speaker of the House, Mr. James Bilton.

On behalf of all members, we welcome you here this afternoon.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. SPEAKER: The Honourable Minister of Energy.

MR. CRAIK: Mr. Speaker, I thank you and the House for its consideration in the few moments delay in the statement. I would like to distribute the statement to the members of the House.

It gives me please at this time to announce that an important mining development for Manitoba has been approved by the government. The development is the reopening for production of the San Antonio Gold Mines near Bissett, about 100 air miles northeast of Winnipeg.

Mr. Speaker, it's a joint undertaking of Brinco Limited of Toronto and New 44 Mines Limited of Calgary. The operator of the 50-50 joint venture will be a wholly owned subsidiary of Brinco Limited, Brinco Mining Limited. The principals of the companies involved have assured the government that they fully intend to and are fully capable of meeting all the safety and environmental standards which would apply to a major mining project of this nature.

The return to production of the San Antonio Gold Mines will have a significant impact on the economy of Eastern Manitoba. The partners have announced that they will spend about \$15 million to return the mine to a safe and efficient production level. Preliminary work is to commence later this month and the mine will be in production by late 1981.

The partners have announced a total of 197 employees will be needed at the property after the mine is brought into production. The company intends to give preference to Manitobans already living in the area when it commences hiring. The annual payroll is expected to be some \$6 million per year.

Members will recall, Mr. Speaker, that the San Antonio Gold Mine operated successfully from 1932 until 1968. During that period it produced some 4.5 million tons of ore with an average grade of 0.28 ounces of gold per ton. The actual production was more than 1.1 million ounces of gold and 180,000 ounces of silver. In 1968 a fire destroyed the mine's hoist room and production ceased, then in July of 1980 a fire destroyed the mill complex, however, many of the other facilities are still there and require certain renovations. The current owner of the facilities is New 44 Mines. Last year the company in conjunction with Brinco Limited, undertook an exploration program to examine the feasibility of returning the mine to production. About \$2.5 million was spent on this joint exploration program which at its peak employed some 45 workers. At the end of February this year, the partners agreed that reopening of the mine was economically feasible. The investigations determined that there are mineable reserves of 816,000 tons of ore, with an average of 0.19 per ounce of gold.

To extract this and process it, Brinco Mining intends to undertake a complete refurbishing of existing above ground and underground facilities and build a new concentrator at the site. The company has informed me that it is expected mining operations initially will be a rate of two shifts per day, for five days a week. Production is expected to

reach a level by the end of 1981 of 122,500 tons annually of ore. When the mine comes into full production, its output of gold is anticipated at 22,000 ounces per year.

Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. HARVEY BOSTROM: Thank you, Mr. Speaker.

Certainly members on this side welcome this announcement. It is interesting to see and welcome to see the San Antonio Mine reopening in that area, as the Minister has mentioned. A successful mine operated in that area for many years and really only closed down as a result of production costs being higher than the returns to the investors involved.

As the price of gold has risen to the record levels that we now experience, we see that mines like this are coming back in production. As the member for that area, I noticed the increased interest in gold exploration in general in that area. There are many companies who are exploring in that area, in fact Esso Minerals Limited is expending some of their oil profits, I expect, looking for gold claims in that area and there are a number of individual entrepreneurs in that general area that are looking at putting their money up, looking for gold because of the increased value of gold.

In addition, Mr. Speaker, we welcome the intention as the government has indicated of this company to provide preference to Manitobans living in the area when it commences its hiring. Unemployment is at record levels in that area, thanks in some part to the regressive policies of this government and an investment like this will certainly assist. The members seem to be taking the credit for the announcement that has been made by this mining company. I expect, Mr. Speaker, that they will also credit for the general decline in production in mining that we've experienced over the term of their government and also, Mr. Speaker, that there has been a 24 percent decline in employment in the mining industry during their term of government.

MR. SPEAKER: Order please. May I point out to the Honourable Member that his remarks should be germane to the subject matter at hand. The Honourable Member for Rupertsland.

MR. BOSTROM: Well they are, Mr. Speaker, because while we are seeing an increase in mining employment in this particular announcement. This is simply returning, hopefully returning to levels that we enjoyed while the New Democratic Party was in government. The mining employment, generally, in this province has declined under this government; mining production has declined under this government and it's as a result of increased prices of gold that we now see some increased interest in this area.

The other area of concern, Mr. Speaker, which I would hope that the Minister would answer, he certainly didn't answer it in his statement here, is what will be the return to the people of Manitoba from the production and profits to be made from this mining venture? We would want to know that answer as well, Mr. Speaker. There is more than one benefit that should be available for many mining ventures.

One is employment, naturally, which is an important benefit, but the other benefit which the government should be taking into consideration is the revenue to the people of Manitoba from a mining venture like this, and it doesn't appear as though this government is taking much interest in that.

ORAL QUESTIONS

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. HOWARD PAWLEY (Selkirk): Mr. Speaker, my question is to the Minister of Urban Affairs.

Since the municipalities of the province can't operate at a deficit like this present government is, since, the municipalities cannot issue special warrants, can the Minister advise whether or not the Provincial Government has offered to pick up any of the additional costs thrust upon the municipalities of this province as a result of the stalemated negotiations involving the RCMP contracts?

MR. SPEAKER: The Honourable Attorney-General.

HON. GERALD W.J. MERCIER (Osborne): Mr. Speaker, I met with, I think probably the majority of representatives of municipalities who contract with the RCMP for their services, some two weeks ago in Brandon. I indicated to them, Mr. Speaker, that we were in negotiations with the RCMP. My advice to them, for the purpose of budgeting, Mr. Speaker, was to budget on the basis of the current contract plus an allowance for inflation on an annual basis, that I could not advise him how long the negotiations would be and that was the best information I could give them at this time for the purpose of budgeting. Mr. Speaker, I indicated to them inasmuch as we are in negotiations that it would not be appropriate for me to indicate the level of additional support that the provincial government would provide to them in the event the federal proposals were somehow to be agreed to, that in view of the negotiations, that is something that I cannot indicate to them at this time and that was accepted, it would appear to me, Mr. Speaker, by every one at that meeting.

MR. PAWLEY: Mr. Speaker, since Mr. Howard of the Union of Manitoba Municipalities indicated over the weekend the province is not picking up its fair share of RCMP costs and in view of the Minister's response that he had suggested to the municipalities that they allot and budget an additional amount within their budgets in order to pay for additional RCMP costs, and without his disclosing any specific level, my question to the Minister is whether or not the Province of Manitoba is prepared to assume additional costs if, as a result of the negotiations, the municipalities are required to pick up more than that recommended by the Minister to the municipalities for inclusion within their budgets?

MR. MERCIER: Mr. Speaker, the Leader of the Opposition agrees or has indicated, and I take it he agrees with the statement of Mr. Howard with respect to some inequity in the financing of police costs under the current agreement. Mr. Speaker, I would remind the Leader of the Opposition that the municipalities in the Province of Manitoba have been

operating for the past five years under an agreement signed by the Leader of the Opposition in May of 1977. So if there is any inequity under this agreement it's under his direction as Attorney-General in May of 1977, when he signed this agreement that put the municipalities in the position they're in now.

Mr. Speaker, we have attempted over the past few years to attempt to reduce the burden on municipalities by adjustments in the unconditional grant program and in some other steps that were taken. I have attempted through these negotiations with the Federal Government to get a fairer deal for municipalities on contracts for RCMP services. We have been following that course of action. We intend to follow that course of action until a fair contract is entered into.

MR. PAWLEY: Mr. Speaker, let me remind the Minister that the plight that the municipalities are confronted with is not as a result of the agreement just lapsed. That agreement had served the municipalities and the province well. The plight is the result of the present negotiations that are under way in respect to additional costs to be thrust upon the municipalities in Manitoba.

Mr. Speaker, I ask the Minister when this Conservative Government is going to cease its shell game of thrusting more and more costs upon the municipalities of this province and ensure they undertake their proper responsibility as indeed the government back in 1977 did when they negotiated this agreement, which at the time was met with general favour on the part of the municipalities of Manitoba?

MR. MERCIER: Mr. Speaker, it would be helpful to us and to the municipalities of this province if the Leader of the Opposition would stop defending the Federal Liberal Government.

Mr. Speaker, Mr. Howard has referred to inequities, in his view, under the current contract which just expired last week over the last five years, under the agreement signed by the Leader of the Opposition in May of 1977. Mr. Speaker, I point out that agreement was signed some 13 months after the previous contract had expired on March 31st of 1976.

Mr. Speaker, we have been attempting, as I have said, through our analysis of the existing cost-share arrangements, to come to a fair agreement for all parties concerned. We have come to the conclusion, at the provincial basis, and this is eight provinces, Mr. Speaker, that the current cost-sharing arrangements for municipal contracts, which the Leader of the Opposition signed in this agreement, provide for a subsidy from the municipalities to the Federal Government, rather than vice versa. Yet the members of his party stand up in this Legislature and debate on a private resolution by the Member for Dauphin and say the Federal Government are subsidizing the province and the municipalities, Mr. Speaker.

I wish, Mr. Speaker, that we could get some support for the provincial argument that is being made by eight provinces that the current cost-sharing agreement should be extended and there should be greater benefit to the municipalities.

MR. PAWLEY: Mr. Speaker, in view of what the Minister has just reported to us, and in view of the

fact that the Minister is spending considerable time ridiculing and attacking the 1977 agreement, is the Minister advising this Chamber that in the event the Federal Government proposes to renew the 1977 agreement with the terms included within that agreement, that the Provincial Government of the Province of Manitoba would not accept a renewal of the 1977 agreement which indeed was negotiated by the then New Democratic Party Government in this province and served the municipalities of this province well in comparison with what is being dealt with now by the Attorney-General of this province?

MR. MERCIER: Mr. Speaker, I take it I have to repeat what I've just said. I have said that the provincial analysis of the contract which just expired shows that municipalities were subsidizing the Federal agreement, under the cost-sharing arrangements which he entered into and supported. We want to improve that situation for municipalities, so it is fair to them, to the provinces and to the Federal Governments.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. PAWLEY: Mr. Speaker, further to the Minister, is the Minister then advising the Chamber that the present plight which he finds himself in, indicates, Mr. Speaker, that he is prepared to ignore the weight that is being plunged upon the ratepayers of this province, that he's abdicated any responsibility on behalf of the municipalities in this province in order to negotiate a fair agreement with the municipalities and with the Federal Government, that this Minister, Mr. Speaker, rather than deal in an up front, forthright basis, in order to try to attempt to obtain an equitable kind of agreement as was developed in 1977, is instead going to spend his time Ottawa-bashing, rather than getting down to business and representing the municipalities in the Province of Manitoba in their negotiations?

MR. MERCIER: Well, Mr. Speaker, like the Attorney-Generals of seven other provinces, including the Province of Saskatchewan, we have rejected the proposal of the Federal Government, Mr. Speaker. We have analyzed the information made available to us by the Federal Government. We have sent that analysis to the Federal Government. We submit that our analysis shows that on a Federal-Provincial contract, the existing 56-44 percentage cost ratio should be maintained and further in our analysis we have said that the existing Municipal-Federal cost-sharing arrangements is inequitable to the municipalities concerned.

So quite the contrary, what the Leader of the Opposition is saying, we are advocating on behalf of the municipalities of this province and all other seven contracting provinces, that they should get a better deal from the Federal Government for RCMP services, and that's what we are attempting to do.

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN: Monsieur L'orateur, je veux posé une question au Premier General. Est-ce-que le Précuré General a déjà reçue le décision de la Couré

Suprême pour voir si la décision à d'explication ici aux Manitoba a propos de notre status, une des provinces qui à l'angue officielle de Français et Anglais?

MR. SPEAKER: The Honourable Attorney-General.

MR. MERCIER: Notice, Mr. Speaker,

MR. GREEN: Monsieur L'orateur, J'ai pas entendu la response. Est-ce-que le Procureur-General peut repeté la réponse qui à donner?

MR. DESJARDINS: Say, oui. You can't go wrong. You'll be on every side of the . . .

MR. SPEAKER: The Honourable Member for Inkster with a final supplementary.

MR. GREEN: Mr. Speaker, I believe that your counting is unfair to those who pose a question in French since you've regarded this as a final supplementary but I will put it to . . .

Monsieur le président, j'ai penser que en prendre le risque qu'on pose une question en français, doit être penalisé par poser une question en français. I asked the Minister whether he has received a decision of the Supreme Court relative to the official languages in the Province of Quebec to determine whether or not that decision has any implications on our situation in the Province of Manitoba being one of those provinces which is declared at the official level to have languages of french and english as official languages.

MR. MERCIER: Well, Mr. Speaker, my office has been in contact with our counsel who appeared in that case. I'm awaiting some information from him which he's attempting to obtain from our agent in Ottawa and perhaps I may have that before the end of Question Period; certainly by tomorrow.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MS. JUNE WESTBURY: Thank you Mr. Speaker, my question is addressed to the Honourable Minister responsible for the Environment, and refers to recent changes to Schedules A of the Manitoba Regulation 272 of 1976.

First of all Mr. Speaker, could the Minister explain the reason for removing from Section 2 the words "notwithstanding Section 3" and I understand the Minister is aware of the sections i'm referring to; "notwithstanding Section 3". This in particular i'm referring to . . .

MR. SPEAKER: Order please. May I suggest to the honourable member that detailed information about things of that nature may better be handled by an Order for Return. The Honourable Member for Fort Rouge.

MS. WESTBURY: Mr. Speaker, could the Minister please explain to the House whether the dumping of sewage over 14,000 litres is now legal under recent changes to regulations?

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

HON. GARY FILMON (River Heights): I'm sorry, Mr. Speaker, I'm not aware specifically what the member is referring to; if it's the new regulation for the private sewage disposal systems, I don't have a copy with me at the moment but she just referred to it by number, and I'm sorry, I didn't follow the reference.

MS. WESTBURY: Well, Mr. Speaker, I presume that the Minister will come back with an answer and I wonder if he would also tell us why the door has now been opened to allow approval of dumping sewage into waterways that was not previously allowed; what the philosophy is behind that, please?

MR. FILMON: Mr. Speaker, I'll take the question as notice and bring back a response.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. BOSTROM: Thank you, Mr. Speaker. My question is also to the Minister of Environment and I would ask the Minister if he could indicate what progress if any he can report on his department's investigation of the proposed Ontario mine which may affect Winnipeg's water supply and specifically, Mr. Speaker, I would ask him if he could indicate, if he will merely depend on the information supplied by the mine owner and his consultants or will he request that there be a full independent environmental impact study prepared before any mining development is approved?

MR. FILMON: Mr. Speaker, I can report that as a result of the meeting that was held between senior officials in my department and senior officials of the Ontario Ministry of the Environment on Wednesday, April 1st, seven points were agreed to between the two departments with respect to the High Lake proposed mining development and I think that there's significant points of agreement and they include the following, the fact that both parties have agreed upon the objectives of maintaining the present water quality standards on High Lake and therefore since High Lake drains into ultimately Shoal Lake, that the objective would provide for complete protection for all the interests on Shoal Lake including the City of Winnipeg's water supply.

Secondly, it was agreed upon that appropriate effluent standards which would achieve that objective would be maintained, as well the Ontario Ministry agreed to respond in writing to Manitoba's initial environmental evaluation proposal by April 10th.

Fourthly, the Ontario officials agreed that all legal terms and conditions which would be attached to the Ontario Ministry approval of the project would be discussed with Manitoba prior to issuance of an approval.

Fifthly, it was agreed that the staff of the Ontario Ministry of the Environment and Manitoba's Environmental Management Division would meet to formulate a complete water quality monitoring program for High Lake to be undertaken this spring and summer.

Sixthly, the two departments agreed to increase staff contact between the Ontario and Manitoba Government departments to provide for future earlier warning of other projects which may be anticipated in the area.

Seventh, the question of an overall review mechanism for the entire area development that might have some effect on the Shoal Lake Watershed area would be looked into with a view to achieving a tri-level mechanism for reviewing such potential future projects.

We're very pleased with this response from the Ontario Ministry in view of the fact that jurisdictionally there might certainly be some question as to whether or not we could have forced this kind of agreement legally on them and we're pleased that this seven-point agreement has been achieved by virtue of our inter-departmental talks.

MR. SPEAKER: The Honourable Member for Rupertsland.

MR. BOSTROM: Well, Mr. Speaker, my concern is that the Minister seems to be content to have his department accept the advice of the mine company and the Ontario Government in this matter. The Ontario Government as we know has had a dismal record of protecting the environment.

So I'd ask the Minister if he could assure this House and assure the people of Winnipeg that his department will be assured before the mine goes into operation that there will be no detrimental impact on the water quality?

Now, it's not enough to have this after the fact and to have monitoring done, it may be too late to clean up the mess. I ask him specifically if he is not aware that the proposed mining operation proposes to take 90,000 gallons a day out of High Lake, use it through the milling process, pass it back through their tailings pond with the effect that 90,000 gallons of water goes back into the lake every day?

Now, Mr. Speaker, surely that must have some impact on the water quality, and our concern is that the Minister know what that impact will be before the fact and not after the fact.

MR. SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

MR. FILMON: Mr. Speaker, I'm confident that the officials of my department are indeed aware of all the aspects of the proposal and will do everything possible to ensure that the objectives of maintaining the present water qualities standards is achieved.

MR. SPEAKER: The Honourable Member for Rupertsland with a final supplementary.

MR. BOSTROM: Well, given the nature of the concern raised about this matter, Mr. Speaker, and the fact that it's going to potentially impact on the water supply of all the people of Winnipeg, I would ask the Minister if he would be prepared to provide an opportunity to the citizens of Winnipeg to know all of the facts about this particular case by his department coordinating and calling public hearings or meetings on this issue, so that people who have concerns about the potential impact on their water quality can receive the information they desire and ask the questions that they want to ask about this very important question?

MR. FILMON: Mr. Speaker, I'm sure that that's a matter that the City of Winnipeg officials might

consider and I don't at the moment envisage my department undertaking such an exercise.

MR. SPEAKER: The Honourable Member for Churchill.

MR. JAY COWAN: Mr. Speaker, my question is to the Minister of Northern Affairs and I'd ask the Minister if he can indicate what action his department or his government will be taking in respect to the anticipated closure of the Savage Island Fish Processing Plant for this fishing season?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. DOUG GOURLAY (Swan River): Mr. Speaker, I'll take that question as notice.

MR. COWAN: I would ask the Minister then, Mr. Speaker, if he has been in touch with either the Federal Government or the Freshwater Fish Marketing Corporation in respect to the anticipated closure so as he can provide some input as to what the province's actions will be in respect to this closure which will effect over 200 fishermen in the area?

MR. GOURLAY: Mr. Speaker, I'm currently waiting on further information from the Freshwater people.

MR. SPEAKER: The Honourable Member for Churchill with a final supplementary.

MR. COWAN: Perhaps the Minister then can indicate what the intent of the conversations he has had with the Freshwater Fish Marketing Corporation to this point have been, and further to that, can he indicate why it is that provincial dollar support to that fishery area has decreased, 1980 was approximately 18 percent of what it was in 1977, and what influence that would have on the operations of fishery in the area?

MR. GOURLAY: Mr. Speaker, I have staff that have been discussing this situation and I'm just waiting to get further details on that situation there.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. LEONARD S. EVANS: Mr. Speaker, I'd like to address the question to the Minister of Agriculture and ask the Minister whether he can inform the House whether an office location has now been determined for the agricultural employees, who are expecting to be transferred to the City of Brandon, I believe it is by July of this year?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. JAMES E. DOWNEY (Arthur): Mr. Speaker, the allocation of space for government falls within the jurisdiction of the Minister of Government Services. Perhaps that question would be better asked of him, Mr. Speaker.

MR. SPEAKER: The Honourable Minister of Government Services.

HON. WARNER H. JORGENSEN (Morris): No determination has been made as yet.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. EVANS: I'd like to ask a supplementary then, of the Honourable Minister of Government Services.

Can he advise, in view of the fact that the employees are to be located there, I believe by July, can he advise when a decision will be made and also can he advise whether it is correct that the former Co-op Building, the Co-op Retail Store Building, is still being considered as a possible location for those offices?

MR. JORGENSEN: Mr. Speaker, there are several locations that are being considered at the present time.

MR. SPEAKER: The Honourable Member for Brandon East with a final supplementary.

MR. EVANS: Well, Mr. Speaker, I don't believe the Minister answered the first part of my question and that is, when will a decision be made in this matter and if the answer is simply soon, can he advise very specifically at what date or by what month will those employees be located in the City of Brandon?

MR. JORGENSEN: Soon, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MS. WESTBURY: Thank you, Mr. Speaker. My question is addressed to the Honourable First Minister.

In view of the statement by the Premier of Quebec to the effect that the seven other provinces, seven other than Quebec provinces, which oppose the Federal Constitutional Package, are supporting him for re-election, would the First Minister please advise the House whether in fact he is supporting Premier Levesque and his PQ Government?

MR. SPEAKER: The Honourable First Minister.

MR. LYON: Mr. Speaker, I'm not aware of that news report. I find it rather amusing that any premier in any election would say that he's being supported by seven other premiers. There are very few who would have that kind of support. If I were my honourable friend, I would treat that as one of those passing comments that appears in newspapers from time to time that is calculated to give humour rather than information.

MS. WESTBURY: Well actually we can't blame the newspapers this time, because it was on the radio, Mr. Speaker.

Would the Premier, however, assure the House that he is not supporting this Separatist Party in the election?

MR. LYON: Mr. Speaker, I have no hesitation in saying to the honourable lady that I have not been asked to campaign in Quebec; I'm not going to campaign in Quebec; I am not supporting directly or

indirectly; if asked to I wouldn't, and if drafted I wouldn't.

MR. SPEAKER: The Honourable Member for Churchill.

MR. COWAN: Thank you, Mr. Speaker, my question is to the Minister of Northern Affairs, and I'd ask the Minister if he can indicate or update the House as to the status of the Northlands Agreement negotiations, negotiations which should have been finished by March 31st as the present contract ran out at that particular time?

MR. GOURLAY: Mr. Speaker, the negotiations are going on quite nicely. We have not reached the point where the signing is yet ready.

MR. COWAN: Mr. Speaker, it seems passing odd that the Minister would say that the negotiations are going on quite nicely and yet they have missed the deadline. Perhaps he can indicate when it is he expects that those negotiations will have reached the point where an agreement can be signed?

MR. GOURLAY: Mr. Speaker, I can't say exactly when this will take place. We're hoping that we'll be able to reach agreement with the Federal Government very soon.

MR. SPEAKER: The Honourable Member for Churchill with a final supplementary.

MR. COWAN: Yes, thank you, Mr. Speaker. I would hope that the Minister could be more explicit as to why they have been unable to reach an agreement before the present agreement ran out. So can the Minister indicate what it is exactly that is upholding, or is in fact stopping the agreement from being reached at the present time? What are the roadblocks in the current negotiations?

MR. GOURLAY: Mr. Speaker, there are a few areas that we have not reached agreement and we're trying to come to a satisfactory arrangement with all parties concerned.

MR. SPEAKER: The Honourable Member for Brandon East.

MR. EVANS: Thank you, Mr. Speaker, I'd like to ask a question of the Minister of Agriculture. Does the Minister of Agriculture expect to have his Water Services staff in the City of Brandon by the month of July; yes or no?

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. DOWNEY: Yes or no, Mr. Speaker.

MR. EVANS: Mr. Speaker, I regret the rather evasive answer of the Minister. I hope it will be some time in this decade.

Mr. Speaker, I'd like to ask another question of the Minister with regard to the facilities at the Keystone Centre. Is the Honourable Minister of Agriculture and his government prepared to give positive consideration to proposals of the Board of Directors

of the Provincial Exhibition of Manitoba regarding a necessary expansion of that facility?

MR. DOWNEY: Mr. Speaker, the answer to the first question on the movement of Water Services staff, as soon as the Department of Government Services have proper space and can accommodate the move, then we will proceed to move the staff to Brandon as quickly as possible.

The second question to do with the Keystone Centre, we have met with the people of the Keystone Board and my colleague from Brandon West, as well as the different discussions that took place as well when we were at the Brandon Fair, there are several things that have been looked at and there are certainly a lot of things that have to be considered in looking at the whole Keystone Complex.

MR. SPEAKER: The Honourable Member for Brandon East with a final supplementary.

MR. EVANS: Thank you, Mr. Speaker. I wonder if the Minister could advise when a decision might be made one way or the other in regard to this matter inasmuch as the Board of Directors of the provincial exhibition believe that additional facilities are required for the year 1982 when the City of Brandon will be celebrating its birthday and when especially extra heavy demands are expected to be made on this facility as well as others in the City of Brandon.

MR. DOWNEY: Mr. Speaker, as I indicated earlier, there's consideration being given to the whole area and at this particular time I wouldn't want to suggest that there is anything or any final decision that is able to be made on any proposal until there is an opportunity to further assess, first of all, the dollars and cents that have to be spent in all projects to do with development of agriculture facilities within the province.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MS. WESTBURY: Thank you, Mr. Speaker. My question is addressed to the Honourable Minister of Health and I wonder if he is now in a position to reply to my questions of the 25th of March relative to the Municipal Hospitals Building Program?

MR. SPEAKER: The Honourable Minister of Health.

MR. SHERMAN: Yes, Mr. Speaker, the honourable member had asked me about the Capital Program for the Municipal Hospitals in Winnipeg and I can confirm what I believe I suggested to her at that time, that the 1981-82 Capital Program of the Manitoba Health Services Commission does not include further projects at this time for the municipal hospitals. We are proceeding with the program that was announced last year and approved in last year's capital budget which is a \$2 million program.

MS. WESTBURY: Mr. Speaker, because of the confusion that seems to exist somewhere between the hospitals and the Manitoba Health Services Commission, can the Minister advise whether that is intended still to be for renovations to the former nurses' residence?

MR. SHERMAN: No, Mr. Speaker, some considerable assessment and evaluation of the old nurses' residence was carried out and although it appears to be structurally sound, the program that's under way right now does not embrace that kind of renovation or activity. What it calls for is the construction of a new 25,000 square foot building between the Princess Elizabeth and the King George, which will essentially be a day hospital; and it also includes some minor renovations to the King George.

MR. SPEAKER: The Honourable Member for Churchill.

MR. COWAN: Thank you, Mr. Speaker. While the opportunity exists, I would like to address another question to the Minister of Northern Affairs and ask him, that in light of the fact that one of the major factors creating the anticipated closure of the Savage Island Fish Processing Plant is the cost of air transportation in the area, and in light of the fact that the government has cut back on their transportation subsidy from a total of \$96,000 in 1977 to a total of \$17,000 in 1980, is the Minister prepared to undertake a review of his department's policy in respect to transportation subsidies in the area for the purpose of determining if the provincial cutback had any effect on the closure of the Savage Island Fish Processing Plant?

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

MR. GOURLAY: Mr. Speaker, as I answered earlier, I would be pleased to take this question as notice and bring back further details for the member.

MR. COWAN: As the Minister seems prepared to leave this extremely important and immediately urgent problem in the hands of his staff, I would ask him if he would be prepared to meet with the Director General of Indian Affairs, which is a primary funding agency or with the Freshwater Fish Marketing Corporation purposely for the purposes of firsthand negotiating this situation and trying to come to an agreeable conclusion which will in fact keep that fish processing plant operating for another year?

MR. GOURLAY: Mr. Speaker, as I've indicated, I'm interested in getting more details on this problem and I'll report same to the House.

MR. COWAN: I'd ask the Minister finally, Mr. Speaker, if he can indicate when it was this matter was first brought to his attention, as it is my understanding that it has been a problem which the department and the government at all levels have been aware of for some time. And when he first has taken action on it, as it looks as if he hasn't given this the type of consideration and the type of immediacy which it deserves?

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. PAWLEY: Mr. Speaker, my question is to the Minister of Finance. Is the Minister of Finance in a position today to advise us as to the date of the budget?

MR. SPEAKER: The Honourable Minister of Finance.

MR. BRIAN RANSOM (Souris-Killarney): No, Mr. Speaker, but when that date is known with certainty, the House will be the first to know.

MR. SPEAKER: The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, I would like to direct a question to the Honourable Minister of Mines and Energy. I would like to know, Mr. Speaker, whether or not the people of the Province of Manitoba had an opportunity or were offered an opportunity to participate in the exploration and development program which is now announced for Bissett, Manitoba?

MR. SPEAKER: The Honourable Minister of Energy.

MR. CRAIK: Mr. Speaker, to the best of my knowledge the mineral rights in that mine have been owned by the New Forty-Four or their predecessors for the last several decades and certainly since the 1960's anyway. There are no Crown lands involved in this operation at the present time. It's entirely on privately owned leaseholds.

MR. GREEN: Mr. Speaker, I would like the Minister of Mines and Energy to consider that the people of the province were asked to bail out this mine in the middle Sixties and advanced money towards it, and I am merely asking the Minister whether or not the existing exploration program or the exploration program that was engaged in, whether the people of this province were given an opportunity to participate along with the private companies that are involved in the exploration and development of this mine. They certainly came to us when they needed the money. Did they come to us to participate in the exploration program?

MR. CRAIK: Mr. Speaker, as I recall there was some support in the Sixties for this mine by way of a loan which was pretty well paid off, but not entirely and then the company went into bankruptcy. I presume that if the Crown had an interest in gambling with the mine they had their opportunity all right. They could have bought the company out of bankruptcy, but under the current regulations in Manitoba no one with private property is forced under this government to go into a partnership or give up part of its ownership to the government. They can voluntarily do so and there have been a large number do that and the door is open for that opportunity. It has not been the case in the case of this mine we just announced today though.

MR. GREEN: Mr. Speaker, I had hardly thought that I was provoking a debate. I asked a simple question. Were the public of the Province of Manitoba given an opportunity to participate in this development, and when the Honourable Minister says, I didn't say forced in, I asked whether they were given an opportunity, whether they were asked in and they declined it I further ask the Minister whether he would apply the same rules, that he says private owners apply to us, that we can't force our way in,

would the Minister of Mines who has authority and owns on behalf of the people, many many acres of mineral resources in the Province of Manitoba, would he permit that acreage for the public in conjunction with other people, and voluntarily let others in?

MR. CRAIK: Mr. Speaker, lest there be any doubt about the first part of the member's question, I did partially answer it. I said if there was an opportunity it was when the company was in bankruptcy some many years, but the answer specifically to the member, if that's not clear to him, is no.

The Crown was not made an offer to go into partnership or joint venture with the producers here. The original owners — the member I believe was here when I read the statement — was New Forty-Four Mines which had succeeded the former San Antonio Gold Mines Company of the late 1960s, who in turn brought in a 50 percent partner which is Brinco which is a name which is familiar I am sure to most in the House and certainly from their former activities in the Churchill Falls Development and so on in Eastern Canada. They are a 50 percent partner and it's 50-50.

ORDERS OF THE DAY BUSINESS OF THE HOUSE

MR. SPEAKER: The Honourable Government House Leader.

MR. MERCIER: Mr. Speaker, perhaps I can personally indicate just two items of House business: One, following the Department of Natural Resources, the Departments of Municipal and Northern Affairs will follow in committee outside the House. Secondly, Mr. Speaker, Public Utilities will meet tomorrow morning at 10:00 a.m. to complete consideration of the Manitoba Hydro report.

Mr. Speaker, I move, seconded by the Minister of Finance that, Mr. Speaker, do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee of Supply with the Honourable Member for Radisson in the Chair for the Department of Education, and the Honourable Member for Virden in the Chair for the Department of Natural Resources.

CONCURRENT COMMITTEES OF SUPPLY ESTIMATES — NATURAL RESOURCES

MR. CHAIRMAN, Morris McGregor (Virden): I call the committee to order. We're on Natural Resources. We were on 1(a)(1) and I believe the Member for Rupertsland had five minutes approximately left.

The Member for Rupertsland.

MR. BOSTROM: Well, I didn't intend to continue on a speech, Mr. Chairman, but I did have some questions. Perhaps I could open with one which seems to be top end . . .

MR. CHAIRMAN: If I could just correct. As you know we're always breaking our law to have the

critic answer the Minister. If you have questions, I think it would be more in order to have 1.(a)(2) and then it opens up for entirely new, so 1.(a)(2) — the Member for Rupertsland.

MR. BOSTROM: Thank you, Mr. Chairman.

I wanted to ask a couple of general questions about the issue which was raised on Friday in the Legislature, and in comments by the Minister with respect to the proposed development at Shoal Lake, and I would note for the Minister's attention, that there was a letter sent out by the Deputy Minister of Mines, Resources and Environmental Management, on November 27th, 1978, by the then Deputy Paul E. Jarvis, in which he sent a letter to Chief Alfred Red Sky of Shoal Lake Band No. 40, and I read the letter: "As attached is a copy of a draft agreement between your Band, the City of Winnipeg, the Province of Manitoba and the Government of Canada, regarding required access to the development of your lands and any land transfers to that end."

So, Mr. Chairman, there was a draft agreement forwarded to the Shoal Lake Band of Indians, and it was over the signature of the Deputy Minister of Mines and Resources, and in that draft agreement, the province specifically stated in and I read the section: "that the band and the department on the acceptance of the development plan and prior to commencement of road construction, shall undertake to transfer areas within the development, area of not less than — the acres are not written in in total — excluding the area of rights of way granted under Section 6 above; such lands shall be contiguous to not less than 5,280 lineal feet of shoreline on Shoal Lake, within the development area and within the Province of Manitoba, measured on the high water mark and granted in the form of indefeasible title to the Province of Manitoba.

So I bring this to the Minister's attention, because I believe both he and his Deputy Minister had stated to the press that a draft agreement or a proposed agreement was not made to the Band, and in fact, perhaps neither he nor his present Deputy made a draft agreement to the Band, and that part is correct, but a Deputy Minister of the Government of Manitoba, did in fact do such. They made certain commitments within this draft agreement regarding the assistance of . . . In fact in one section here it says, "that on approval and acceptance of the development plan by all parties, the province shall undertake to expeditiously construct an all-weather roadway from a point on Trans-Canada Highway to be determined by the province and terminating at the eastern boundary of the development area and at the boundary separating the provinces of Ontario and Manitoba.

There were two proposals made by the government of Manitoba. One, that the Band turn over a mile of shoreline on Shoal Lake to the Province of Manitoba and that the province would undertake to construct at Manitoba government expense, I suppose, an all-weather roadway from a point on the Trans-Canada to the eastern boundary of the reserve. Now there is a map included in the draft agreement showing roughly the development area proposed and I believe that part of this development area — it's not marked on the map here exactly, oh, yes it is — marked where the Ontario-Manitoba border is and the mile of shoreline

was on land owned by the Indian Band, but within the boundaries of the Province of Manitoba.

I believe from discussions with the people from the Indian Band, they came back to the province and indicated that they were in agreement with transferring a half mile of shoreline as they had discussed, I believe, in meetings with department officials, but the provision that they made with respect to that half mile is that it be made available only for public use. Apparently it is reported that there was disagreement over that particular issue at which point the province did not proceed with this draft agreement and in fact for one reason or another it became embroiled in controversy to the point where the City of Winnipeg and the Province of Manitoba were demanding full environmental impact study, and at the present time the Province of Manitoba appears to be taking the position that not only will they not build the road in return for a shoreline, but they will not even allow the band to have access across Crown land for purposes of constructing a road for themselves for their own purposes.

I would like to ask the Minister if he has any comments on this information which I brought forward to the committee in light of the comments that he and his Deputy Minister made to the press on Friday.

MR. CHAIRMAN: The Honourable Minister.

HON. HARRY J. ENNS (Lakeside): Mr. Chairman, the honourable member will recall that I believe it was last Thursday or Friday morning when he raised the question on this subject matter in the House, they were raised in the House, it may have been by somebody else, I indicated at that time that I was not fully apprized of what may have transpired with the previous Deputy Minister, the previous Minister. However, I can indicate to members of the committee that I have had that opportunity to ascertain what took place. I had a discussion with the Mayor of the City of Winnipeg this morning on the same subject matter. He is appreciative of the concern that the province is showing in this instance with respect to any possible difficulties that unrestricted development may engender to the city's water supply. I've also had conversations with the previous Deputy Minister who indicated to me and I would have if I had, in the next day or two, have made that information available either to the committee here or to the House, the matter that the member now raises.

Let me indicate to the honourable member that as is a quite normal procedure, a situation had arisen; a request was made for access over Crown land that we knew had some problems associated with it, other than the simple granting of right of way. Senior departmental personnel as one would expect is entirely within his right and prerogative to feel out or propose different solutions, that may be applied to resolve the problem. That's in essence the situation before us. I certainly acknowledge the existence of that document that the member refers to. I can indicate to you that it was never put forward through government, or indeed to the Minister for approval, as a recommended course of action. It was a draft proposal at staff level to ascertain whether or not it had within it some resolution to the problem. The

honourable member and I don't have the document before me, refers to one of the conditions which obviously wasn't satisfactory to the Indian Band in question, but at the same time expresses the kind of underlying concern here that we would be well advised to proceed with any activity in that general area without coming to some agreement as to the future land use in and about the shoreline of the Shoal Lake Reservoir, where the city gets its water supply from.

I would be interested to know the member's position on the matter, or indeed that of the Official Opposition's position on this matter. Are they suggesting to me and to this government that we proceed without any assurances of the kind of development that can take place, that could in the future jeopardize the City of Winnipeg's water supply, or just what the position is? The suggestion that the road is can be treated entirely separate from the proposed development of which we are apprised of and I think we're all aware of, and looking at it as simply a matter of providing access to a community, really has to be taken with some concern as to whether or not that really is the case. Indeed if it is the case, I must indicate to the honourable member and the honourable member is perhaps better aware than many members in this House, that there are many communities, too many communities, particularly in Northern Manitoba who are not yet serviced by all-weather roads who live and have to put up with an isolation factor. Under those circumstances if we were looking at it strictly from a point of view of road construction or providing of access to isolated communities, it would have to be considered in the priority listing of road construction generally in the Province of Manitoba.

MR. BOSTROM: It just strikes me as strange, Mr. Chairman, that there was a draft agreement such as I mentioned which was passed by the Deputy Minister to the Chief of the Shoal Lake band and there was a further one on October 26, 1979 signed also by Paul E. Jarvis, Deputy Minister of Mines, Natural Resources and Environment which was a new draft slightly amended from the first and again it is being sent to the chairman in this case of the negotiating committee for the Shoal Lake Band No. 40 and indicating that this is something which the government is prepared to discuss in terms of an agreement with the band.

Here again in this agreement the province is agreeing to construct an all-weather continuous roadway from the Trans-Canada Highway to the reserve in return in this case for 3,500 lineal feet of shoreline on Shoal Lake within the development area and within the Province of Manitoba and granted in the form of indefensible title to the Province of Manitoba.

It strikes me as strange in the operation of government that there would be a Deputy Minister who is proposing such major agreements without bringing to the attention of other members of the government, particularly the executive branch. I would have thought that the Deputy Minister in this case would have made his Minister aware of the fact that he was making rather major negotiations in terms of government expenditure, offering to expend I would think, several hundred thousands of Manitoba taxpayers' money in constructing a

roadway in return for the granting of shoreline and I would ask the Minister, at which point did the government become concerned about the environmental aspects of this? Throughout these proposed draft agreements which the Deputy Minister was proposing I would assume in good faith to the band for their consideration, in terms of a possible contract between the Province of Manitoba and the band, is the Minister now saying that these draft agreements are no longer in the works and there is no connection between the government's present position and the fact that the Shoal Lake band was demanding that the government agree and guarantee to them that there would be only public use of those shorelines and not some private development which would be in competition with their own proposed cottage lot development plan?

MR. ENNS: Mr. Chairman, I think it should be underlined that we're not talking about a final offer agreement that was made on behalf of the government to the band in question. I would expect, and I know it to be the case that senior personnel in my department today and tomorrow, hopefully, and the honourable member, as a former Minister, is aware of it, have to work out proposed resolutions to problems if at senior staff level they believe they are approaching a resolution to a problem, it's then very appropriately forwarded up to the Minister's office for consideration, for approval or for disapproval. That's precisely what took place here. The then Deputy Minister of Resources faced with a problem that he was seeking some resolution of, was feeling through these proposed draft agreements whether or not an agreement of this kind, a land exchange of this kind, was feasible. The fact that they never moved beyond that indicates to me that the conditions that were attached to it at that time by the department were not capable of being met by the band and furthermore I am advised by the then Minister, Mr. Craik, that these proposed draft negotiations never did proceed beyond the staff stage.

Mr. Chairman, let me just underline that again. I look upon that as being entirely appropriate senior staff work to try to bring to the government's attention, and in the first instance to the Minister's attention, proposed ways of resolving a problem, and part of that is certainly in dealing with the people involved. In this case, it is apparent that the previous Deputy Minister, Mr. Paul Jarvis, sought to resolve the issue of land use at the Shoal Lake water reservoir in a manner that would have made it possible for some planning to be in place prior to any access road being granted.

I ask the honourable member again, is he suggesting to me and to this government that the department should provide access to the Shoal Lake reservoir without any concern, without any sensitivity towards the city's concern in this matter, without any safeguards about unlimited development that may occur within that particular area of the lake in question, which as the member is well aware, is of some considerable concern to the City Fathers?

MR. BOSTROM: Well certainly, Mr. Chairman, I would think that environmental consideration should have been a primary concern of the government, but it appears as though it was not a primary concern of

this government, at least not the senior officials of the Department of Mines and Natural Resources at the time. Their primary consideration seemed to be getting the best possible chunk of land which the band would turn over to them for some undetermined type of development. When the band attempted to determine what kind of development the Province of Manitoba was planning for that piece of land, which they were demanding in return for the access and for construction of a road access, the whole question was somehow turned around to put the emphasis on environmental concerns. That is the way in which it has been related to me; that there was not a great concern raised by departmental officials about the environment until the negotiations over the amount of land that would be made available and the terms on which that land would be made available, broke down. I would note, for the Minister's own information, that there was a letter written by the Shoal Lake Band No. 40 to Paul Jarvis, October 29th, 1979, in which they point out and I quote, "The Province of Manitoba, and especially the citizens of Winnipeg have a great deal to benefit from the access road to Shoal Lake", and I further quote, "The citizens of Manitoba would receive a public road and one-half mile of public access area, prime valued land, to Shoal Lake and Lake of the Woods area. This is not available to the people of Manitoba at the present time." This is what they were prepared to agree to.

Thirdly, "The public road could access the waterworks intake at Waugh, and thus they make their costly railroad obsolete. This would possibly save the City of Winnipeg taxpayers hundreds of thousands of dollars each year, and if the railroad was surplus, there would be no need for the city to hold a large landholding in St. Boniface area of Winnipeg. This could possibly be sold to private enterprise, again financially benefiting the people of Winnipeg, in relieving the taxpayer of a major burden.

"The public road would open up new areas of tourism and expand and promote an industry, which is in need of support, as indicated by your new five year, \$20 million agreement, Destination Manitoba." And they point out that, "The development's only adverse affect", and I'm still quoting from the letter, "is the possible environmental concern for the potable water supply. I would like to assure you, as we have on numerous occasions, that the Band members of Shoal Lake Band No. 40, will not develop or promote any activity which will adversely affect the water supply for themselves and the citizens of Winnipeg." This is the end of the quote here, Mr. Chairman. The Minister should note that the Shoal Lake Band drink from the same water supply, so they are as concerned I'm sure as other people are of the water quality in that area.

I further quote from the letter, "The Shoal Lake Band will also be presenting a formal concept in the very near future on how the development will take place and its activities. You can be assured that the environmental aspects will be well considered. It is with these final positive remarks, that I would like to state that the Band, as we agreed with your senior officials, are prepared to honour the 2,640 feet of shoreline on Indian Bay for a public use area. The Band is also prepared to discuss the possibility of a

corridor to Horseshoe Bay." That's in a letter of October 29th, 1979.

In a further letter dated March 16th, 1981, and this is sent to the Honourable Harry Enns, and, Mr. Chairman, I'd like to quote from the letter in which the Chief Herb Red Sky is saying, and I quote, "We approached your predecessors and officials within your government, Mr. MacMaster, Mr. Ransom, Mr. Craik, Mr. Mercier, Deputy Minister Mr. Jarvis, Mr. McNairnay and others. We were given verbal commitments from some of these people, but on written agreements, we were misled on the land issue.

"Our Band has explained on numerous occasions, the necessity for road access to our community. The road will give our Band members access to off-reserve jobs," etc., etc. in here. I go on to quote, "As we've explained the road is access to a reserve, not our development. The road development will not affect the cottage lot environmental assessment. The impact of the road on a cottage lot development will be assessed. Whether the cottage lot program is approved or not, we require road access to our lands."

So, Mr. Chairman, the Chief and his Council appear to be indicating here, that at least by 1981, they had approached quite a number of people within the Government of Manitoba, and they had received the draft agreements, which are referred to, and at the present time they're simply requesting access across Crown land to build a road at their own expense for access for the people of their reserve.

Now the Minister can say that he wants to wait for the Environmental Impact Study, that's an argument which he could use. I would agree with him that there should be an environmental impact study to insure that the water quality is not affected by any proposed development, whether it's this cottage lot development or a mining development or whatever it may be. That's a reasonable and prudent concern.

However, is the Minister prepared to say that he will provide the opportunity for these people to have road access, given that the Environmental Impact Study is completed and they have assured him that there's no unfortunate effects, or bad effects on the water quality as a result of their proposed development? Is he prepared to proceed with an agreement with the Band along the lines of the proposed agreements which Mr. Jarvis apparently proposed to the Bands?

MR. ENNS: Mr. Chairman, let me repeat again that the subject matter has received a considerable amount of attention. A committee was struck in 1979 consisting of Federal Indian Affairs people, Band people, the Department of Natural Resources. They addressed themselves to the proposed development in that general area and its possible effect on the water supply in Winnipeg; the result of which was a failure to come to an acceptable agreement, acceptable that is to the Indian Band in question. The committee did not resolve the issue, it was disbanded in February of 1980, my information has it, and the matter is still in that state.

I am prepared to indicate to the honourable member and to the committee that I would be, in my judgment, acting something less than the appropriate way if I didn't fully take the City of Winnipeg's

concerns into consideration before any decision is made with respect to the road. If those concerns can be alleviated — and I certainly don't rule out the possibility of a land exchange or a zoning or land use regulations being developed that in the future would set aside the concerns of the city with respect to potential pollution of water supply, that access to the community under those circumstances could not and would not be granted.

I'm simply suggesting to the committee that during the relatively short course of time that I have had the responsibility of the department that I intend to act with the closest of consultation with the City of Winnipeg. As I indicated earlier I had a discussion with the Mayor of the City of Winnipeg this morning; a meeting has been set up and I intend to include some of the officials that the honourable member has mentioned that have had past discussions with the Band, and attempt to resolve the issue.

But what seems to me what's happened to some extent in this instance is that individual actors in the game have attempted to search out and seek out different solutions, not necessarily always in tandem. The last legal representative that I had in my office representing the Shoal Lake Indian Band attempted to suggest that the proposed road had absolutely no connection with the proposed subdivision, cottage lot development, to be entered into in that area. Well, quite frankly I couldn't buy that argument and I suspect, and I believe, at least the Mayor so indicated to me this morning that he is pleased that I didn't buy that argument.

I think that there is a resolution that can be worked out, it will have to be, and I restate this once again; one that the City of Winnipeg is completely and totally happy with. There is just too much at stake. After all, the reservoir does supply the drinking water supplies, I agree, of the Indian Band in question but as well of 600,000 Manitobans residing in the City of Winnipeg.

MR. DEPUTY CHAIRMAN, Arnold Brown (Rhineland): The Member for Churchill.

MR. COWAN: Thank you, Mr. Chairperson. I'd like to continue on a topic which was first brought up in the question period, as I believe it is at least partially the Minister's responsibility, and that is, of course, the Northern Fish Transportation Subsidy for the Savage Island Fish Processing Plant. I would ask the Minister if he can indicate if he has entered into any discussions with Federal officials in respect to that fish processing plant and the imminent closure of it, and if so, can he report to us the circumstances and the results of those conversations?

MR. DEPUTY CHAIRMAN: The Honourable Minister.

MR. ENNS: Mr. Chairman, I do have some knowledge of the situation referred to by the Member for Churchill. I would like to point out, Mr. Chairman, through you to honourable members, we are at the start of my Estimates now dealing with the administration and function in the Minister's office, hopefully suggesting to honourable members that we can, in some orderly way, proceed through our Estimates.

The subject matter that the honourable member wishes to discuss, even in general terms, would

perhaps more appropriately come under the item, Resolution 8, entitled Fisheries, and as the honourable members can appreciate, I would expect to have Fisheries staff available for more specific answers to some of their questions.

I raise that question only inasmuch as that we do have an appropriation, specifically headed under Fisheries which includes our involvement in the overall fisheries management, our involvement with respect to support, whether it's the Freight Assistance Program, etc., and I would be, I think, not unfair in suggesting to honourable members that I answer those questions dealing with fisheries under that appropriation.

MR. DEPUTY CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Just on that point, Mr. Chairman, it appears to have worked rather well in the past in committee that general questions be asked under the general administration of the department. Therefore when we get down to specific sections most of the questions have been cleared up and there may only be one or two questions of a rather technical nature as we come to each section. My own style, as far as critic is concerned is to ask most of the questions in the general administration section and then as we come to each section just pass through them.

MR. ENNS: Mr. Chairman, against the better advice that I'm getting from my Deputy Minister, I will agree to the suggestion made by the Honourable Member for Rupertsland. However, I will tax my memory and suggest to you that when these same questions come up for the second and third time as we get on to the specific items, then I would ask some cooperation from committee members that I can then indicate to honourable members that the subject matter has been dealt with, even if it happens to be some other members who aren't present at this sitting of the committee. But on that basis I will entertain these questions.

I suggest however to the committee members that is not particularly to the advantage of honourable members of the committee inasmuch as staff is alerted to the order of the estimates and I will not necessarily have at all times the particular director of the division available to me for some of the detailed advice and information that honourable members may wish to have.

With respect to the question of the plant that is in the danger of closure, I remind particularly my honourable friend from Churchill who shows a great deal of concern on this subject matter from time to time about the workplace health and safety rules and regulations as they apply, and it's my understanding of the situation that is a large part of the problem that we are facing up at Island Lake; that there are serious concerns being expressed by the Department of Labour and their inspectors as to the safe condition of the building. There have also been some very substantial estimates, I believe, totalling in the order of some \$800,000 to make the necessary renovations. The Federal Department of Indian Affairs is aware of this matter and is currently, it is my understanding, subsidizing the operation of that processing plant by some \$250,000 per annum, and

really it's a question of really whether the Federal Department of Indian Affairs and ourselves to some extent can justify the kind of capital expenditure that would be necessary to bring that plant into operation. I am hopeful, and I am not aware of these details, as to whether or not temporary or partial renovations or changes can be made that could forestall that from happening. That's about the extent of my information with respect to that particular fish processing plant.

MR. COWAN: I thank the Minister for that information. I can assure him that I will not be bringing this subject matter up under the heading of Northern Fish Transportation Subsidy, however, I can't speak on behalf of members who aren't here and can only relay the message to the Minister and would hope that they would take into consideration the remarks of the Minister in preface to his last discourse.

I would ask the Minister however if currently they are undergoing negotiations between the province and the federal government and Freshwater Fish Marketing Corporation in respect to coming up with some of that capital funding, which the Minister indicates is necessary, and he in his comments indicated that the province to some extent have a responsibility to participate in that. So I would ask him if the negotiations are undergoing and if so what has been the result of them and what one would expect from them; and in specific what commitment is the province willing to give in order to ensure or at least in order to assist those fishermen in the area by keeping that plant open for the upcoming season?

It's a very complex matter, if I may, before the Minister answers. Not only is the plant that is currently there being looked at by the Department of Oceans and Fisheries and the Department of Labour and the Department of Indian Affairs as to its suitability in both a workplace environmental sense and a general environmental sense. They are also looking at a new plant in the area and that's been under discussion and negotiation for some time and that further complicates the situation. So, I realize that it is indeed a very complex situation with many facets, which have to be considered. However, if the plant does not operate this year, there will be a significant loss to the fishery in the area; there will be a significant loss of income to fishermen in the area; there will be a significant loss of income to fish plant processing employees in the area, and that will in fact increase the welfare costs in that area. Most of that by the way will be Federal money under the Department of Indian Affairs, but there are a number of Metis and non-status or non-treaty Indian people fishing in the area and that will impact upon the provincial treasury as well.

So I would hope that the Minister has had those high level negotiations and I would hope he would be able to come forward with some statements in respect to what exactly the province is prepared to do in respect to forestalling that imminent plant closure.

MR. DEPUTY CHAIRMAN: Before the Minister answers I would just like to draw to the Member for Churchill's attention that Resolution No. 106, 8.(g), (h) and (j) specifically address themselves to the

particular questions that he is asking and the Minister at that time can have his staff present. I hope that the member realizes that the Minister can only deal in very general terms at this particular point on these items, and I would prefer if the Member for Churchill would ask his questions at that particular time when he can pursue this in detail.

MR. COWAN: On a point of order, Mr. Chairperson, I believe we had this conversation and the Minister agreed and as a matter of fact we had negotiated an agreement, I think, one might say in respect to answering and posing the questions at this time.

I appreciate the fact that the information which the Minister will be able to provide at this moment will be general information. I don't expect detailed information, however we are asking very general questions.

As well, notwithstanding the Minister's agreement to pursue this matter in this way, which I remind you of, as well there is some sense of urgency, I believe, to this matter and I don't know when we will reach that specific area but I do know that there is a great deal of anticipation and there is a great deal of concern especially in that area, in the six communities which are affected by that fishery, over this problem, and I hope if we could get some answers back to them in the immediate future we could alleviate some of that anticipation and some of that concern.

So I appreciate the Minister's willingness to pursue the matter in this way, which he indicated he was just a few moments ago. As well, I appreciate your point of order and will try not to bring up specific details.

MR. ENNS: Mr. Chairman, I should at this point indicate that the decisions that affect the continued presence and viability of the plant are not essentially that of the responsibility of this Department. We are essentially resource managers. We are concerned about the management of the fishery resource in this instance. I can indicate by way of additional information, when I indicated the province has an interest it is essentially the fact that the Manitoba Agricultural Credit Corporation holds a mortgage, I believe, up to — it could be as high \$200,000 on the plant, so there is certainly a concern by the provincial agency and provincial government to that extent in terms of their concern for the mortgage that they hold on that plant.

I think the honourable member himself suggested that the primary responsibility probably rests with the Federal Department of Indian Affairs, and I hope the honourable member doesn't take this to be a situation of a provincial government attempting to avoid responsibility or direct answers to this difficult question. It simply jurisdictionally happens to be that and as well the other Federal Agency, the Freshwater Fish Marketing Board, has a role to play in the manner and way in which fish are received, processed, handled and sold, and have specific responsibility in that regard in the Province of Manitoba. So I can only indicate to the honourable member that I have had some preliminary discussions; they were discussions you know more of a matter of interest and concern, as expressed to me by my colleague, the Minister of Agriculture, who is responsible for the Manitoba Agricultural Credit

Corporation, but the initiative of resolving the issue of that plant, rests principally with the Federal Department of Indian Affairs, and they have some very hard questions to face, whether or not the \$800,000 as repeated, is necessary for the revitalization of that plant, to bring it up to standards; is money appropriately spent or whether or not those resources, or some of those resources ought to be directed in a different way that can hopefully accomplish keeping the fishermen fishing, and providing for the jobs that are already too scarce in that part of the country.

MR. COWAN: The question to the Minister, however, was: Can he indicate what commitment the province was willing to make? I would specify a commitment in regard to either a special subsidy, which the province, I understand, provided to that operation in 1978, a sizable sum, or a increase in the fish transportation subsidy in the area, which in fact has been falling off over the past number of years rather dramatically, because the Minister's staff is not available to him right at the moment. I will just read to him the province's participation in support extended to the Savage Island Fishery, since 1976, and in 1976 it was \$85,000; in 1977 it increased to \$96,000; in 1978 it decreased to \$63,000; and in 1979 \$34,000 and last year it was at \$17,000.00. Not only has that support extended decreased in absolute terms, but it's also decreased as a percentage of the entire support extended to that particular facility, and in 1977 provincial support as a percentage of the entire support was 41 percent; in 1980 that same figure was 7 percent, so in fact, the province has been withdrawing from supporting that particular plant and that withdrawal has not been a withdrawal other than a reduction in the fish transportation subsidy, I believe, but whatever the reason it has resulted in a significant withdrawal of money and support of the Savage Island Fish Processing Plant.

Now the fact that the subsidy has been decreased over a period of time, during which the costs of flying fish in and out of the area has increased dramatically, also has to be addressed. So what I'm asking of the Minister in effect, is a policy statement as to number one, are they going to do something in respect to the fish subsidy and the decreases over the past number of years; and number two, are they prepared to go further than that and make some sort of extraordinary or ad hoc commitment to keeping that plant open during this particular year, as they have done in the past, or at least as it appears they have done in the past?

MR. ENNS: Mr. Chairman, I should be taking some of these questions under advisement, but I would assume that the levels of dollars spent through the Fish Freight Subsidy Program bear a direct relationship as to the actual poundage of fish caught in any given year. (Interjection)—I'm always prepared to accept help.

MR. COWAN: It's my understand that one of the reasons the subsidy decreased so dramatically was in 1978 the province decided that they would withdraw the subsidy on cutter whitefish in the area, and that amounted to a significant decrease. So not only has it been in respect to the poundage in the

area, but it has also been in respect to a policy decision to withdraw the subsidy on a specific species of fish.

MR. ENNS: Mr. Chairman, I'm more than happy to undertake to provide and get some more specific information that I will make available to the committee, with respect to the whole question of the plant at Island Lake, as well as the additional detailed information that the honourable member is requesting, about the level of funding, at some later time during the course of my Estimates.

MR. COWAN: I would hope that that then if we agree to awaiting for that information, frees me from my earlier commitment not to bring this matter up under this specific section.

MR. ENNS: Mr. Chairman, I think it's been an established procedure that the Minister frequently undertakes with the aid and assistance of staff, to come back either the next day or the next session with the detailed information that Committee members request. We have made a note of the concerns being expressed with respect to this plant, and it will break my own rules of not appearing to raise them at such time when I have that information.

MR. COWAN: Then I would just like to make a general statement if I can, and perhaps it will assist the Minister and other members, and Ministers of this Government, when dealing with this particular problem.

As was indicated earlier, the fishery in that area does support some 180 to over 200 fishermen. They have great pride in their fishing abilities; they have great pride in the fact that they are productively employed for a number of weeks during the year fishing. It is hard work; it is difficult work; it's not easy work by any stretch of the imagination. They feel hard done by in this particular instance; they feel hard done by because they want very dearly to fish and yet because of new regulations from the Department of Fisheries and Oceans, and because of a lack of involvement, I might add, by the Federal and Provincial Governments and because of what appeared to be unfulfilled negotiations, it looks as if they will be unable to fish.

I had the opportunity and the pleasure to attend a meeting in the community of Garden Hill, about two weeks ago, where members of the four bands that were most directly affected, the Chief of St. Theresa Point; the Chief of Waasagomach; the Chief of Red Sucker Lake and the Chief of Garden Hill; and members of Governments at both levels, and the Freshwater Fishmarketing Corporation, were in attendance.

At that meeting, the Chief of St. Theresa Point said I think very eloquently, when he stated that if they were unable to fish this year, they did not want people to think it was because they did not want to fish. If they were unable to fish this year, they did not want people to think that it was because they were in fact lazy. If they were unable to fish this year, they wanted people to know that it was not their choice, but that it was the choice of others imposed upon them, either by direct acts or acts of omission.

They are very concerned about that because in the past they have found that because of biases, and I

think that's the kindest word I can use, because of biases people tend to view the situation in Northern Manitoba from a different perspective. They did not want those biases to be reinforced by their inability, an inability which was imposed upon them from outside, to pursue their traditional lifestyle and their traditional way of employment over the next couple of months. I think it's important that that is on the record. I think it's important because this whole matter is one that probably that should not have happened. I don't know if this is the place to discuss federal responsibility, because it is, as the Minister says, primarily a matter of federal responsibility. However, there is also a responsibility on the part of the province because that fish processing plant does, in fact, accommodate fishermen who are not Treaty Indians.

In 1969 when that plant was taken over, at that time there was a consultant's report that was done on the plant and that consultant's report said that that plant should not be used for more than two years. Perhaps it was even one year at the time, I have it in my notes from the meeting, I could find it, but the fact is, the study put the plant life at one to two years. At that time it said the plant was not in good condition.

Since that time that plant has been used and it has been far more than one or two years. I believe that it is because of the new regulations by the Department of Fisheries and Oceans that this matter has been brought to a head this year. But it seems unfair, it seems ironic, or it seems arbitrary, it almost seems existential that a plant that had a lifespan of one to two years in 1969 and has operated to 1980 would suddenly not be able to operate this year. I respect, as much as anyone, the right of the employees in that plant to work in safe conditions, and I respect, as much as anyone, the right of the residents of that area to have an environment that is unpolluted by that plant if in fact that plant was a possible pollution source. That was one of the problems, the sewage system at the plant needed to be renovated, I believe it was estimated to be a cost of \$150,000; also, even if those renovations were accomplished on the plant, which would upgrade it enough for a temporary permit for use this year, that there was no assurance that the plant wouldn't fall down around the ears of the workers when they were employed over the next summer.

So there is a significant risk in using the plant this year, and I'm not certain that it is a risk that should be taken lightly. I think it is a risk that should be thoroughly investigated, but I also believe that if there is any way in which that plant can be upgraded to the extent where it can be used for this year, and if the province has an opportunity to participate in that, that the province should, in fact, participate.

Now the province is going to have to decide at what level it wishes to participate. Obviously the province doesn't want to take on the burden of the \$706,000 estimated loss over the next year. The Department of Indian Affairs and Northern Development has offered \$250,000 of that, so obviously the province doesn't want to have to take on the remaining amount which would be greater than the provincial involvement.

So the fact is that it's going to take some hard negotiations, some determined discussions, on the

part of the government and on the part of the Department of Indian and Northern Affairs, and on the part of the Freshwater Fish Marketing Corporation, in order to resolve this very difficult problem.

I think it is significant, and should be a matter of the public record, that the fishermen in the area have gone ahead in their ice harvest this year, even though they have no promise of being able to use that ice during the fishing season. That was not out of optimism; it was a decision that they reached because if in fact the fishery is not able to continue to operate, that money will be lost to them. Now they are paid for that fish harvesting by the Federal Government, however that's part of the total \$250,000 commitment that the Federal Government has made to the plant for this year and will be taken out of that commitment that in fact will be upheld, according to my understanding, regardless of whether or not that plant continues to operate.

As the situation stands now, it's my understanding that the Chiefs are going to be approaching the Minister at the Ottawa level in the near future to discuss this matter with them, to try to get more money. I am certain that the Minister will be approaching this Minister or other Ministers at the provincial level in order to attempt to develop some means of co-operation that will result in keeping that plant open.

I would encourage the Minister to approach those negotiations in a generous way. I would encourage the Minister to approach those negotiations from a historical perspective, and take into consideration the fact that we have put a lot more money in that area through the transportation subsidy in the past and the province has put a lot more money in that area through direct subsidies in the past, and perhaps now is a time when in fact they should make that sort of extraordinary commitment.

Plant closures, of course, and one doesn't immediately think of Swift's or the Tribune or Maple Leaf Mills when thinking about plant closure in Garden Hill, but the effects are the same. As a matter of fact, if anything, the effects are aggravated. At least in the city when the plant closes down there is some opportunity, although not enough opportunity, for individuals, some individuals, although not enough individuals, of that plant to gain employment elsewhere. In Garden Hill it is going to be a matter of migration or welfare. There will be no other choice. That puts them at a far more difficult — excuse me, puts them in a far more difficult position. So it is going to impact upon them even more so than it impacted upon the Swift's workers or impacted upon the Maple Leaf Mills workers. It is going to impact far more on the community than it did on the community of Winnipeg in respect to other plant closures.

If that is the case then one would suggest that there must be far more commitment on the part of governments in order to ensure that that plant is kept operating as long as is possible, and I think one has to look at the completion of the new plant as a possible solution to this problem in the future, but that does not in any way alleviate the situation that we're faced with at this year.

So I would hope that the Minister would take all that into account when in fact he does have those

negotiations and discussions with other Ministers at both levels of government and with residents from the area. I would hope that in fact we are able to reach some sort of successful conclusion to this problem, that we are able to keep that plant operating, that we are able to do so in such a way as to not have a negative effect on either the workers at the plant or the environment.

But the fact is we are going to have to pay in one way or another for that plant closure. We are either going to have to pay through welfare or we're going to have to pay by providing subsidies to keep the plant open. I would suggest that if the cost will be less through subsidies in keeping the plant open, that we follow that course of action and that the province participate as much as is possible in providing money and support to those fishermen, both Treaty Indian and non-Treaty Indian in the area, who are only trying to maintain a traditional lifestyle.

I know the Minister will do his utmost and I look forward to him being able to use his persuasive powers on his colleagues and on his counterparts at the Ottawa level in bringing about a successful agreement that will enable this plant to keep opening.

MR. ENNS: Mr. Chairman, I appreciate the tenor of the honourable member's comments. I believe them to be constructive, I put on the public record only this, that at the time of the rationalization that took place, particularly with commercial fishing in the Province of Manitoba with the introduction of the Freshwater Fish Marketing Board, I remind honourable members that it was my privilege to introduce that Bill to the Manitoba Legislature that made it possible. I wasn't able to proceed with it to Third Reading, an election intervened and my government was defeated, and the New Democratic Party administration proceeded with essentially the same Bill, authorizing or transferring the jurisdiction, that up to then was in provincial hands, to the Federal authorities to establish the Freshwater Fish Marketing Board.

Unlike some of the other businesses that face the problems of closure from time to time or lack of business, in the business of fish it is a highly controlled regulated operation. I took issue at the time that the decision was made to so centralize the processing of fish in this province, namely by the concentration of virtually all fish processing in one multi-million dollar plant here in the City in Transcona.

I happened to share or held a view at that time and I expressed that in Opposition at that time in the Legislature that even if at cost some of those processing jobs could have and should have been maintained in the north. However, the decision was made, as I say, to centralize in a very substantial way in the one large facility in Transcona operated by the Freshwater Fish Marketing Board, and I believe that decision still is one that we have to live with in the sense that it obviously makes it difficult to mount the kind of economic arguments for further processing, further job creation in the fish business which is so natural and appropriate to the north, where the resources are harvested, very difficult.

Mr. Chairman, I can't really add any more to this discussion at this time other than to acknowledge the concerns of honourable members, and certainly

even though we are not the first department responsible, my colleague the Minister of Northern Affairs has a very substantial degree of responsibility here, the other Departments, including even that of Economic Development in terms of looking and approaching this as a job creation, job maintenance problem have concerns. Again, we are of course primarily interested in the responsibility that we have as resource managers. However, having said that there's no question that it is probably within the Department of Natural Resources, staff people that we have in the field, that have a very close day-to-day relationship with the fishermen involved, and of course as such are very concerned about their future livelihood.

MR. COWAN: I thank the Minister for that statement. I do wish to make one brief comment in respect to it and that is because a decision was made at one time does not mean that we are locked in and wedded to that decision forever. One can always look at that decision from new advantage points that are again either by the passage of time or the accumulation of experience.

I do not wish to comment on whether or not one at this point should make the type of changes which the Minister seemed to indicate are necessary, but I do think that they should be looked at very carefully, and I think that it is a matter that the Minister can quite effectively direct his department's attention to. However, it would have very little effect, by the way, on the incident which we are talking about right now and that's the cost of the operation at Savage Island Fish Processing Plant. It is not a major factor in respect to that and should not be considered as such and I hope the record is clear in that regard.

I am asking the Minister to take a look at this, not only from the vantage point of how they can provide extraordinary subsidy or assistance to the fishermen in the area, but also to look at the fish transportation subsidy and what has happened over the past number of years in respect to the amount of money that's going into that community under that program as well.

So I do believe that although he shares responsibility for this plant with many other departments, both at the provincial and the federal level, he does have a vital role to play and a role that would be somewhere in the area of \$60,000 decrease in fish subsidies in the area as compared to 1977 that he can look at and attempt to determine if in fact there is a way in which the province can start to pump that type of money back into the area and that will further assist that fishery in staying open on a short term basis and then look at the long term solutions, which are obviously necessary and which there will be other opportunity to discuss.

MR. DEPUTY CHAIRMAN: The Honourable Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, perhaps I can pose a question to the Minister with respect to some of the comments he made and specifically with a request to fish processing. Is he saying that because of the difficulties in this particular case, that my colleague has been referring in the Island Lake area, where there is a specific problem related to the

cutter whitefish. Is he saying that somehow a line which exists at the Freshwater Fish Marketing Plant in Winnipeg should be shut down and such a line be replaced by having a fish processing facility at Garden Hill or in that vicinity to process the fish in that area?

MR. ENNS: Mr. Chairman, I'm not competent to make that kind of suggestion or decision. Certainly it's not mine to make. What I was merely trying to suggest — the existence of the capacity of the plant in Transcona in many instances foregoes the serious consideration of transferring processing work to other parts of the province. That's the implication or suggestion that I am trying to make. Whether or not that can be said with good economic foundation, I would have to rely on what I believe to be capable people who are running the commercial fish processing industry here in the Province of Manitoba, principally of course, the Fresh Water Fish Marketing Board people themselves. I just have that perception, which I believe is shared by other lay people, and it kind of makes acceptable sense to me that the capacity being what it is with the facility that it's difficult to argue that it's in the interests of the fishermen, who after all are the recipients of any efficiencies, any savings in the processing of fish, that it be done in the most effective way possible because it bears directly on their payout, on their final payments. So I would have to be pretty cautious about suggesting that while it may resolve an issue, if for instance a line were closed down at the Transcona Plant and that work done somewhere else, I may have difficulty in persuading other fishermen, other than those affected or who are being provided with some additional employment, that it's in their interests to do so and I acknowledge that very quickly. I am just simply — just to put it on the record in a general way, that it appears to me that has been a block to serious recognition of expansion of processing facilities in Northern Manitoba.

MR. CHAIRMAN, Morris McGregor: The Honourable Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, just so that we're clear about the Minister's and the government's position on this issue, just who does he think should be responsible for assisting and the establishment of a processing facility at Garden Hill and I would point out to the Minister that the main reason for having such a processing facility was recognized by the private operator who operated in that area prior to the FFMC even coming into existence. Even with the Freshwater Fish Marketing Corporation, it makes sense from an economic point of view to have a processing facility at that location because the processing of the fish there reduces the volume which has to be shipped by approximately 50 percent, and because of the high freight rates that fishermen are facing in that area which are related to air transportation. The existence of a processing facility is absolutely essential, particularly if they are to harvest the lower quality of product which does not bring a high enough price to even pay the full cost of the freight transportation if it's shipped out in its round form, unprocessed. So, Mr. Chairman, there is a need for a processing facility there,

number one, at first glance, to make the fishing industry at all a viable proposition in that area. The fish must be at least processed in a primary way in order for the fishermen to be able to take a harvest from that lake and to be able to economically sell that harvest.

Now on the other hand a very close analysis of it as I imagine has already been done to a certain extent could indicate that even with all of those things taken into consideration there would be need for a subsidy for a plant to operate in that area, so one would have to look at the economic benefits to the people in that area to determine whether or not a subsidy would be required. If such is the case, who does the Minister think should be responsible for that? He's indicated he's not prepared to say the Freshwater Fish Marketing Corporation should do it because naturally as he pointed out, any subsidy they provide comes out of the pockets of other fishermen. Now should the Provincial and Federal Governments, therefore, get involved and if so, to what extent should each get involved? First of all establishing such a plant and if there's a shortfall on the operation, who should be picking up that shortfall, if it can be demonstrated on a benefit cost analysis that it would be more beneficial to have the fishermen in that area fishing and producing a product which is a useful productive product in our society than to have them simply collecting welfare which is at public expense with no production?

MR. ENNS: Mr. Chairman, I really think that we are going around this question now for the second or third time. I think the honourable members are perhaps even more aware than I am aware of the primary responsibility with respect to this particular plant, the primary role that the Federal Department of Indian Affairs has to play and has played over the years in the provision of assistance to this plant. I also pointed out some of the dilemmas that the Freshwater Fish Marketing Board has in dealing with this matter but by statute since 1969 we have transferred to this federal agency the responsibility, the total responsibility in how fish are marketed, processed and sold in the Province of Manitoba. It's not possible for instance nor necessarily desirable to invite somebody else who may feel they can do the job and provide the necessary provision for processing fish in this or other areas. By statute it's not permitted. I think the Manitoba Government has carried on the Freight Assistance Program which was developed to acknowledge some of the special needs and difficulties faced by northern fishermen. At this point, I don't think I can offer any other advice.

MR. BOSTROM: Well, Mr. Chairman, I believe the Provincial Government does have responsibility here to see that people have the opportunity to have an income from resource development and it's something which we have maintained when we were in government and maintained at this time that the Province of Manitoba, the Government of Manitoba, should have a responsibility to access whether or not a fishery like this can continue to be economically viable and produce a useful product for the use of society. If you look at the production figures you see that in 1979 they produced approximately 399,000 pounds round weight of pickerel from that lake. Now, the pickerel alone at the wholesale level at dock side

in Island Lake would be worth around \$400,000.00. Market value of that product in the final form would be probably in the neighbourhood of \$1 million plus, so there is a useful product in pickerel alone that can be brought out of that lake. I think it's the responsibility of the Minister to utilize the instrument of government to ensure that that happens. Rather than people wasting away on welfare, his government should be taking initiative here in ensuring that there is an opportunity for the people up there to fish and to pack their product, to process their product and get it to market. Whether or not he has to bother himself somewhat to drag in the Federal Government to assist on something like this, I think that he has that responsibility as the Minister responsible for everybody in Manitoba with respect to natural resources, to do something about this, and not to simply sit back and say, well, it's the FFMC and they should be doing it and if they are not doing it, to hell with it. I think that's an irresponsible attitude and one which certainly is not helping the people of Island Lake in any way.

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

MR. BOSTROM: Mr. Chairman, on a related topic and seeing that we're on this Freshwater Fish Marketing Corporation, I wanted to ask the Minister some general questions about it, and I know that in an article in the Winnipeg Free Press, the Minister was quoted as saying that he hoped to campaign, and he's referring to the campaign here of a Jim Penner, President of Penner Foods, Ltd., to have the Freshwater Fish Marketing Corporation drastically changed. He's quoted as saying, "I hope the campaign will prompt the Federal Government to move." I would ask the Minister if he could indicate in a policy way just what moves he would hope the Freshwater Fish Marketing Corporation or the Federal Government should make with respect to the Freshwater Fish Marketing Corporation in terms of changing its mandate or changing the way in which it operates and serves the fishermen of the Province of Manitoba?

MR. CHAIRMAN: I just wonder, committee, if I could familiar myself, I wasn't aware we're on fish when I sat in here. We do have fish about 4 pages on that really would be better to discuss the fish problems rather than here. I realize you get three cracks at it; you get it here, at that sub, and the minister's salary. So really to make some progress and it is on Article 8, on Page 98, clearly Fisheries, so the Member for Rupertsland.

MR. BOSTROM: I'm talking here about government policy and how it relates to the fisheries and I would not propose to raise this issue again when we come to that section, so that I think it would be reasonable for the Minister to make a statement about government policy with respect to the Freshwater Fish Marketing Corporation under this item, since we're dealing with the general administration of the department, and the questions I'm asking are related to general policies of the Government, so I would propose to discuss this at this time and make my comments on it, and not repeat those at any future points in the Estimates.

MR. CHAIRMAN: The Honourable Minister.

MR. ENNS: Well, Mr. Chairman, I having made my nest, I will have to lie in it. I, against the better advice that I was receiving, went along with what appeared to be reasonableness of committee members to allow some deviation from the order of things as we discuss them, and I will continue to try to do that. But let me say before the honourable members puts too many other things on the record, or reads too many things into the record, as to his perception about my views on the Freshwater Fish Marketing Board. Let me be very precise about the fact that you know, from time to time, and it doesn't happen all that often, members of this Legislature do have the privilege in having fathered some particular legislation which I believe has stood the test of time and was worthwhile. The necessary legislation for the creation of the Freshwater Fish Marketing Board was one such piece of legislation that I take some pride in.

As I indicated I only got it into the Second Reading of the Bill, in fact my last official business as a Government Minister in 1969 was to visit to iron out the last details with the then Federal Minister, the Honourable Monsieur Pepin, that brought about the necessary transfers of jurisdiction and powers from the Provincial level to the Federal level, that enabled the equation of the Freshwater Fish Marketing Corporation. I believe that it has served the fishermen of Manitoba well, and will continue to serve the Manitoba fishermen well. That does not preclude in my judgment, being a Conservative, that you retain what is working well and you try to improve in those areas where you feel that it may not be working as best it can.

My comments directly attributed to me as a result of the newspaper article referred to by the Honourable Member for Rupertsland, simply indicate some of that feeling, that having had 10, 11 years experience now of a total monopoly in the fish marketing, purchasing, selling, processing here in Manitoba, there's absolutely nothing wrong with examining very seriously as to whether or not that system can't be improved upon. I have some views that some flexibility, particularly with those species that are currently underutilized, currently by and large going to waste, and in fact adding to, you could say, an environment and pollution problem on our lakes and rivers and streams, that greater effort should be made in this direction. It's been a goal for fishermen and those involved in the fishing industry for many decades, and certainly the Freshwater Fish Marketing Board has addressed itself to this problem, but it hasn't resolved the problem, and if that continues to be a problem and if solutions to the problem can be found that perhaps call for some greater flexibility on the part of the Fish Marketing Board in enabling others to be involved in seeking that solution, then I am open to those kind of suggestions, but it should not be in any way interpreted as lack of support for the Freshwater Fish Marketing Board.

I have, you know, the privilege of representing not a large fisheries in my constituency, the Lake Manitoba Fisheries is only a winter fisheries operation, but I need not be reminded of the general acceptance and appreciation on the part of the vast majority of Manitoba fishermen for the continued operation of the Freshwater Fish Marketing Board.

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Yes well, Mr. Chairman, I'm somewhat relieved by the Minister's comments, however, his actions would be more important than his comments and it's something which the fishermen are definitely concerned about, as they've expressed previously in petitions to this Government and resolutions through the Advisory Committee to the Freshwater Fish Marketing Corporation and so on. They certainly feel threatened whenever someone like Mr. Penner makes statements, which are really not factual, in attacking the Corporation and then it appears as though the Government is supporting these irresponsible statements, and proposing changes to the Corporation which may not be in the best interests of the fishermen.

The fishermen I think are conservative when it comes to their Freshwater Fish Marketing Corporation, if I may use that term, and they don't want to see changes made that will affect their incomes; therefore they want to try to maintain it as much the same as it is now in every possible respect, and they are very leery of proposals, which are supposed to be opening up the corporation and making it possible for sales of other species and allowing other people to get into the export and sale of freshwater fish products. They are afraid that as soon as that kind of thing takes place, it will mean a wide open market again, and it will be throwing them back to the situation which they had, which the Minister is fully aware of; the situation they faced before the Freshwater Fish Marketing Corporation came into effect.

Just by way of commenting on the irresponsible statements that this man has made, he said the Corporation's Annual Report last year indicated it still has to be subsidized. Well it certainly doesn't have to be subsidized. I'm sure the Minister is aware, if he looks at the Annual Report of the Freshwater Fish Marketing Corporation, it's making a fairly substantial profit and paying interest on the loans which it has from the Government.

It did suffer an initial operating loss, which was covered by the participating provinces at the time, but it is no longer in a position where it has to be subsidized; it's making in the year 1980 — \$421,000 plus in profits, which they are returning to the fishermen. They're returning at the present time almost 65 percent of the final product price to the fishermen. They're enjoying at the present time deliveries in pounds which are unprecedented over the history of the Freshwater Fish Marketing Corporation, the best they've experienced, and they're making some strides in being able to market the low quality fish. Some 10 million pounds of mullet were moved last year, which is at least encouraging that they are attempting to move that particular product.

I think that it's unfortunate that people like this make irresponsible comments. Another thing he said was that the Corporation takes 100 percent markup on the fish it buys. Well clearly the report indicates that the Corporation takes much less, because they return almost 65 percent of every fish dollar to the fishermen. That is something that we were striving for when we were in government, as to return a greater proportion of the final selling price to the fishermen. I know that when I was Minister of

Resources, I think the fishermen were receiving something around 50 percent and we were impressing on the Corporation at that time, that they better sharpen their pencils and get a larger proportion of that final price back to the fishermen. I think by the third year of that kind of pressure, they were getting into the 60s, 60 percent mark for their return to the fishermen, and I'm encouraged to see that they're now achieving the 65 percent level.

However, I agree with the Minister in the respect that we should not sit back and say everything is fine, there certainly could be room for improvement, but it's something which should be done in close consultation with the fishermen and not with individuals like Mr. Penner, who shoots from the hip without knowing the full facts of the matter. The fishermen are fully aware of the problems that they're facing as far as the production end of the industry is concerned, and they would like to be involved in decisions related to marketing of their catch, and they would want to be involved in any decisions that are taken with respect to the way in which their fish is administered and marketed.

So I would hope that the Minister would support the fishermen, and make it very clear in his statements that he is supporting the fishermen, and not leave the impression that somehow the Government is going to be moving in a direction which is contrary to the best interests of the fishermen.

That's really all that I had to say on the Freshwater Fish Marketing Corporation, unless the Minister had some comments on that.

MR. CHAIRMAN: 1.(a)(2) — pass; 1.(a) — The Member for Rupertsland.

MR. BOSTROM: Well, Mr. Chairman, I would propose to go through on a point-by-point basis, all the major issues that concern us with respect to the department, and in that way when we come to the individual items, we can just proceed through them expeditiously. I don't expect that there will be many other people from the Opposition asking questions on the department, but certainly I will advise them of the questions that I have asked so that we will not be repeating issues.

MR. CHAIRMAN: I very much agree.

MR. BOSTROM: I would like to get into next a discussion on the forest industry, but I note it's almost 4:30. I can begin that if you like, but I would prefer to go into it in more detail when we come back at 8:00 o'clock.

MR. CHAIRMAN: I guess it's close enough. The time being 4:30 p.m., Committee rise for Private Members' Hour.
Committee rise.

SUPPLY — EDUCATION

MR. CHAIRMAN, Abe Kovnats (Radisson): This Committee will come to order. I would direct the honourable members' attention to page 47 of the Main Estimates, Department of Education, Resolution No. 52, Clause 3, Financial Support — Public

Schools. Item (a) School Grants and Other Assistance — pass — the Honourable Minister.

HON. KEITH A. COSENS (Gimli): Mr. Chairman, were there a number of requests for information on Friday and I have some of that information, some of it will be forthcoming as we move along and in the ensuing weeks. The Member for St. Vital had requested some budget information and some of it was similar to the information we have provided last year. I only have to remind the honourable member that last year he made the request in June, and at that time the final budgets were available. At this point in time we do not have the final budgets of each school division and they will be coming in for the next few weeks and perhaps over the next month or month-and-a-half, so it may take some time before I'm able to provide him with the information he requested, however I will do so as soon as we have received those final budgets.

The Member for Fort Rouge requested certain information, first of all, in the area of Special Needs. I believe she asked for the estimated number of children in the Special Needs area in 1981 and I can inform her at this time that the estimate is that in low incidence one, category one we estimate some 2,071 students; in the low incidence two category, some 271 students; and in the high incidence area, we do not provide funding on the basis of number of students, but on the basis of the number of teachers, resource teachers and so on, that are provided to give us the required services in that area. So as far as numbers are concerned in that area, I can't give them to her at this time. We base it of course on the number of eligible units, and the eligible units being calculated by dividing the eligible enrolment by 325 adding one for any remainder. It's difficult to compare the previous program and the new one but under the old program the funding provide for some 502 persons. The Education and Support Program based on eligible units will provide for some 563, and of course it's quite possible that the number of teachers employed in this high incidence area may exceed the number found under the program.

I believe the Member for Fort Rouge asked for the estimated number of students in the program by 1984 and I have to tell her that any estimate here would be high speculative. Of course school enrolment is generally expected to decline in the next two years, and this is the first year for the expanded program, so I hesitate to give her any prediction at this time, that far in the future. It's safe to predict however, I suggest that due to enhanced services in this particular area, that there will be more children that do require it and will receive attention.

The Member for Fort Rouge had also asked for a breakdown on the amount of moneys that will be accruing to the Winnipeg School Division from the Education Support Program. I have that particular information now and I believe she wanted a comparison between 1980 and 1981. In 1980 in the area of Transportation, under that heading, some \$280,000 and in 1981 under the heading of Transportation, some \$341,000, rounding off here.

In the area of Vocational, the business education grant in 1980 amounted to \$128,000, vocational industrial \$622,000 and in 1981 the vocational industrial will amount to some \$1 million. The Special

Needs grants in 1981 and it's very hard to relate these to 1980, although I will attempt to do that in a minute. Co-ordinators and Commissions \$905,000; high incidence \$1,960,000; low incidence \$2,520,000 and that was low incidence one; low incidence two \$582,000, and again this relates to the type of funding provided last year, which in total for the province was about \$1 million in the low incidence one and two. So in total last year about \$1 million for the whole province and compare that with the figures in low incidence one and low incidence two for this particular year. I don't have the comparison for the high incidence because there we're talking about numbers of teachers and so on. It certainly would be considerably less in 1980 and the same with the co-ordinators commissions.

The ESL funding in 1980 of course was non-existent. This for the first time under the new plan, funding is now available to school divisions such as Winnipeg No. 1, in fact all school divisions that have immigrant children in their classrooms, and this year Winnipeg No. 1 will receive \$660,000.00. I don't know, Mr. Chairman, if that was all of the information or specifically the information that the honourable member had requested on Winnipeg No. 1. The Special Needs revenue from the Manitoba Government, I can give her more specific comparisons here, that accrued to Winnipeg No. 1 in 1980 was \$1,602,000 and in the 1981 budget it will be \$5,997,000.00.

I believe the Honourable Member for Fort Rouge had also requested the total education cost for the province in 1981. That figure, Mr. Chairman, is \$540.5 million for a total expenditure.

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. BEN HANUSCHAK: Mr. Chairman, when the committee last met, the Honourable Minister in responding to my suggestion, that the province should pick up 80 percent of a total education bill out of general revenue, and I had broken that down to make it easier for the Minister, if the Minister should find it too difficult to move to 80 percent immediately, I had suggested that 10 percent of that — I'm sorry, 10 percent of 100. In other words, yes, 10 percent of 100, that that could be a tax from a source of revenue designated by the trustees, but anyway whichever way it's done, the end result would be 80 percent province, 20 percent real property.

Now the only criticism that the Minister made in response to my suggestion was that there will be problems of practicality. Well, Mr. Chairman, I'm not concerned all that much about problems of practicality, not unless the problems are absolutely insurmountable, but the Minister hasn't indicated them. It may mean a bit more book work, it may mean some administrative detail that presently the Department of Education is not involved in, but that's a problem for the bureaucrat and not a problem for the politician, Mr. Chairman. I would like to think that here in the house, in debating the Minister's Estimates that we would concern ourselves with matters of policy rather than administration of policy. We hire good staff to work out ways and means of implementation of policy, so I would prefer to discuss the policy aspect of it, whether it's sound or isn't sound, rather than whether it's going to

mean some additional book work or whatever administrative problems it may create.

Now the Minister did mention that within the existing formula or system for the raising of education revenues that there is equalization in the education support levy. Well, I appreciate that, Mr. Chairman. But that equalization only covers about 140-odd million dollars, less than 25 percent of a total education bill and the equalization ends at that. That is the 35 or 36 mills and the 75 mills, 35 mills residential and farm and 75 mills commercial, but that's where the equalization ends. So the equalization is only to the extent of less than 25 percent of a total education bill. But then there's a 20 percent portion, or approximately a 20 percent portion, where the disparity arises between the have and the have not school divisions, the school divisions that have a lower population, higher assessed value, and those that have a higher population and lower assessed value.

Mr. Chairman, if you examine the figures that were presented to us by some of the school divisions, if we examined the figures which had appeared in the press, it becomes very very apparent that that's where the problem lies, and that disparity, Mr. Chairman, will continue as long as the existing funding arrangement for education continues, that is the tying of special levy to real property. That is the payment of the additional 20-odd percent and tying that to real property. Because as I had indicated on a couple of previous occasions, that it's the school divisions that have the greatest need, that have the lowest tax base to tax in order to raise those extra dollars. As I have indicated, those extra dollars, Mr. Chairman, they're not gold plating in the education program, they're there to provide for very real educational needs common to that community. As I had indicated to the Minister previously, and it is my hope — and I'm not one that will preach gloom and doom — it is my hope that the day will come when there will be a turnaround in the economy and the City of Winnipeg will grow. When that happens, Mr. Chairman, you will find the disparity increase even more because the bulk of the commercial development will be within the Winnipeg School Division, which will lead to a higher assessed value, which will lead to a lower school population, and in the meantime, the suburban school divisions will increase their school population and they won't have the benefit — or all of them won't have the benefit of industrial and commercial development, because they have no control over that. It's the city fathers that designate, that are responsible for the zoning, they're the ones who determine where the industrial development is going to go and where the residential development is going to go.

So as per the example that I gave last week, if the assessed value in the Winnipeg School Division should double, the population should decrease by half, and in the meantime the population of a school division, the school population that is, of a division such as Transcona-Springfield should double, then in terms of 1981 dollars, the Transcona-Springfield school division will be in exactly the same position as it is today with a 20-odd thousand dollars assessed value per pupil. In the meantime, the Winnipeg School Division's position will improve because then they'll have close to \$100,000 balanced assessment per pupil.

So as long as the payment of the remaining 20 percent of the educational costs are tied to real property, that disparity will remain and in fact it'll continue to widen. If the Minister examines the figures for the current year, he will find that at the present time, to raise the additional 20-odd million dollars that the Winnipeg School Division requires over and beyond the level of provincial funding, Winnipeg has to impose something in the order of 30 mills, about 3 percent of the assessed value of its real property. By the same token, a school division such as Transcona has an assessed value of \$69 million, let's say \$70 million in round figures, for a special levy of \$4.5 million, so it has to impose a tax levy of close to 6 percent to raise the same amount of money. Or to raise — I'm sorry — not the same amount of money, to raise the amount of money to meet its educational needs and which are leaner, which aren't as rich as those in Winnipeg. If Transcona-Springfield, if we're going to compare education in terms of dollars and cents, or the quality of an education program in terms of dollars and cents, if a school division such as Transcona-Springfield and other so-called bedroom communities, if they wanted to provide themselves with an education program equal in richness to that provided by Winnipeg or some of the other wealthier school divisions, it would even have to impose even a higher special levy.

So that's where the problem lies, Mr. Chairman. So the new funding formula that the Minister has come up with this year, it may have been a band-aid remedy for the year 1981 for some school divisions, but as time goes by we will see the disparity, the discrepancy continue to widen between the have and the have not school divisions.

You know, it reminds me of the story about William Pitt, who liked to have a few drinks after the afternoon session and before the evening session, during the dinner hour, and apparently one evening he returned to the House, having had a few drinks too many and the Clerk sent word to the Prime Minister that he was quite embarrassed with the conduct of the Prime Minister and with his intoxication. In fact he was so embarrassed, said the Clerk, that he had a headache. So Mr. Pitt says, it's an excellent arrangement, I had the wine, and the Clerk has the headache. So with any expansion in the City of Winnipeg or any growth in the City of Winnipeg it's going to be, that school division or those school divisions are going to have the benefit of industrial development that will derive the economic benefits as related to education, and those school divisions which will be designated to be the bedroom communities as it were, they will continue to have to carry the brunt of the education costs by special levy as it presently is.

Now, and related to that, when I pointed out to the Minister that under the present funding formula, there is no requirement that school divisions hire teachers, because you will recall, Mr. Chairman, that I had pointed to you that under the old funding scheme, even though the funding scheme may have been out of whack, out of date, and perhaps was in need of revision, but nevertheless a portion of the funds of the provincial support that school divisions receive was tied to the number of teachers employed and we had the pupil-teacher ratio formula.

Now, under the proposed formula or the new formula now in existence, you divide the eligible enrolment which is 75 or 80 percent of the previous year's enrolment, divide that by 50 — and I don't know where the Minister gets this magic figure of 50 from — and then he multiplies that by \$87,400 and then plus \$200 dollars per pupil for the remaining 20 or 25 percent or whatever it is. But anyway the point is that there is nothing in there compelling school divisions to hire X number of teachers, or to hire teachers with certain qualifications.

Now the Minister said that he has confidence in school divisions that they will adequately staff the classrooms. I have the same confidence in the school divisions that they will do it, but, Mr. Chairman, the degree to which they will staff classrooms with qualified teachers, the extent to which they will staff classrooms with a sufficient number of teachers is going to be determined by the number of bucks that they have at their disposal, and it is going to be determined by the number of bucks that they think that they'll be able to squeeze out of the real property owner. That's the extent to which the staffing will be and not beyond that.

So, with inflation continuing, if it is going to become increasing more difficult to get the tax dollar out of the real property owner, then there will be of necessity, not because some trustee would wish to see his schools operate with only handful of teachers, but of necessity, Mr. Chairman, you will find the pupil-teacher ratio increasing, the teacher workload increasing, and the quality of education consequently suffering and deteriorating.

So the Minister's own formula is going to lead to an increase in the pupil-teacher ratio and a reduction in the quality of education, and not because of irresponsibility on the part of trustees or because of a lack of commitment on the part of trustees to the delivery of a quality education program, but they will be forced to reduce the number of teachers. They will be forced to, when vacancies arise, not to fill those vacancies because they won't be able to afford to fill them, Mr. Chairman.

Mr. Chairman, that is the reason why I have repeated and will continue to repeat that the funding, the tying in of the funding of education or a large portion of education to real property, because at the present time it's over 40 percent — over 40 percent of the education dollars come from real property either by way of the general education levy imposed by the Minister, a total of that and the special levy — so over 40 percent still comes from real property. So when the Minister talks about picking up the tab for 80 percent of education costs, it depends how he is doing his arithmetic. The Minister made it sound as if he is putting 80 percent of education dollars in trustees' pockets, but he's not, Mr. Chairman. He's only putting about 50 percent and a few, 50 plus something percent into the trustees' pocket, and the rest, the trustees still have to extract from the real property owner, and that, no matter, regardless of the economic changes in the province, one way or the other, either an economic decline or an economic upturn, somebody is going to be hurt by that type of funding arrangement.

Therefore, Mr. Chairman, the Minister has to, in fairness to all taxpayers, move in the direction of raising of education dollars to a more equitable

basis, tying it to take into account the individual and the corporate ability to pay as opposed to just going after the real property tax dollar. And then, if that were to happen and on that basis, if every school division would obtain 80 percent of the education tax dollars and would not have to raise more than 20 percent of the education tax dollars, then we would have an 80/20 funding arrangement, 80 percent province, 20 percent from local sources, whatever they may be.

In closing, I repeat again to the Minister that it's the tying of a special levy to real property which is really the root, the source of the inequity, that still appears to exist between the have and have not school divisions and as long as the paying of the additional education costs are tied to special levy, this inequity, this disparity will continue to grow.

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

MR. D. JAMES WALDING: Mr. Chairman, if the Minister was intending to respond to the Member for Burrows I will concede the floor. I wanted to move into a slightly different area of 3.(a).

MR. CHAIRMAN: The Honourable Minister.

MR. COSENS: Mr. Chairman, I thought there might be some other general remarks in this area that I'd entertain before I commented, but certainly I would be pleased to comment on some of the things that the Honourable Member for Burrows has brought to our attention.

He comes back to his particular finance plan and I will not dwell on that, Mr. Chairman, but say to him that there may be some rather worthwhile concepts in what he is suggesting and what I will do is refer his plan to the Educational Finance Advisory Committee and ask them to take a look at it and advise me if they see concepts in his suggestion that are worthwhile. I certainly am not standing here criticizing it outright without having had a chance to study it in more detail. Mind you, he really does concentrate on just one side of educational financing, how you raise the money. He hasn't told us about how you then distribute it, which is equally as important in the functioning of the whole system.

The Member for Burrows is concerned about the fact that populations change and shift and that assessments can change due to economic development and he is as optimistic about that as I am, and he is afraid that this particular plan won't meet the changing requirements that can result from factors such as changing population and changing assessment and, Mr. Chairman, that's exactly why this is a three-year plan. We realize that the system's needs can change in a three-year period; that the characteristics that we see now in the system can change rather drastically three years from now, and that is why it is a three-year plan rather than a six-year plan or a eight-year plan or a ten-year plan. It is three year's, Mr. Chairman, because we think that many of the factors will remain reasonably stable over that three-year period and perhaps by the end of that three years we will see changes that will require some changing of the plan, some adapting of the plan, and certainly that is what should take place.

One of the problems in our old Foundation Program was that there weren't changes made in it. There weren't any real adaptations to fit changing needs within the system and certainly this plan we see as operating for three years and at the end of the three years no doubt needing to be changed and amended to facilitate the operation of the system.

The Member for Burrows keeps referring to the problem of raising moneys on real property, the 20 percent, and I have to tell him that certainly this is one of the areas where the Manitoba Association of School Trustees was most anxious that this particular aspect be retained. They felt, I'm sure, that if they were to lose this ability to tax local property owners under the special levy area that they would be losing some of their autonomy and some of their jurisdiction as trustees.

I was surprised also, Mr. Chairman, that the Union of Manitoba Municipalities, when I met with their executive, also adopted this position that they did not want to see the government depart from that particular concept and again I imagine the rationale behind their thinking was that they felt this would represent a loss of autonomy by the local elected officials and it was something that the municipal people did not favour either.

Now the Member for Burrows also refers to this problem as he sees it, or thinks things will result that the new program will cause the pupil-teacher ratio to change; that school boards will not hire teachers and the system will suffer rather drastically. Mr. Chairman, I think his apprehension is not well founded at all. Certainly under the old program when there was a salary grant albeit rather minimal, school boards hired over 2,000 teachers that were over grant and there was no direction requiring them to do that at that time. I have certainly great faith in school boards that they will continue to hire the number of teachers that are required to staff the schools of this province. Of course, under The Public Schools Act it says it is their duty to do so, but the Member for Burrows would appear to like a little more power resting in the government and less in the hands of school boards, where he would like to dictate to them exactly how many teachers they had to have. I say, Mr. Chairman, that we are putting that responsibility and that trust with the school boards and I am quite confident that they will carry it out as they have in the past. We now have the lowest teacher-pupil ratio that this province has ever had, it is 16.4 at this particular date, Mr. Chairman.

Now perhaps one of the concerns that the Member for Burrows has can be answered by a question or a request for information that the Member for Fort Rouge made on the last day and I hadn't responded to her initially today, but she asked for the number of divisions that have decreases or increases as a result of the new Educational Support Program. I can give her that information at this time and the Member for Burrows probably would be interested in this as well. I remember the last day that I pointed out that under the new Educational Support Program we now have 31 school divisions, where the taxpayers will be paying in total school tax, that's the ESP levy and the special levy, less than 70 mills; 31 school divisions, Mr. Chairman, where they will pay less than 70 mills in total for their school tax as compared last year under the old program to 19 school divisions, Mr. Chairman.

I think that's an interesting statistic and does say something about the new program, but getting to the question posed by the Member for Fort Rouge, the number of divisions with decreases or no increase, Mr. Chairman, under the new program in 1981 will be 41, and the number of divisions with less than 1 mill increase, and again I am speaking about a mill increase based on balanced assessment, the number of divisions with less than 1 mill increase is four. Now the number of divisions with a 1 to 10 mill increase is in total, nine, Mr. Chairman. So we have 41 divisions with a decrease or no increase; four with less than a 1 mill increase on balanced assessment, and nine with more than 1 mill increase, Mr. Chairman. I thought that particular information was significant and points out the impact that the program has had on this province and on the taxpayers of this province.

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

MR. WALDING: Mr. Chairman, we are on Section 3.(a) and that's some \$290 million. I asked the Minister on Friday morning when we first reached this particular section if he could give us a breakdown of \$290 million. He said at that time he could not, which I found rather surprising that of such a large amount that there would be no breakdown forthcoming, however the Minister took the question as notice, and I had expected that in answering other members' questions this afternoon that he would have that breakdown. I would now ask him whether he can give me the information?

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. HANUSCHAK: Mr. Chairman, I merely wish to thank the Minister for having indicated that he will take the proposal for funding education as submitted by the Progressive Party under consideration, and he will refer it to his Public Schools Finance Advisory Board, and I also would like to indicate to the Minister that if he or his board should require any further advice or assistance from the Progressive Party, we will put our Research Branch to work and we will offer the Minister all the assistance that we can for the remaining period of time, as long as he's Minister, because hopefully after the next election, then someone else will take the responsibility for drafting a program for the funding of education.

MR. CHAIRMAN: The Honourable Member for Crescentwood.

MR. STEEN: Thank you, Mr. Chairman, I would just like to involve myself for a few brief moments in this aspect of the Honourable Minister of Education's Estimates and say to him that over the past three years and some months that the Winnipeg School Division, I know, have been in to see the Minister on a regular basis asking that something be done to ease the burden on the Winnipeg School Division taxpayer in relation to education taxes, and as a member representing a constituency within the Legislature and in the Province of Manitoba whose boundaries fall within the Winnipeg School Division area, I would like to firstly compliment the Minister

for introducing his Education Support Program this year and as the Minister has stated, it is on a three-year-trial basis and the honourable member representing Burrows says that his party has a more refinement which he's prepared to offer, and the Minister has agreed that he will take it under advisement, which I compliment him for and tell the member representing Burrows that we're always open for good suggestions.

But as a member of the Legislature representing an area falling within the School Division of Winnipeg, District No. 1, I compliment the Minister on his new program. \$70 million, Mr. Chairman, is a lot of money to put into education, new dollars into education financing. And if I might, Mr. Chairman, quote from a brief that was presented by the Winnipeg School Division back on January 16th, 1979, where the Winnipeg School Division was in to see the Minister and asking for some financial assistance in regard to education costs, in particular registering their disapproval to the Greater Winnipeg education levy, and in the brief that they presented to the Minister, they said, and I quote, Mr. Chairman, "We would ask you once again to consider the validity and the fairness of the Greater Winnipeg education levy. In the seven years in which this tax has been imposed, taxpayers of the Winnipeg School Division have contributed \$31 million to equalize the burdens of the various school divisions in urban Winnipeg. This tax was imposed because the assessment base rendered us a rich school division in comparison to most others."

In their brief, Mr. Chairman, they go on to mention that years ago the various suburbs were going through growth pains and growing pains and that there were many people who, in the '50s and the early '60s, did reside in the former City of Winnipeg or in the jurisdiction that comes under the Winnipeg School Division, were moving to the suburbs and therefore not only were they causing the suburbs some increased costs, both at the municipal level and at the school board level, in the fact that they had to build new schools at a faster rate than older areas of Winnipeg did, which are very expensive capital costs, but also when families moved out to the suburbs, many times what Winnipeg lost was a middle to higher income family who went to the suburbs and therefore paid their taxes, and particularly their school tax, to that suburban school division. Therefore we, who live in the school district No. 1, in many cases lost families of middle to higher income brackets.

They go on in this brief, Mr. Chairman, when they talk about equalization, and they say, and I quote again from the brief and it says, "What kind of equalization is it that accepts that a homeowner on Boyd Avenue in north Winnipeg," and I'm sure the Member for Burrows is very familiar with Boyd Avenue in the City of Winnipeg, "should pay a higher rate of tax than one on Kildonan Drive or Handsart Blvd. Kildonan Drive being in the River East School Division, and Handsart Blvd. being in the Assiniboine South School Division. Homes on Kildonan Drive and Handsart Blvd. I'm sure are worth at least double, if not three times the value of homes on Boyd Avenue, and yet the person on Boyd Avenue was charged a higher rate of taxation for school purposes."

As I say, Mr. Chairman, the Minister has introduced a pilot program for the next three years

initially starting off with \$70 million, to try and ease the school tax burden.

Also in a brief that was presented to the Standing Committee on Privileges and Elections, which most members will recall was the committee that The Public Schools Act was sent to, and on October 22 of 1979 they presented a brief again, I mean the Winnipeg School Division, when they at that time said in their brief that they were asking that the Greater Winnipeg education levy be abandoned as a form of taxation and that an immediate study be made of ways and means to derive such moneys as it produces from the consolidated revenues of the province.

On May 25th of that year, earlier, a letter to the Secretary-Treasurer of that division, meaning the division of Winnipeg No. 1, the Minister of Education replied "That the Greater Winnipeg education levy is under continuing study to see what should be done with respect to it. I have asked my staff to provide me with alternatives to the levy with a view to seeing what might be possible".

That was back in May of 1979; here almost two years later the Minister has announced a new program, and as I said \$70 million is going into it. The Winnipeg School Division talks about being the area perhaps with the largest assessment; sure, in the former City of Winnipeg there was a strong industrial base, but we also had a population decline. Many of the schools that are operating in the School District No. 1 do have vacant classrooms, which are expensive to operate. We do take in a lot of what we call children with special needs, which are very expensive to look after, so when members talk about the per student capita grants, I don't think it's actually fair that you can compare inner city core area schools with suburban schools because there are many social needs and social problems that exist in core area schools and therefore again, Mr. Chairman, I think it's only fair that we have this Education Support Program that the Minister has announced.

What we're doing really is, instead of charging it against the property assessment, we're charging it against the province in general, and so we're paying really for education costs throughout the province on a provincial basis rather than against the real property, and in my opinion, I think that is a fairer way of taxation rather than have school districts that find themselves in a higher assessment bracket because of a stronger industrial base, such as Winnipeg and the St. James School Divisions, rather than as opposed to what one might refer to as strictly a residential school district.

We have, as the Minister has stated, Mr. Chairman, we have seen a decline in school enrolment all over the Province of Manitoba, whether it be in the suburban areas of Winnipeg or Charleswood or other predominantly residential areas, and that the growth in new schools and the requirement for new schools in all areas of Winnipeg is far less today than it was some years ago. So I think that this program that the Minister has introduced has come at the appropriate time and I think that perhaps the Greater Winnipeg education levy, seven years ago, might have been reasonably fair, but as time went on the program became a very unfair program, particularly to the Winnipeg School

Division No. 1. I have seen letters from the school divisions in Fort Garry and in other school divisions that have complimented the Minister on trying a new program and introducing the new support program which he has done some weeks ago.

In this report, which I was referring to, by the Winnipeg School Division of October 22, 1979, to the Standing Committee on Privileges and Elections, Mr. Chairman, the Winnipeg School Division says that, "Since the Greater Winnipeg education levy was introduced in 1972, realty taxes in the Winnipeg School Division have, besides paying more than 70 percent of their own total education costs, contributed some \$37 million to the equalization and tax burdens of other school divisions in the City of Winnipeg area."

And that the equalization program, in their opinion, was not working out and that the Winnipeg School Division had a mill rate of 75.35 mills where, for example, in the River East or the Transcona-Springfield, the homeowner only paid 59.9 mills in comparison to those in the Winnipeg School Division and if you want to even go further, Mr. Chairman, in the Seine River School Division, the taxpayers were only paying 43.1 mills towards education costs.

So it's obvious that in the Winnipeg area they were paying almost double to what they were paying in the Seine River area and they were paying some 20 mills more than they were in the Transcona-Springfield. So it's obvious, Mr. Chairman, that financing means, or mechanism, wasn't working and I compliment the Minister on behalf of all residents of the Winnipeg School Division No. 1 area for introducing a new program, which he has said is to be tried over the next three years and perhaps, as I said at the outset, Mr. Chairman, if the member representing Burrows and his new party has a better program, the Minister has always got his ears open and is always willing to look at the program and see if it is an equitable one and a fair one.

But I compliment the Minister on having his department people put many hours into developing the program that's being discussed here this afternoon and I think it's going to work — it may have to have some refining over the next three years, but I think it's a far more equitable program than the Greater Winnipeg education levy.

MR. COSENS: Mr. Chairman, first of all, I thank the honourable member for his remarks in support of the program. As a resident of Winnipeg School Division No. 1, I think he speaks very well for the property taxpayers of that particular division and I'm surprised at some of the members on the other side of the House who have constituencies in that school division that they have been rather slow in recognizing the benefits that have accrued to their constituents from this program.

The Member for St. Vital had requested a breakdown of the moneys in this particular program, and I can give those to him at this time, Mr. Chairman. I will do it slowly because we are dealing with a lot of figures. The new Education Support Program for 1981 under Capital Support, sub-heading Debt Servicing, \$31,523,726; still under the heading of Capital Support, Buses, \$4,604,100; still under the Capital Support, Mr. Chairman, Other Capital, \$5 million; Vocational Equipment \$1.5 million; under the heading Operating Support, Mr.

Chairman, and this is the main body of the Educational Support Program, the first category, Transportation, \$18,826,873; under Print and Non-Print, public schools \$4,768,300; and of course in this province we have provided over the years textbooks to private schools and the total there is \$227,000; the Pupil Grant, \$9,535,600; in the category that represents the largest single component of the new Educational Support Program, the basic operating grant \$255,638,470; Vocational industrial \$7,120,000; Special needs and this is broken into several categories, first of all Co-ordinators inclinations \$4,488,000; high incidence support \$11,260,000; low incidence category one support \$6,213,000; and low incidence category two support \$1,626,000; the immigrant ESL grant \$1,089,600; transfers \$8,650; extra operating support \$52,419,536.00. The extra operating support, I would repeat, Mr. Chairman, \$52,419,536.00 — (Interjection)— No, this is under the program; Special Needs falls under the operating support portion. The extra operating support is another aspect of the program.

Under Administration, Public Schools Finance Board \$553,720; interest charges \$6,250,000; other support, special grants area \$13,791,619; for a total, Mr. Chairman, of \$288,325,636.00. I believe this is the information the honourable member had requested.

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

MR. WALDING: I estimate that a total of \$288 million, I believe the Minister is still a couple of million short. The item under 3.(a) is \$290 million.

MR. COSENS: The member is quite correct, Mr. Chairman. In this heading as well, private school support is also provided. Private school support in 1981 — \$2,923,664.00.

MR. CHAIRMAN: The Honourable Member for Seven Oaks.

MR. SAUL A. MILLER: Thank you, Mr. Chairman.

Mr. Chairman, I listened to the Member for Crescentwood and his comments and the response by the Minister of Education, suggesting that or wondering why members on this side haven't risen to their feet to commend the Minister for easing the plight of the City of Winnipeg. You know, I've heard a lot of nonsense spouted in this House this year and last year on this whole question of the Greater Winnipeg Equalization Levy. I remember the speech made by the Member for St. Matthews, where he talked about the fact that there is an unfair burden being placed in the taxation system for education.

Mr. Chairman, the purpose of the levy was to balance the problem faced by suburban municipalities when Unicity came into being. Suddenly the suburbs of Winnipeg were required to pay municipal costs much higher, much higher than any of them had before. They had to cover the cost of fire protection for the Inner-city; police protection for the Inner-city; snow removal for downtown. It didn't affect any suburb. The renovation and replacement of a waste disposal system, underground system, an infrastructure, which was

decades old and had to be replaced in the Inner-city at great cost, and it was right that the suburbs surrounding the Inner-city should participate in that cost, because in fact, the people living in the suburbs worked in the city, came into the city for their recreation and were really part of the city, and so Unicity was created and every resident of every suburb had to share that burden.

To make that fair, since we were not going to eliminate the school divisions, there had to be some recognition of the higher cost of the suburban school divisions because they all had higher costs at that time.

Mr. Chairman, what we're witnessing today and I think the Minister's own words on Friday, he said, "the whole purpose of this change is province-wide equalization." Mr. Chairman, that's nonsense. You know what the purpose of this change is? The purpose of this change is to take the heavy assessment of the City of Winnipeg and spread it out across the province at the expense of the City of Winnipeg and now in the city, I'm talking about all of Winnipeg, within the municipal boundaries of Winnipeg, school divisions and all.

The Minister has indicated, I believe, that this year the — what he has now called the Education Support Program, I still refer to the foundation levy — he's going to raise \$148 million. I believe he made that remark, or not remark, but it was written in that release that he issued when he first announced the program. Mr. Chairman, would it be interesting to know, that of the \$148 million, which is now being pumped into — to pay for education throughout the province, which is coming from property tax incidentally; it's not coming from ability to pay taxes; it's coming from property tax, home tax, industrial tax, commercial tax. Of that \$148 million, \$95 million is coming from the City of Winnipeg, within the boundaries of the municipal boundary. Ninety-five million bucks is taken out of Winnipeg and spread throughout Manitoba, and the Minister says, well, that's what it's all about. That's terrific — that's equalization. Mr. Chairman, that isn't equalization.

You know when this program first started in 1967, I believe and my memory is not that clear, and maybe there's one gentleman certainly — who's sitting in front of the Minister who would remember, I believe the foundation levy called for 4 mills on farmer residential and 13 mills on others, that is the industrial and commercial, 4 and 13, and over the years it pretty well, you know, stayed in that area, except for one thing, the commercial, that is the other. Commercial industrial is allowed to rise, but the farmer residential stay pretty well constant. Last year I believe it went up, or in 1979 rather, it went up a little, not a great deal; I think it was 5.4 or something like that, but now you have this situation.

Now two things are happening; one, the ratepayers in the City of Winnipeg are being socked, but heavy; the equalization which made sense and which is designed specifically to counter the effect of the higher municipal cost of a person living in West Kildonan or in Fort Garry or in St. Vital, because he had to pay the higher Winnipeg costs, as a counterbalance to that he would share in the higher assessment of the City of Winnipeg, because he's picking up the higher costs of the municipal City of Winnipeg. That's been eliminated, finished, out. Now

you're on your own. You'll pay for the higher cost of replacing the Inner-city sewer system which cost tens of tens and tens of millions of dollars over the next 25 years. You'll pay for that, in spades, but you will not get any benefit for your school system, for your school system at all. Instead they'll take that assessment, the higher assessment, and they'll pump it into all of Manitoba and they say that's fair. Mr. Chairman, that isn't fair, that's highway robbery, and if the Member for Crescentwood thinks that his people are going to be happy a year from now when it sinks in, boy has he got another thought coming. The chickens are going to come home to roost.

Now it's true there will be an election this year, and hopefully people of Winnipeg won't realize what's happened, but you know they're not as stupid as some people may think. They will understand what's happening, because what's really happened is that the money is being siphoned out of the City of Winnipeg, not on ability to pay basis at all, not based on income tax or corporate tax or sales tax, or any of the things which reflect ability to pay — straight property assessment, and that's not going to many school divisions throughout Manitoba. None of them contribute a penny to the high cost of an urban metropolitan centre, with this high cost of policing, of fire, and water disposals and sewage disposal systems, the water systems, and the maintenance of streets, and the reconstruction of streets. They don't pay a nickel towards that, not a nickel. So, Mr. Chairman, don't you kid yourself, people are going to be made aware of this and people are going to understand it. People are going to realize what is really happened, because as I said, out of a hundred — you see, when the Minister talks about the funds available to school divisions, he lumps everything together. He says, we're putting in \$70 million and the Education Support Program is putting in so much more money, so the school boards will be getting all this money. He doesn't bother to sort of break it down and say what the province is paying is indeed from consolidated revenue, raised from various sources, including equalization from Ottawa. Massive equalization payments, that's where he gets his money from, but what the Finance Board gets his money from, is what the Minister gives and another pot. That other pot, the Education Support Program is now going to raise \$148 million. Last year I believe, I believe it was \$43 million, now maybe I'm a little — the Minister nods and therefore I assume I'm right; I assume I'm right.

I suspect the balance assessment for Manitoba has gone up 3 percent, just under 3 percent. It went up in Winnipeg 2.9, so across Manitoba I see 3 percent. But last year the foundation levy, or Education Support Program raised \$43 million; this year they're going to take out \$148 million — \$105 million more from property and he's crowing about the \$70 million he's taking from consolidated revenue. That's fair? That's equitable? That's a balance? Nonsense. He's taking money from property, which is not based on ability to pay and he's saying look at all the money the Finance Board has. Yes, they're going to have more money and they're going to distribute it, and there's no doubt that I think he indicated that the what was it now — let me see if I can find it here, that the special levy, I think was 221 and it was going to drop to 91 or

something like, that the special levy — no, from 216 to 99, that's right, a drop of \$117 million. That's right, it's going to drop. Sure it's going to drop, because you're taking the property taxes from the City of Winnipeg, you've bumped them from 5.4 to 37, that's what you've done and from 37 to 75 on commercial and industrial and you're paying about — throughout Manitoba. You're bleeding Winnipeg, that's what you're doing and you're standing up and saying hallelujah, look what we've done. You're able to do that because of the manoeuvre, because in this one year you've also eliminated the Greater Winnipeg Equalization Levy so that the inner-city gets a temporary break, but don't kid yourself, the City of Winnipeg is the prime source, the major source of your funding, which you're now paying out to school divisions across Manitoba. That's where it's all coming from. That's where the bulk of your money is coming from, so when you say the special levy is dropped, sure it's dropped; when you get \$105 million pumped in from property tax, of which \$95.3 million comes from Winnipeg municipal property owners, then you can be a hero at their cost, at their expense.

There's another aspect to this, which really surprised me. In the past the the difference between farmer residential and the difference between commercial and industrial was pretty well as follows, around between 4 and 5.4 mills as against 34 to 36 mills for the industrial and commercial. Now, it was about 6 times higher for commercial than industrial and with good reason, because commercial and industrial can claim the taxes they pay as an expense to operate their business. Everybody knows that. It's like heating your building if you own a commercial building or the maintenance of your building, or repair of your building or the taxes on your building. It's taken off the top. Trizec makes out their corporate income tax, they take off the taxes on the Trizec building, so do the banks, so do the hotels, so do any of the commercial operations. What do we find? Homes: On homes, last year the mill rate levy on the Educational Support Program, which is 5.4, is now 37. Seven times, six-and a-half times as much, but our commercial-industrial, oh, no, we don't want to touch those, no way. The Bank of Montreal may decide to move if that happened. We'll only go from 37 to 75, not double, not quite double.

So you take a group of property owners who can charge off the expense as part of their business when they file their corporate income tax, and you narrow the differential to the extent that whereas in the past the commercial-industrial paid about 74 to 75 percent of the moneys that went to the Finance Board and the farmer residential about 25, 26 percent. Now it's the other way around. Now, you have the farmer residential has gone up from 25, 26 percent to 54 percent, by my calculations, and if I'm wrong, you'll correct me, and commercial-industrial, again rough calculations, I've been sitting here making them, has dropped from 75 percent to 46 percent, what a switcheroo. What a switcheroo! It's not a shell game, it's very open. They've decided to give commercial and industrial the tax break, and sock it to the residential property because they're socking it to them.

So, Mr. Chairman, to me it's inconceivable to think that the Minister believes — the group there,

obviously some of his members agree with him — that people are going to say, isn't this terrific because it so happens that this year, this year the inner-city is getting a break. And, it's getting a break simply because it's taking it away from that suburban ring of municipalities that existed before. That's all, that's all it is. They're taking it from the suburbs and giving it to the city and he says, the Member for Crescentwood who represents an inner-city constituency says, that's good, that's good; take it from the suburbs and give it to the city, give it to us here in the inner-city. But it won't last, because, next year I can tell you those school divisions within the inner-city who today still may not have too much of an impact on school taxes because of the \$70 million that was pumped in, but, they are the growing school divisions, the Seven Oaks, the River East, the Transcona-Springfields, they will grow. But, since this entire formula is based on enrolment, 1980, so as they grow in enrolment, what do they get per child? A dollar a day. You can't run a school system and educate a child for a dollar a day. The day-care centre requires \$8. \$100. a day, \$200. a year. So that by 1982 you'll find the little break that they got this year will disappear and by 1982 it'll start showing, and in '83 they're in trouble.

Generally, across the board again, I'm not going to make a distinction between any of the school divisions within Winnipeg, but generally, the citizens of Winnipeg are taking on an onerous burden. And they're taking on that onerous burden because of the nature of this formula and because this Government will not accept the fact that most people, and I believe this, that most people believe sincerely that taxes, contribution towards taxes whether they be education or what have you, should be based on ability to pay. It should be preferably progressive taxation like income tax whether corporate or personal, that it should be proportional taxation such as retail sales tax and certainly that they should benefit from equalization payments from Ottawa, because Manitoba being a have-not province has been receiving, particularly in the last two or three years very hefty amounts as we know from the Federal Government. But, this Government, this Minister chose not to go that direction, no, he's going back, he's trying to turn the clock back somehow to the time when you didn't look to progressive taxation, when you didn't look at the ability to pay, you simply imposed the tax on property and said, pay it; that's it.

So, as I say, my criticism is that (a) they've allowed the commercial-industrial a tax break relative to home owners, a serious tax break, whereas before industrial and commercial paid 75 percent, their share of contribution to the pot is now dropping to 46 percent and the home owner who was paying 25 percent is now going to be paying 54 percent, his contribution to the pot. So, Mr. Chairman, I have to say to you that I don't share the enthusiasm of the Member for Crescentwood, and when the Minister asks why people on this side haven't got up to join in the applause, I have to tell them I do not make a distinction. I happen to live personally in a suburb, my constituency is a suburban one, but I have never made the distinction by saying, yeh, it's good for West Kildonan and therefore, I am for it, as the Fort Garry School Division has now done and said that

Fort Garry benefits. Sure they benefit, they've got a very high assessment and a very high industrial assessment and a very high commercial assessment and they're going to benefit and they'll probably benefit for a few years to come but they're benefitting at the expense of their neighbours in Greater Winnipeg who pay identical municipal taxes as they do; identical, even though they may not have a stick of, or a dollars worth of industrial assessment within their boundaries, they pay it.

Mr. Chairman, the Minister announcing this new approach, as he calls it, has I think succeeded, I believe he has, he thinks he has because of the different impacts it has within Greater Winnipeg, so he succeeded in a sense of placating some and some are angry and others say, well, we're ahead of the game so we're not going to ruffle any feathers but I predict now that it's not going to last, but worse than that, that it is not an equitable way of doing it, it is an unfair of doing it. It is not fair to the residents of the City of Winnipeg no matter where they live because Winnipeg is not a milch-cow and they're going to wake up to it. Just as the School Division No. 1 kept submitting letters and briefs decrying the high cost of educating children within the inner-city, which was a valid argument, no question they had problems which no other school division has; just as they kept pushing that particular cause, because they were elected by certain ratepayers and had to reflect their concerns. I can tell you within a year the same Minister will be getting briefs from the City of Winnipeg saying: Hey, wait a minute. What's going on here? Why is it if the Education Support Program is being raised from \$43 million to \$148 million, that we've got to pick up \$93 million of that? And, that's where the pressure is in fact coming, as it will inevitably start coming, because I say, and there's no question, the Greater Winnipeg Equalization Levy was created in '71, it had run its course, it had to be looked at, particularly in the light of events that occurred: the higher immigration to the city; the problems within the inner-city core; unique problems to the city that had to be looked at.

If the Government had come out and said, now look, is it fair for residential property, the home owner on Lydia, a home owner in some suburban area having to pay a differential rate, is that fair, because both are maybe earning the same amount of money. They could have then looked at it and said, maybe we should eliminate the equalization levy as it applies to residential but, by God, not commercial and industrial because commercial and industrial is determined by the council, they build industrial parks in certain areas because it makes sense. We eliminated that crazy business of suburbs vying with one another for some sort of commercial development to enhance their tax base, even though it made no sense. So you have a planning of the City of Winnipeg so industrial can go in some places and commercial in certain shopping centres or downtown, but that certainly should be shared by all the residents of the City of Winnipeg. So, maybe you could have eliminated the equalization so far as residential was concerned, but not in one fell swoop eliminate the equalization as far as commercial-industrial is concerned; no way. Now, what you've done is simply taken all of that money; you're simply

going to spread it throughout Manitoba and Winnipeg is paying a disproportionate amount because it's paying an amount, not based on ability to pay, it's paying an amount based on assessment which does not reflect the ability to pay, as you well know.

Young people today are buying homes at \$70,000 and \$80,000 and they're proud to be home owners. The fact of the matter is that unless they keep up their payments of \$700 to \$800 per month for the next 25 years they're not going to own anything; that's what they're faced with. They bought themselves a mortgage, that's what they've done, but they're being asked to pay an amount to contribute to all of Manitoba, based on the value of a house, an inflated value of a house, totally unrelated to what their incomes are, to whether they can pay it or can't pay it, but that's the value. To make matters worse industrial-commercial are given a break. Residential was raised 6 and a-half to 7 times; commercial-industrial only less than double, and homes are being asked to pick up a larger percentage of the cost than ever before, Mr. Chairman. That's it, I am finished, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Winnipeg Centre.

MR. J. R. (Bud) BOYCE: Mr. Chairman, I want to thank the Member for Seven Oaks for his contribution. While the member and I may disagree about some things, his background in educational finance, I think, stands him in an excellent position to make his comments.

I just want to make a few brief comments as a result of the Member for Crescentwood — because if I could just repeat the analysis given by the Member for Seven Oaks, I agree with everything that he said because he gave the overview of the total impact of the government's policy vis a vis educational finance, and he gave the relationship of the City of Winnipeg as we know it today.

I just want to address a few remarks to Winnipeg School Division No. 1, and to take exception with the remarks of the Member for Crescentwood, because in the Member for Seven Oaks' presentation, he mentioned that there may appear to be a short term advantage in the decreasing of real property taxes in the City of Winnipeg. But, Mr. Chairman, let us just briefly go back to the Fifties — and that's some time ago I know, that's 30 years ago — but there used to be for all intents and purposes two school divisions in the Province of Manitoba. There was Winnipeg No. 1 and all the rest. That was by and large what existed as far as finances were concerned and that's how people kind of viewed it. In fact one of the tasks of the Manitoba Teachers' Federation and the Manitoba Teachers' Society which evolved from the Teachers' Federation was to balance the forces in education in the province.

A number of events took place in 1956 which pointed out the necessity of focusing more of our resources in the field of education and changes were brought about which served the needs of the day and to make that particular point, outside of the City of Winnipeg supernumerary teachers were almost unheard of. You had enough teachers per pupil, to stoke the furnace and do the rest of the things to run a particular school. But Winnipeg No. 1 taxed

themselves — they had a tax base, this is true — but nevertheless they taxed themselves at a level to provide an educational system for their children which was avante garde in North America; in Winnipeg No. 1, we talk about the old City of Winnipeg. They had supernumerary teachers. They had more teachers than the government gave them grants for because they were willing to tax themselves.

There was the base there, this is true, but they put in the Child Guidance Clinic as an adjunct to the educational system. They had phys. ed teachers; they had organized this, that and the other thing which were in support of the educational system, and the people in the rest of the province, by and large, struggled to keep up with them. In fact the people that came out of Normal School and Teachers' College, at least 75 percent of them applied for jobs with Winnipeg No. 1.

The power has shifted, Mr. Chairman, and one of the effects of the shift of power which the former New Democratic Party brought about was the amalgamation of the City of Winnipeg, and as pointed out by the Member for Seven Oaks and others in prior debates, when they decided to amalgamate the City of Winnipeg there were certain services that they amalgamated and the total cost was spread more or less evenly and the assessments were adjusted to take care of these costs, police, fire and such things, but it was decided at the time to leave the school divisions, the school districts and education alone at that time.

The population in the suburbs — I don't know what the latest figures are — but I think the populations in the suburbs now exceeds the population in the old City of Winnipeg. I think that is true. It may be close perhaps; it's about half and half, I know, but nevertheless it is spread around, so we still have this bifurcation of work here, use the advantages of that area, but I will reside and be taxed in another area.

Mr. Chairman, for the Member for Crescentwood to think that the cost of taxes on real property being decreased now, I question it, because the school boards who are elected politicians, don't like to tax any more than any other politicians, so as a result of this kind of syndrome which the municipal people want the province to tax and the province want the federal people to tax, and everybody across the board screams about public expenditure, the delivery of services within Winnipeg No. 1 has gone down.

A parallel is what has happened in the health services. It is more dramatic in health services because one of the effects of government policies in the past has come home to roost in the past few months. The Minister of Health — and I am not talking about the Health estimates, I just want to show the parallel in the two cases — stood up here and announced, I think it was a 2.2 percent increase one year in health services, and a 6 percent increase in another year, but because they were able to brag about this holding the line, holding the line, it came home to roost here recently when they had to give the nurses a 42 percent increase to catch up. That's the impact, that's the effect of that kind of thinking on a system.

The same thing is going to happen, Mr. Chairman, in Winnipeg School Division No. 1, because for the

school board of the City of Winnipeg to fulfill their obligation to the educational needs of the children, we'll be faced with that kind of an increase in their taxes if they want to keep the standard what it has been over the past 100 years. They will have to do that or, Mr. Chairman, they will have to decrease the quality of education, when you talk about money, but nevertheless we are talking about children, students, developing, learning.

I see Peter Warren has an article in the paper telling teachers should teach and leave everything else out of it and he refers to the fact that 85 percent of the youngsters which have been going through our developmental systems aren't in difficulty with the law. Isn't that wonderful that all of our systems are 85 percent successful? That's a digression, I know. —(Interjection)— Well, the Member for St. Matthews tells me I should remember about the ones that weren't caught — perhaps that was you and I — but nevertheless, Mr. Chairman, the educational needs of the people of the City of Winnipeg, yes, we agree with the Minister that there are other areas in which there should be some input into the City of Winnipeg.

One, from a migration standpoint, the Winnipeg No. 1, is a migration center for people provincially. It is a migration center for people coming into the country from offshore, and all governments in Manitoba have felt that the Federal Government should put some money into this kind of a problem especially over the past two years when we are having an influx of people from different cultures, different language; the integration of these people into our systems is a costly process and we think that the Federal Government should participate. The provincial government has a responsibility, we feel, because the migration into Winnipeg No. 1 is a provincial thing. It always has been.

As you talk to members in this House, even the urban members, they say where are you from — I say, Elm Creek — but people move into the city. The city is expected to grow to hopefully give jobs to people from the rural community because you can only divide your farm up into so many units and that number of units that you can divide it up into, Mr. Chairman, is getting smaller and smaller because the farms have to be larger to be economically viable units. So there is a provincial interest in helping Winnipeg in that sense, to have systems to absorb the people who migrate from other areas, all over, from the north and from rural communities.

The Member for Crescentwood suggesting to those people on this side of the House by remaining silent or not having entered the debate on educational estimates is because they don't want to go out and tell their rate payers that what they are proposing may necessarily add costs to their property taxes in the next coming year.

Mr. Chairman, I think that's one of the greatest disservices that politicians can ever do an electorate, and it has crept into North American politics in the last few years and I think in that regard that our country has more to fear from populism than it has from any other kind of "ism." People come up with a budget, with a taxation system which has got some pizzazz, which appears to have an immediate benefit.

Mr. Chairman, the people are getting more sophisticated. They are looking beyond this and they

see such things as the government saying that we've held the line in health, we've kept expenditures down, and then be faced with the necessity of coming up with a 42 percent increase for one component of that system. It's pound-foolish and penny-wise.

So, Mr. Chairman, to the Minister and especially to the Member for Crescentwood, I hope that they come over into my area and expound the type of thinking expressed by the Member for Crescentwood because the insight and the wisdom of the Member for Seven Oaks will, I am sure, prevail because people are not stupid.

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

MS. WESTBURY: I put my files away because I thought we were going to talk right through. In December, Mr. Chairperson, I asked the Minister a question which I think should come under this section and perhaps I could repeat the question before 4:30. He said at that time he didn't have time to answer it, it was December 17th, page 94 of Hansard. It referred to Section 41, subsection 4 of The Public Schools Act, which reads, "Every school board shall provide or make provision for education in grades one to twelve inclusive for all resident persons who have the right to attend school," and I asked the Minister then if he could tell the House what specific steps are being taken to make sure that this is complied with.

MR. CHAIRMAN: The Honourable Minister

MR. COSENS: Mr. Chairman, I believe it was on Friday that the honourable member asked me what particular additional supports we were providing the special needs programming under the new Education Support Program, and at that time I provided her with the figures and I think at that time . . .

MR. CHAIRMAN: Order please. The hour is 4:30. I am interrupting the proceedings for Private Members' Hour and will return in committee at 8:00 o'clock this evening.

PRIVATE MEMBERS' HOUR

RES. NO. 13 — PERSONAL CARE HOMES

MR. SPEAKER: We are now under Private Members' Hour, on Monday the first order of business is resolutions. The first resolution is Resolution No. 13, a motion of the Honourable Member for Transcona, the Honourable Leader of the Opposition had two minutes remaining.

The Honourable Member for Kildonan.

MR. PETER FOX: Mr. Speaker, the Honourable Leader of the Opposition had concluded his remarks and the resolution is open.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MS. WESTBURY: Thank you, Mr. Speaker.

I want to rise to speak on this Resolution No. 13 because, for one thing, I think that there are different

principles being espoused in the resolution and that possibly some of the conclusions being reached in the proposals are not necessarily those which should be adopted.

First of all, the resolution refers to the government giving consideration to ceasing approvals and ceasing funding. Well I really don't think the approvals are so much a matter of the concern of the mover as the actual funding, and I will go on later to discuss the fact that I think what the Member for Transcona really is concerned with is the application of standards, even more than the funding and the approvals. The matter of the funding is a philosophical matter and frankly, I cannot find it in my heart to oppose funding of private personal care homes under certain conditions, Mr. Speaker.

On page 1602 of Hansard, in introducing this resolution, the Member for Transcona made a remark, "I challenge all members on the government's side to get up and support your government, slapping non-profit community service and religious groups in the face by turning them down when they want to build desperately needed personal care homes because of their love of humanity, while at the same time your government gives approval to private profit-making corporations, to build homes because these people have a love of a buck and they see an opportunity to make a buck".

Well, Mr. Speaker, this is too black and white for me. I don't believe that the religious and community service groups to whom the member is referring, are in this business on a power trip; I don't think they feel slapped in the face because there are alternative facilities provided. They're in it certainly because they have a genuine concern for humanity, but they're in it to provide a needed service for those people who perhaps might not otherwise be able to have the best kind of services.

There's a reference to making the taxpayer pay also which, of course, is something that goes through most of our daily life now, but it's my understanding, in connection with the privately operated nursing homes, Mr. Speaker, that the operators of the private homes pay for land construction and furnishing costs of the buildings concerned; it's my understanding that they pay federal and provincial sales tax and all municipal taxes, including school taxes and income taxes; it's my understanding that they pay current mortgage interest rates, rather than preferred mortgage interest rates through CMHC, Mr. Speaker. We should remember that in considering the alternatives and the options that should be available.

What I want to say is this. Should a person whose skills are in the field of caring, or nursing, or homemaking, and who decides to put her or his savings or perhaps a small inheritance into the purchase or construction of a personal care home, or furnishing it in order to care for elderly people, not be entitled to the same incentives as we offer to other small and large businesses, or to similar incentives? I personally don't believe that a desire to profit from one's endeavours makes one a person who should be subject to contempt on the basis of loving a buck. Do public servants care more, or are they more committed to doing a better job, or to provision of better care than those who have put

their savings into provision of the plant? I don't think it's necessarily so, Mr. Speaker, and I don't think the opposite is necessarily so either. I think that in his commitment and enthusiasm the Mover has been very judgmental in his comments and indeed in the wording of the resolution, and I suppose that's typical of all of us in this Chamber.

But you know, we're exhorted to judge not lest we be judged, and I think in the resolution and in the comments accompanying the introduction of the resolution there were harsh judgments that were not qualified in any way to reflect the fact that perhaps the overall blanket judgment does not apply to everybody. Personally, I cannot accept that a desire to make a decent income from one's skills and labour, whatever the skills and labour are, provided of course they're legal and not exploitative, is a course for the kind of contempt which the Mover of the resolution offered in his opening remarks.

Certainly private operations should not supercede the non-profit; there has to be a balance, and this is something I have discussed with providers of health care. This is the general feeling, that there should be a balance. Concern exists in rural areas, particularly where a private operation may be the only option, and it is felt that incentives should be provided for construction and provision of both private and non-profit personal care homes, Mr. Speaker. We have to keep them all on their toes; we have to ensure that the residents have options in every community where numbers warrant it and, by doing so, I suggest that we will be ensuring a high standard of care.

Now I actually believe that the Member for Transcona in moving the resolution was more concerned about the standards in all personal care homes because he referred to that. I believe he's of the opinion that standards are better in charitably-based care. I suggest there's no basis for that concern, provided standards are applied equally and diligently. As far as I'm concerned, there must be government inspectors in sufficient numbers to do an exemplary job in maintaining standards in both private and non-profit.

The standards should apply, Mr. Speaker, whether the government gives financial incentives or not. The matter of whether the standards should be maintained should have nothing to do with who is paying, where the dollars come from; the standards should be maintained in all instances where there is care for the elderly. This is why I welcomed the new regulations regarding guest homes, because we have people who are very often at their most vulnerable, and they have to be cared for according to a high standard regardless of who is paying for the plant in which they are living.

When I was on city council, Mr. Speaker, there was a very elegant residence in my constituency which was converted to — we never knew if it was a personal care or a guest home, because nobody could ever get inside it — it was being operated privately with no financial assistance from the government whatsoever. Some of the patients started phoning me and asking me if I could send inspectors in, because they didn't feel that they were being adequately cared for. We had city people go to the door and they weren't admitted. I spoke to the Commissioner of Environment and he spoke to Mr. Ron Johnston, who was the Deputy Minister, and the

provincial inspectors were able eventually to talk to the owner, who had refused to speak to anyone from the city, and obtain access. Now that building was closed down and is now under private ownership again. But the point, Mr. Speaker, is that there was no government money in that, but the operation was wrong because the elderly people who were living there had no protection from government even when, in fact, they turned to their elected people it was very difficult to obtain access and to get in there to see that the elderly people's rights and persons were being respected and protected. But that had nothing to do with where the money came from to purchase or mortgage or establish that home. As I said, I still don't know whether that was being operated as personal care or as a guest home, Mr. Speaker. I don't think anyone ever really found out, because as soon as people got past the door it was closed down.

Non-profit homes, Mr. Speaker, are provided through the goodwill of volunteer organizations, such as Bethel Homes, Holy Rosary, and so on, through the efforts and dreams of volunteers who willingly donate their money and their efforts to the cause of providing care. These men and women themselves though, I suggest, do not despise the profit principle. Teachers work for profit; doctors, nurses, clerical workers work for profit, and very often the buildings in which they work for that profit are provided by the taxpayer. Plumbers, lawyers and trade union organizers work for profit. Good luck to them as far as I'm concerned. Quite often with these people their clients are elderly and helpless. I don't think we should be judging purely on the basis of whether people are entitled to obtain a profit from their labours. That is really not the point we should be looking at in provision of personal care homes.

In opposing the resolution though, Mr. Speaker, I would call upon the Minister to ensure adequate, even exemplary application of standards; whether the home is profit or non-profit, or indeed whether it receives government per diems or not; to provide sufficient inspectors to ensure maintenance of those standards; to ensure an adequate balance between private and non-profit operations and to withhold licences from those homes which refuse to file audited financial statements. An operator is in a position of trust; clients, as I said earlier, are people very often at their most vulnerable. They deserve proper protection regardless of the type of home they are in, and regardless of who paid for the building they are in. I hope the Minister will, in speaking to this resolution — perhaps he doesn't get another chance to speak to it — will be able to respond to these concerns that I have expressed, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Seven Oaks.

MR. MILLER: Mr. Speaker, the Member for Fort Rouge seemed to feel that the issue really was standards, and that the Member for Transcona in this resolution had somehow zeroed-in on the wrong aspect of the problem. As I understand it, her view was what's wrong with earning a dollar? Teachers earn dollars, everyone does. Of course, she's right. The issue is not whether one earns money in performing your particular job, or using one's skills

and one's labour, everyone does that. That's how people are compensated, so there's nothing wrong with that.

Mr. Speaker, what is being talked about though is something else. We're talking about the investment's yield, the yield on the invested dollar, on the speculative dollar because investments are always looked upon as a risk. Most investments are risks. You always hear about the need to offer incentives in certain kinds of investments because unless the incentive is there, capital is not inclined to take the risk without some assurance of either a return or some inducement in the way of a tax break or some other break to go into a particular field. So the dilemma, the problem is not that people are getting paid for a service they are performing. Certainly the administrator of a nursing home, whether the people who work there, whether they be the dietary staff or the nurses, or the nurses aides or the LPNs or the maintenance staff, of course, they're getting paid. Nobody questions that. That isn't what it's all about.

What it's all about is this, that what we seem to be moving towards is the opening the door for private investments, investments that won't just pay people's salaries, but investments that will yield a return for the investing developer. So that when a nursing home calculates its profit and loss at the end of the year, it isn't like a non-profit organization which simply says, okay, we took this in, this is what we spent, we have some left as a matter of fact and maybe we can enhance our program somewhat; maybe we can add to the staff or just change things around a little to make the living a little pleasanter in this nursing home.

But a private investor isn't in that position at all. He raises money through either loans or shareholders and he sells his shares on the open market and as I think most members know, nursing home shares are considered one of the sweeter shares today. They have shown a very good return in the last number of years and it looks like they're going to continue to be a very attractive investment. I know that they're being promoted by a number of investment firms as being a good place for investing one's money if you look, not long-term growth but even intermediate-term growth, because as the population ages the demand for these services are going to increase.

So you have a situation where firms like Extend-a-Care and others; Trizec, who are now in the field of nursing homes — and I'm not saying they're hard people or they don't care for other people, of course they do — but they have a responsibility and their responsibility is to their shareholder, and if they don't look after their shareholder, and if there is no capital gain in the stock or there's no dividend, then the shareholder is not going to invest in their particular enterprise. If they don't invest in their particular enterprise, then the enterprise is going to go under. So their primary concern is to their shareholder, that they must deliver them.

We do know that in some parts of Canada there has been already — this is last year I haven't seen any more recent annual returns of these companies — there was a 30 percent return on equity on one of the majors which is a pretty good return on equity. What happens when the private sector gets involved is that inevitably because their major concern is and

the basic responsibility is to their shareholders, they have to show a profit so they can pay a dividend, so they can attract more capital for further expansion.

So, Mr. Speaker, on top of that you have this situation, every business is for sale, we know that — given the right price every business is for sale I don't care who it is, even Exxon would sell — I just don't think there's enough money around for the sale.

What will happen in the field of personal care homes is that as different firms get into it, as they diversify — and it could be the oil industry with some of its free dollars; it could be some of the developers with their free dollars — as they buy into these personal care home corporations five years from now they will sell out as they move into something else, that's the pattern in all investment and as they sell out of course they sell out at an increased cost. So the new buyer is paying a much higher amount, the enhanced value, the inflated value. He has to then amortize the new cost all over again and that has to be built into the per diem because he's got to make his dollar. He's got to pay his new mortgage. He's got to pay his higher dividend. He's got to capture or recover the money that he has invested. So you're inevitably going to get in the situation where this is just another business which is being bought and sold and simply will continue to increase in sale value every time there's a new buyer who pays more than the original buyer did. This must lead, Mr. Speaker, to a situation where they must receive a higher per diem, they can't help it, you can't fault them, they have costs.

The member indicated they pay taxes of various kinds, of course they do, that too has to be reflected in their per diem because they have to pay these costs — they have to pay federal income tax, they have to pay corporate income tax — they've got to, they've got to pay sales tax. So they're going to have to pay these things — she says if they're paying it that's good — but because they're paying it, it has to be reflected in the per diem, therefore the per diem support by the individual who is resident in the nursing home, and the government per diem which is the public tax dollar, has to increase annually in order to keep pace with the higher cost every year.

Mr. Speaker, all we have to do is look across the United States. In the United States to this day hospitals are still privately owned, they're consortiums in many cases. A group of doctors get together and build a hospital; it is their hospital and they have to make money on that hospital. They have to because it is a legitimate investment and they're entitled to it. We moved away from that when Medicare and hospitalization came into being. We moved away from that and Canada today I don't think has any private hospitals. But where they have got private hospitals, if we think Canadian costs have gone high just look at the statistics in the States. Ours are nothing in comparison.

Costs of hospitalization in the United States are astronomical. Ours have really risen but at a much lower rate and the gap between our highest cost per diem and the American is really growing every day and that is inevitable. Where you have a system which is based on this being just another business like a grocery store, bought and sold and rebought and resold, or an apartment block, is an investment and every buyer pays more than the previous buyer.

He's got to charge more to recover his investment and make money on his investment because you can't expect him to settle for 5 percent when he can get 14 percent at the bank. So he's got to make more than that. This is what we want to avoid.

I know the Minister felt that — I think he said to the Member for Transcona, he says it's a hysterical resolution if I recall correctly, I made notes here — the program is logical and fair and that the member is unfair, and it's an undemocratic doctrine and it's all rhetoric and what are we screaming about because after all of the 7,500 beds approximately 5,300 are non-profit and only 2,300 are proprietary — am I correct in my figure — okay, I'm correct. Mr. Speaker, these figures are no doubt right. The Minister must have these figures, he knows.

My concern is, where are we going? My concern is, that in a very few years these figures are going to be reversed, there's going to be more proprietary than non-proprietary. That's the problem. We've opened the door. Sure these figures now stand up as they do because in '71 or '72 — I recall the year — we froze. We decided it was the time that we recognized that personal care homes like hospitals was not the field for private enterprise, for investment; that people who work there should be paid whether they be administrators at whatever cost they're worth, whatever salaries they're entitled to — by all means get the best, but there's no return on the invested dollar, there's no dividend. So we said no more of it.

We're going the route of getting organizations in the community who are interested to be the owners and the operators. These organizations, they're in it, they're not going to resell it in three years from now or five years because they got a good deal or they can make so much profit on it and since capital gain is only 50 percent they can get a tax break on it. That can't happen with a non-profit organization because their charter doesn't permit it, no way. So you don't get the building being sold time and again, time and again and therefore the cost and the expense of operating constantly going up.

So, Mr. Speaker, my concern is that although today there is still far more non-profit, non-proprietary nursing home beds than there are private ones, profit ones, what my concern is with the door opening as it has we're now going to move to a point where within a very short time there's going to be as many private ones, profit-making ones and in years there will even be more, greater still.

I can say this to the Minister, you'll rue the day because your costs are going to really rise on you drastically, they must, because with the non-profit personal care homes you can go to them and say look, it's costing too much money, we've got to cut back, take it easy, don't have so much staff, the government's asking you just to pull back a little. With the privates it's different. The privates, they have to declare at the end of the year where they stand financially to their shareholders, not to you and to me, to their shareholders, that's their lifeblood. The shareholders are going to say look, for this kind of return I don't need you, to heck with it, I'll dump my shares on the market and I'll get into something else. So their primary concern are their shareholders.

So I say to the Member for Fort Rouge it's not just a matter, as she seemed to imply, that what's wrong

with earning money for one's skills and labours, of course there's nothing wrong with that and they should be paid and they are paid. They are paid whether they work for Holy Family Home or they work for Trizec, of course they're paid, naturally. But, Mr. Speaker, it isn't the paying for the staff that we're talking about, it's the costs that inevitably occur when somebody has to get a return on their dollar, that's what it is. We feel there's no room frankly, for profits of this kind in the field of health. The Member for Fort Rouge may say, yes, but after all nurses get paid and isn't that their profit? Well, when they get paid they get paid for their labour, they get paid for their administration and they're entitled to that. But they're not being paid for a speculative risk, they're not being paid a return, a dividend on their dollar.

The interesting thing about personal care homes and why it's an attractive investment is because it's very non-speculative — I've been using the term speculative — but in fact it's probably one of the most non-speculative investments there is because there are old people and there are going to be more old people. Here you are running a hotel with very excellent services and you're guaranteed occupancy, you can't lose. You know if there's a slump in the tourist industry hotels will say if we drop below 80 percent we're in trouble; if we drop below 70 we're choking. Personal care homes have got waiting lists and I predict they'll have waiting lists five years from now.

So you have a situation if where you build one, you fill it and forever after there's a waiting list, and as soon as that room becomes empty it's filled again — a guaranteed flow of clients constantly — with the money guaranteed, no bad debts, nobody can skip out and not pay his bill. Between the government and the individual the money is guaranteed right off the bat. What an investment that is. It's an attractive investment if there ever was one. There's no risk in it, there's no speculation in it, it's like printing money. As I say, they are showing returns of 30-40 percent regularly and it's going to get better. I say, Mr. Speaker, we feel that this really has no place in the field of health; like hospitals they should be owned by the public through organizations. That's what they should be, that's where they can do the best service and the people don't have to pay inordinate prices for them and the public at large doesn't have to print money so that these people can declare fancy dividends at the end of the year.

MR. SPEAKER: Are you ready for the question? The question before the House is the resolution proposed by the Honourable Member for Transcona, Resolution No. 13. The Honourable Member for Transcona will be closing debate. The Honourable Member for Transcona.

MR. WILSON PARASIUK: Thank you, Mr. Speaker. I must say that I am disappointed that no Conservatives would get up, back the Minister and defend what I call the indefensible. (Interjection)— None of them got up. They are prepared to say that private operators should be paid a profit; and profit is identified as a reward to an entrepreneur for risk, for undertaking a business that is providing health care when there is no risk involved whatsoever. As my colleague, the Member for Seven Oaks, so rightly

put it, these types of businesses are licences to print money. I was surprised that none of the Conservatives would get up and publicly support their Minister who is very much on the record, the government's very much taking an aggressive position and pushing private profit-making homes while slapping non-profit groups right in the face, turning them down, with respect to the provision of very needed health care.

I was surprised at the comments of the Member for Fort Rouge who adopted the Conservative position completely. She said that profit has a place in the provision of health care, that really all you're interested in is standards. What she did, she confused the term "profit" completely with the notion of salary or wages. No one says that teachers shouldn't be paid for their labour; no one says that hospital administrators shouldn't be paid for their labour. (Interjection)— That's not profit? What a teacher makes as salary is not profit; there is no risk; they are providing a labour. I've said to any of the private nursing home operators — because some of them have talked to me — they have in fact said to me, look, we think you're being unfair in criticizing us; and I said well, are you prepared to run your nursing home for a management fee that doesn't take in and doesn't provide for a return on investment because there is no risk, provide a management fee? If you have ability to manage, administrate, we will pay you the management fee. They said, no, we wouldn't go on that basis; we also want to make a return on investment; we also want to make profit. So they distinguish between a management fee and profit but the Member for Fort Rouge doesn't in her defence of the private profit-making operations.

We don't take into account the effect of re-sales and capitalization. If in fact the nursing home is sold, built for \$100,000 and sold for \$200,000, should the per diems pick up that extra \$100,000 in capital costs which is being amortized into the per diems?

MR. SCHROEDER: Sure, you've got real estate agents and used car salesmen in the province . . .

MR. PARASIUK: That's right and the Member for Fort Rouge is agreeing with that. She agrees with that type of philosophy. My colleague, the Member for Rossmere says you don't have people in this business solely for their love of humanity.

The St. Adolphe Nursing Home strike was an interesting case, it provided a window into the private industry.

A MEMBER: Wasn't that a broken window?

MR. PARASIUK: Yes, it was, it was a broken window and what it showed was that the private entrepreneur will try and squeeze extra money out of the quality of care provided to elderly people and out of the staff. There were windows that had not been repaired for six, seven, eight months; there were towels, sheets in the windows to block the drafts; there were people having to wear rubber boots when they worked in the kitchen. This is the type of practice that the Member for Fort Rouge wants to gang up and join the Conservatives in defending.

Now the interesting thing about that position was that the people in that nursing home were being

treated as a commodity, being treated as a commodity by a company that was involved in a number of other businesses. The interesting final footnote in this case is that the offer that was put forward by the nursing home manager to the staff, after the nurses went public and showed that the Minister was not providing correct information when he said that there was a good inspection taking place, after that happened — that was on a Friday morning that the nurses went public — in the afternoon the manager desperately ran out to the staff and said, here is another offer and in fact I'm prepared to go to binding arbitration. If you looked at the letterhead of that letter that the manager gave to those people on the picket line it was BROUSSEAU the professional, real estate and realty appraisers. That is the letterhead on which that offer to the workers at the St. Adolphe Nursing Home was made. It wasn't even made by the St. Norbert Nursing Home Corporation which is a corporation that owns both the St. Norbert Nursing Home and the St. Adolphe Nursing Home. It wasn't made by an entrepreneur doing this both for his love of a buck and his love of humanity, this was done by a real estate operator who was treating that commodity as another piece of land. If in fact the St. Adolphe Home would make a bit less profit than the Pony Corral or whatever other thing he had going, he'd dump it without a thought for the people, without a care. You put people in the same category as hot dogs and hamburgers and we say that policy just will not wash, it will not be tolerated by the people of Manitoba and yet we have a Conservative government desperately trying to force-feed that policy upon the public of Manitoba. (Interjection)— Not for long, my colleague, the Member for Rossmere, says. That's true, not for long. The people do not agree with that. They say that nursing homes which provide extended care should be treated the same way as hospitals are and hospitals provide acute intensive care and both provide health care.

I asked the Conservatives, I asked the Liberals in this respect, if they are arguing for private profit-making corporations in the provision of extended health care, are they also then arguing for private profit-making corporations in the provision of acute health care? We say no to both, we say no to both. (Interjection)— It's the same thing. One is acute care, the other is extended care, they are both health care paid entirely by the public. I would like to ask why? Well, it's okay, we're getting people on the side saying, what about the doctors? That's exactly what I was wondering. Are we now going to have the Minister of Finance get up and say that he in fact favours private corporations in the provision of hospital care? —(Interjection)— I didn't hear him speak. They are speaking from their speech now but I didn't hear them get up and speak on this issue. But they are now saying that what a doctor provides is profit. He should be rewarded; he's not undertaking risk. We're paying a doctor on a fee-for-service basis; we're paying them on a fee-for-service basis.

Now the Minister is now trying to say, or the Minister of Finance, is that we should start paying them dividends on their shares, that we should start treating them as a profit-making entity. In their minds, they see that, they see what doctors make as

profit. Well, I'm surprised that a Minister of Finance would be so unschooled in economic terms as to confuse salary with profit. (Interjection)— That's right, that's right, I'm surprised. It's the same type of Finance Minister who three years ago said he didn't understand deficits who brings in the largest deficit three years from now. (Interjection)— No, he didn't understand the notion of deficits. He's learning about them; you take a look when we get into the Budget Debate, we'll be able to point out what the Minister said about deficits three years ago. But I have not had anyone justify why, if the public takes up all the risk, if they guarantee that there will be full occupancy of nursing homes, if the public will pay the entire per diem, why anyone running that facility should be paid anything but the salaries and costs of running that facility, why they should make some type of return of their capital investment when the government and the public guarantees that investment entirely?

It is a licence to print money. It has been shown, the Globe and Mail ran an excellent series of articles about three weeks ago which completely undercut the statements made by the Member for Fort Rouge about the qualitative aspects of private nursing homes. In Ontario they find that private nursing home after private nursing home provided worse quality care than non-profit nursing homes. Nurses doing surveys in Manitoba, and workers in the health care field doing internal surveys on the quality of care provided in private versus non-profit nursing homes, have concluded that generally the conditions of care are worse in the private profit-making homes. Because if you say that somebody can derive a profit they will derive that profit in two ways: they will either reduce the quality of care, in terms of the quality of food, in terms of maintenance, improvements, in terms of the extras that could be and should be provided; or they will cut down and squeeze this off the back of the supporting workers. That is an incentive; if you say to someone, you can squeeze out this extra profit, that is the way they will do it.

We have the Minister saying that is defensible, he agrees with it and he said the government may abolish the requirement that private profit-making homes should file audited financial statements because it's questionable whether the province should have the right to know an operator's profit and capital investments. The province guarantees — (Interjection)— we pay the shot but we shouldn't know anything about how that money is spent and if we're getting value for money. This is a government that goes around right now, presumes guilt on the part of students who are accepting student aid, sends auditors in, asks them for details with respect to their grocery expenditures and then turns around and says, we don't want to know what's done with our money when we pay for it to private profit-making corporations who provide nursing home care to elderly.

The Minister of Education gets up and proudly says that he saves some money for the public by having these audits which presume guilt, on the part of students accepting student aid, but he isn't prepared at all, not at all. I'd like to save money in an area where we spend 25 times what we spend to student aid. If you want to find out whether we're

squandering money, let's do the audit of the private profit-making corporations; let's find out if we're squandering money, if nursing home corporations are making 30-40 percent return on their investment when there is no risk. To me that's the greatest squandering of money. Let's do the audit but the Minister is saying he doesn't think we should do that type of audit. The Minister doesn't think that we should be knowing whether we get full value for money. The Minister isn't prepared to have his inspectors go into private profit-making nursing homes to do spot checks to ensure that the quality of care is good. He's prepared to tolerate a system where private corporations are tipped off by the government as to when the inspections will take place. These operators go around, they inform the staff to cover things up because the inspectors are coming around and then he's prepared to rest his case on the basis that these places are inspected and that is sufficient for him as long as they pass the inspection standards. But he is not prepared to go with spot-check inspections; he is not prepared to ask these people to provide audited financial statements. That is in contrast to the non-profit homes. Non-profit homes . . .

MR. SPEAKER: The honourable member has five minutes.

MR. PARASIUK: Thank you. Non-profit homes aren't afraid to provide audited financial statements, they are honest. They are coming forward and saying, this is what we spend your money on; this is what the public money is spent on; this is what you get with respect to operation and maintenance; this is what you get with respect to food; this is what you get with respect to salaries; this is what you get with respect to recreational activities. They also indicate what takes place with respect to volunteer effort which comes in to help the non-profit organizations and won't come in to help the private profit-making corporations, for good reason. These groups come forward, they open their books up to the public and the Manitoba Health Services Commission, if they find that there is any surplus left over, will take that away from the non-profit corporation so that they don't use that money, supposedly unwisely, by enriching the quality of services provided to the residents in that non-profit nursing home. That is entirely in contrast to the situation regarding private profit-making homes.

Instead of determining whether in fact 20 percent of what is spent could be taken out and used to expand the number of nursing home beds in the province; or could be used to enrich the quality of care provided to residents generally in nursing homes because, if in fact private private profit-making corporations are making 20 or 30 percent on investment with no risk, that means that's money that should be kept by the taxpayer and reinvested far more wisely with respect to enriching the quality of care or providing more care.

But this government says it's not going to take that approach. It is going to turn down non-profit group after non-profit groups, be these non-profit hospital boards, be they community groups, religious groups, service groups. They say no to these groups and they turn around and say yes to Trizec Corporation; they say yes to Villa Centres and they

say yes to Brousseau, the professional, real estate and realty appraisers. We say, Mr. Speaker, that that is indefensible; that the public will not accept that and that, come the election, Mr. Speaker, we know how the public will vote on this matter. They will say that this type of government which has such ideological blinkers that they would throw away at least \$1.3 million a year extra to private profit-making nursing homes at the expense of the people generally and at the expense of the non-profit community, religious and service groups that want to provide a necessary need; that this is a government that is intolerable and must be removed. I say to this government that this is an issue out there that the public will decide on them, they will vote on them and they will remove them for this type of blinkered ideological nonsense.

QUESTION put, MOTION defeated.

MR. SPEAKER: The Honourable Government House Leader.

MR. MERCIER: Mr. Speaker, in consultation with the Opposition House Leader, I believe there is a disposition to call it 5:30.

MR. SPEAKER: The Honourable Member for Gladstone.

BUSINESS OF THE HOUSE:

MR. JAMES R. FERGUSON: Thank you, Mr. Speaker. I have two changes on Public Utilities - Mr. Jorgenson for Mr. Minaker; Mr. Gourlay for Mr. Enns.

MR. SPEAKER: The Honourable Government House Leader.

MR. MERCIER: Mr. Speaker, I move, seconded by the Minister of Finance that this House do now adjourn and resume in Committee of Supply at 8 o'clock.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. tomorrow. (Tuesday)