

LEGISLATIVE ASSEMBLY OF MANITOBA
Tuesday, 7 April, 1981

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY
SUPPLY — NATURAL RESOURCES

MR. DEPUTY CHAIRMAN, Albert Driedger (Emerson): Call the Committee to order. Page 96, Natural Resources, Item 6, Lands, 6,(a)(1).
The Member for Ste. Rose.

MR. A.R. (Pete) ADAM: Thank you, Mr. Chairman. Before the supper hour the Minister gave us some statistics on the amount of Crown land that had been sold and I believe he mentioned the figure of \$1.2 million that had been received for the 166,000 acres I believe; 201 rejected, 947 in the process.

MR. DEPUTY CHAIRMAN: The Honourable Minister.

HON. HARRY J. ENNS (Lakeside): Mr. Chairman, perhaps I could correct that figure. That figure was 597, not 900.

MR. ADAM: Approved for sale.

MR. ENNS: Approved for sale.

MR. ADAM: I wonder if the Minister could give us a breakdown, region by region, of where this land is being sold.

MR. ENNS: No, Mr. Chairman, I'm advised by staff that I can't do that tonight. It's not any state secret; if the honourable member would give me some time I'll provide that information for him.

I'm advised, Mr. Chairman, that because the sales are on computer we could provide him with a computer print-out that would give him the sales location by municipalities or LGDs, but that's not possible tonight.

MR. ADAM: That would be satisfactory, Mr. Chairman. I wonder if we could the breakdown of the amounts from the lands in those particular areas; along with the amount of acreage if we can get the amounts that were received by the province for the lands sold in those particular areas.

MR. ENNS: Mr. Chairman, we will undertake to provide that information to the honourable member.

MR. ADAM: As well, if we could get the breakdown on the other items as well. Those that have been rejected, to give us a better idea of where the requests are coming for land. Also, I'd like to ask the Minister, while we're on Crown lands, I am in receipt of a copy of a letter from the Four Nations Confederacy Corporated to the Minister in regard to a difficulty of Native people to obtain Crown land. I think we discussed this in the House on Resolution No. 5 introduced by the Member for St. Matthews. The letter to the Minister — if he wishes to have a copy he's welcome to have a copy, I think we can have copies made.

I think it rises out of a letter from the West Region Tribal Council in regard to the problems that Native people experience when they apply for Crown land. I think we made the point in the House of the difficulty of Native people being able to have access to sufficient land in order to establish a viable operation of, say, livestock operations, etc. There is another letter here. I think the letter that the Minister has received is the result of a letter that was sent by the West Region Tribal Council questioning the point system, I presume, of allocating Crown lands. If the Minister wants a copy of that I could provide him with a copy.

This seems to be a longstanding problem which I believe we should address ourselves to. There has been some Crown lands allocated to Natives and I think in an effort to provide citizens of Native descent who would like to establish themselves in agriculture it seems to me that they are frustrated by this inability to qualify for allocation of any available land that comes up.

I want to ask the Minister as well if he could comment; I posed some questions in the House in regard to the application for a Crown land right-of-way to build a road to Shoal Lake. I've not had a reply yet from the Minister in the House to my questions. I wonder if he would like to avail himself at this time to respond to my questions in the House on this.

MR. ENNS: Mr. Chairman, attempting to answer some of the questions that the member posed. I'm not aware of any specific policy that mitigates against Native people from acquiring Crown lands for agricultural purposes. My understanding though is that they then have to come under the same point system that has been developed by the Department of Agriculture in the allocation of these lands. I would have to point out to the honourable member that the allocation process, in this instance, lies within the jurisdiction of the Department of Agriculture. I suspect that some of the problems are that the request very often is for Crown lands to be allocated to Native people immediately adjacent to or surrounding existing lands that they have by way of reserves. But I can only indicate to him that there is no policy that mitigates against them having that land but they do not have special status, if you like, that will put them ahead of the established point system; a point system which, by the way, I would have to remind the honourable member was instigated and put into practise at the time the previous administration was in office. Further that I could add to that and specifically to the letter from Grand Chief Long Claws in his letter to me that the honourable member has a copy of, when I mentioned earlier this afternoon that the whole question of Crown land sales is under review, included in that review is the suggestion that some appeal body be established that applicants could turn to when their applications are rejected; that is under active consideration at this time. There has been a suggestion, for instance, that the existing board that presently deals with appeals adjudicating on leases in the Crown Lands division of agriculture may

perform that board and that is being given active consideration. So I can positively answer to that concern of Chief Long Claws that we are giving active consideration to establishing an appeal body that applicants who have been rejected, can turn to. That is being considered.

Further to the question of the department providing necessary Crown land to provide an access road to the Shoal Lake Band, I believe it is No. 40, you know I believe that I made my position reasonably well known, publicly well known as has been reported in the press in the last few days. I have had an opportunity to communicate with His Worship, Mayor Bill Norrie of the City of Winnipeg, I acknowledge that there have been suggestions, proposals made, draft proposals, that we discussed this I believe the other day during the consideration of these Estimates; but that's all that they were, about possible land exchanges or land purchases. That meeting is scheduled within a matter of a few days, in fact it was scheduled for this afternoon but had to be delayed because of Governor Olson's visit and my own involvement in my Estimates.

My position is very straight forward. It ought to be very clear that we have a very considerable amount of concern that the department or the provincial government does not act in any way that is not consistent with recognizing the concerns of the City of Winnipeg and if we can arrive at an accommodation that is agreeable to the City of Winnipeg, then we are prepared to consider some resolution to the problem.

MR. DEPUTY CHAIRMAN: The Member for Ste. Rose.

MR. ADAM: I thank the Minister. It seems to me that there is a change in policy here if I understand the situation correctly. I do have the Environmental Impact Statement on the cottage development, but I see where in the House the Minister indicated the reason for not allowing right-of-way access to the reserve was because of the development on the cottage lots, but on the agreement that has been going forward from the Band and the department, it seems to me the only thing that is holding up the access road to the reserve is the willingness on the part of the Indian Band to transfer certain lands over on the reserve.

The first agreement proposes so many feet or acres on I believe — well I haven't got the map with me I don't think here, well, maybe I do — it seems to me that there was a request from the department, if the Indian Band would provide some land on the one side and then on the second agreement they wanted a much larger amount of land on the other side of the point on the Indian reserve, on the opposite shore. This is the way I understand this agreement.

I'm wondering if the Minister is saying the only reason they are not providing an access road to the reserve is because they are waiting for the Environmental Report? Why are these agreements and why have these agreements been going back and forth between the department and the Indian band? I presume it could have been accepted by the reserve and they would have had an access right-of-way. I understand that they were willing to pay a large percentage of the construction costs of this

road. In fact, I understand that they would be willing to construct the entire operation themselves if they could have access on the Manitoba side to proceed to Highway No. 1, or something, somewhere around that area.

MR. ENNS: Well, Mr. Chairman, we went through this to some extent yesterday and let's be very clear about the use of the word agreements. I refute that as I did yesterday. These were proposals that were suggested, none that ever got to a Minister's office and none that were pursued to the point where you could call them agreements. Agreements denotes that in fact an agreement has been arrived at between the two parties. These were draft proposals that were presented as possible solutions to a problem.

But more importantly, Mr. Chairman, I would be interested to know if the spokesman of the New Democratic party in this particular instance is suggesting that the province should grant access to this particular sensitive area that involves the entire water supply to the City of Winnipeg, without any concern for the feelings of the City of Winnipeg? If that is the position of the New Democratic party then I think that ought to be put on record and we can deal with it in that way.

MR. ADAM: Well, Mr. Chairman, the Minister is trying to put words into my mouth and we can deal with it in that way. We will not allow him to place words in my mouth on the record which may be incorrect or may not be incorrect but nevertheless the point I was making is that the position, as I understood it in the House when I asked the questions, do not correspond with the correspondence that has been going back and forth with the Band itself. The complaints that have been made to me, as the highway critic for the opposition, was that they wanted access to the reserve on Crown lands, that is on the Manitoba side. There was no suggestion to me about any roads on the reserve or any development when the complaint was brought to my attention. I was asked to ask the Minister in the House what was the reason for denying the access to the reserve itself, in other words, the two issues were separate as far as the information that came to my attention. The fact that there was a change in the policy, one request was for a certain amount of feet — I haven't studied this very thoroughly but it seems to me that there were so many feet that were requested in exchange for the right-of-way. The understanding that I have of this situation is that there are no impediments as far as the road is concerned if the Band is willing to turn over certain lands. That's the understanding that I have at this moment.

Now the Minister is saying no, there is a situation of the cottage lots development. Well, that's fine, but then after further correspondence it's suggested that the department requires more land than had been originally requested. Perhaps the Minister can clarify where the land is required, what lands are required on the reserve, from the Indian Band in order for them to receive approval from the Minister so that they can go ahead with their access road, so that they can get out of that reserve instead of going across a lake or a bay, on the ice in the wintertime to get in the supplies and in the spring no way over

ice that is breaking up and planes can't land so how do they have access, say, for a month. That is the situation as I see it.

I realize that there is a problem there as far as the supply of water for the City of Winnipeg which has to be safeguarded. But I'd like to get a clear statement because there seems to be some disagreement on what the Minister is saying and what is going on insofar as letters between the Band and Mr. Jarvis and others.

MR. DEPUTY CHAIRMAN: The Minister of Community Services.

HON. GEORGE MINAKER (St. James): Mr. Chairman, I, as a former councillor in the City of Winnipeg and Chairman of Works and Operations responsible for the supply of good quality water to over half the population of our province, I would like to commend my colleague, the Minister of Natural Resources, for the stand that he has taken on this particular issue because while I can understand the Honourable Member for St. George's concern about access, or Ste. Rose my apologies to the honourable member, that he has concern about access to an area; if it meant, by giving an access to that area, that development of either a major recreational area would threaten the quality of the water for Winnipeg and possibly mean that the City of Winnipeg might not be able to utilize the water in its natural state, that has meant savings to the people of Manitoba, and particularly half of the people of Manitoba, the fact that we have good pure water coming from there. I have to commend my colleague, the Honourable Member for Lakeside, for the approach that he has taken on this, recognizing the pressures that he has. But I have to say to the Honourable Member for Ste. Rose that we have to not just look at the fact that we want to give access to some of our citizens or to make access to a lake for recreational facilities that will jeopardize the quality of water for over half the population of Manitoba, that I would think we have to take another look at it. I would that the Honourable Member for Ste. Rose would recognize that fact and really commend the Minister of Natural Resources for the action that he's taken in this particular situation.

MR. ENNS: Mr. Chairman, I appreciate the Member for Ste. Rose's concern when he regards what I believe to be quite acceptable and in the norm activities on the part of a previous Deputy Minister and/or other officials that, among other suggestions, suggested a possible solution to the problem that could involve a land exchange of one kind or another; whether it is changed from one letter to another letter doesn't really matter. I can only reiterate that was never accepted as policies by the Department of Natural Resources, then or now, isn't being considered now as a fixed matter of policy, will only be considered after the legitimate concerns, as expressed by the Honourable Member for St. James, are satisfied; that the resolution to the problem can be carried out without endangering, without jeopardizing, without adding perhaps considerable cost to the residents of Winnipeg in the delivery of their water system.

MR. DEPUTY CHAIRMAN: (1) — pass — the Member for Ste. Rose.

MR. ADAM: Yes. It's my understanding, Mr. Chairman, that there are other activities or things going on around the lake at the present time that may just do what the Minister for Community Services hopes will not happen. There are other activities in my understanding. I spoke to the Manager for the Band and he has informed me, and I can only take his word for it, that there are mines going on around there and other activities that are taking place that could have a far more detrimental effect on the water quality than any development; although I certainly agree with the Minister that anything that happens, insofar as development of the cottage lots or whatever takes place on the shores of Shoal Lake, that assurance has to be there that the quality of the water for the City of Winnipeg will not be affected. I agree on that.

Nevertheless, there are other things that are going on there and it seems to me that there are two different issues here. The provision of an access road to the reserve doesn't necessarily mean that there will be a development of cottage lots and if that is the case, what happens then? Will the people there have a way of getting out from that reserve or will they have to continue to do as they have for many many years I suppose and the hardships that go with it?

MR. ENNS: Mr. Chairman, the honourable member has to realize that we have no planning authority, none that we can exercise as a province, over Indian lands. We would in essence be abrogating our responsibility to a federal agency, namely, the Department of Indian Affairs, to hold and trust if you like the concerns as the Member for St. James has said on a few occasions, that could provide the kind of possible planning control necessary to limit development in that area, that is the source of the safe, clean and pure water supply, probably unexcelled on the continent of North America for over half the residents of the Province of Manitoba.

So, Mr. Chairman, we dealt with this matter yesterday at some length and the honourable member would be well advised to recognize that Ministers do change, Deputy Ministers do change, initiatives entered into — not agreements — feelers that were entered into by previous Ministers or Deputy Ministers quite legitimately so, but were never consummated in any formal sense that they could be granted the status of being called agreements. There simply never was an agreement. These were suggested resolutions to a problem and may well still be in the final analysis a resolution to their problem if other concerns can be met, if the planning concern can be met, if fixed and firm commitments that would satisfy the City of Winnipeg could be met. I'm not ruling out the possibility that some resolution along the lines that the honourable member keeps referring to may not eventually take place.

I'm simply stating my position that as the current Minister of Natural Resources supported by my staff, that we will not move in this direction without the full concurrence, without full consultation process having taken place with the people directly affected, namely, the City of Winnipeg.

MR. ADAM: I'd like to get back to another item on the allocations of Crown lands and the Minister

suggested that there should be an appeal body. Now there is an appeal body there already insofar as agriculture Crown lands are concerned.

MR. ENNS: Mr. Chairman, just by way of clarification, only for the allocation of the leases. If there is a dispute arises as to how the Department of Agriculture allocates a lease to a particular individual, that individual can come before a board — the member is correct — for adjudication if you like, arbitration if you like, of the fairness of that allocation. There is no such board present for the sale of Crown land.

When an applicant receives a notice from the department rejecting his application for the purchase of a piece of Crown land, that's it, there is no further recourse. We have under some pressure from the general public and certainly from members of my caucus that we should consider an appeal apparatus in that instance as well. A suggestion has been made to me that we may well consider using the same Crown Lands Lease Appeal Board for that purpose, rather than setting up an entirely new and additional board.

MR. ADAM: I'm wondering if the Minister could advise how long can a lessee hold on to Crown lands after he has sold out his cattle and that.

MR. ENNS: Mr. Chairman, the Department of Agriculture is a jurisdiction that has administrative control over this matter. I would suspect — and I'm aware of — that they, being of the agricultural community and serving the agricultural community, would be aware of the fact that the cattle business, like politics, has its ups and downs and that there well may be occasions where for a period of time a lessee doesn't always have the prescribed number of cattle on lands that he holds but that's part of the administrative responsibilities of the Department of Agriculture and does not come under the jurisdiction of this department.

MR. ADAM: Mr. Chairman, there are some cases where people have gone out of business completely and moved away from the farms and still holding on to Crown lands in the hope that they could sell their own farms at a fair price and they're hanging on to the Crown lands just to be able to sell a piece of private property to the detriment of other producers who would like to have access to that land.

There are some cases — I don't know how many but I am aware of some — and it seems to be a bit unfair when that kind of a situation takes place because we know that there's a shortage of Crown land and there is always more applicants than there are leases that are available. It's unfortunate if someone is able to move out completely away from the farm, live in the town and just hang on to his leases until such a time as he find a buyer that will buy his own private property and able to get a fair price for it because he has leases that can be transferred, to me, I'm not sure whether this is a fair way to handle it or not — maybe the Minister feels that it is, I don't know — but it seems to me that there's a problem there when there is a shortage of land particularly in periods of drought where there isn't enough pasture and you may have some party that has maybe half-a-dozen quarter sections of land

that he's holding idle until such time as he can sell his own land along with the transferring of the leases.

MR. ENNS: Mr. Chairman, without in any way denying the responsibility that the Department of Natural Resources has in an overall way of Crown lands, but I do remind the honourable member again that the questions that he's now asking are entirely within the jurisdiction of the Department of Agriculture in the manner and way in which they administer the Crown lands under question, namely, agricultural leases. It's done under the directorship of one Graham Somers, who reports to the Minister of Agriculture. I can only indicate, as a practical farmer myself, and I know the honourable member also acknowledges this from his own experience, that a degree of judgment has to be exercised as to when lands are being held for speculative purposes, as the member suggested, future sale, or when lands are being held that may not always be fully utilized, but for other reasons such as depressed cattle cycle, could be reasons of health, could be reasons of occupation, that for a period of time make it difficult for a lessee to operate the cattle operation, for which he has been originally qualified to have the Crown lands, to continue holding those lands.

I would ask and invite the honourable member to bring to my attention any specific and individual cases where abuses of the kind that he refers to are taking place. I would certainly take it upon myself to refer them to the Department of Agriculture for consideration.

MR. DEPUTY CHAIRMAN: (1) — pass; (2) — pass; (a) — pass; (b)(1) — pass; (2) — pass; (b) — pass; (c)(1) — pass; (2) — pass; (c) — pass; (d)(1) — pass.

The Member for Ste. Rose.

MR. ADAM: I wonder if the Minister could tell us now what's happening in this area.

MR. ENNS: Crown Lands Registry. The objectives of this division of the department is to maintain a register of all dispositions of Crown lands including sales, lease, permit, easement and reservations; to provide a system for storage and rapid retrieval of land-related information; to implement a central register system incrementally where all lands owned by the Crown are eventually recorded and may then be uniformly administered under the authority of The Crown Lands Act. Activities undertaken at the current time are that an outside consultant is designing and programming the Automated Crown Lands Registry System; we are going the computer route. Three term staff, three years, are determining and entering data for the registry. Subsystems are being developed for permits, vacation home lots, LGD programs and sales, and maintenance of a manual system and land record is continuing while we are transferring this to the computer system.

In other words, gentlemen, the system is moving smoothly and effectively to a modern, computerized registry of land information that will be at our fingertips for instant retrieval.

MR. DEPUTY CHAIRMAN: (1) — pass; (2) — pass; (d) — pass; (e)(1) pass; (2) — pass; (3) — pass; (d) — pass.

The Member for Rupertsland.

MR. HARVEY BOSTROM: Wild Rice Development Area. Could the Minister indicate what he intends to do with the meager funds that he has left in the appropriation, seeing that he indicated in response to my statement this afternoon that he is prepared to look at all kinds of new initiatives, particularly in the area of seed money for operators and so on, and so forth? Could the Minister indicate where he intends to find the funds to do these marvelous new initiatives that he promised me he would look into?

MR. ENNS: Well, Mr. Chairman, essentially the activities to be undertaken in this division is to administer the Wild Rice Leasing Program, as I said this afternoon. We have a determination to bring to order, out of a somewhat chaotic situation. Now, Mr. Chairman, if the honourable members opposite wish to acknowledge some responsibility for having developed that chaotic situation they would have to do so on their own. I am not suggesting that; I am acknowledging that the wild rice situation is one that has bedevilled the attempts of many good efforts on the part of staff, on the part of different administrations. I think that possibly with the best of intentions the previous administration felt that by essentially leaving this area of activity predominantly in the hands of our native brothers, setting up organizations such as the Manominake Corporation Ltd., etc., that perhaps would be an appropriate way to bring about the kind of developments that both the Member for Rupertsland and I would like to see in the wild rice industry.

I have, as a relatively new Minister to the department, in consultation with some representatives of the industry — and I emphasize and underline the word "some". In my very short experience as Minister of Natural Resources I find that every delegation I get on the subject of wild rice is quite different from the last one that I received. It is difficult to then attempt, in a reasonable and fair and equitable way, to bring about a rationalization of the situation.

I think we had a good discussion about the subject this afternoon, particularly with the Member for Rupertsland, I really felt on this particular issue — it may be one of the few issues — there was a degree of mutual understanding, in terms of the objectives that we were attempting to achieve at this particular time. Essentially the moneys allocated in this appropriation will be to assist producers by providing the technical advice, market information, to liaise with the Department of Agriculture with the Paddy Rice Production Program that may well lead to some of the potential types of programs that are currently under way in Saskatchewan that seem to work well in that province, that could bring about the kind of hoped for resurgence in wild rice production in the Province of Manitoba.

MR. BOSTROM: Mr. Chairman, one of the things we had talked about this afternoon, in terms of a potential initiative on the part of government, was to have the government assist the wild rice growers by way of providing them with first quality seed so that they could enhance their production in the various lakes that they're attempting to cultivate. This afternoon the Minister indicated that he was

prepared to look at that possibility, and it's something I would commend him for.

However, just in looking at this appropriation, I note that the emphasis on wild rice development seems to be reduced in this Minister's Estimates from an appropriation of \$250,000 last year to approximately \$87,600 this year. So, in terms of these new initiatives, I would simply ask the Minister where, if any place in the Estimates, would we find he has the flexibility to be able to accomplish this new initiative if he intends to follow up on it?

MR. ENNS: Mr. Chairman, I acknowledge that the Estimates in terms of dollar values don't signal any new initiatives, but as I think the honourable member agreed with me this afternoon at least, that perhaps the first problem to resolve is to establish a degree of stability within the industry and that can be done simply by securing tenure and providing the kind of mechanism that provides for longer term tenure of the rice lakes to legitimate rice-harvesting operators.

I thought I had made it clear that I was certainly not attempting to indicate that we had in these appropriations, in these sets of Estimates dollars attached that may well flow in subsequent years from having brought about those initial changes.

Our submissions that we have received from the operators is that the first priority is to establish a stable regime of lessees, of a leasing policy, that would in the first instance encourage the producers themselves to begin some of the development work and when that is in place then certainly I would expect, and I would receive as legitimate requests, similar types of support programs that for instance the Minister of Agriculture accepts in a routine way for crop production in his field of concern, namely, the fodder field of general agriculture. But these Estimates do not reflect that. We do not feel the need to and we are not in a position quite frankly, to expend additional moneys at this particular time even if we wanted to.

MR. ADAM: Mr. Chairman, just before we leave that item, I'm just wondering if the interests of the people who have been involved with harvesting of wild rice for many years, if their interests are being protected. There has been information that has come to us where some people who have developed rice patties, have seeded rice and have harvested for many many years, have apparently been squeezed out of their area because of the new policy and the area had been leased to somebody else, somebody else comes in from outside and takes over. I'm just wondering if the Minister has any information in that regard or whether the reports that have come to us are unfounded, I hope they are, but it seems to me that there was a report last year where some Native people had been harvesting a particular area for many many years and in fact had developed it and introduced the wild rice to the area and subsequently that area had been leased to someone else and these people had been squeezed out. I hope the Minister can tell me that I'm wrong.

MR. ENNS: Well, Mr. Chairman, I just underline what the honourable member himself has noted, that in 1978 there were some 95 individuals involved in the harvesting of wild rice, that has grown despite my earlier comments about wishing for even greater

growth, that has grown to some 144 in '79, 179 in 1980 so that we are obviously interesting and bringing more people into the wild rice industry.

While this industry, however, suffers from very substantial fluctuations in price, dollar values fluctuate as much from 1975 figures of 142,000 to 1980 figures of a million, pardon me, pounds. Pardon me, we are talking about pounds, 142,000 pounds in 1975 to a million pounds in 1980. Price fluctuates just about as badly as cattle prices, I say to the Honourable Member for Ste. Rose, again from 90 cents to well over a dollar to \$2.26 to \$2.13 in '79 back down to 60 cents in 1980. So, I think there needs to be a considerable amount of concern expressed about the marketing, the processing of the product.

But as I indicated this afternoon our first intention is to concentrate on the production of the product and we believe we can be successful if we provide and offer the longer term leases to the interested operators in the industry.

The honourable member talks about people being squeezed out of the business. I would again invite the honourable member to specifically detail individuals to whom that has happened. There have been some situations where, particularly with respect to the Metis, where plot leases were given or granted to the Indian Corporation that was set up I believe to some extent interfered with the leases that were held previously. But again, Mr. Chairman, I don't say this in any way to reflect on the previous administration, but I do point out that happened during that time.

It was I believe, a legitimate attempt made to encourage the Indian Community to take hold of the industry and to develop it to its benefit. Regretably that hasn't quite happened. I'm not giving up on it and I'm hopeful that we will find our way to assist and to make them successful but there have been difficulties with the specific corporation that was set up some years ago to handle this matter.

There have been trial and test plots run that the department has been involved in, particularly with the Metis people in the Waterhen area where information, I believe even seeding was done, extension work if you like, was done by the department and we of course hope to continue that.

MR. ADAM: I wonder if the Minister could tell us, how is the rice marketed? I know how much I have to pay for it and the information the Minister just gave us that it fluctuates from 8 cents a pound, or 9 cents a pound to over \$2.00 a pound seems to me that we have to pay \$8.00 or \$10.00 a pound for wild rice and have been for many years at the retail level and I'm wondering how it's marketed. It seems to be marketed in a disorderly way and perhaps it's time that we had some order in this industry and maybe we should set up some kind of a rice board, a Manitoba Rice Board.

MR. ENNS: Mr. Chairman, I invite the Honourable Member for Ste. Rose to spend an hour or two in advising my Deputy-Minister about how to bring about orderly marketing of rice. He will appreciate that advice and no doubt accept it.

Seriously there are essentially two major buyers, Continental and Uncle Ben, not the Uncle Ben that used to market beer in Manitoba, but Uncle Ben Long Grained Rice, they are U.S. buyers that

purchase the major supply or product that is being produced here in Manitoba.

I don't refute the suggestion that some degree of orderly marketing may well be required in the future again to maximize, not unlike the aims of the Freshwater Fish Marketing Board, which is after all to maximize the return of the final price to the producers, that some marketing mechanism may be of assistance to the wild rice producers; but I'm suggesting to honourable members of the committee that first things first, let's produce the product. We haven't been doing the job that we believe from a resource point of view that is capable of being done in the Province of Manitoba. There are indications that other jurisdictions, notably Saskatchewan, are doing a considerably better job in this instance than we are doing, and we have in terms of prioritizing our efforts and our direction to the production aspect of it, but not losing sight of the fact that the marketing is a very important part as well.

MR. ADAM: Well, you know, Mr. Chairman, the marketing is very orderly at the retail level. It's extremely orderly as far as I'm concerned - \$7.00 to \$10.00 a pound for the last number of years as far as I can see. I'm concerned, I'm not sure whether the philosophy of this Minister is amenable to orderly marketing at the producer level. We know that the Minister of Agriculture wants to wrestle the Wheat Board to the ground and I hope that this Minister would not want to wrestle the efforts of any producers who would like to set up orderly marketing and I hope that this Minister would not try to wrestle their efforts to the ground.

MR. DEPUTY CHAIRMAN: (e) — pass.

Resolution 104 - Resolved that there be granted to Her Majesty a sum not exceeding \$1,441,100 for Natural Resources — pass.

Resolution 105 - Item 7, Forestry, (a)(1) — pass — the Member for Rupertsland.

MR. BOSTROM: Well, perhaps the Minister would like to have an opportunity to introduce this section and in so doing indicate any new initiatives that his department is proposing in the area of forestry development in Manitoba.

MR. ENNS: Mr. Speaker, perhaps I could indicate and read into the record some general information that may be helpful in the discussion of this particular portion of my Estimates and discuss with you the 20-year Forest Management Plan that is being activated by the department. The general goal for the Manitoba Forestry sector is to optimize the economic and social benefits of the forest resource to Manitobans, through full utilization of the forest capacity to generate employment, primary and secondary manufacturing, and provincial product, export income and to enhance community prosperity and good environment. One of the goals of that the Forestry Branch has adopted is to increase the use of the forest to the extent that the potential of Manitoba's renewable forest resources should be fully utilized by the year 2000 on a sustained yield basis.

Mr. Chairman, the Member from Rupertsland indicated earlier that we have in some way lacked planning or lacked initiative, particularly in the field

of forestry. I read this statement to the honourable member to indicate to you the kind of staff work and direction that the department has taken with respect to our forest resources, that we have a long-term goal in mind that will fully utilize our forest resources and this is very important on a sustained yield basis for generations to come.

The provisional objectives for the Forest Management Plan - Manitoba 1980 are as follows:

1. Planning forestry consistently with the long-term provincial goals. This implies an effective and economic utilization of the forest resources and requires continuous research, appraisal and follow-up of the forest resource and of its utilization. It also requires identification of opportunities, assessment of the feasibility of alternative action programs and implementation of viable projects.

2. Providing information for provincial agencies and enterprises enabling them to practise and develop profitable production in forestry and forest industries. This implies organization, compilation and presentation of information that describes forest lands area by site class, growing stock and merchantable timber crop by location, tree species and cutting class, current and potential increment of timber, logging and transport conditions and cost.

3. Defining intensity levels of forest management, principal items to be specified are available quantities of timber crop, periodic and annual amounts of final cuttings and thinnings, regeneration and stand improvement techniques, forest production methods and volume of feasible timber production in the future.

4. Assigning and describing intensity levels of forest management for each forest section. The principal factors determining the intensity level of each section are: merchantable timber crops, increment of timber, volume of feasible timber production and general conditions for logging, transport and industrial production.

In addition to the general objectives described above, the following specific issues which characterize the provincial conditions shall be taken into account in the Management Plan: Maintaining the forest land base to the maximum extent by reconciling various uses of forest and thus minimizing the withdrawal of land from timber production; creating conditions under which the presently unused forest land and mature timber crop could be economically brought into logging, transport and silvicultural systems at the earliest practical time; developing silvicultural and regeneration measures which would insure growth in logged areas and create new forest resources; developing measures to decrease logging waste and producing information about the feasibility of whole tree utilization; allocating forest resources to their most profitable end use in the long term; providing year-round logging and transport and work for the labour force in remote communities; optimizing the harvest and transport of scattered mature timber.

Mr. Chairman, that is a brief capsule description of the twenty-year Management Plan that the Forestry Division of the Department of Natural Resources has embarked upon; one that we have every intentions of pursuing. We hope that we will not suffer the kind of adverse weather conditions that we suffered last year when the very serious fire conditions caused us a

great deal of concern, a great deal of expense in fire suppression. But I want to indicate to the honourable members of the committee that in the Forestry Branch of the Department we are moving with a plan in mind, with a program in mind that involves the full resources of the department, includes the resources of the private sector and we hope will lead to the goal that we have set out for ourselves that will enable Manitoba to fully utilize its timber and forest resources on a sustained yield basis by the year, 2000.

MR. DEPUTY CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, the Minister reveals that he can read very well. He is obviously reading from an academic document which was obviously prepared for him by his Planning Branch, but I believe that actions speak louder than words and this government's actions in the area of forestry is what I was referring to earlier in the debate. When I said that were very few if any initiatives, I'm looking at the government's record in forestry. When the government claims to be doing great things in the area of planning for the future, I have to look at what they are doing now in terms of preparing for that future. If you look at reforestation in this province, it's not keeping pace with the cutting; it's not keeping pace with the losses of trees due to the disastrous forest fires that we've had. Last year, for example, even in the Minister's own words, there were 8 million cords of timber burned and if you look at the Minister's statistics on reforestation in the Province of Manitoba, the total trees planted in Manitoba were some 2.4 million trees. Now there are 8 million cords, which means many more millions of trees that were lost just in forest fires alone and in addition to that, Mr. Chairman, you have to look at the cutting operations that took place. If you're going to talk about 20-year plans and maximizing the return from our forest resource, you have to also plan in the area of reforestation. If you compare what Manitoba is doing to what Saskatchewan is doing, and I think that's comparable, because in Saskatchewan they probably have a smaller potential in the forest industry than we have, since they have a larger agricultural area in their province. In 1980, they planted 12 million trees, that's compared to our government record of planting 2.4 million trees. Mr. Chairman, that's a not a very good comparison.

In the other area, Mr. Chairman, when he talks about maximizing production and providing for the industry to be more fully utilizing the forestry and increasing employment, etc., that's a laugh. It would be a laugh if it weren't so tragic, I should say. Because even in the Minister's own statement he says that losses at Snow Lake, Wallace Lake, Bloodvein, etc., will have limited immediate economic impact upon the provincial economy because the timber burned was primarily jack pine where surpluses exist.

Mr. Chairman, if you're going to talk about a long-term plan in a forestry industry you don't talk about surpluses, you talk about making use of those surpluses. You should be talking about providing the means by which those surpluses can be utilized and fully utilized in order that there can be greater production and through greater production and

greater development more employment opportunities and a greater return to the people of Manitoba. Just in the trees that were lost in the forest fires alone, Mr. Chairman, 8 million cords of trees at the average royalty rate of \$2.00 is \$16 million in royalties that were lost. If you look at the full economic value of those trees, the market value even at \$50 a cord is \$400 million. Now the government spent something in the order of, if I take the estimates as being accurate, I believe they spent a considerable amount. I'm not quite sure how much it is, perhaps the Minister could provide me with that information, but there was considerable millions of dollars spent in the area of forest protection and in spite of that expenditure there were significant losses.

Now in the area of developmental work, Mr. Chairman, I think that the Minister's words are hollow indeed when you consider the actions of the government. One of the actions which this party, the New Democratic Party, deplores is the signing of the agreement with Abitibi, which did not in any way require them to expand or improve upon their activities in their plant in the Pine Falls area. Now I think the government had a marvellous opportunity at the time that they were negotiating that agreement when they were offering a 20-year agreement, a 20-year access to resources, that they should have been able to say, look, we want you to utilize the under-utilized species of timber on the east side of Lake Winnipeg which are in the area which we are allocating to you.

The Minister indicates in a statement that jack pine has surpluses in that area. Well, Mr. Chairman, there should not be surpluses. They should have negotiated with Abitibi in such a way, if they were going to reduce the royalties the way they did to that company, they should have required that company, negotiated with that company, to improve their capital expenditure in this province, to improve their capital plant. There should have been prospects for expansion or improvement of that plant in Manitoba which would have hopefully utilized the species that are now under-utilized and provided more employment opportunities in that area. Instead, Mr. Chairman, all this government did was they reduced their royalties and provide more opportunity for them to cut timber in the more accessible areas. If you want to look at another aspect of this statement, which the Minister referred to in reading his planning statement about providing opportunities for local communities for timber resources, well, Mr. Chairman, the local communities are bringing timber and lumber in from outside of the communities and in some case from outside of the province. Why are they doing that? Because this government is making no effort to assist those communities to establish any kind of domestic industry to even produce enough lumber for their own domestic uses.

MR. ORCHARD: Balderdash, balderdash.

MR. BOSTROM: That's the truth and, Mr. Chairman, they are not assisting these communities. In fact, on top of that, Mr. Chairman, they are allowing the Abitibi Company to cut timber right up to the edge of the community boundaries so that the future wood supply and the future timber supply of that community, even for their own domestic use will be eliminated. That is something which I think is a

serious consideration. The government, on the contrary, should have made it possible for the communities to have a reasonable-sized timber resource which they would have access to for their immediate needs and for their future needs for a wood supply and for at least their domestic uses. (Interjection)— We don't need the assistance of the Minister of Highways. If he wishes to enter the debate, I'm sure you will give him the opportunity, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Honourable Minister.

MR. BOSTROM: I still have the floor, I believe.

MR. DEPUTY CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: So, Mr. Chairman, I do not accept the government's and the Minister's broad statements that somehow they are effectively planning the use of the forest resource in Manitoba. Actions speak louder than words and their actions show us that they are not effective in planning the resources of the province. They are not effectively protecting the resources from the forest fires; they are not effectively managing the resource in terms of the utilization of that resource by one of the major companies in the province.

Another way in which they could have assisted, Mr. Chairman, is to provide opportunities for the smaller businessmen that are involved in the forest industry, the timber quota holders, the timber operators. In fact in their press statement at the time that they announced the Province of Manitoba had signed the Abitibi Agreement, May 29, 1979, they indicated that the existing timber quota holders will remain protected and that opportunities for other timber operators will continue throughout the agreement area, and that timber needs of the communities and the licence in the wood supply area have been provided for.

Mr. Chairman, none of those statements are proving to be true — none of them. The timber quota holders are under the thumb of the bigger company and they're being pinched by the bigger company in terms of price, in terms of the control that the government has allowed the larger company to have over the smaller businessmen in the area. The opportunities for other timber operators are not continuing. The idea that the timber needs of the community has been provided for is absolutely untrue. The communities as I have mentioned, Mr. Chairman, are being deprived of a future wood supply and a future timber supply by allowing the harvesting of resources right up to the edge of the community. I think that's an absolute negation of the statement which the government made at the time they announced that Timber Agreement.

So, Mr. Chairman, when the Minister talks in the way in which he does and making the flowery statements about future planning and so on, they're empty words to the people who have to watch his actions.

MR. ENNS: Mr. Chairman, let me reply by first of all perhaps surprising the Honourable Member for Rupertsland that on one subject matter I am in total agreement with him, and that is to maximize the

returns of this valuable resource to the people of Manitoba. The difference is that we have different ways about going about it.

In 1977, the last full calendar year of the NDP administration, Abitibi, that favourite company of the Honourable Member for Rupertsland, contributed through stumpage rates to the people of Manitoba some \$380,000.00. This last year, under our administration, Abitibi has contributed \$810,000, more than doubling of the amount that has been returned to the people of Manitoba. That, Mr. Chairman, is what I am interested in — that is responsible management of resources on behalf of the people of Manitoba to ensure that return comes back to those people who own the resource. It is the people of Manitoba that own the resource, not Abitibi, not ManFor nor anybody else. They have been provided management agreements from time to time because they have demonstrated a particular capability and efficiency to manage those types of resources.

Mr. Chairman, on the question of initiatives and concerns for that forestry resource there's probably never been, and I'll be the first one to acknowledge that under the impetus of the severe fire situation that we faced last year, there have been I would suggest unprecedented in terms of the department's involvement heightened concern about being in a state of preparedness for fire suppression. We had last year, thanks to the fast action of my colleague, the Minister of Transportation, the second CL-215 to start the season with. Over the winter new props fitted on the first CL-15 to provide better and faster capability load at higher speeds, safer and will enable us to carry out more drops. The fire rates for the fire attack crews were adjusted upwards to retain more qualified personnel during the summer period.

Major thrust this year has been made to strengthen our initial attack strategies. In this regard we have retained a medium lift helicopter to be stationed at Bissett with three fire attack teams. Bissett is a key location for quick response to fire action in the lightning-prone areas on the east side of Lake Winnipeg.

Meetings with industry are now under way to fully utilize — I know the previous administration had difficulty in working with the private sector in this regard, but if our concern is preservation, protection of our forest reserves, then we work and I'll work with anybody. I don't let ideology get in the way. We are having those meetings right now with the private sector; meeting with Abitibi members from the Fire Management Section and the eastern region to manage efficiently the use of Abitibi personnel and equipment in meeting the threat of fires that we could well be facing as we proceed into this season. Regions requiring fire control officers have been staffed, and a change made in the thrust of fire control officers to have strong fire generals with strong leadership qualities and fire management expertise.

Treasury Board has approved acquisition of 10 special four-by-four crew . . . rated units for fire attack operations, we expect these to arrive within the next month. Steps are to be taken that all these factors will be place at the onset of the fire season, which I hope we will not experience. But, Mr. Chairman, to suggest that this administration has not

in a most diligent way, and, Mr. Chairman, I might point that this administration is sometimes charged with showing some lack of concern in expending the necessary moneys from time to time, that this kind of fire suppression program that the Director of Forestry has asked and received that is being implemented, demonstrates a concern for the protection of our very valuable timber resources that is unprecedented in this province.

Now, Mr. Chairman, with respect to further initiatives in the case of forestry management, we have signed or are in the process of signing a five-year agreement with the federal authorities under the Canada-Manitoba Northlands Agreements that will increase our nursery production from two million seedlings to well over five million. We are negotiating currently with the Department of Northern Affairs a two-year program, sharable program aimed at enhancing forest management activities in the province. We have included reforestation and forest renewal activities, stand improvement, tree improvement, stock development, cone collection, tree planting and site preparation, forest harvesting and development plan, the development of a 20-year forest management plan which I earlier referred to.

Mr. Chairman, I will not repeat ad nauseam the aggressiveness with which this department has tackled the management of forestry resources in this province, but I am confident that they stand any test, any examination by way of comparison to any previous administration in this province.

MR. BOSTROM: Mr. Chairman, they don't stand up very well to examination. The comment of the Minister that the government is now receiving \$800,000 from Abitibi must be balanced against the fact that the government is giving back to Abitibi over \$.5 million in this fiscal year as a so-called forest management and renewal grant. So the net return to the Province of Manitoba is only \$300,000 plus. Mr. Chairman, that has to be taken into consideration.

One of the question I would like to ask the Minister in respect to that is what exactly is the government receiving for the money which they are paying? If we look at the entire budget for forest management, this department, for the entire Province of Manitoba under this Minister's Estimates for Salaries and Other Expenditures it's \$825,700.00.

Now on the other page, if you look at forest management and renewal grant to the Abitibi Paper Company for one small little area of Manitoba, a very miniscule part of Manitoba in comparison to the total forestry area, the Government of Manitoba is paying to Abitibi Paper Company, \$514,500 for forest management and renewal. Mr. Chairman, it has to be compared in that way, because I think that if you look at that, you see that there's an unusual amount of funds being allocated to that particular area of Manitoba. In comparison, it appears that there is an inordinate amount of moneys going to the Abitibi Paper Company for that specific purpose.

I would like to ask the Minister if he could provide us with a detailed accounting of the amount of money which they give to that company, and the reasons they give it to the company. Mr. Chairman, to be very specific, I would like to ask the Minister if, according to the agreement, which states that the company shall maintain and provide to Manitoba

records of all expenditures related to renewal work, including the cost of salaries, wages, etc., for evaluation, planning and implementation of forest management and renewal work, and the cost of transporting and sustaining personnel engaged in forest management renewal work, and the cost of acquiring specialized forest management and renewal equipment. Mr. Chairman, I would like to ask the Minister if he would be prepared to table with the Estimates Committee at some point during these Estimates, that detailed accounting, which is available to his department on the amounts of money that are paid, so that the Opposition would be able to at least assess some of the value that the people of Manitoba are receiving for the moneys that the government is expending in this regard.

In addition to that, Mr. Chairman, I would like to ask the Minister if he would table with this Committee the plan which the company has for forest renewal, which areas are being reforested, and to what extent reforestation is taking place, and what type of reforestation is taking place, so that we may assess what value the people of Manitoba are receiving for these dollars that are expended. Mr. Chairman, it appears that there's a significant amount of money going to this company over a period of 20 years there's many millions of dollars being paid, which we pointed out at the time of the signing of this agreement, could have been paid to the Government of Manitoba by way of revenues for forestry royalties. Those moneys could have been used by the Government of Manitoba for forest renewal and management work, which the Government of Manitoba is responsible for doing.

I still maintain that the government abdicated its responsibility when it turned over those functions to a private company. Why should a private company be doing that function in one little area of Manitoba, and the Department of Natural Resources is doing that function all over the rest of the province? There must be some economies of scale here. If the government is doing forest renewal and forest management, reforestation work in all other areas of the province, why can't they also do it there, and do it in the same way they're doing it in the other areas of Manitoba?

MR. ENNS: Mr. Chairman, although I haven't been involved with this department's Estimates for some time, but I'm well aware, having listened to the honourable member in the House in his debates with my predecessor, the Honourable Member for Souris-Killarney, that Abitibi is a burr in his bonnet. I can only indicate to you that I have absolutely no difficulty in providing the information that the honourable requests. The honourable member will acknowledge and accept the fact that when I give my word that I will provide information, that information will be provided. I'm advised that it can be provided by tomorrow afternoon, the kind of detailed information that he requested with respect to Abitibi's program.

But let me make it very clear. We entered into a management agreement with a world-renowned company that has proven its capability in managing and in running efficient forestry operations. Now, Mr. Chairman, if the honourable member wants to suggest that government per se can run forestry operations a great deal better than they can build

airplanes at Gimli, then of course we can pursue that path again. I suggest to the honourable member that the functions that are being carried out by Abitibi on our behalf, under the strict terms of a management agreement, are in the best interests of the forest resources of this province, the best interests of the people of the Province of Manitoba, and one that absolutely needs no apology and certainly none that I'm offering.

I'm quite prepared to offer the kind of statistical information that the honourable member requests. We are not providing Abitibi with any special services. They are, by contract under the management agreement, carrying out some of the functions that the department, as the member keeps pointing out, we are in a position where we have to provide in other portions of the province.

Mr. Chairman, there is no question that there is a net benefit to the Province of Manitoba and the people of Manitoba by entering into that agreement. We are satisfied, Mr. Chairman, that the agreements, the management plan that we entered into with Abitibi are being lived up to on behalf of the company, and that it is a sound management plan that ensures the kind of sustaining yield production of our overall resources, particularly in that area.

I should remind the honourable member that overall in our forestry operations we have, even despite the severe fires of last spring and early summer, maintained our cuts within the allowable limits, that we are not mining our forest resources. We are concerned about the tolerance that we're arriving at. My Director of Forestry has expressed those concerns to me, that should we experience another season, similar intensity of fires, we may be in some difficulty. In fact, that probably was the convincing argument for him being successful in convincing myself as Minister and the government to so considerably enhance the fire suppression capability of the department.

However, I repeat again, we are not mining the forest resources of this province; Abitibi isn't, and the province generally isn't. We are maintaining and staying within the allowable yield, and for the member's edification, in Manitoba, not being blessed as such jurisdictions with perhaps heavier, denser growth areas, British Columbia forests or perhaps certain portions of Ontario and Quebec. In that case, we'd calculate that on a 70-year basis, which means that we cannot cut more than what our total resources can refurbish or renovate on that 70-year basis. That determines the formula that we call the allowable cut.

So, Mr. Chairman, I invite the honourable member to continue to chastize me and this government for our relationship with Abitibi. I have no apologies for it. I believe it is sound. It's providing meaningful employment for a large number of Manitobans. It's providing for an acceptable return to the people of Manitoba, both in royalties by way of stumpage, far more meaningful by way of economic activity that this company creates in an area that needs employment, and a sensible harvest of our timber resources.

MR. BOSTROM: Mr. Chairman, to carry the Minister's argument to its logical conclusion, to listen to him you would think that he is suggesting that the government should turn over to a world-renowned

forestry company all of the administration and reforestation for the Province of Manitoba. In other words, he is so confident that a world-renowned company could better manage and look after the forests of Manitoba, it would be better for them to be doing that than the Government of Manitoba.

I reject that philosophy outright. Perhaps that is where the Progressive Conservative Government and the NDP are most clearly divided on this kind of an issue, because, Mr. Chairman, we believe there are some functions that government can do, and can do better than a company like this.

Mr. Chairman, the management of the forests is not only for the use of a single company. The management of a forest is for many uses, and the government has a responsibility to all the people of the Province of Manitoba to manage that forest for all of its uses, not only for one use. There are other people that want to have access to the forest resource, and it's not fair for the government to turn over the complete control of the resource to a single entity, whatever it may be; in this case, it happens to be a world renowned company.

Nobody is arguing that the company is not doing a good job in terms of what they are doing, and that is harvesting a resource and manufacturing that resource into newsprint. No one is arguing that. No one is arguing that the employment benefits that company provides are a valuable thing for the Province of Manitoba, and in particular for that area. No one is arguing that point.

In fact, Mr. Chairman, that part can be appreciated for what it is worth, because those things are valuable for the people who live in that area and who enjoy the benefits of the employment provided. But, Mr. Chairman, there is a value in the resource itself, and the New Democratic Government of the day decided that resource could return a greater return to the people of Manitoba. We still believe that would be the case, that a greater return can be possible from the resource. Mr. Chairman, this government saw fit to use the manipulation technique of providing a forest management and renewal grant, which in a sense and which I believe to be a grant to the company, a return of the resource revenues that are legitimately paid to the people of Manitoba as royalties on the resource. Mr. Chairman, that is the neat little trick which this government played in that regard.

If we want to look at resource development, a government which is headed by the Progressive Conservative Party is the last one, in my opinion, to provide a good return for the people of Manitoba for the basic philosophical reasons this Minister is outlining tonight. The Progressive Conservative Party does not believe that government can do a good job in resources. That is the basis of their philosophy as far as government is concerned. Therefore to follow logically from that, when they are in government they tend to turn over the resources gratis, almost free, to the resource companies and say, "Okay, you guys can run it better than government, so therefore you run it".

Mr. Chairman, the result of that is that people may receive jobs as a result of the harvest and exploitation of the resource, but they don't receive any of the other revenues of the resource. This is in sharp contrast to the way in which resources are

administered in the Province of Saskatchewan, where we have a New Democratic Party Government that's been in government for many, many years and has had the opportunity to develop resource development policies that haven't been butchered by right wing governments. Mr. Chairman, that province is receiving a very high degree of return from their resources. At the same time they're accepting the responsibility of managing the resource.

If we look at just the reforestation alone. Their reforestation program is five or six times what it is in the Province of Manitoba. Even under the new agreement, which the Minister is bragging about here, if you compare it with Saskatchewan, Saskatchewan is still more than double, and I'm using the 1980 figures here. The 1981 figures may even be higher, I don't have those available to me.

So, Mr. Chairman, if you compare the NDP Government approach to resources and a Conservative Government approach to resource management, you see the basic philosophical differences and the results of those differences. The basic philosophical difference is that Conservatives don't believe the government can do a job; therefore, they don't deserve to be in government. They should get out of government because they do not believe that government can do the job which it should be doing.

Mr. Chairman, the New Democratic party on the other hand believes that government can do a job and the Province of Saskatchewan, when they've had the time to develop those policies and put them into effect, they are proving that they are most beneficial policies to develop resources, because people not only get the benefit of the jobs, the employment from the resource, but they get the benefit of a higher rate and degree of return from the revenues of the resource. In a case where the government is involved directly in resource development, such as in the potash industry, the government there is getting a very high degree of return from the resource, something which the Progressive Conservative Party I am sure if they were in government there would be letting those kinds of profits from the resource go out of the Province of Saskatchewan. It's not happening there because of that basic philosophical difference at work.

Here we see in Manitoba the results of a P.C. Government only three years in power; on the one hand, with Abitibi giving away much of the resources; in the area of mining in Manitoba, Mr. Chairman, giving away much of the resources; not taking advantage of the resource opportunity they had in the Trout Lake Mine which could have brought the people of Manitoba some \$90 million, which they have foregone because they didn't believe government should be in the resource development business. Mr. Chairman, that kind of policy at work is going to deprive the people of Manitoba from their just and right return from resources.

MR. ENNS: Mr. Chairman, my years of experience advise me even without the advice of my staff that I should remain silent at this time. I should acknowledge that the honourable member has every right to unburden himself of his philosophical and ideological beliefs.

I hear a strang rumour from time to time; I even get it from as far away as Ottawa that the

government in Alberta has a little Heritage Fund of some kind that is apparently belonging to the people of that province. Is he suggesting that government, which I don't think can be described as left of centre, is not husbanding resources in the interests of the people of Alberta? Is he suggesting that only a leftist NDP administration can so husband the resources of a province to the benefit of their people? If that's the case then I suppose the myth of an 8, 7, or 6, or 8 billion, whatever it is today, Heritage Fund in Alberta is really a myth that we shouldn't take too seriously. The fact that Saskatchewan has been endowed with considerably more resources, particularly in the highly profitable oil resources, of course helps, Mr. Chairman in that province's husbanding of the resources for the benefit of that particular province.

But, Mr. Chairman, to bring it back home, I repeat, in 1977, under the New Democratic administration, Abitibi paid that administration \$380,000 in stumpage fees, just one measure, just one royalty, that government allowed them to harvest in this province; in the year, 1980, that figure is \$810,000.00.

So, Mr. Chairman, to that extent I am a pragmatic Conservative. I will take my pleasure from time to time in suggesting to the honourable members that acknowledging expertise in a particular field and even if it is outside of government that it has a role to play in the development and in the providing of the good life, if you like, for our people. I'm not aware and my Director of Forestry is not aware of any company, Crown or otherwise, paying a higher stumpage fee or royalty fee east of the Rockies than Abitibi. So the continued implication that Abitibi is somewhat favoured by this government simply doesn't stand to the actual truth of the matter.

Now, Mr. Chairman, let me also make it clear that under no circumstances does the government, the Department of Natural Resources, abdicate its responsibilities in the overall policy setting of all the resources that we are charged with. We continue to set the policy and if that policy isn't met there are conditional clauses in any agreements, any management agreements, whether they be of long duration or short duration, they can be superseded by direct government intervention and will in such a manner be acted upon.

If the honourable members are suggesting to me that we close our eyes to the fact that the honourable member was part of an administration for eight years that could have brought about some of the rhetoric that he speaks about at this time, if he's suggesting and he's using by example that Saskatchewan through allocation of a \$25 million DREE Program turned most of those resources into a very major effort in their forestry program and thereby increased to the level that I don't dispute the nursing plantings in that province, that was their decision and I congratulate them for that. The administration that he was part of chose to divert most of the DREE moneys that were coming to the Province of Manitoba during his administration to basket-weaving courses in the north but that was their decision.

I'm suggesting and I am suggesting to you and I indicated to the members, the committee that we have entered into the Canada-Manitoba Northlands

Agreement in this instance — and I don't mind being compared and taking a leaf out of Saskatchewan's book — into directing in a more specific way the substantial moneys that are available to us through these agreements in the kind of basic infrastructure improvement that have a lasting effect for future generations of Manitobans, whether it is in forestry, whether it is northern road construction or otherwise. I've indicated that is precisely what we are doing in the agreement that we are currently entering into with the Canada-Manitoba Northlands Agreement with respect to forestry initiatives which will bump up our nursery operation in excess of 5 million trees per annum.

Mr. Chairman, as I said at the outset, I'm sorely tempted to debate with the honourable member the philosophical differences that he and I will continue to have on this matter, but I will refuse to do so and let the matter stand.

MR. BOSTROM: I notice the Minister took about 15 minutes to refuse to debate with me on the philosophical differences that we have. One of the philosophical differences we have resulted in the government receiving right now \$800,000-and-some in revenue from Abitibi and receiving from that only a net of about 300,000-and-some because they gave 500 of it back to Abitibi. The difference between his philosophy and mine, Mr. Chairman, is that \$500,000, which would be in the province's general revenues if it were not returned to the Abitibi Paper Company.

So, Mr. Chairman, there are definitely differences in the way in which the NDP and the Progressive Conservatives approach the management of resources and the net result of that is a lower return to the people of Manitoba from their resources when the Progressive Conservatives are handling the administration of resources. Mr. Chairman, I think it's reasonable to compare Saskatchewan with Manitoba because they are comparative provinces in terms of size and they are certainly comparative in terms of forest resources. In terms of Saskatchewan resources, Mr. Chairman, the Minister may be aware that much of the resource development in Saskatchewan is done through Crown corporations and they in recent times have purchased the private ownership of a major mill in Saskatchewan in order that they may accomplish what they are setting out to do and that is to produce an even greater return to the people of Saskatchewan through the profits from the resource staying in that province, rather than being turned out to a world-renowned private company or whatever the term may be. Mr. Chairman, I think it's a greater benefit to the people of that province that the profits stay in that province than for them to leave the province.

I think that's a basic point that anybody can understand and if the government is in ownership of the corporation it means very little what the stumpage rate is, so it's not useful in that sense to be comparing stumpage rates. Mr. Chairman, when we are dealing with a company in Manitoba that's privately owned, then we must talk stumpage rates or at least some mechanism by which a company can return to the people of Manitoba some reasonable percentage of their production in the form of royalty. I do not believe that \$800,000 is an undue amount to be paid to the people of Manitoba

from the forestry resource of the east side of Lake Winnipeg. Mr. Chairman, there are some 500,000 cords a year, I believe, that goes through the mill in Pine Falls under full production, so \$800,000 is not an undue amount to be paid to the Province of Manitoba. In fact, I believe it indicates there would be something in the neighbourhood of less than 100,000 cords that were actually paid for at the stumpage rate of \$9.00-and-a-few cents, whatever it was in the agreement, at that rate.

So, Mr. Chairman, I believe that is not an unusual amount. It's not something which is a burden on the company but it provides a reasonable revenue to the people of Manitoba from the resource. But, Mr. Chairman, if the government is going to turn around and give two-thirds of it back to the company, it certainly doesn't provide a very good return for the people of Manitoba. The government may call it whatever it wants but that's what I believe they are doing.

MR. DEPUTY CHAIRMAN, Lloyd G. Hyde: The Honourable Minister.

MR. ENNS: Mr. Chairman, just one point, essentially Abitibi is paying what under the previous administration the people of Manitoba paid for and either management programs, reforestation programs, that under the previous administration the taxpayers of Manitoba were called upon to pay for. That is not the case today. Now, Mr. Chairman, I suppose we have to simply agree to disagree; however, the Honourable Member for Rupertsland has been offering me a great deal of advice, which I accept with humility and which is my usual style. I would ask for one other piece of advice, is he suggesting that we nationalize Abitibi, that we take it over as a government? I'd be interested in that response from the official spokesman for forestry for the New Democratic party.

MR. BOSTROM: Mr. Chairman, I'm not suggesting that is the alternative open to the government. There is a company that's been operating on the east side of Lake Winnipeg, which is recognized by the New Democratic Party as well as the Conservative Party, that's providing a useful function in terms of its harvesting of the resource and turning that resource into export dollars; in so doing, to provide employment opportunities for people in that area. Now, in recognition of that fact, it's reasonable for the people of Manitoba to expect a fair return from the utilization of their resource. That is something that the New Democratic Party Government tried to put into place and it's something which I believe the Progressive Conservative Government sabotaged. I believe that the Progressive Conservative Government is getting a lower return from that resource than the New Democratic Party Government would have received, and at the same time, Mr. Chairman, the other factors involved here, the employment of people in the area, the opportunities that are available to other timber operators, the opportunities that are available to communities to harvest resources are also at a lower level than were the case under the New Democratic Party policies. I believe that there were more opportunities for independent operators in that area, at least more flexibility for them than there is now.

There was certainly more opportunities for community resource development opportunities in that area than there are now.

So, Mr. Chairman, at the same time that the resources of the province have been reduced the opportunities have also been reduced. So I think that there has been a general disadvantage to the province, not only on the revenue side but on the employment side. I think it's one thing to argue the way in which the Minister tends to argue that the employment opportunities are so important that's all we need to worry about. I agree with him that the employment opportunities are very important and the only difference that we may have is on the revenue side and that is one place where I think we have to agree to disagree in the sense that the Minister seems to believe that the province is not entitled to as good a return from the resource as the New Democratic Party would believe we are.

MR. ENNS: Mr. Chairman, I now do want to cease and desist from further comment because if I continue I will be characterized as an apologist for Abitibi; that is neither necessary nor am I that. Let me give you the final word from my point of view with respect to Abitibi's operations in Manitoba. They are paying the same as any other cutter of wood in the Province of Manitoba. In addition they are paying the province and the people of Manitoba \$6 per cord extra to provide reforestation and forest management services that otherwise would come from the taxpayers of Manitoba. Now that to me, cutting all ideology aside, makes good business sense.

MR. DEPUTY CHAIRMAN, Lloyd G. Hyde (Portage la Prairie): 7.(a)(1) — pass; 7.(a)(2) — pass.
The Member for Rupertsland.

MR. BOSTROM: That's where we have to disagree, Mr. Chairman, because that money was being collected before by the policies which were in place by the New Democratic Party Government, and they were not returned to the company in the way in which they're returned under this administration. So I think that's where we differ. Mr. Chairman, I also believe we differ in the area of providing opportunity for employment in that area because I think the government is content to leave that entirely in the hands of the company. I think it's the government's responsibility here to manage the forest resource and to ensure that there are opportunities for all the people not just for one company.

MR. DEPUTY CHAIRMAN: 7.(2) — pass; 7.(a)(3) — pass; 7.(b)(1) — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I would like to ask the Minister in addition to the information I requested with respect to Abitibi, if he could provide me with an estimate, which I'm sure his department has, of the revenues that were collected in total from the forestry resource by way of stumpage or any other charges which they have on operators of the resource. As the Minister indicated in his Estimates, there's some \$400 million production in the forestry area in Manitoba in economic terms. I would simply want him to indicate to me what the total return from that in terms of a revenue to the Province of Manitoba is.

MR. ENNS: Mr. Chairman, we are attempting to provide that information for the honourable member.

MR. BOSTROM: It does not necessarily have to be provided right now. I'd simply like to have the information.

MR. ENNS: If the member will agree to that, we'll ask staff to provide that specific information to the member when next this committee meets.

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

MR. BOSTROM: In this area of forestry development, I believe it would be appropriate here to ask the Minister what involvement he has had in recent weeks with the problems related to Channel Area Loggers. I brought certain matters to his attention several weeks ago and also to the attention of the Minister of Northern Affairs, who the company directly reports to. I would ask the Minister if can update us, from his point of view, on the problems associated with that company and what if anything his department or he is doing to resolve the problems. I believe that he's aware of the concerns. I raised them to him personally. I also raised them in a committee when Channel Area Loggers reported to the Economic Development Committee and they related to access to resources; they related to the problems of co-operation they were experiencing with Abitibi as to their pricing of wood and also access to resources and the competition between the two in terms of their production in that area around Bloodvein and Berens River. I wonder if the Minister could indicate what his policies are with respect to this company and what, if anything, he is doing to resolve the problems.

MR. ENNS: Mr. Chairman, I well recall having been present at the time the company in question, Channel Area Loggers, appeared before us at the other Committee of Public Utilities, Economic Development. I have not been apprised of and in checking with the Director of Forestries the branch has not received specific requests from Channel Area Loggers. We are aware that the company has had its ongoing financial difficulties but these are met with and dealt with by the, I believe, the Economic Development Fund. The company has its Board of Directors. We have a liaison with that Board of Directors by having a senior member of staff serve as a member of that Board of Directors, but upon inquiring with staff the Department of Natural Resources has not been approached with respect to specific problems that we can address ourselves to. The question of adequate funding for the company is one that the Economic Development Fund is charged with in terms of its responsibility. The question of settling . . . I understand there has been some discussion with respect to perhaps teaming up with the Bloodvein group to provide in a co-operative way timber resources to Abitibi, but I turn to the department again, we have not been specifically addressed or charged with the resolution of some problems since last that company through its directors and management appeared before the committee of the Legislature.

MR. BOSTROM: Perhaps, Mr. Chairman, I'll follow up that concern when we come to the Minister of Northern Affairs Estimates. At least the Minister is aware of the concerns as I have expressed them and perhaps he will get together with his colleague and see whatever can be done.

One final question on this section, Mr. Chairman, from my point of view. That relates to the statement within the Minister's opening remarks about a provincial forest management plan being prepared to the year 2000, being developed by the department through the consulting firm of Forestry International, Vancouver, B.C. I wonder if the Minister could provide us with a copy of the terms of reference provided to the company. I know the Minister outlined in very broad terms earlier this evening the general planning objectives of his department, but I wonder if he could provide us with the specific terms of reference of this study.

MR. ENNS: Mr. Chairman, that would be the kind of information that I would readily agree to. It could be perhaps more appropriately addressed to me for an Address for Papers in the House. I obviously don't have it with me but again we have no difficulty in providing the member with the, as I understand his question, the terms of reference that were provided to the consulting firm and/or any other information that we believe might be helpful to the honourable firm with respect to that consulting contract.

MR. BOSTROM: Mr. Chairman, I'm aware of the process of address for papers. I'm simply asking the Minister if he would co-operate and provide it as a matter of courtesy through the Estimates process. It need not be presented tonight, but if he could put it in the mail to me or table it before the end of his Estimates, either would be satisfactory as far as I am concerned.

MR. ENNS: I'm advised, Mr. Chairman, that we will be in a position to make that available to the honourable member when next the committee meets tomorrow afternoon.

MR. DEPUTY CHAIRMAN: (c)(2) — pass; (d)(1) — pass; (d)(2) — pass; (e)(1) — pass; (e)(2) — pass; (e)(3) — pass; (f)(1) — pass; (f)(2) — pass; (g)(1) — pass; (g)(2) — pass; (h) — pass.

Be it resolved that there be granted to Her Majesty a sum not exceeding \$4,031,900 for Natural Resources — pass.

Section 8, Fisheries (a)(1) — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, perhaps the Minister in his opening remarks on this section could indicate any new initiatives or new developments that he's proposing.

MR. ENNS: Mr. Chairman, I will have to again refer to my enlightening remarks when I first introduced my Estimates and indicate to honourable members opposite that for purposes of refreshment, although it grieves me that having made those comments once that they haven't been indelibly impressed into their memory, that the annual harvest was some 36 million pounds, totalling some \$17 million in return to the commercial fishermen of this province this year.

We have continued to enhance the angling opportunities by stocking of fish and rehabilitation of techniques on water bodies in the fisheries, through the Sports Fishing Section of the branch — that coordinates activities with other agencies such as Tourism and tourist industry associations to facilitate viable long-term development programs.

Again for members general information, approximately 150,000 resident anglers and more than 40,000 non-resident anglers participate in sport fishing each year in Manitoba. I find those figures rather surprising having been apprised of them for the first time myself.

These anglers contribute some \$50 million to the economic well being of the Province of Manitoba. The branch is also funding two programs offered to commercial fishermen; the first of these is the Northern Fishermen's Freight Assistance Program which all members opposite are well acquainted with, which I will acknowledge was initially instituted by the previous administration. The second is the provision of funding for administrative costs through the Fishermen's Loan Program which was administered by the Manitoba Agriculture Credit Corporation under the direction of my capable colleague, the Minister of Agriculture.

Mr. Chairman, these are essentially the programs that are being offered by the Division of Fisheries. I approve the Estimates before you for your hasty approval.

MR. DEPUTY CHAIRMAN: Pass — the Member for Churchill.

MR. JAY COWAN: Yes, when I last discussed this matter the Minister indicated that he would be coming forward with some information in response to questions that I had asked him; I wonder if he has that information available at this time.

MR. ENNS: Mr. Chairman, if my memory is correct it involves the situation at Savage Island, or Island Lake; the difficulties that the processing plant is encountering?

MR. COWAN: Yes

MR. ENNS: I would ask the honourable member to refresh my memory as to the specific nature of the questions.

MR. COWAN: Perhaps before I do that, Mr. Chairperson, I would like to correct the record. We were talking about the support extended by the Province of Manitoba to that Savage Island Fishery over the past number of years and then indicated in 1976 that \$85,000 was extended by the province in 1977, \$96,000. At that time it was suggested that those were for the transportation subsidy. Pursuant to that conversation I have found that in fact in 1976 that money was spent entirely on fish out-camps and the ice harvest in the area and in 1977, \$54,000 of the \$96,000 I am informed was spent for freight subsidy and \$42,000 was spent under the SNEP program. In 1978 I am further informed that the \$63,000 was all freight assistance and that there was an application for SNEP funding at that time which was not granted, which was rejected by the province. So that is my information that has been given to me.

I'd ask the Minister if he can verify that and confirm it so that we are both certain that the record is now clear as to where the money was coming from for those years.

MR. ENNS: Mr. Chairman, I am obviously going to have some difficulty in satisfying the Honourable Member for Churchill's search for further information in this particular area. Let me simply say that it is a complicated, complex crossover of various jurisdictions. Federal Indian Department of Affairs owns the building, Mr. Downey owns the equipment and the mortgage of some \$200,000.00. Another federal agency has come along and said we have to close the plant because it doesn't meet safety and public health standards and has asked our Department of Labour to come along and corroborate that. All in all it's a case that could confirm my belief in less government and certainly right about now the employees that are being endangered of losing their jobs might agree with me.

MR. COWAN: It all matters on which perspective one wishes to take in analyzing and reviewing this. I would suggest that perhaps it's a case for more involvement, especially of a financial nature, by the Provincial Government in order to assist that fishery during difficult times. So I guess it is a matter of the philosophical perspective from which one approaches a province such as this, but the Minister and my philosophical differences are going to have very little effect on the fish plant at this time and they are going to do very little to soothe the anxieties of the fishermen who are effected at this time. So I just suggest that we lay them aside for the time being, acknowledge that we have chosen to disagree or we have agreed to disagree, to use the more common phraseology and try to use this opportunity to find some way in which assistance can be provided in order to keep that plant operating or failing that and I hope it does not come to that, find some way to ensure that the impact of the plant closure is as little as possible on the fishermen in the area.

We discussed the matter in general the other day. I have done some further research since that time and at that previous meeting we mentioned that in 1978 a \$40,000 subsidy was provided by the province in order to keep the plant open. It was my understanding that it was suggested in '78 that the plant would shut at the end of July unless there was more money. The province at that time came through with \$40,000 and the plant was able to operate for the full season because of that. I would ask the Minister quite simply if there is any intention on the part of the government to come forward with that sort of an ad hoc grant once again to ensure that the fishery is maintained for the upcoming year?

I recognize the complexity of the situation, I recognize the jurisdictional difficulties of the situation and I recognize that it is going to be difficult to sort out all of the jurisdictional responsibilities, but I do not think that should prevent us from trying to work as cooperatively as possible and as efficiently and as quickly as possible towards a solution which will in fact keep the fishery operational for this upcoming year. I'd ask the Minister, therefore, if there is an intention on the part of the government to make that sort of a commitment?

MR. ENNS: Mr. Chairman, part of the difficulties is that to initiate a government response certain things

have to happen; in the first instance the Federal Department of Indian Affairs, which is the owner of the plant, is requesting by the other agencies both federal and provincial to declare the plant unsafe or not meeting health requirements. They have indicated that upon that decision by those agencies that would then trigger a government response. I remind the honourable member, although I don't think he needs that reminder, that in the first instance it is very much the responsibility of the Federal Department of Indian Affairs; but I would not preclude and the suggestion that once the regulatory problems have been cleared away that this government would then be in a position to assess their position as to whether or not any assistance by way of funding would help the matter.

There are serious problems about the continuing viability of the plant in the first instance. The owner of the plant has informed the community and us that they are not prepared to take any action or initiate any action until another agency of government makes their decision known to them. That is the current status of the situation at Island Lake and we'll have to wait for events to follow. I don't wish to leave the impression, however, that the future and the livelihood of the employees involved is not of concern to this government. The member's remarks from the previous day are well taken but I think in this instance it is fairly clear. We have a situation where the owner of the facility surely has some responsibility in initiating the action.

MR. COWAN: I don't wish to belabour the point and I promise the Minister that I wouldn't belabour the point and I won't. However, I do believe that a number of things have to be said and there is new information since we last discussed this and that is, I have been informed and it is not an official acknowledgment, it is an unofficial statement that discussions with the Federal Department of Fisheries and Oceans have been productive and that in fact they are willing to review the situation and it looks as if they will grant a temporary permit, or they may grant a temporary permit to keep that plant operational, if certain improvements are made and those improvements are not overly costly.

Further to that, it's my understanding that the Federal Government is now awaiting the results of an investigation by the Department of Labour as to the suitability of the plant as a workplace per se. The Department of Fisheries and Oceans of course was concerned primarily with the quality of the product coming out of the plant, the health standards within the plant and the environment. We are now waiting word from the Provincial Government in respect to the safe condition of that workplace. I'd ask the Minister, therefore, if he knows if the Provincial Government, Department of Workplace Safety and Health is intending to investigate the plant and if so, when they might be doing so?

MR. ENNS: It is my understanding that the Minister responsible is very much aware of the situation and will be addressing himself to it very quickly. I must point out that while I concur generally with the information the honourable member has placed on the record I have not seen, or the department is not apprised of a rescinding of the Federal Ocean people of their initial order that condemned the plant for

health and sanitation reasons. I'm aware though, that discussions have taken place and that what the member suggests may well be the case, that they are prepared to under certain circumstances provide for an extension with the other proviso attached that the workplace and safety regulations can be met.

Mr. Chairman, I think what this demonstrates is that there is a willingness on the part of the different agencies involved to recognize the serious nature of the situation and are attempting through discussions and negotiations to address themselves to it.

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

MR. COWAN: I don't want the record to be such that I implied that the order was rescinded. I don't think I said that, I think there was discussion with the Department of Fisheries and Oceans and it was determined that there was room for movement and in fact they may be willing to grant a temporary permit on the basis of repairs which are not overly expensive being accomplished.

MR. ENNS: Just on that point, if I may interrupt the honourable member, I should indicate that a letter did go from our department requesting the federal authorities to back off from their decision to close the plant for health and sanitation reasons until we could resolve the issues that are the responsibility of the Provincial Department of Labour with respect to workplace and safety regulations. I just want to place that on the record that that initiative has been taken by this department just recently.

MR. COWAN: I'd ask the Minister if it would be possible to see a copy of that letter in the near future?

MR. ENNS: Yes, Mr. Chairman, I'm prepared to table that letter with the honourable member.

MR. COWAN: Whenever it's available it would be appreciated. In that case it appears as if the initiative is up to the Department of Labour at this point in order to either make an inspection or to make a determination and inspection is not necessary, one or the other. I am not apprised of all the facts, I'm not apprised of all the information that they have, so I would hesitate to suggest which course of action they should or will in fact take. However, I think it is incumbent upon them to act quickly and I would hope that the Minister through his involvement with this matter would provide that encouragement to the Minister of Labour to ensure that he does act quickly.

Now, I would like to discuss that which I would really not like to discuss. I don't mean to be cryptic but if in fact it is found that the Savage Island Fish Processing Plant can't be kept operational for this year, it is going to mean a significant loss in employment for 180 to somewhere over 200 fishermen in the area. Some of that can be taken up in other projects. However, there will be a significant increase in the rate of unemployment in the area, there being no other alternative employment on a large scale available to those fishermen. It means there is going to be increased welfare costs, and we all know what happens in respect to the social

disruption which accompanies that sort of a closure under the best of circumstances. It would be even worse under circumstances such as this. When a plant such as Maple Leaf Mills or a plant such as Swifts close, there is a committee that is set up in fact to investigate that plant. When an airline such as Lambair is put out of business, there is a committee that is set up to ensure that the workers are in fact gaining their rightful due to ensure that they are being assisted in trying to find alternative employment, and to look at alternative employment projects and activity on the part of all levels of government. If, and let me just reiterate that I don't want this to happen, but if it were to happen, would the government be prepared to initiate a committee of that sort in order to ensure that the closure is accomplished in as orderly a manner as possible, and with the least amount of social disruption?

MR. ENNS: Mr. Chairman, the honourable member is addressing questions to me that are not entirely within my jurisdiction, as I'm sure the honourable member acknowledges. I am confident that in the first instance, with the cooperation of the Minister of Northern Affairs and with the cooperation of those groups, whether it's the Department of Labour and Manpower, that as the member suggested were instrumental in setting up the mechanism that he speaks of, the committees to concern themselves about the job loss situation that occurs in any industry would come to play in this instance as well.

The Department of Natural Resources principal responsibility is managing the resource, in this case, fish. I'm advised that we will do everything we can, and we intend to provide maximum fishing opportunities in that area with or without the plan, and indeed perhaps seek out some innovative measures which can ensure that happens. It may require calling upon the freight assistance program, but the Director of Fisheries assures me that it would be our intention to do everything possible to maintain the fisheries as such in that general area, and that really is the area of responsibility that the Division of Fisheries and the department really has.

I want to assure the honourable member though, that the Minister of Northern Affairs is with us at this committee meeting and that I know that his concern for that situation developing within an area of his jurisdiction as Minister of Northern Affairs, along with our other colleague, the Minister of Labour, that we would view any closure of a plant in that part of the province just as we have responded to that situation happening anywhere else in the province.

MR. COWAN: Just so I understand the Minister correctly, I hear that he's saying that in the event that we got to the point where it appeared that it was feasible to keep that plant operational with added assistance from the province, that the province would be prepared to look at providing additional assistance in the area of freight subsidy, and also in the area of special employment programs and finally in the area of a direct subsidy. I'm not asking the Minister to commit himself to those three items, but rather to make a commitment to a thorough investigation, an investigation that approaches it from the positive side of those three items in the event it appeared as if those or any other actions on the part of the Provincial

Government could be instrumental in keeping this plant operating and keeping a couple of hundred fishermen working for another season.

MR. ENNS: We are quite prepared to be the catalyst in this situation, as I've indicated. From a fisheries point of view, we are prepared to do everything possible to keep the fisheries active and healthy. We cannot, however, act alone in this instance. In the review of possible assistance that might be given, discussions have taken place with the Freshwater Fish Marketing Board, and certainly the other agencies involved, principally the Department of Indian Affairs would have to show a willingness to cooperate in the joint effort. The recognition of where the appropriate responsibility lies would have to be very much taken into consideration in any assistance program that the province could undertake.

MR. COWAN: Everybody's going to have to move a bit on this and I think that's obvious. It's a difficult situation and it calls for compromise and it calls for a willingness to bend. However, I will point out to the Minister that the Federal Government has made a commitment of \$250,000 to the operation of the plant during the 1981 season. At least that was the offered amount according to my understanding of the situation, which is up \$40,000 from last year, which is up \$153,000 from 1977 benefits to the plant. At the same time, the province's financial support of the plant is down significantly, as I said before, that 1977 the provincial support is a percentage of the entire support, both federal and provincial, was 41 percent. In the last year, 1980, it was only 7 percent, so I think if there is room for movement on the part of all parties, there is especially room for movement on the part of the province.

They are desperate times, no one is denying that. I only can encourage the Minister to provide the sort of assistance, extraordinary assistance, that is necessary, and also to assure the Minister that I will provide him with as much support and encouragement as I can through different vehicles to make certain that the government lives up to that particular responsibility. I don't want to antagonize the Minister at this delicate time in respect to the operation of the plant. I do wish to assure him that we will be watching very carefully and will be encouraging him in whatever way possible, so that he may gain support among his colleagues and so that they can come forward with as much as possible on the part of the province to help keep the plant open. I'm certain he will do that.

MR. ENNS: Mr. Chairman, I do genuinely appreciate the confidence the Honourable Member for Churchill is placing in me in this particular instance. I would want to just for clarification point out though, that it is not clear to the department that the \$250,000 that has been mentioned on the part of the Federal Government through the Federal Department of Indian Affairs is a commitment to the maintenance of a plant. There seems to be some doubt about that. That is a commitment to the maintenance of the fisheries operation in the general area. That I'm sure the honourable member appreciates, is quite different than a fixed and firm commitment on the part of the federal agency to the support, the

maintenance of the plant. That doesn't help the situation any, but I place it on the record so that it is clearly understood.

MR. DEPUTY CHAIRMAN: The Member for Rhineland.

MR. ARNOLD BROWN: Mr. Chairman, we have been discussing at great length the Island Lake closure of the fishing plant. We discussed this the other day and at that time, we received the assurance from the Member for Churchill and the Member for Rupertsland that if they could discuss fisheries under 1.(a)(2), that we would be passing fisheries when we got to it in the Estimates. Now here we are having the same questions over again that were asked the other day when we received the assurance from these members that they were not going to ask these same questions over. Now, I just wonder, Mr. Chairman, where is the word that they gave us the other day that they were not going to — (Interjection)— I would just like to remind these members that they gave us the assurance they were not going to ask the same questions that have been asked the previous night.

MR. COWAN: Thank you, Mr. Chairperson. On the point of order, and I'll end with the point of order, I think if the member who just spoke would review the Hansard he will find that at the time of our discussions the other day, the Minister promised to come back with further information, which he has. At that time I suggested and he agreed, that on the basis of that further information, there may in fact be further discussion and it would be of a limited nature, which there has been and which it has been. I thank the Minister for his interest in this matter, and I thank the Minister for providing us with further detail as was suggested at the previous meeting. I look forward in working with the Minister in whatever way possible to ensure that the Federal and Provincial Governments are able to do as much as is within their capacity to ensure that this plant remains operational for the upcoming year. I don't think that in any way we have reneged upon our word of the previous day, and I think that the member who just spoke previous would review the Hansard, he would agree with that analysis of what has happened both then and this evening.

MR. DEPUTY CHAIRMAN: (a)(1) — pass.
The Member for Ste. Rose.

MR. ADAM: Thank you Mr. Chairman. I want to ask the Minister a few questions on fisheries. First of all, I wonder if the Minister could advise the committee on the number of licences there are now on the lakes, summer and winter?

MR. ENNS: I believe that was again contained in my opening remarks. If I'm correct, the figure is some 3,000. I'll have it for him in a moment. We have what we call 200 commercial fisheries. By that I take the designation of areas or lakes on which commercial fisheries occur, involving somewhat in excess of 3,000 commercial fishermen.

MR. ADAM: The report for 1979 I guess, gives some records, but I'm wondering if the Minister has a breakdown of the 1980 in his records.

MR. ENNS: Mr. Chairman, again that kind of statistical information we are more than happy to provide. I'm informed by the Director of Fisheries that the majority of licencees are in the summer fisheries generally across the province. But if the honourable member is asking for a breakdown in the various lakes, is that not indicated in the Annual Report? We have it broken down roughly on Page 103, if the honourable member refers to the Annual Report which indicates such designations as Northern Lakes for summer, winter and the annual, Lake Winnipeg, Lake Manitoba, Lake Winnipegosis and other lakes, and then the overall figures on Page 103 perhaps provides the Honourable Member for Ste. Rose with the information he is seeking.

MR. ADAM: This would be the total number of licences that were issued for this 1980-81? This would be for 1979-80, I believe.

MR. ENNS: Mr. Chairman, the member is correct. This is for 1979-80 but there is not a substantial difference or change in the numbers for 1980-81 that he's requesting.

MR. ADAM: There was a proposal to change the licencing on the lakes by the Minister's predecessor which has caused a lot of anxiety and concern amongst the fishermen. We know that there are some people who are obtaining licences and others who are not. I'm wondering what the policy is.

I have before me a petition here that was addressed to the Minister of Northern Affairs from the Winnipegosis area, a bit of Portage area, which contains quite a number of names. I'm not sure whether the Minister has received a copy but I would be happy to pass this copy on to him providing that I can get a copy back for my records if the Minister is interested. But there is a great deal of concern on people who would like to get into the industry and are unable to obtain the licence; particularly on Lake Winnipegosis, it seems to be more difficult than other lakes. There is a heavy summer fishery there. I think the summer fishery is the big fishery on Lake Winnipegosis but there are a number of people who were perhaps former fishermen as well and did have licences on Lake Winnipegosis that would like to get into the winter fishery. It seems almost impossible for them to get in whatsoever.

MR. ENNS: Mr. Chairman, in a general way it's understandable that better prices have considerably increased the interest in people wishing to enter into the fishing industry. There are different criteria and point systems used on different lakes and different fisheries that regulate the entry of new fishermen into the fishing industry. The honourable member must appreciate and understand that the fishing industry is not open to all; it is restricted and done so for a very good reason — to assure reasonable incomes to those engaged in the fishing industry. More specifically to the question that the honourable member raises with respect to Lake Winnipegosis Fishery, I'm advised that from a management point of view, the senior biologists within the department have a serious concern that that lake is being harvested at a level that is causing concern to the department; that if any added pressure be put on the lake in the next year or two that it could cause serious consequences in terms of future harvests.

MR. ADAM: Then is the Minister saying that the production has gone down this winter over last winter?

MR. ENNS: My advice, Mr. Chairman, is that it has basically maintained its level of production but again I have to rely on the expert advice that I am being given that there is some concern being expressed within the Fisheries Division as to the capability of that lake maintaining that level and certainly a greater concern about any increase of that level.

MR. DEPUTY CHAIRMAN: (a)(1) — pass — the Member for Ste. Rose.

MR. ADAM: I'm not sure whether the petition that was sent to the Minister of Northern Affairs whether that has been . . . There are a number of people who have signed this petition now holding licences and have fished for a number of years on Lake Winnipegosis and I'm sure the director will recognize some of the names on this petition and these fishermen are saying, yes, allow some people to come in and fish — others — in competition with them. I received a copy of the petition that was sent to the Minister of Northern Affairs and I'd be happy to hand a copy over to the Minister if he wants it.

MR. ENNS: Mr. Chairman, I would appreciate receiving a copy of that petition. It always helps to have the petition before a person to be able to first of all understand precisely what it is that the petition is about. I'm assuming that it is for granting additional fishermen the right to fish on Lake Winnipegosis.

Mr. Chairman, I'm further advised that there is a possibility that we, through a fairly substantial stocking program, particularly with pickerel stock that to some extent we may be in fact through that stocking program maintaining the present level of production on that lake. On commercial fisheries, the goal of course, the optimum management, the proper management of this kind of resource is to harvest the lake that it will carry itself and sustain a level of harvest over the years that can within itself be generated. We have a very active enhanced pickerel restocking program involving Lake Winnipegosis and biological advice is that it may well be that over the years it's that program that is in fact making it possible for the present level of fish production to be taken from that lake. That is not an ideal or a desirable way of managing a large commercial fishery such as exists on Lake Winnipegosis and it's for that reason that departmental officials are expressing concern about any increase in the harvest of that lake and indeed some current studies are under way that will hopefully provide us with further definitive information as to what indeed the pulp levels of harvest should be on that lake.

In any event, Mr. Chairman, I would have to suggest to the Honourable Member for Ste. Rose that the department cannot at this time entertain additional pressure on the lake.

MR. ADAM: The summer fishing is the fishery that takes out more fish because it's . . .

MR. ENNS: Peter, the summer fish don't go to Florida in the wintertime. The same fish stay in the same lake all year round.

MR. ADAM: Well, yes, but what I am saying is that is where the big fishery is, is in the summertime and you could move around, you can move your nets around from place to place in different areas of the lake. In the wintertime it is not near as easy to move around and . . .

MR. ENNS: Mr. Chairman, if the honourable member were talking about ducks and geese that do travel from place to place, we could discuss harvest limits in the way that the honourable member is now discussing. But if the lake is in difficulty with sustaining a yield, we have to take into consideration the poundage that is being taken out of that lake, summer or winter.

MR. DEPUTY CHAIRMAN: (a)(1)— pass — the Honourable Member for Ste. Rose.

MR. ADAM: On another matter, I wonder if the Minister could advise us what has been the final results of the undersized mesh on Lake Manitoba? How has that problem been resolved? Has it been resolved satisfactorily for the fishermen?

MR. ENNS: Mr. Chairman, I can only indicate to the honourable member that my phone has stopped ringing. To suggest that it has been decided to the full satisfaction of the fishermen would possibly be not correct. There has been no change in the regulation. I believe there has been some reason to believe that there has perhaps been, if you wish to be generous, some misunderstanding with respect to the purchase of nets that might have been purchased in good faith at what was believed to be regulation size and then found not to be. There has been some difficulty with the manufacturer of nets in maintaining the quality with respect to sizing. We have had, and the member is aware, meetings with the fishermen involved. I can report to the honourable member that certainly fishermen that I am in contact with, involved with, have acknowledged the situation. They have accepted the need for the regulations to be maintained and while we have attempted to address the problem with some sensitivity, there has not been any loosening of the regulations permitting, say, for the finish of the season the use of undersized nets. I indicated in the House that the supplier has indicated that nets could be returned for refund if appropriately identified. I'm given to understand that is somewhat easier said than done because of the nature of the markings on the nets and the number of years that nets are in the water. But I can only report to the honourable member as an MLA that is directly involved and associated with the Lake Manitoba Fisheries that I'm satisfied that the department had to act in the manner in which they acted; after all, the maintenance of regulations are in the interests of all fishermen on the lake. It's for the preservation of next year's catch, if you like, and most fishermen, I'm satisfied, have accepted that.

MR. ADAM: I wonder if the Minister could advise how many nets had to be removed from the lake that were found to be undersized. I believe it was 120 or 125 at the time. I'm just wondering if more than that number were found to be undersized. Was it 500 or . . .?

MR. ENNS: Mr. Chairman, my advice is that the figure that the honourable member quotes is possibly correct; we don't have a precise count. I should indicate to the honourable member though that represents somewhat in the order of 1 percent of the nets involved in the Lake Manitoba Fisheries, so that should put to scale the size of the problem I would want to further indicate that the department as a result of that situation on the Lake Manitoba Fisheries this year is making it a point to contact manufacturers and distributors to attempt to work with them and hopefully avoid this situation from repeating itself again. There have been some disagreement with the measurement techniques that are employed by the department as versus those employed by the manufacturer. These are the kind of mechanical things that I've asked and the department to look into and I'm advised that consultation is taking place and hopefully this situation will not repeat itself.

MR. ADAM: I thank the Minister. I want to get back to the licensing and ask the Minister if he intends to proceed in the same manner as his predecessor in changing the licensing procedure, rather than licensing, to move towards long-term leases. I would like to know if the Minister intends to proceed in the same manner as his predecessor.

MR. ENNS: Mr. Chairman, I have no particular plans to proceed with any specific changes in the licensing techniques at this time.

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

MR. BOSTROM: Mr. Chairman, I only have a few comments with respect to this section and I may as well make them on this appropriation as any. First of all, I'd like to ask the Minister if he has followed up any of the activities of his predecessor with respect to the proposed changes to the licencing policy. I refer him to his Annual Report which is I believe the last official word on this matter as far as the fishermen are concerned, where it states that his predecessor suspended implementation of the new Fisheries policy pending further discussions. It further goes on to say the discussion of the new policy will continue over the coming year to develop a system that is acceptable to fishermen and beneficial to the industry.

Now I mentioned in my opening remarks in response to his opening remarks at the beginning of the Estimates that there is a degree of distrust with this government with respect to this issue — the fishermen have some uneasiness about the intentions of this government with respect to fishing, licencing policies. I wish this Minister would clear up that distrust because although it may be advantageous in a capital "P" political sense, I don't think that it's of any assistance to the fishermen to have this hanging over their heads. I would hope that he would be able to indicate to the fishermen of Manitoba and this may be an appropriate time to say what his intentions are with respect to fishing licencing.

MR. ENNS: Mr. Chairman, I would want to do anything I can to dispel any suggestion of distrust on behalf of the fishermen with respect to my

administration, the department, that of my staff and that of this government, in saying that I don't accept necessarily the suggestion that is being offered by the Honourable Member for Rupertsland.

Mr. Chairman, let it be clearly understood and I believe that this has been the case in the past, whether it is under this administration or the previous administration that particularly in the management of a resource such as fisheries where we attempt to maximize the returns to those involved, we have the knowledge that it has to be a restricted activity, that is, it's not open to everybody off the street to wander into the fisheries at his will because that destroys the opportunities for those who make their livelihood and have traditionally made their livelihood in the fisheries industry, that it would be our intention to work out cooperatively through consultation with those people involved in fisheries with the best possible arrangements. Now I think that attempt was made in a genuine way by my predecessor and staff. At the time that the honourable member refers to it was brought out to the fishermen for review and discussion. It was found wanting or not acceptable in its presentation. I think there need be no reasons for concern to be expressed that in fact quite the opposite, that the then Minister instructed his department to reassess the plans that had been made. That precisely is my attitude, Mr. Chairman.

I would like to see us develop more advisory committees on some of the other fisheries lakes where we are presently wanting. We have the Advisory Committee on our major lake of course, on Lake Manitoba, which I know that I find helpful, I know the staff finds helpful, in testing out new ideas, new initiatives in anything that affects their industry. I'm not suggesting to the honourable member that the department will not in the future respond to requests. It should be understood that these requests for changing in the licencing system didn't just come out of the blue air or any willful decision on the part of a Minister or senior staff person. They obviously were brought about by some dissatisfaction with the existing licencing system. I must tell you the longer I will be in Fisheries I will experience the fact that fishermen are not always the easiest people to please in terms of that particular aspect of the industry — who gets into the industry, who gets a licence, how the licence is being granted — that's always the case when you have a restricted entry into a field that particularly when economic circumstances dictate a heightened interest in it — higher prices lure and entice more people into the fishing industries and then find themselves having to face certain conditions prior to their entry into the industry.

So, Mr. Chairman, yes, let me take the opportunity that the Honourable Member for Rupertsland affords me to indicate through you, Mr. Chairman, to the Honourable Member for Rupertsland that the department under my direction will not be initiating any sudden changes to the current licencing system. I'm not suggesting for a moment that the system hasn't got its problems. I have been under some pressure, under some lobbying if you like, to make changes. The Member for Ste. Rose has just indicated a few moments ago by virtue of a petition that he has, is in possession of, that some of the

fishermen that he's concerned about in Lake Winnipegosis aren't satisfied with our licencing procedure and system.

All I can indicate to the Honourable Member for Rupertsland is that a watchword with the department will be to work with and to consult the fishermen, not to introduce any sudden or radical changes to the system without very full and complete consultative program being undertaken. Only then when I can be assured and I would hope the honourable member grants me some reasonable acumen in the world of politics that, why would I want to do it, unless a substantial number or majority of the fishermen in some way demonstrate to me that they desire the change.

MR. BOSTROM: Mr. Chairman, that does not appear to be the philosophy of operation of the previous Minister. That is why I believe there was a significant degree of distrust. I think the fishermen have the impression that the previous Minister only backed down on his fishing policy in view of the adverse effects it was having on the voting patterns during the federal election. That's the political reality of that decision in terms of the impression the fishermen have of the government's decision to back down on their proposed licencing policy.

I accept the Minister at his word that he will attempt to consult with fishermen on a wide-ranging basis. I would only point out further to him that the main concern in this area of changes to licencing system is with respect to Lake Winnipeg. That's where the big bucks are in fishing as he well knows. That's where there's a vocal group of fishermen who are in the minority who would naturally want to gather a larger proportion of the opportunity to harvest in that fishery.

So I would simply impress on the Minister that he not listen to a vocal minority but in fact do as he claims he will do and that is take into consideration the views of all the fishermen before making any drastic changes to the policy. So I'll leave that point, Mr. Chairman, and go on to another point which is of concern to fishermen in the north. That is the indication from the government that they will be approving applications for lodges on various lakes and in so doing they will eliminate or reduce the amount of fishing opportunity available to commercial fishermen on those lakes.

So I'd ask the Minister what his feelings are on that and what his policies are with respect to lodge approvals? I would specifically ask him if he would not consider the possibility of putting a fisherman representative or representatives on the Approval Committee that's established to approve lodge applications so that point of view may be expressed when lodge applications come to the government for approval, because there are resource conflicts here, Mr. Chairman. There's the lodge operator's concern to have the lake free of commercial fishermen so that there will be a greater quantity of fish for the potential customers of his lodge. On the other hand, Mr. Chairman, I think the fishermen make a logical position when they point out that in many lakes the two can operate compatibly. That has been the experience in Manitoba in the past and it certainly is the experience in Saskatchewan which we are familiar with. I would hope that the Minister would take that into consideration and take my points into

consideration in terms of his policies with respect to this issue.

MR. ENNS: Mr. Chairman, I believe the comments by the Member for Rupertsland are constructive to the issue. It's one that we should take a great deal of time to think about and to study before any decisions are made. Perhaps I could indicate to you just in general the kind of guideline policies within the department that prevailed in any decision in this regard. We are developing a plan in Fisheries for Manitoba in which fishing zones within the province are being identified. The criteria used to define these zones relate to the present use, economic facts and social consideration and the climate and biology of the region. Based on these criteria, multiple-use fisheries are preferred and desired in some areas, touching on the very subject that the honourable member raised. We are operating under the principle that the existing user has some extra right of access to the fish resource of the lake being considered for reallocation.

The Fisheries Branch believes that the present commercial harvest is near maximum for biological and economic reasons. In the mid-north zone commercial fishing is viewed as a necessary, legitimate, and economically viable resource use. Over a time, fisheries should be used to yield the greatest socio economic benefit to the local residents. A case in point, the particular lake that I know that brings this subject matter before us is the case at Utik Lake and the concern for providing the greatest benefits to the local residents is in the estimation, after pretty careful study, lies with the direction of sports fishing and a lodge development. Existing user rights are recognized and we are working with the user — in this case, we have principally we have just one user, as I understand — to arrive at a suitable replacement arrangement for this situation.

That information may not be communicated as well as it should have been, but recognizing also that when any dislocation takes place, there is a natural reluctance to resist that change and that is understandable, I can appreciate that. I must indicate to the honourable member that I have received requests from a colleague of the honourable member for us to move in this direction. I refer to specific correspondence from the Member for Churchill with respect to this particular potential sports fisheries development at Utik Lake. The existing user on Utik Lake, although concerned about being displaced, will I think in the final analysis acknowledge our intention and efforts to arrange a suitable alternate arrangement for his fishing efforts.

So, Mr. Chairman, the department does not overnight decide that sports angling should be introduced in a particular lake. The department, I think, is aware and accepts the advice being offered by the Member for Rupertsland that there are circumstances where multiple use can be satisfactorily worked out and in fact there are lakes operating in precisely that manner, although there is always some conflict there; the sports fisherman believing that the commercial fishing activity is depriving him of access to some of the particular fish that he is after.

I should in the final analysis also indicate to the honourable member that we provide the resource

information, the technical information. It is, of course, the Department of Tourism that does the actual licensing of the operator. I say that only to avoid discussion as to the merits of a particular operator, as to his capability of carrying out a particular program. Those considerations are very much under the purview of the Minister of Tourism.

MR. BOSTROM: Mr. Chairman, I don't wish to belabour that point. I would like to ask the Minister, in another area relating to fishing, I indicated in general that I would like to get a response from his department as to the method of calculation of the claim he makes in his opening statement of \$50 million annually to the provincial economy from anglers in Manitoba.

I note that in 1979-80 there is \$860,000 collected through license sales, and I would like to know how his department calculates that amount in connection with the \$50 million that he claims is a contribution to the Manitoba economy from angling. Now I need not be provided here, I am simply asking for that information, and if he could indicate . . .

MR. ENNS: Mr. Chairman, based on a Federal-Provincial Survey, and this by the way is based on 1974 data and adjusted for inflation, Direct Expenditures for Sports Fishing in Manitoba are estimated at some \$53.7 million, in 1981 dollars annually; Indirect Expenditures relating at least partially to Sports Fishing are estimated at more than \$60 million, involving the purchase of boats, camping equipment, vehicles, land and buildings. At present in Manitoba there are 105 sports fishing lodges, 75 out-camps, many more tent camps, and boat caches. Demand for more is presently very high, higher than can be accommodated quite frankly. The revenue from the sports fishing license sales is some \$860,468 after commission to vendors.

A new Sports Fishing Survey for 1980 is presently being conducted; results are expected by the end of July, but the kind of survey that is undertaken indicates where the fish are being fished, how long people are in the area, what the actual catch is. Sports fishermen filling out the survey are requested to list in general terms their expenditures in Manitoba during their fishing vacation and any other information that is pertinent to the development of these figures.

Mr. Chairman, I don't know nor would I swear on a stack of Bibles as to the precise accuracy of these figures, but I think the Minister of Tourism, who has some understanding in connection with the industry, when one visits places like some of the sports shows, whether they are held in this country or in the U.S., one can readily appreciate the very substantial contribution to the provincial economy that sports fishing provides and the figure of \$50 million or \$60 million does not stretch one's imagination.

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

MR. BOSTROM: Just a couple of comments, Mr. Chairman. One is with respect to the Freight Assistance Program; without belabouring the point I would ask the Minister if he would consider reviewing the Northern Fishermen's Freight Assistance Program since there has been really no substantial

increase or adjustment to that program, or amendment to the way in which it applies to the fishery in Northern Manitoba under the terms of this government. In terms of a new initiative of this Minister, I would hope that he would take a look at that Freight Assistance Program and attempt to modify it in view of present circumstances. I think that there is certainly room for modification.

In connection with that, Mr. Chairman, and on a related point, I would hope that he would look at, in terms of a new initiative also, a program to assist fishermen in the harvesting area; particularly in those remote areas of Manitoba where they are facing high operating costs.

In that regard, an associated problem they have is one of facilities. My colleague from Churchill pointed out that problem with one particular case, where the facility is just at the stage where it is a washout in terms of its being available to fishermen. Now that is only one specific example. There are many other locations in Manitoba where fishermen could use assistance from either the federal or provincial government in terms of refurbishing or bringing their stations, their packing houses up to standards and in so doing, making it easier and more economical for them to operate in the fishery. I know that at the present time there is really no program, provincially or federally, to assist the fishermen, although the Federal Government provides very stringent regulations with respect to environmental standards, it appears that no government is taking initiative in assisting the fishermen to bring their stations up to those standards.

The fishermen can't do it out of their meagre incomes from the fishery, so I submit to the Minister that here is an area of concern for him to look at and one which would be certainly a useful service to the fishermen of Manitoba.

MR. ENNS: Mr. Chairman, I would hope that the Honourable Member for Rupertsland would return to his more beligerent tone as he had on some other issues, because I find myself agreeing with him on far too many of these issues, and that alone makes me uneasy, Mr. Chairman, because I am pleased to announce to him that the Northern Fishermen's Freight Assistance Program is currently being reviewed and it will be evaluated. We were trying to evaluate the effects of the present program and we will, if changes are appropriate, to meeting the fisheries' objectives. Changes will be considered for 1982 fishing year. The program has been in effect for a number of years. I acknowledge changes to the program have not been made fundamentally. It has become, and I would have to support its existence if it is, as we believe it to be, instrumental in the maintenance of the fisheries' activity, where the other choice is far often as expensive if not more than the dollars involved in the Freight Assistance Program, the alternative being no income and a total reliance on the public purse.

So for this reason I would want to indicate to the honourable member that review is under way and I will not be tardy in making recommendations for potential changes.

MR. DEPUTY CHAIRMAN: (a)(1) — pass — the Member for Ste. Rose.

MR. ADAM: The final comments I would like to make to the Minister in regard to the fisheries, I

would say, in general in Manitoba, is that it is a part-time operation. There are very few exceptions where it is a full-time occupation. Maybe on Lake Winnipeg it may be so, but in general it is a seasonal operation and most people who are involved in fisheries have other occupations to supplement their income, and that is why you have so much difficulty with a lot of people wanting to get in. There is a limited amount of fishermen on the lake and they see these people fish and take pretty fair take on the lake and then the first thing you know they are doing something else, and they go out working somewhere and that is why you have so much friction.

It is just like farming. Now most farmers, maybe not all of them, but there is a great number of farmers who go out and supplement their farm income. The same thing happens more so in the fishing.

MR. DEPUTY CHAIRMAN: (a)(1) — pass; (a)(2) — pass; (b)(1) — pass; (b)(2) — pass; (c)(1) — pass; (c)(2) — pass; (d)(1) — pass; (d)(2) — pass; (e)(1) — pass; (e)(2) — pass; (f)(1) — pass; (f)(2) — pass; (g)(1) — pass; (g)(2) — pass; (g)(3) — pass; (h) — pass; (j) — pass.

Be is resolved that there be granted to Her Majesty the sum not exceeding \$3,136,400 for Natural Resources — pass.

MR. ENNS: Committee rise.

MR. DEPUTY CHAIRMAN: 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) — pass — the Honourable Minister.

HON. KEITH A. COSENS (Gimli): Mr. Chairman, the Member for St. Vital had requested certain information and asked a couple of questions and I would endeavour to treat those at this time. In no particular order, he had asked for a breakdown of the Other Grants portion of the school support. I can give him that at this particular time.

The total in this particular category is \$13,791,619 and it is made up as follows: under Special Revenue, \$129,970; under Special Levy Reduction, \$3,206,802; Special Levy Reduction, \$3,206,802; Tuition Fees, Indian children, \$3,274,222; Tuition Fees for non-Indian children, \$1,999,546; Special Grants \$241,420; Bilingualism in the category Français and Immersion, \$2,587,500; and in the sub-category under Bilingualism, French, \$400,000; St. Boniface College Rental Agreement, \$144,085; Private School Agreements, instruction in public schools, \$28,000; Non-Resident \$246,311; Non-Resident \$246,311; Special Needs \$335,000; Native Paraprofessionals, \$345,390; Sacre-Coeur Rental Agreement with the Winnipeg School Division No. 1, \$68,510; the ESL textbook grant, \$22,000; English as a Second Language \$413,856; School Tax Rebate, \$23,000; Evening School Rent, \$64,875; Evening School Teachers, and these are grants towards teachers' salaries for evening school sponsored by

school divisions, \$244,212; and Evening School Principals, this covers grants that take care or contribute toward the administration costs for evening schools, \$16,920.00.

Mr. Chairman, those sums total some \$13,791,619.00.

The honourable member had asked for that particular information. I have it at this time. He had also asked, and I don't know whether it was facetiously or not, I would expect not, that what would have happened if we had just taken the old Foundation Program and added 30 percent to it, and he said that he would have surmised that it would have just made everyone very happy and that there was no need to even bring in a new plan.

Well, perhaps he inferred it, or perhaps he asked would it have done that, and Mr. Chairman, without going into great detail, it certainly wouldn't have. It would have perpetuated, in many cases, further inequities and really not accomplished many of the things that the new plan is able to accomplish.

One of the other things that the honourable member had asked me about before we recessed, was referring to 3.(a) and the sums of money under 3.(a), school grants and other assistance, if we add the \$288,325,636 in the Education Support Program, and the private school funding and total the two, the private school funding is some \$2,923,664; he is quite correct, the total is \$291,249,300, and there is an incorrect entry printed in the Estimates here. There is a shortage there of approximately \$1 million.

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

MR. D. JAMES WALDING: Thank you for that information. Mr. Chairman, just on the last point first, without doing some quick arithmetic, perhaps the Minister can tell me whether that's just an error in that particular line or whether the change of a million dollars should be carried on into Resolution 53 and into the total for Education and so into the total for the Estimates?

MR. COSENS: Mr. Chairman, it should be carried on into the final total.

MR. WALDING: I thank the Minister for that information. Further to the previous point that he was making, indeed this afternoon I did question or raise the issue of the additional \$70 million that was going into the school divisions this year. I mentioned that it was about 30 percent, and I suggested to the Minister that school divisions receiving an additional 30 percent this year over last year would probably not complain too much. In fact, they might well tell the Minister that yes, they were happy with that amount of money coming in, because it would serve to limit the amount that they would have to raise by special levy.

At no time this afternoon did I suggest that there should not have been a new program put in or that the previous Foundation Program with its additional grants was a good thing and should be perpetuated, neither did I suggest that inequities between divisions would be wiped out by simply an across-the-board 30 percent increase. The Minister is not being entirely fair with us when he makes that suggestion.

I wonder if the Minister could perhaps give us a couple of examples. Transcona-Springfield has been mentioned a number of times, not necessarily repetitively, Mr. Chairman; Winnipeg No. 1 has been mentioned on a number of occasions, too. Perhaps the Minister could give us an indication of what would have happened in Transcona-Springfield and Winnipeg No. 1 had they received an additional 30 percent over the provincial revenues from last year and perhaps with St. Vital and River East also going up a little bit this year, perhaps he can give us an indication of what would have happened in those divisions had they received an additional amount of \$30 million.

I go back, Mr. Chairman, to last year when the Winnipeg School Division was making such a fuss about the Greater Winnipeg education levy last year. You will recall there was a mass meeting of some 700 people in a school gymnasium when these matters were discussed. My impression, from that meeting, and from what was said about programming and local taxes and that sort of thing was that the City of Winnipeg was not arguing so much about the sharing of revenue with other divisions; Winnipeg was arguing that it could use an additional \$7 million, and that if somehow Winnipeg were to receive another \$7 million without hurting the other neighbouring divisions, that would probably be okay. When pressed on the matter of increasing programming or reduction of local taxes, there seemed to be an indication from the school board that they would apply any additional money to the reduction of taxes rather than the improvement of education services.

So, Mr. Chairman, I would be interested to hear from the Minister whether an additional 30 percent or perhaps some other figure applied on last year's formula would have given Winnipeg more than the \$7 million that they were complaining about last year, or perhaps it's \$7.5 million and \$8.5 million this year under the GWEL.

It leads me to the next point that I wanted to raise with the Minister, and a great deal has been said about reducing taxes for ratepayers and the Minister has given us instances of how the infusion of \$70 million will do certain things to certain mill rates in certain areas, but he avoids the topic of where the \$70 million is to come from.

Now he might well tell us that he's not the Minister of Finance, and the raising of money is not his department, only the spending of it in the education area, but I'm not opposed to an adjustment of the burden of taxation in this province, Mr. Chairman. If it is a decision by the government that a certain amount of money should be raised from provincial taxpayers to reduce a burden in some other area, that's a matter of policy and it should be debated and discussed as such.

There seems to be that sort of a move involved in this particular program, and as a tax shifting proposal. I don't intend to debate it on those particular grounds. The point that I'm raising with the Minister is that he is distributing \$70 million additional dollars to school boards without telling us where the money is to come from. Unless the Minister has his own printing machine, or unless he has an undertaking from Ottawa that a beneficial government down there intends to churr out an

additional \$70 million for Manitoba, then there is only one remaining source for it and that is from the taxpayers of Manitoba.

I am not sure what \$70 million is in other taxes. Certainly it's more than 1 percentage point on the sales tax. I'd be interested to know from the Minister whether he would recommend to his colleague, the Minister of Finance, that an increase in sales tax of something over one point, should be instituted in this year to pay this \$70 million.

I don't know either how much it would cost in income tax points, Mr. Chairman. We have had an indication a year or so ago, that 2 cents on a gallon of gasoline raises something like \$7 million, so 10 times that would be 20 cents on a gallon of gasoline, and I'm wondering if the Minister is suggesting that approach as a means of raising \$70 million.

When there was mention made of it earlier on, the Member for Gladstone called out that he is the one who pays the taxes, because he pays \$4,000 on his farm. Now if that is a suggestion that farmers should be paying this additional \$70 million, again I'd be interested to hear from the Minister which farmers should be paying for it and in what manner.

Or perhaps there is some other scheme to raise the money. You know, perhaps the government will have a change of heart, and insist that there be some provincial involvement in the new gold mine that is to be opened in Manitoba, and that would be an interesting thought to maintain, Mr. Chairman, that part of our education is coming out of the ground of Manitoba. (Interjection)— A suggestion from one of the Minister's colleagues that the Minister should be renamed Goldfinger, however he can make that point himself if he wishes to.

So, Mr. Chairman, it's a point to be borne in mind, especially as we get closer to a provincial budget. At least I'm assuming that we're getting closer, there's been a conspicuous silence on the part of gentlemen opposite as to just when they intend to bring in that budget.

There is just one other possibility, Mr. Chairman, that the government might choose not to tax for the \$70 million and they might find that Santa Claus in Ottawa doesn't have \$70 million extra for the government and that they might decide to increase the deficit even further to provide this \$70 million.

So we might look then to, instead of a \$200 million to \$400 million deficit, that it'll be \$270 million to \$470 million in deficit. However, I wait to hear from gentlemen opposite as to what they intend on that.

A further point that I wanted to make still while we're discussing the cost of education, and the \$70 million in specifics, and that is that the Minister said earlier that it's the students that benefit from this program and it's also the taxpayers. Well, certainly it is the latter, Mr. Chairman, because this is a tax shift program.

I'm interested to know to the extent that it is an education program. I want to know from the Minister how much of this \$70 million is actually going to end up in improved education for our children? Will there be more teachers employed? Will there be smaller classes? Will there be more clinicians and coordinators? Will there be more teachers with expertise in special needs? Will the vocational education be better in this province? Because what has come through very clearly from the discussions

so far, Mr. Chairman, is that the Minister is giving money to school divisions so that school divisions themselves can tax less from the residents of the school division. So there is a tax shift involved with some part of the \$70 million. How much of the \$70 million is going to improved education services to children in Manitoba?

We know, Mr. Chairman, that in many divisions in the province, particularly those with a lower tax base, that there have been severe restraints on educational programs over the last two years. We have read out a list to the Minister of divisions and programs in those divisions that have been cut out.

To my reading of the Minister's program, the Minister is pegging those divisions at that particular level of programming that they had reached last year. He is freezing into the order of school divisions those that provide a good range of programs at one end to those with a very skimpy range of programs at the other. That is the objection that we are putting forward and I am suggesting to the Minister that this new program of his offers little hope or relief to those smaller lower taxed school divisions to actually upgrade the programs that they are providing in their particular schools.

They are being offered, as I understand it, Mr. Chairman, the opportunity of the government funding those programs or extra programs, special education programs, that were in effect as of September 1980. In order for a school division to qualify for those payments for 1982, they will have to special levy for those programs in 1981 because the payments for 1982 will be based on what the school division has in effect as of September of 1981. That's my understanding of the way the system is to work, which means that any division wishing to upgrade its services has to special levy for those services for 1981; in other words to make an investment for 1981, so that they will get paid for 1982 programs on the same basis in 1982.

If I am reading the program wrongly I hope that the Minister will correct me from that. I am also hoping that he will be able to give us an indication, a fairly close approximation of how much of that \$70 million is going into education as opposed to a tax shift. The Minister will, I'm sure, tell me that transportation needs are improved, that special ed is improved and something else is improved and something else is improved. I suspect from looking at the figures, changes that will be made to the special levy, that much of that \$70 million, probably a majority of that \$70 million is simply a tax shift from all of the taxpayers of Manitoba to those taxpayers in each school division that are paying those particular rates.

I'll just finish these remarks with a question that I had. The Minister had mentioned that school boards over the past few years had been accumulating surpluses, which they were entitled to use if they so chose for the upcoming year. I wonder if the Minister could tell us how much in surpluses is presently held by the school divisions, and if possible, for a breakdown by school division of how much surplus they hold as of the audited statements at the end of 1980.

MR. COSENS: Mr. Chairman, the Member for St. Vital asks where will the \$70 million come from, and that will become very evident at such time as the budget is brought before this House.

The honourable members opposite, I think, do subscribe to the idea that some of the burden should be taken away from the property tax payer and based on some other sources. This \$70 million, Mr. Chairman, is derived from the Provincial Treasury, which I would suggest has a rather broad base in deriving its revenues.

The member also asks how much of the \$70 million that has been put into the program will benefit children. Mr. Chairman, it is all being spent for the benefit of the children in the schools. That is what school boards are using it for, and I can't think of any particular aspect of the program that will not have some benefit to children. Now perhaps the honourable member has something in mind but just at first glance nothing comes to mind. I think that extra supports for people in the area of special needs, as are being provided through this program for the first time in this province, an extra \$15 million will put in place not only more support but also more people in areas where there haven't been adequate staff to take care of the needs. I would suggest extra dollars in vocational education will benefit the young people involved in that education, and we can go on and on to the different categories, but certainly the money will be of benefit to young people.

At the same time, Mr. Chairman, the fact that school divisions this year were looking at a \$54 million increase in total in operating costs, that \$70 million in part went to deal with that increase alone. So there is no problem in deciding where the money has gone; it has gone to take care of the increase and also it's had an impact on the new programs that we have brought into place.

The member refers to program cuts and we have had this discussion in previous years, Mr. Chairman, and he would like to certainly ascribe this to restraint, as he calls it, and I have suggested to him that the most severe programs that have resulted in this province have been due to declining enrolments more than any other particular factor. There just have not been the numbers of children available in certain school locations to justify certain programs and as a result these programs were cut and this is not a Manitoba characteristic alone, it's found in many parts of North America. So, I can't let that particular point pass, Mr. Chairman, without challenging the honourable member's statement.

He asks how much money exists in surpluses that have accrued to school boards over the province. I won't be able to give him that particular information until the final financial statements are in for school divisions for this year, but as soon as they have arrived and we have been able to put the information together, I will attempt to provide it to him.

MR. SPEAKER: The Honourable Member for Burrows.

MR. BEN HANUSCHAK: Mr. Chairman, just a couple of comments with respect to school grants and other assistance. The Honourable Minister, you know, is quite proud of what he describes as a rather new and innovative scheme for funding education which, as he describes it, will place the funding of education on a more equitable basis. But you know, Mr. Chairman, the Honourable Minister has reminded the Committee on a number of occasions that this is merely a three-year experimental plan or program.

Now if the Minister were so certain that this is an absolutely, equitable and a flawless program for the funding of education, then he would not have instituted it on a three-year basis, but having said so himself, then it merely verifies what the Honourable Member for Transcona had said last night, that this is nothing more than a political ploy. Because if you think through it, Mr. Chairman, three years, sometime within the next year and one-half — yes, at the most about 18 to 20 months, there has to be an election, and election results, well they're somewhat unpredictable, so whatever will happen, even if perchance the Conservative Party should be re-elected to government, and if this scheme for the funding of education should turn out to be a hopeless failure, a flop, then the Minister has another year of grace, or a little better than a year of grace to patch it up, to correct it, to come up with another scheme and say, well as I told you in 1981, this is only a three-year program and we're going to monitor it and watch it and examine it closely, and we're going to set up an advisory committee which I believe the Honourable Minister had promised the School Board of Dauphin; to examine it to make recommendations to the Minister as to ways of improvement, and he will say, the three years have now expired and fine, I'm satisfied that it has certain flaws in it, certain wrinkles and now I'm determined to correct them.

Because if the Minister, and the Minister had ample time to come up with an equitable funding scheme. You know he's been in office now for over three years. It was in October of 1977, it is now April of 1981, it's approaching three and one-half years that the Minister has been in office. It was over three years when he announced this program.

So really, Mr. Chairman, the Minister has really no defense to put up in support of his proposed three-year experimental program. He's had ample time to come up with one that would serve the people of Manitoba well insofar as funding of education, without going through the experimental process. Because after all, Mr. Chairman, this puts the school divisions in a very difficult position. A year has gone by, one could pretty well say that a year has gone by; the first year of the Minister's three years have gone by, because for the year 1981, the school divisions are committed to being funded by the present program. Surely when it comes to the building of schools, expansion, the institution of new programs, you don't just do those things overnight and school divisions do have to farther than two or three years down the road. But being told that the school divisions are presented with a funding scheme, only for three years, then the school divisions really don't know what to expect after the year 1983, that is the commencement of the calendar year 1984. What will be the method for funding education then? It's not all that far off and school divisions do have to look that far ahead, and that's the dilemma that the school boards will find themselves in now.

One other point that I wanted to make, Mr. Chairman, the Minister says that the province now picks up 80 percent of the education costs and we have to examine this figure of 80 percent very carefully, because included within that 80 percent — the Minister of course doesn't deny that, he admits it

— is the extrasensory perception, ESP, not extrasensory perception, whatever he calls it, Education Support Program funding, which is the 35 and the 75 mill levy imposed on real property, so that makes up about \$140 million. Anyway of the total \$530-odd-million dollars, there's \$140 million that's the ESP; another \$100 million, which will be the special levy, which brings it up to — or if I'm a million dollars short of a \$100 million, I don't think that the Minister will quibble over that, because for all he knows by the time the books are balanced and audited at the end of the year, my \$100 million may be closer to the actual figure than his \$99 million. But whatever it is, \$240 million roughly, \$240-plus-million out of the \$530 plus million will come out of real property, which is well in excess of 40 percent, somewhere in the order of 45, 46 percent or better, so the real property owner, whether it be by way of special levy or the ESP tax, is going to pick up practically one-half of the education costs, one-half just short of 2 or 3 percentage points, if that, because that's on the basis of a guesstimate figure.

You know, Mr. Chairman, there was a time in this House when a funding scheme for education was proposed, and in fact it was implemented, and the Minister of the Day said that The Public School Act would be amended to include the basic concepts of the White Paper, namely the 65-35 division of costs, meaning 65 percent province, 35 percent real property. This was a few years ago, Mr. Chairman, and at that time, under that 65-35 split, the Minister went on to say, "I understand that the formula will provide grants for approximately 98 percent of the teaching force in Manitoba" for that year, 1967. And then he said, "We believe that the Foundation Program in a majority of divisions, I would say in a majority of many divisions would cover actually 100 percent of the costs, in other divisions it will cover, we think possibly practically all of the costs and go a long way toward covering many of the costs that divisions are now bearing entirely by special levy". In the same speech that Minister also said, "The Honourable Member for Turtle Mountain asks if this is a realistic program, we think it is. We think in many of these divisions it will cover practically 100 percent of the costs and others there may be, as we said in the White Paper, very small levies, but we are guesstimating. As you know with the total cost \$90 million last year in building this program up to the \$95 million level, to give the kind of support we think these divisions will require, it's just possible small levies will be needed."

Now the point that I want to impress upon the Minister, that back in 1967, the Conservative government of the day, the Roblin government, at which time the Minister of Education was a member for the same riding as that represented by the present Minister of Education, he too, represented the constituency of Gimli, Dr. Johnson. The government of the day came up with a program which, at its inception, and then, granted, it required some fine tuning, it required some revision and changes, to keep pace with inflation and so forth, but at its inception it was designed in such a way that the province would pick up 65 percent of the costs of education out of general revenue, and 35 percent from real property.

Now the Minister remembers the proposal that I made to him a few days ago, a scheme whereby

there would be an 80-20 split between province and the real property owner and then I gave the Minister some leeway; I said now of his 80 percent, I would not be averse if that's what the trustees want to do, let the trustees designate the source of tax revenue to cover 10 percent of the education costs, be it sales tax, income tax, gasoline tax, tobacco, whatever; they could make that recommendation. But in essence it would be 80 percent province, 20 percent real property.

That was what I proposed a few days ago. Fourteen years ago, the government of the day, in one fell swoop, moved toward 65 percent province, 35 percent real property. Now today, 14 years later when one would have thought, it being generally recognized and accepted in the whole world that services to be people should be paid out of general revenue of the state of the province, of the country, and not just from real property, that given that fact, one would have thought that today's government would move closer in the direction of funding education out of general government revenues. But this government moved in the opposite direction. Because in 1967, when the government committed itself to picking up 65 percent of education costs, as they estimated them then out of general revenue, the government of today is only picking up just a shade better than 50 percent of the costs.

So really it's a regressive step that the government has taken and not a progressive step insofar as funding of education is concerned, insofar as the funding of education in an equitable manner, in a fair manner, is concerned.

So I just want to remind the Minister of that, that a Minister of his party's stripe, of 14 years ago, recognized that in fact — I'm sure that he spoke not only for himself but for his Cabinet — they recognized the fact that the bulk of education costs should be funded out of general revenue and not from real property taxes. And now, by the scheme that this Minister has introduced, combining, as I have pointed out to you, Mr. Chairman, combining the ESP and the special levy, it's going to bring the real property taxes to something over 45 percent, bordering on 50, which is moving in the opposite direction to the direction in which his predecessors of 14 years ago struck out upon and the direction in which the subsequent New Democratic Party government, of which I was a member, and within which I was a Minister, and we continued moving in the direction of reducing the tax burden on the real property owner in a number of ways; in a number of ways.

Now, I'll admit to you, Mr. Chairman, that perhaps, maybe the teacher grants should have been revised; maybe some other grants should have been revised. But if they weren't revised, we did introduce a couple of other concepts which did relieve the tax burden and which benefitted both the taxpayer and also benefitted the school board. We introduced the per pupil grant in inverse proportion to the balanced assessment. In other words, the lower the assessment in the school division, the higher the per pupil grant. And this, of course, now is scrapped.

Then of course we also introduced the property tax rebate, the basic rebate and then the credit tied in to the property owner's income. So we did those things which benefitted both the property owner and

at the same time put dollars in the school division's pocket.

But now, Mr. Chairman, we're back a number of years, not to 1966, but to some time way back in the Forties or the Fifties where the real property owner has to pay for 45 percent plus of the education costs, and the province is going to pick up 55 percent, or 50 percent. In the years to come with double digit inflation, God knows where we'll be when the Minister's three-year trial period is up. It might be 60 or 70 percent real property owner and only 25 or 30 percent province; we don't know — that we don't know.

So, Mr. Chairman, I'm surprised that this Minister, being of a political party which had set a precedent for him 14 years ago, sort of showing him the way to go, and I'm not defending the Roblin government, I'm not for one moment defending the Roblin government, Mr. Chairman, but what I am saying is at least they did move in the direction of reducing the financial burden from the real property owner and shifting the burden of carrying education costs to where they should properly belong.

But this Minister has reversed that process. He's putting the burden back on the real property owner instead of removing it from the real property owner. He's putting it back on the real property owner, where he'll have to pay in accordance with the assessed value of his property, regardless of his income, regardless of his ability to pay. He could be a person on fixed income, a senior citizen; to the Minister that doesn't matter — that doesn't matter. The Minister says that 45 percent plus of education costs, practically half of the education costs, have to be borne by the real property owner, which is a reversal of the direction in which governments — and I say that in plural because there were two governments involved in that, a reversal of a direction in which two governments, two most recent governments had been moving over the past 15 years.

MR. COSENS: Mr. Chairman, the Member for Burrows started off by questioning the three-year program, and he seemed to be somewhat critical of that aspect of the program. I have to tell him, it's probably one of the aspects of the program, along with equalization and the special needs funding that have been most enthusiastically received by school boards and by the Manitoba Teachers Society for the simple reason that as they state, it is the first time in the history of the province that they have been able to plan beyond one year. He said, well, the problem with this three-year program is that what will happen in the fourth year? They don't know. Quite correct, Mr. Chairman, but this is the first time that they will know more than one year ahead. Of course, there's certainly a good rationale for the three year program. This program was built to take care of certain factors that exist today and we anticipate will exist for the three years of the program and one of those factors, of course, is declining enrolment. This program is designed to address that particular problem. We anticipate on the basis of the studies that we have at this time that by the end of three years the declining enrolment phenomena will have disappeared, that we'll see a plateauing that will not be an aspect that will have to be addressed in a program that follows on the heels of this one. Not, at all.

There's another factor that could very well change, Mr. Chairman, in three years time, and that is the whole basis of assessment in this province. As my colleagues all know in this House, that particular question is being studied at this time by a Commission. In due course, I would imagine, they will make recommendations to the Government of the Day and that government will act or choose not to act on those recommendations; all of those recommendations or some of those recommendations. If there is a change in the assessment procedure and the assessment base in this province, then it has implications for any school finance plan. Now, that could well be something that would be in place within three years in this province and that alone would necessitate some rather dramatic changes, I would suggest, in any school finance plan that exists in the province.

So, those are only two of the reasons, Mr. Chairman. I think the Honourable Member for Burrows would also realize, I know he realizes, that trends can change in our society; the needs of the educational system can change; and it's very difficult to predict even three years from now as to what new trends may have surfaced that will require the Government of the Day to address them through an educational finance program, things that we're not addressing now because they are not apparent in our society.

So, I really feel, Mr. Chairman, that the three-year plan is reasonable; it has certainly been viewed that way by those in the educational community and I'm somewhat surprised that the honourable member would see that as a negative aspect of the program. As I've said before it's unique, as I understand, in Canada. There are no school officials in other provinces that certainly will have that particular ability to predict what their revenues will be from their provincial government over the next three years, in the same way as they will be able to do in the Province of Manitoba.

The member harks back to a yesteryear and he talks about 65/35 and a Foundation Program. I think if he looks at this education support program he will find exactly that formula existing there, that some 65 percent of the support is provincial and 35 percent in that program is provided through the Educational Support Levy.

He mentioned the 80/20 split, in fact, Mr. Chairman, under this program it's not 80 percent, it is 81.1 percent in this particular year, made up of a combination of direct and indirect grants. The honourable member didn't stress that in his comments but I think it has to be stressed because it is the same type of percentage that we've been using in this province for a considerable number of years where we combine the total number of dollars that are applied to educational costs by the Provincial Government. If we do it this year we merely have to add 288.3, which represents the direct contribution by the Provincial Government as well as 146, which represents the indirect through tax rebates, tax credits, and we find that those two sums represent some 81.1 percent of the net expenditures for education in the province.

I would just like to take a minute, Mr. Chairman, and read some of the resolutions from the annual conventions of educational organizations in this

province over the last two or three years that have pertained to educational finance, because I think they're interesting and pretty well support the program that we have now in place and they come from a variety of organizations.

In 1976, I'm not sure if the Member for Burrows was Minister of Education that year or not. The Manitoba Association of School Trustees brought forward the following resolutions: They said that the Foundation Program should cover 100 percent of basic education program in the province, 100 percent. Well ESP Program, Mr. Chairman, covers some 85 percent of eligible expenditures in education.

They go further in their resolutions to say that 80 percent of the cost of education should come from provincial revenue. Well, this program meets that, 81.1 this year.

They say equalize local effort by having a uniform levy with a differential for farm and residential property. Exactly what we find in this program, Mr. Chairman.

Again, in 1977 the same organization in a brief presented to the Minister said, "Establish a Foundation Program which covers the major portions of costs at the elementary and secondary level and preserve and enhance the principle of equalization in the program."

In 1980, the Manitoba Association of School Trustees at their Annual Convention passed resolutions requesting an 80/20 split for education cost; 80 percent from the province, 20 percent from local levy. They also requested that there be an increase in pupil grants and they also requested at that time to provide ESL grants and increase transportation grants. All of these we have done in the program. They have also requested at that time, through resolution, that we provide funds to cover all costs for special education programs above the average cost for regular students. Well, the program does that, Mr. Chairman, it addresses that particular resolution.

If we then turn to the Manitoba Teachers Society, at their annual meeting in 1980, they adopted the following resolutions, Mr. Chairman. "That adequate grants for replacement and renewal of equipment be put in place by the Provincial Government." This program does that, Mr. Chairman. It says, "Increase print and non-print grant annually". This program does it, Mr. Chairman. It says, and I'm quoting from the resolutions that were adopted at the Teachers' Convention, 1980, "Continue with a bonus for the northern cost of living". That bonus is built in. "Provide grants for ESL instruction." Of course, they're provided in the program.

In 1978, the same organization, the Manitoba Teachers Society in a brief to the Minister, recommended that the province grants for mentally and physically handicapped students. In 1975, the Manitoba Teachers Society in the study of education finance, and I am sure the Member for Burrows remembers that particular study, said that the province should continue to provide 100 percent of approved costs of capital. The new educational support program does that, Mr. Chairman. That education finance study by the Teachers Society in 1975 said increase the government's share to 80 percent of the cost by 1980. It also said continue

with the foundation principle with funds raised from both property taxes and general revenue, and it said increase block grants and equalization grants. That was back in 1975 in a study of education finance that was conducted by the Manitoba Teachers Society.

Then, Mr. Chairman, let's move to another group who had a very close association with education finance in this province made up of representatives from different segments of the education community, the Advisory Committee for Education Finance, and in their report in October of 1980, they suggested that the government increase its contribution by some \$67 million for 1981. They weren't too far away, Mr. Chairman. They also suggested that the government provide 80 percent of the cost of financing education. They suggested that the government provide categorical grants for high cost low incidence children and they even mentioned the amount of these grants, some \$3,000 to \$6,000.00. They suggested that there be an increase in the pupil and the declining enrolment grant, and of course these things have been addressed in the new program. They suggested an increase in the print and the non-print grant and they suggested an increase in the transportation grant, the \$310 per pupil plus mileage extension over 50 miles.

Mr. Chairman, this same education finance committee in 1979 in their report suggested that there be an increase replacement grants for vocational equipment. All of these things, Mr. Chairman, have been addressed in this new program; every one of them. Increase transportation grants and pay an additional grant for transportation miles in excess of 50 miles; this was from the Education Finance Committee in 1979, increase the per pupil grant.

In 1976, Mr. Chairman, let's go back a few years, that same committee, it may have had different personnel on it at that time but the same committee made the following recommendations. It said eliminate the Greater Winnipeg Equalization Levy and provide province-wide equalization. That was back in 1976.

Then of course I could go into recommendations that we have received from different school divisions in briefs presented to the government over the last few years, Mr. Chairman, but that would get a little lengthy, however those briefs are available for anyone who would be interested in perusing them.

Really, Mr. Chairman, what that illustrates is that those people in education who are associated with it, in one aspect or another over the years, have all made recommendations, many of them that coincide, that are very similar. There is a similarity that runs through all of the recommendations and the new education support program contains those recommendations. Each and every one of them have been addressed, Mr. Chairman, to some extent, in most cases to the fullest extent. I am rather proud of that point.

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

MR. WALDING: No, we are not quite ready to pass it yet, Mr. Chairman.

Mr. Chairman, I raised a point, I believe it was this afternoon with the Minister on the matter of school

boards applying to the Public Schools Finance Board for their grants for 1981, and I suggested to the Minister that a goodly number, if not all of the school boards, had actually applied for their grants on the format of the 1980 foundation program. I asked the Minister if he could confirm that or give us an idea of just how many had done so because I had heard that the department or the PSFB had simply taken those budgets and redrawn them under the amounts that the school boards were entitled under the ESL and returned them. I wonder if the Minister can give me further information on that point please, before I go on.

MR. COSENS: Mr. Chairman, I am very pleased to have the opportunity to dispell, I think, some misinformation or misunderstanding that the honourable member has in this regard. First of all the budgets that are submitted, Mr. Chairman, are preliminary budgets. They deal with expenditures, with what the school boards feel will be their necessary costs for the coming year. Now how the revenues will accrue to handle those particular costs whether it be by one program or another program do not affect the cost, Mr. Chairman. The costs will still be there regardless of what type of program happens to be in place. So we are dealing here with budgets that are detailing the expenditures that school boards foresee as necessary to take into cognizance for the coming year, and he is quite correct. At the time that the preliminary budgets were submitted, in most cases, we had not announced the new plan. It was announced as he knows in January and of course the procedure that was followed immediately on announcement was to conduct seminars throughout the province. These were conducted as quickly as possible and in as many areas as possible. Those were working sessions where school division officials received their budgets back from our department, when our officials were there as well, where there could be a full discussion of the budgets and the revenues that would accrue to those budgets through the new support program.

So the problem that the member raises is not a real one, is not one that really presented any outstanding problem for school divisions because certainly the formulating of their budgets was something that would have been done regardless. They had to do that if the schools were to operate. They had to formulate their budgets for the coming year. The revenues of course have always been something that have been in doubt. They have never known from year to year, with the exception now of the three-year plan, where they will be able to predict and predict very accurately what those available revenues will be from the government. But if the member sees this as a huge problem that confronted boards, I would only assure him that it was no huge problem at all. Certainly to become acquainted where the new system of revenues takes a session or two because they are changing from something that school board officials, school board secretary-treasurers, had been very well acquainted with for many years and now they had to look at a new system, but that was accomplished, Mr. Chairman, and accomplished very smoothly and created no real problem to my knowledge.

MR. WALDING: Mr. Chairman, I wasn't suggesting that it was any huge problem. I wanted to move onto

the next point that flows from there and the Minister has told us that those school board budgets were sent in before the divisions were aware of the ESP program, and therefore could not know how much they could expect from the government this year.

I would suggest, Mr. Chairman, that the experience of school boards over the last two years would have conditioned them to believe that the increase in revenue that they could expect from the government would likely be in the order of similar increases of the last couple of years, which were in the neighbourhood of 6 to 8 percent. There had been a great deal of lineholding and cutting back and trimming the fat, etc., for the last couple of years, and I would suggest to the Minister that the expenditure expectations of school divisions were very much conditioned by amounts that the divisions had received in the last two years, and that their spending expectations for 1981 would be very much along the same sort of services, a minimum increase, no expansion in their programs, and in fact would perhaps probably represent no more than an increase in the actual costs that they could foresee.

Now if there is any reason that that statement wouldn't be true, I would appreciate hearing it from the Minister, if he had for example given an indication to the school boards that they would be receiving an additional \$70 million or 30 percent in 1981 over 1980, then perhaps their spending plans for 1981 might be a little more generous. They might see places where they could improve this program, or that program, or increase various facilities or the buildings themselves, but I had certainly not heard of any such intention from the Minister.

So I suggest, Mr. Chairman, that those budgets that were sent in by the school divisions were strictly hold the line budgets, that the increases indicated, were more a reflection of increase in the cost of education, inflation, etc., rather than any increase in programs. Yet the Minister tells us that the school divisions were looking at an increase of some \$54 million increase in expenditures and I believe that's the figure that he gave. I jotted down 54 very quickly here and I believe that is the figure for the expected increase in spending by school divisions for this coming year.

Therefore, Mr. Chairman, we would perceive that \$54 million would indicate no increase in the quality of education, or the number of programs, the range of programs, the number of teachers, etc., which goes back to the point that I raised with the Minister before, of how much of that \$70 million is going to improve education. The Minister said, well, all of the \$70 million goes into education. That is not the point. The point is how much of it is going to improve education in Manitoba. The Minister gives us an indication that 54 of those \$70 million was simply a reflection of the increase in the education index, which would leave about \$16 million for perhaps some improvement in education. Now \$16 million is not a small amount and certainly some improvement can be made with that, but that would indicate to us, Mr. Chairman, a range in which that \$70 million is being spent, and I'm not sure what 16 is a fraction of 70 — maybe 20 percent, but the rest of it going simply to hold the line. If the Minister would want to comment on that before we move onto the next item?

MR. COSENS: Mr. Chairman, I'd like to clarify another misconception that I think the Member for St. Vital must have and remind him that when school boards send their budgets in on the 1st of February, these are preliminary budgets, and when they receive these back with projected revenues from the department, they are quite free to adjust their budgets upward or downward, and in fact, that happened this year both ways. Many divisions that decided there were certain things that they could defer, that in their list of priorities didn't have to be done this year, that they would pursue next year or the year after. Certain programs they decided they would put in place, rather than others. That type of decision-making is made, it goes on every year, Mr. Chairman, and it went on this year as well.

I think the honourable member has to realize that that final budget decision is made by the school board, at perhaps a few days before they submit their budget to the local municipal authorities, and submit the amount of money that they will require through the mill rate to those authorities. So he seems to be inferring that boards were locked in, that they had no opportunity to adjust budgets, or make any changes. Let me assure him, Mr. Chairman, they had every opportunity and most boards availed themselves of that opportunity in way or the other, either to adjust their budget up or down as they saw fit, which is quite a common practise I might add as far as school boards are concerned.

So that really has presented no real problem, and again I say to the honourable member that yes, some \$54 million is the amount that represents the increase in expenditures this year in the school system. Mr. Chairman, that is not money that is being thrown away. It's being money that's invested in the system, in some aspect of the system, in several aspects of the system. It's no doubt a great amount of it will be going to, perhaps 70 some percent of it will be going to salaries of the people who really make our school system work, the teachers of this province. I think the honourable member would agree that's a reasonable investment of the money and a necessary investment and that we do require well-trained capable people in our classrooms and that certainly an off-shoot of employing people is pay, and paying them salaries that are considered adequate in our society. Of course, some of it will be going to purchase buses, new buses to transport the children of this province, as we're concerned about the safety and welfare of our young people as they travel to and from school and school activities.

And some of it will be spent, of course, on equipment for labs and other equipment in the school, and that's necessary, and that's part of the whole process and that contributes to the quality of what is being carried on in the system. Some of it will go to new programs that are being put in place in different divisions, and the enhancement of other programs.

So if the honourable member has a problem understanding how the money is being spent, Mr. Chairman, it is being spent in many aspects of the system, and being spent, I might say, in my judgment, wisely by the people who are custodians of that money, who have the responsibility to apportion it to the different segments that are part of

the educational process. I compliment the school trustees of this province, people who give a great deal of their time and their ability, energy, to make the school divisions of this province function, and function well. Certainly the financial responsibility that they show is something that I consider quite outstanding, Mr. Chairman.

MR. WALDING: Mr. Chairman, I accept the Minister's remarks. I wonder if he will accept the point that I made to him. No where did I suggest that this money is not going to be used to pay increased costs, and that it's not going to be used to pay teachers and various other categories, and buses, that the Minister mentioned. The point that I was trying to raise with the Minister was that he had told us that the school boards expected to pay \$54 million and I assume that figure comes from the preliminary budgets, if it comes from the final budgets the Minister can correct me on that, but it raises a different point.

In assuming that the \$54 million is an increase in the expected spending by divisions on their first application to the Public Schools Finance Board, it then indicates to me that that is a hold-the-line position, taking into account increases in cost flow for 1981. The Minister is simply confirming to me, if that is the case, that 54 percent, which is something like 80 percent of his additional \$70 million, is simply to maintain the same level of educational programming or education provided in the divisions, and I would not be at all surprised if once the divisions had realized the increases that the Minister was going to send them under his ESP program, that they went back and revised their figures, and perhaps found ways to increase their spending or uses for the additional money, or the more generous amounts that the Minister was going to send them this year.

So that is the point, Mr. Chairman, it's the amount of dollars that are going to upgrade the system. The Minister still hasn't addressed the other point that was raised with him several times in the committee, and that was that grants for 1981 are locked into the basis of the spending for 1980, which means that those low tax divisions that have really cut back on their programs are locked into that position relative to those divisions that have been in a more fortunate financial position and have been able to keep up their programs over the years. They are the divisions that would seem to benefit most under this program, yet those lower tax divisions are locked into their inferior position, if we could call it that.

MR. COSENS: Mr. Chairman, all divisions under this program receive considerably enhanced funding, and the honourable member seems to feel, as his seatmate to his right does, that perhaps there were some divisions, I believe we heard that from the Member for Elmwood this afternoon, that there were some divisions that he felt were — I forget his exact words, but they were big spenders, they were the rich, and so on. Mr. Chairman, I pointed out to him that school boards generally, almost without exception, were providing a level of education appropriate to the needs of their communities, and if they had special needs of different types, then they were providing programs for those, and in some cases, as a result of having many special needs and

many special programs, their expenditures per pupil were much higher than others that didn't have those particular needs and those particular programs.

Now, Mr. Chairman, that is one of the things that we will have to monitor closely in the program. As I have said, the program is not carved in stone, the basic operating unit, the basic operating grant is something that is quite flexible; it is something that we could change during the three years of the program to make sure that the basic support is increased; that option is there, and it's certainly one that I would entertain if our monitoring of the first year of the program shows that there are discrepancies in the program.

So, Mr. Chairman, the member's apprehension is well taken, but it's certainly something that we will look at carefully, and if necessary we will address it.

MR. WALDING: Mr. Chairman, I believe that's the first indication that we've had from the Minister that this basic support is not, to quote the Minister, "carved in stone" and can be changed. I put it to him as a question, surely, if that is varied, it will affect all school divisions in the same way. If it is a benefit to some school divisions, it would appear to be a benefit to all of them, since that basic support level is tied to the previous September's enrolment. If the level of that is changed, it still applies to all school divisions as of the previous year. That is the whole point of this, Mr. Chairman.

What indication can the Minister give that changes can be made, if they are needed, that will benefit more particularly those low-tax-base school divisions that would need, or might well feel the need to want to get up to a level of programming closer to perhaps some of the suburban school divisions?

MR. COSENS: Mr. Chairman, the member poses a question that is almost impossible to answer because he suggests that the whole educational system is one huge cafeteria and everyone has the same appetite and the same nutritional needs, and that they should all dine the same. In fact, Mr. Chairman, that isn't true. There are parts of the system, as I have mentioned before, that have special needs, and special needs here has a whole wide spectrum of needs that don't exist in other school divisions, and never will. Each school division in that sense is unique. What we are providing in the program is a basic support that will enable school divisions to provide good sound, basic education. Beyond that, we are providing extra operating support to take care of these additional programs that are necessary, that must exist, that would be harmful to our young people if they didn't exist, and the program encompasses that, it takes that into consideration, Mr. Chairman.

Now to suggest that there would be one model school division in the province and that every other school division would have to be exactly the same, and offer all of the same programs, is ridiculous, Mr. Chairman, because each one is unique in its needs, each one is unique in the way it addresses those needs, and some have many more needs than others, and that's one of the reasons and one of the explanations for the discrepancy in per pupil cost that exists.

It's very easy for someone to point to a low pupil cost and say we are great managers of our dollars,

and that is the reason why we have low pupil cost. Well, that may well be, Mr. Chairman, but as well there are other divisions who have no choice because they must address problems that are unique to that division because of particular populations, such as the problem faced by those two or three divisions in the province who take the main responsibility for immigrant children. Not all divisions have that problem, Mr. Chairman. Some have it in a very, very minor way. I won't say it's a problem, but it's something that has to be addressed within the system.

There are some divisions that, of course, have many more native children than others, and that has to be addressed, and it can mean the incurring of extra cost to try to provide a good education to those young people. There are others who have many more young people with particular handicaps of one form or another, and those have to be addressed by those divisions; there are others who have only a few, only a handful.

So to say that there has to be one model and that all divisions would conform to that model and that supposedly what is good for this suburb is what is good for another, and it's good for the rural division just outside the perimeter, or the rural division 300 miles outside this city, or 300 miles from Erandon; it's not true, Mr. Chairman. What we have attempted to do in the program is offer a basic operating support that would enable any division, anywhere, to address the needs of the children in that division.

On top of that, we have not stopped at the basic operating support. We are also offering extra operating support, taking into consideration those special programs, those unique circumstances that do exist and will always exist because we are certainly a very diverse province, Mr. Chairman.

MR. WALDING: Mr. Chairman, that was all very interesting. I sound a little bit like a red herring, I don't know anyone who has suggested that all school divisions should be the same or offer the same services. I haven't, and I haven't heard anyone on this side do the same, nor anyone else in the education community.

However, I had a few other questions that I wanted to ask the Minister before we finish this item this evening. I wonder if the Minister could give us a indication of the foundation levy that was paid by each school division from 1980, and give us a comparable figure of how much is to be paid by each school division under the Education Support Program for 1981?

I realize the Minister won't have it at his fingertips, and I'm willing to wait if it takes a little while

MR. COSENS: I don't have that particular figure with me, Mr. Chairman. In provincial figures, of course, last year the Special Levy, the local levy, was some \$216 million as opposed to approximately \$99 million this year. The Foundation Levy in the old program was some \$44 million as opposed to \$148 million. This year, I think if the honourable member totals the two years, the Foundation Levy and the Special Levy in last year as opposed to the ESP levy and the local levy this year, he'll find I believe, a difference of some \$16 million.

MR. WALDING: Mr. Chairman, I do have the gross figures that the Minister mentioned for each year and

I'm not asking for the figure for the special levy, I am asking for the foundation levy for each school division for last year and the ESP levy by division for this year so there can be a comparison division by division for the two years.

MR. COSENS: Certainly, Mr. Chairman, we can get those figures for the honourable member. He has to remember of course that the ESP levy and the foundation levy are based on two different programs, and if he is thinking of comparing them, they are not comparable at all. But if he wants to do it for individual school divisions then that may be of some value to him, but I will endeavour to get those figures for him; they may be available tomorrow.

MR. WALDING: I thank the Minister for the information. I realize they are on a different basis but they are still dollar figures and there is some comparability in dollar figures.

Mr. Chairman, I would like to raise another point with the Minister that might seem a little odd but it flows from the statement made by the Minister that the amount to be voted under 3.(a) should be a million dollars higher than is printed in the book, or approximately a million, I believe was the figure. I refer back, Mr. Chairman, to a bill that was passed by the House last week, the Interim Supply bill, which says in part that the House approves the sum of \$673,466,010 towards defraying the several charges and expenses, etc., etc., being 30 percent of the total amount to be voted.

Now if the Minister is telling the committee that this extra million dollars also applies to the Department of Education and also applies to the total sum of the departments, then the amount that was voted, Interim Supply, last week of some \$673 million-odd, is no longer 30 percent of the total to be voted.

Now whether this is of particular significance or not I don't know, but I do know that lawyers and our legislative counsel in particular do like to have these things exact and down to the last dot and crossed "t". So I am not asking the Minister for a legal opinion on this matter, but I am asking him if he would be prepared to check back with legislative counsel and see whether Bill No. 32 is still properly drawn and whether the amounts that the government is now spending week by week are properly legal because the figure and the percentage obviously no longer apply to each other.

MR. COSENS: Mr. Chairman, I thank the honourable member for bringing that to my attention. I will check with the appropriate people and find out if indeed his apprehension is well founded.

MR. WALDING: I thank the Minister for that undertaking. I look forward with interest to know whether the government is spending its money legally or not.

Mr. Chairman, one of the members was raising some questions with the Minister, I believe it was yesterday, on the matter of the Manitoba Textbook Bureau, and I understand that a change has been made in the print and non-print credit for 1981 by combining the print and non-print amount as a credit with the actual grant that was paid for library of last

year, that some \$20 dollars per student was combined with a \$5.00 per student and this year it's being paid out on a credit basis. I am not sure whether when the Minister was giving us resolutions and opinions by various groups in the education community that he did not say that this amount had been increased this year. Now if one takes the print and non-print from last year of \$20 and compares that with \$25 then that is an increase, but if you are combining two things together of \$20 and \$25, then there is in fact no increase in that amount. So if that is what the Minister said that there was in fact an increase, then he should have the opportunity to clarify that and to be sure that he was not intentionally, I'm sure, misleading the committee.

I wonder if the Minister can tell us what happens to any money that is remaining to the credit of school boards with the Manitoba Textbook Bureau at the end of the year, either calendar year or financial year, whichever applies. Does that money carry over as a continuing credit, or does it lapse, or does the department use it for some other purpose?

MR. COSENS: Mr. Chairman, first on the print and non-print, there was a \$5.00 per pupil library grant that existed and this has been now rolled into the basic operating unit of \$87,400, and this includes moneys for library books and materials. The print and non-print which is basically used for textbooks and learning materials has been increased to \$25.00. I think any confusion that may exist in this regard is probably because of the association with library books with print, and I hasten to clarify that the library grant now is not a separate categorical grant, but it has been rolled into that basic operating unit grant of \$87,400, whereas the print and non-print which is basically used for straight learning materials, textbooks, has been increased to \$25.00.

On the second question of the honourable member, yes, the carryover is kept as a credit that accrues to the school division.

MR. WALDING: I raise the question then with the Minister, if this authority, because it is actual spending authority by the Textbook Bureau should not be used in one year, can the Minister explain how it can be used in the subsequent year since we are told that all government spending authority lapses at the end of the fiscal year?

If there should be an amount rolled over and spent the final year, the following year, as well as that year's appropriation then it would appear that more money would have to be spent than had been approved under the passing of the Estimates.

MR. COSENS: Mr. Chairman, I understand that customarily over the years the same custom has been followed, that this is an open ledger account and that is the practise that has been followed for umpteen years in this province with the Manitoba Textbook Bureau.

MR. WALDING: Mr. Chairman, I am not clear then of how the system functions. The Minister has not explained why apparently according to The Financial Administration Act that there can be no carryover and that all spending authority lapses at the end of the fiscal year. Is he then telling us perhaps that the department sends a certain amount of money to the

Textbook Bureau and the Textbook Bureau perhaps itself keeps that money there and spends money rather than buying the books and billing the department against the appropriation approved for that expenditure?

MR. COSENS: Mr. Chairman, I understand this is a separate ledger, as I said before, a separate bank account within the Finance Department and does not come out of the consolidated revenue.

MR. WALDING: Mr. Chairman, perhaps the Minister then can explain to us how we can approve a credit of \$25 per student for this year which would appear to be amongst the \$290 million in this particular appropriation 3.(a), yet tell us that there is no money spent by the Department. Where does the money come from to buy the textbooks if the department doesn't have any?

MR. COSENS: Mr. Chairman, this is the money that will be paid out to school boards to use to purchase learning materials and textbooks as they see fit. If they do not utilize all of this it accrues as a credit to that particular school division and it is operated through the Finance Board.

MR. WALDING: Mr. Chairman, is the Minister telling me that this is money that is sent to the school boards and that if they don't use it they send it back? My understanding of a textbook credit is that each school division has a certain figure against it at the Textbook Bureau and each division can order books from the Textbook Bureau up to that limit of its credit in any one year.

MR. COSENS: Mr. Chairman, I now understand, I believe, what the member is getting at. The Finance Department of the Department of Education pays the Textbook Bureau on behalf of the school divisions for books that they order. He is quite correct. It is not an exchange of money between the Finance Department, the school board, and then the school board paying the textbook bureau.

MR. WALDING: That being the case, Mr. Chairman, I would like the Minister to explain to me how the amount of money on credit or approved for one particular year can be rolled over when we are assured that the statute, perhaps probably The Financial Administration Act makes it illegal to carry over any approved authority from year to year. Is the Textbook Bureau or the Minister's Finance Department of his department doing something that is illegal?

MR. COSENS: Mr. Chairman, the surplus, the credit, if the member wishes, is carried over in the Finance Board's account for the year, and I am sure it shows up in the surplus in the statement of the Public Schools Finance Board each particular year. I don't see anything irregular in that particular circumstance. That particular function is audited each year. A report is made that is distributed, in fact, in this House.

MR. WALDING: Mr. Chairman, that seems highly irregular compared with what we have been told about government spending in general and there was

a change by this government made about two years ago, at approximately the same time that the capital and current accounts were put together, and we had this solemn assurance in the government, that there would be no carryover of authority from year to year. Yet the Minister tells me that one section of his department is doing just that. Now what assurance can the Minister give me that that is legal, when any other carryover by the government or a department, is illegal. Has he received opinion from his colleague, the Attorney-General, or from the Provincial Auditor and perhaps that would be the best source to be for the propriety of carrying over authority in the Manitoba Textbook Bureau, that is not permitted anywhere else in the government?

MR. COSENS: Mr. Chairman, The Public Schools Finance Board Act provides for that particular body to carry a surplus from year to year, or I suppose a deficit, and its operation is audited; its report is tabled in this House. I'm not sure just how much more guarantee the honourable member needs in this regard, and apparently it is an operation that has existed for many many years, operating in exactly the same way.

MR. WALDING: Mr. Chairman, I agree with the Minister, that it operated for many many years in that particular mode until the government some two years ago changed the proceedings so that authority would not carry over year to year. I'm a little unclear from the Minister's opening statement on this, when he mentioned the Public Schools Finance Board, whether it's the PSFB Act that permits the Public Schools Finance Board to carry over authority, or whether it's that same act that permits the Manitoba Textbook Bureau to carry over authority.

MR. COSENS: Mr. Chairman, I have a great problem finding out really what the member's main concern. I think I've explained it to the best of my ability. If he has further questions, I can attempt to find answers that will satisfy him on this, but to this point, I feel we're just going round and round in a circle on the matter, and I'm not trying to be difficult at all with the member, but the information that I have given him is really as much that is available to me in this matter.

MR. WALDING: Mr. Chairman, I'm certainly not accusing the Minister of being difficult, I've found him most cooperative in providing answers to questions that we have posed to him in the past. I thought I was following his remarks fairly well up until the last statement that he made when he mentioned the Public Schools Finance Board, which was a new factor in the discussion.

We had been discussing the Finance Branch of the Department of Education as the payer of these amounts and the Textbook Bureau, on the other hand, as the manager of the credits. It's not something that I want to pursue, Mr. Chairman, I have no great hangup on it and had not until the Minister mentioned that there was a carryover which seemed at odds with the practise in other departments and of the government itself. Perhaps the Minister would undertake to look into the matter and just check the legality and the propriety of this particular carryover with the department. If he'd like

to report back to us later, then that's fine, Mr. Chairman, there's no big deal.

Just before we leave that particular area of the Textbook Bureau, I wonder if the Minister could give us an indication of the extent to which school boards have been utilizing their credit for the last year. Could he give us a breakdown of the amount of credit still outstanding for each school division as of the end of 1980 and perhaps also an indication of how much was used by each school division in 1980? Again, I realize the Minister doesn't have that at his fingertips, and we'd be prepared to wait for that material.

MR. COSENS: No, Mr. Chairman, I don't have that information with me, but I'll endeavour to get it for the honourable member. It may perhaps take a day or two; I can have it here perhaps by Thursday.

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. HANUSCHAK: Yes, Mr. Chairman, with respect to — you know I never thought that I'd come to the assistance of the Minister of Education, but I feel compelled to because it did ring a bell of some section of The Public Schools Finance Board Act, that was familiar to me and sort of registered with me. But there is a section within The Public Schools Finance Board Act which states that, "notwithstanding The Financial Administration Act, or any other Act, the moneys in the fund do not form part of the consolidated fund," so I would think that it's by virtue of that section of the Act that makes it possible for the Public Schools Finance Board to do what it does with Textbook Bureau funds, or whatever funds it administers.

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

MR. J.R. (Bud) BOYCE: Yes, Mr. Chairman, I was very interested in the discussion between the Member for St. Vital and the Minister on that point and I think that the committee should be advised to the extent of these funds, because the present government made much to-do about charging off in each particular year, that which was spent by the government, be it for capital or current or anything else, and in questioning the Minister of Finance on the Department of Finances Estimates, that we had an assurance from the Minister, that such procedures were not being followed.

Now I understand what the Act says. My colleague, the Member for Burrows has read it, but nevertheless, this is in direct contradiction what the government is projecting to the public, that all expenditures for the fiscal year are spent in the fiscal year and there's no such thing as carryover anymore. So you know, the committee should be advised I think, just exactly the extent of these funds.

There are other procedures that administrations have used in the past to take moneys which appeared to be in surplus and pay them to the Minister of Finance in trust for the department or agency for which they were appropriated in the first place and we were advised that this has not been in the practise. I hope that assurance is valid, you know, public accounts being a year behind will reveal

is doubtless whether what we're being told is correct or not, but in this particular case, as usual with the Member for St. Vital, his questions are legitimate. So I would hope the Minister has taken it as notice and would advise the committee to what extent there is a surplus in these funds and why this is contradiction with the stated government policy of not carrying forward funds from one year to another.

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

MR. WALDING: Mr. Chairman, I wanted to ask the Minister a question or two on capital, and going from figures the Minister gave a little earlier on capital, and comparing those with last year, it would appear that there has been a slight increase in total capital from somewhere around \$41 million last year to \$42.5 million this year.

I would like to ask the Minister how confident he is that this \$42.6 million will in fact be expended this year, and the reason I raise it, Mr. Chairman, is that it would appear from my understanding of the problems raised by my colleagues relative to Transcona-Springfield Division, that there is some difficulty there with financing certain capital additions in the division. I have also heard from a trustee in the St. Vital School Division, that under the category of minor capital that an amount of, and I don't recall it exactly, I believe it was in the hundreds of thousands of dollars, was requested of the Public Schools Finance Board. The School Division had felt over the years, that they had gained a certain amount of experience in dealing with the Board, that they had a good idea of just what minor capital items would be approved by the Board, and that they had submitted their budget for 1981 on the basis of knowing the sort of the things that the Board would likely approve. When the reply came back from the Public Schools Finance Board, having to do with this particular minor capital item, the amount approved was something like \$900, just a tiny fraction of what they had applied for and what they had reason to expect, judging by their experience of previous years.

Now this suggests to me that part of the current support, in financial terms that is going to school boards, could well be at the expense of capital items. The question that I'm posing to the Minister then is, is this in fact happening; has this similar experience of St. Vital School Division been experienced by other school divisions too, and if so, why is it happened; is there a change of policy on the Board, or is there some other reason why they are approving only tiny fractions of those amounts requested?

MR. COSENS: Well, Mr. Chairman, I think the Member for St. Vital has to realize that in this category, this money is provided and I understand at one time in this province, there was no money provided in this category and the huge investment that the people of Manitoba have in the school buildings was allowed to deteriorate and deteriorate rather badly, so that the policy has been in place for a few years to provide some moneys so that each year there can be a continuing program of maintenance and upkeep of minor capital problems and this may be repairing rod and window sashes, Mr. Chairman. It may be a minor repair to a roof and

so on that is necessary, to keep a building in reasonable shape.

Now the member is quite true that school boards may send in quite a lengthy list of things that they would like to do, and the Public Schools Finance Board then has to look at this in relation to the amount of money that is available to them for these types of programs during the year, and they make a determination and prioritize on the basis of what they feel will be most effective, in light of the amount of money that's available.

I suppose in a given year that could be expanded to \$50 million perhaps, Mr. Chairman, if people wanted to use the money for landscaping, or some other purpose, but certainly this is an ongoing year program to enable boards to have extra money to take care of those small maintenance tasks that have to be done, and he's quite right. I suppose every school division sends in a shopping list of projects that they would like undertaken, or feel that could be worthwhile. They may or may not prioritize them and the Public School Finance Board in its judgement decides how much of the money that is available to them to disperse, how they can provide for the purpose. Now I also understand that if a school division feels that it has not been properly considered in this matter, it may appeal to the Public Schools Finance Board and again, not satisfied with what has taken place, they may appeal to the Minister in this regard.

MR. WALDING: I thank the Minister for the background information. He really didn't answer the question that I posed to him as to whether there was a change in policy by the PSFB on capital support and whether the amount that he's budgeting for this year will in fact all be spent?

MR. COSENS: Well, Mr. Chairman, I would have to check into the matter before I could give a definitive answer to the honourable member. I would expect that there's very little, if any, lapsing in that particular area at all within our department; that it is probably all utilized each year, again, in light of the shopping list, if I may put it that way, or the long list of requirements or things that school boards would like to do that they submit each particular year. It may be replacing all the drapes in a certain collegiate, in the administrative offices, and that may be something that the Public Schools Finance Board in its judgement decides could be deferred for a year and they may approve some other aspect that they think is more crucial to the functioning of that particular plant. But as far as the concern of the member that that \$5 million would not be utilized and large amounts of it would lapse, let me assure the honourable member that to my knowledge that is not the case.

MR. WALDING: Mr. Chairman, there is another possibility, of course, and that is that those particular school divisions have increased their requests for capital supply quite considerably this year. However, in order to allow us to compare that, I wonder if the Minister could give us the figures for each division as to the amount of capital supply requested by each division and how much was in fact approved? If we can have those figures for 1980 and 1981, then we'll have something to compare.

MR. COSENS: Mr. Chairman, I imagine that the 1981 requests for minor capital are figures that I could make available to the honourable member, the 1980, pardon me, are figures that I could get for the honourable member without any difficulty. The 1981, of course, are not all completed at this time. You can well imagine, say in a matter of a roof that needs repair, inspections have to be undertaken and tenders placed and so on before any determination can be made of the actual cost for the repairs that are necessary. So I can get those figures for 1980 for the honourable member. If he requires the 1981 figures, they will take considerably longer.

MR. WALDING: Mr. Chairman, I'm working through the questions steadily. I wonder if the Minister could give us an explanation of why there is an amount for Interest this year of \$6.25 million and the amount given to the committee last year under Interest was \$950,000.00? Why is there a twelfold increase in interest?

MR. COSENS: Mr. Chairman, of course, the explanation for this particular situation is because we have changed the form of educational financing in the province. Before school boards were carrying the greatest portion of this interest cost and in fact, I hesitate to throw out a figure, Mr. Chairman, but I think it was close to \$10 million that was quoted to me on one occasion and again I say that without being able to qualify it at this point. Under the new finance plan the bulk of the funding now that goes to school boards will flow from the Provincial Government to the boards, and we will of course endeavour to have that money flow on a very regular basis. Before school boards had to borrow in the interim between receiving money from municipalities who were collecting a large portion of the amount of money that they were receiving. Now the greatest portion of school board revenues will be coming from the province and not from municipalities directly and as a result the province is put in the position of borrowing to account for these costs.

MR. WALDING: I think I understand, Mr. Chairman, that it had been a common complaint of school boards that the municipalities would raise certain moneys and be a little slow in passing them to school boards and there was some that the payment of moneys from the province was on a quarterly basis, or something, and always after the fact.

The Minister had, on a previous occasion, and I'm just a little hazy on this, made some announcement that payment schedule was to be speeded up to relieve the school boards of some of these interest charges that they were incurring. Is the Minister telling me that that speed-up did not accomplish what he was trying to do and that this larger interest payment is in addition to that in order to relieve the school boards? Is that what the situation is?

MR. COSENS: Well, Mr. Chairman, the member is correct in saying that last year we made a change in the portion of the money that is paid out of the foundation program of that time to school boards and we increased the schedule of payments and as a result, I believe, saved something like \$3 million or \$4 million in interest payments. I believe this is the estimated amount that I was told resulted from that

particular move. But the honourable member must remember that particular foundation program was one-half of the education support program; it was some \$200 million. We are now talking about an education support program of \$422 million. All of that money will flow from the Public Schools Finance Board to the school divisions in 1981-82 year and as a result we are looking at double the amount of money that will be provided by the Public Schools Finance Board, they in turn will become the borrower, not the school divisions, and that cost that had to be borne by school divisions is now included here.

MR. WALDING: I thank the Minister for that information, Mr. Chairman. The Minister had made note in other statements or other publications that there was to be assistance given to school boards under the ESP for Immigrant Language Training; I forget the exact term for it. I wasn't aware until the Minister gave the breakdown of the other grants that there is still in effect an ESL Program of some \$413,000 as compared with \$259,000 of last year which seems to be a considerable increase. I'm wondering whether the school divisions have been made aware that there are apparently two programs of a similar nature that appear to be aimed at the same, possibly similar, group of students. Perhaps the Minister would be good enough to explain to us what the difference is between the ESL Program and the Immigrant Program and what the criteria are for inclusion in this program? If the Minister has it in the form of a memo that went out to school divisions that explain it, then perhaps, that would clarify it for me and would save him a verbal explanation.

MR. COSENS: The Member is quite correct, Mr. Chairman, there are now two programs in effect. One that has been in effect for years that applies to adult immigrants, and their ESL instruction received through school divisions in this province and they have been funded for many years and I think if the honourable member refers back to Estimates in other years, this category has always existed for adult immigrants who receive their ESL training through school divisions, either in the evenings or we made provision for this to also take place during the school day as well for adults. Now, that is what the honourable member, I'm sure, is referring to in the other grants portion. That has existed for many many years.

The other aspect that is new, of course, is the program for children in the school system who require ESL training and that is the program that we have put in place under the new Educational Support Program.

MR. WALDING: Mr. Chairman, I thank the Minister for the information and I did recall as he gave the explanation of what ESL covered from previous years. Two questions arise from that, I believe we'd asked the question last year and probably the year before as to the involvement of the Federal Government in the funding of the ESL Program for adults. And I seem to recall that there was no input by the Feds into the program as of last year. The question arises, is the Minister still carrying out discussions and pressing the Federal Government to assume its reasonable responsibility in this regard,

given that it's the Federal Government that is responsible for immigration?

As a second question on the other category of immigrants, the question has been raised by one of my colleagues as to why this particular program would not apply to native Manitobans to whom English is a second language? Perhaps the Minister can advise us why that should be so and what are the criteria that the school board should know about in attempting to set up such a program?

MR. COSENS: Mr. Chairman, the Adult ESL has been jointly funded between the province and the federal government for some years, not only in the area of instructions but in the area of text books that are provided. To adults in the ESL Program, that is not anything that is new at all. The problem that has existed for some years and it's one that the Council of Ministers of Education for Canada has certainly had under consideration and has discussed with the appropriate officials in the federal government is the involvement of the federal government in the ESL training of children who are the children of immigrants. So to this point the federal government does not have any involvement in the ESL training of children in the school system. They do in the ESL training of adults.

Mr. Chairman, I might just, I think I've addressed the member's other point in speaking to one of his colleague's comments. The reason that this program has not been geared to native Canadians is that the problem that was identified by the school divisions that are entertaining the largest number of immigrants in this province was that the ESL costs that they were encountering were with immigrant children, and not with native children. No doubt they have costs with native children because they are using ESL with them as well, but apparently the costs that they are encountering there do not in any way compare with the costs that are encountered with immigrant children. And as a result in any of the briefs that I have received from school divisions, such as Winnipeg No. 1, or in any of the discussions that I have had with other school boards, their main concern has been with the immigrant child and the ESL training services that they must provide there.

MR. WALDING: Mr. Chairman, the Minister provided us with material last year showing the amounts of grant payments to private schools by school, spring and fall of 1979 and also for fall session of 1978. I wonder if the Minister could provide us with similar information for the last year, which would be spring and fall of 1980.

MR. COSENS: Yes, Mr. Chairman, I can provide that again. I don't have it with me but I will get it and pass it on to the honourable member.

MR. WALDING: I thank the Minister for that. A couple of other things that I noticed in the list of other grants that the Minister read out to us, one of them being northern cost of living, which last year was almost \$700,000 and does not appear in the list of other grants this year. I wonder if the Minister could give us an explanation of that, please.

MR. COSENS: Mr. Chairman, the reason that does not appear this year in Other Grants is that we have

included it in the ESP program through weighting the base enrolment by some eight percent, so rather than using the previous sum of money that occurred under other grants, we now have a northern differential for divisions and districts, who are wholly north of the 53rd parallel, of some eight percent on their base enrolment.

MR. WALDING: Thank you, Mr. Chairman. I am assuming then that the area in which these grants were paid is the same level that the Minister is paying them in this year. He mentioned a parallel. Is that the same geographic division as last year?

MR. COSENS: Yes, Mr. Chairman.

MR. WALDING: Mr. Chairman, there is another category here that comes to mind and a discrepancy that stands out, and that is in the area of Special Needs. There was a million dollars under this area last year, and that has been reduced to \$335,000 this year. Perhaps the Minister would give the committee an explanation of that.

MR. COSENS: Once again, Mr. Chairman, this comes about due to the Educational Support Program, which provides dramatically increased funding in that area. The \$1 million that the honourable member alludes to in the other grants last year was the total amount of money that was available to low incidence-high cost children in the schools, the total amount, Mr. Chairman. This year it's been replaced by several million dollars. We have retained \$335,000 in the Other Grants to take care of some particular and unique cases that do occur through the province that don't fall into any of these categories. There are situations, Mr. Chairman, that occur in certain parts of the province that require special attention, that no formula really can take into account, and this \$335 is the amount of money that we have set aside to deal with those particular situations.

MR. WALDING: Mr. Chairman, I'm looking for the note that I made on special education grants under the new ESP and it had to do with the two categories of low incidence one and low incidence two, noting that one of them, it's \$3,000 per pupil and the other \$6,000 per pupil. I'd like to know from the Minister what the definitions are of a low-incidence-one student and a low-incidence-two student?

MR. COSENS: Low incidence one, Mr. Chairman, are handicaps such as the trainable mentally handicapped, the orthopaedic, severely learning disabled type of student; the low incidence two, who are funded at a \$6,000 level for each pupil, takes in students who have severe multiple handicaps who are severely psychotic, autistic students, and again, this funding is based — I'm anticipating the honourable member's question perhaps, the difference in funding is based on our experience, and the experience of clinicians and professionals in the field in the costs of delivering services to children with different types of handicaps depending on the degree.

MR. WALDING: Can the Minister state whether regulations to this effect have been published? I

haven't seen them in the Gazette. Can the Minister advise us whether the school divisions have been advised of this differentiation, and could he further advise as to who makes the decision as to whether a particular student is a low incidence one or a low incidence two?

MR. COSENS: Mr. Chairman, the honourable member hasn't seen it in regulations, there will be amendments required to The Public Schools Act to accommodate the new ESP program, and of course regulations will accompany those amendments. However, school divisions across the province, and particularly people working in special education in those school divisions are well aware of these changes, the requirements and the classifications and the formulas that do apply.

And of course who decides? The trained clinicians, the specialists, the people in the system, Mr. Chairman, who are working with these children, and have that particular type of expertise will be the people who determine classification.

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

MR. WALDING: I thank the Minister for that information, Mr. Chairman. I wonder if the Minister could give me an explanation as to how this cost of living escalator is to apply to increases in the payments under the ESP program. How is that to be applied so that a school division will know of additional payments that it might expect to receive in the following year?

MR. COSENS: In brief, Mr. Chairman, the eligible expenditures for each school division happens to be the amount that is obtained when the 1980 total expenditure, less capital expenditures and other revenues is divided by the 1980 eligible enrolment. That is then increased by the consumer price index percentage increase, which happened to be 10.7 this year, and the result is multiplied by the eligible enrolment for the current year.

MR. WALDING: I'm not sure that I entirely follow that, Mr. Chairman. Will that new figure apply to the basic operating support, or all areas of the ESP?

MR. COSENS: Mr. Chairman, the basic operating support will not change from year to year. That basic operating unit, which is 75 percent of the eligible enrolment, will not change over the duration of the program. After all, 75 percent, there would have to be a very dramatic shift in enrolment for that to not apply over the three years. But each year the eligible expenditures, of course, will change, and change under the particular formula that I have given the honourable member.

MR. WALDING: Mr. Chairman, I wonder if the Minister could give me an explanation of the reference to a five-mill ceiling on expenditures or on mill rates. I have heard the reference and I don't fully understand what it applies to. Is it Special Levy, and is it after the 10.7 increase is taken into account? Can the Minister explain to me how a percentage on one hand and a mill rate on the other apply together?

MR. COSENS: That particular five mills that the honourable member refers to, Mr. Chairman, was built in to the program to take into consideration those extreme cases such as the portion of Seine River that exists within the Greater Winnipeg boundaries where we knew there would be a change in their special levy rates, a dramatic change, because they were 40-some mills below other school divisions. We built in the five-mill transition to accommodate that particular situation and qualified that particular amount by saying that it applied on eligible expenditures of the school divisions. Then anything over a five mill increase, based on those eligible expenditures, would be picked up by the Provincial Government. In the case of Seine River this year, it amounted to something in the neighbourhood, I believe, of 20 mills. The amount of money over the five mill increase based on eligible expenditures.

MR. WALDING: I thank the Minister for that explanation. I'd like to ask the Minister how this same five-mill cap will apply in year two, whether it applies 1982 over 1981, or is it 1982 over 1980 as the base year. What is the Minister's intent in that regard?

MR. COSENS: Mr. Chairman, if there's an aberration in the mill rate, I'm sure that it will apply again as well.

MR. WALDING: Mr. Chairman, I don't quite follow the Minister when he says it will apply again. Is he saying it will apply again to the current year over the 1980 base year or will it be a further five-mill cap on top of the 1981 five-mill cap?

MR. COSENS: Mr. Chairman, it would apply in the same way as it does this year, on eligible expenditures, and I have to remind the honourable member that eligible expenditures each year will shift and will increase along with the CPI increase.

MR. WALDING: Mr. Chairman, I assume from that when the Minister says the eligible expenditures will increase, that it would be a five-mill cap that would apply on any increase in eligible expenditures from 1981 to 1982, is that correct?

MR. COSENS: That's correct, Mr. Chairman.

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

MR. WALDING: Mr. Chairman, I believe there was one of my colleagues intending to come in from the other committee who had a few particular questions on northern education which could be asked under this particular section, I believe, or perhaps even under a section further down, perhaps under 3.(c).

Mr. Chairman, I wonder if the Minister could give me clarification of a change in a regulation under The Public Schools Act. I refer first of all to a regulation published in the Gazette as of October 4th. I am not sure whether the Minister has the regulations immediately available to him but it was a regulation having to do with transportation and it gives a definition of a transported student and it includes, the regulation says, "A pupil who is

enrolled in a Français Program operated by a unitary division other than the unitary division in which the pupil resides or who is a pupil enrolled in a French Immersion program in a school operated by a unitary division other than the unitary division in which the pupil resides."

There was a further regulation published as of January 24th of this year on the same subject having to do with the definition of a transported pupil amongst other things, arising, I understand, from the changes that were made in The Public Schools Act as of last year. It would not appear to my reading of it, Mr. Chairman, to make any reference to students who are enrolled in those two categories that were mentioned in the earlier regulation, that is the Français Program or French Immersion Program, yet we have been assured that children enrolled in both of those school programs would fall under the category of transported student. Can the Minister inform us whether that was simply an error and those two particular clauses were left out of the regulation or has there been some change which now disallows children in French Immersion Programs to be transported?

I know my colleague behind me from Rossmere has a particular interest in this particular area.

MR. COSENS: Mr. Chairman, I understand, if I remember the situation correctly, there was an omission and that has been attended to and rectified and the amended regulation has not been printed in the Gazette as yet, but certainly will be and it encompasses the two categories that the honourable member refers to as well as certain categories, I believe, of handicapped children, if I remember the regulation correctly.

MR. WALDING: Can the Minister assure us that the regulation is in effect, even though it has not been published in the Gazette? Has it been approved by the Lieutenant-Governor-in-Council?

MR. COSENS: It is in effect, Mr. Chairman, and retroactive as well.

MR. WALDING: Thank you, Mr. Chairman, that's encouraging to hear. Just a couple more questions. The Minister gave us some very interesting figures last year having to do with Special Education and amounts that were expended under the foundation program and also by divisions, listing in the one instance some 509 authorized teachers in TMH and EMH, etc., 77 authorized clinicians for 586 under the Foundation salary grants, and divisional, some \$5 million, divisional salary contributions some \$13 million. I seem to recall the Minister using the total there of \$19 million as being part of contributions to special education of last year, and then under questioning giving us the breakdown, the divisions were in fact paying a considerable amount of special education salary costs. I wonder if the Minister could give us an update for this year, which I expect would show a considerable increase in the amount that is coming from provincial revenues to a special education.

MR. COSENS: Mr. Chairman, I believe I gave these figures in part to the Member for Fort Rouge the other night, but I am very pleased to be able to

mention them again, because I think they are most positive.

The salary expenses incurred 1981, and this, of course, is the estimate for Resource, TMH, EMH, and OEC teachers amounts to some \$14,229,685, and the Education Support Program will account for some \$11,260,000 of that. The salaries for clinicians and co-ordinators will amount to some \$5,633,859, and the support program will account for some \$4,488,000 of that portion of the salary.

In fact, Mr. Chairman, as I pointed out the other day, in 1981 the provincial contribution will be a total of \$32.4 million towards a total expenditure on special needs in the province of \$36.6 million, spent on special education, and the provincial support will amount to 89 percent of that total cost.

MR. WALDING: Thank you, Mr. Chairman. I have only one further question of the Minister and that is, can he provide us with the value of the 1981 balanced assessment under the category of farm and residential property, and the same 1981 balanced assessment under the category of Other, please?

MR. COSENS: The balanced assessment for farm and residential, Mr. Chairman, is \$2,174,043,955.00. The other total is \$914,519,245, for a total, Mr. Chairman, of \$3,088,563,200.00.

MR. CHAIRMAN: The Honourable Member for Churchill.

MR. JAY COWAN: I'm sorry, Mr. Chairperson, I wanted to speak on a later item, so I will wait until it comes up.

MR. CHAIRMAN: (a) — pass; (b) — pass; (c) — pass — the Honourable Member for Churchill.

MR. COWAN: On (c), Mr. Chairman, which is the Assistance to Schools in Remote Settlements, I would ask the Minister if he can provide us a list of schools which are affected by this particular item and some background information as to why there is a decrease in the item over last year?

MR. COSENS: Mr. Chairman, there are just two schools which fall into this particular category, Falcon Beach and Hillridge at Ebb and Flow, Manitoba, and the drop in this particular line in the estimates is due to reduced enrolments in those particular schools.

MR. CHAIRMAN: (c) — pass; (d) — pass — The Honourable Member for Burrows.

MR. HANUSCHAK: Yes, just a few brief comments on (d), Mr. Chairman, and really it's an attempt to impress upon the Minister or to request the Minister to give consideration to a proposal that I made to him last year suggesting a phased-in retirement plan. In brief, Mr. Chairman, as you know, a teacher either teaches or he or she retires, but you don't do both. Now it would seem to me, Mr. Chairman, that there must be many teachers who may not be willing to go on full retirement, to quit teaching entirely, but they may be prepared to continue teaching for a period of time at half time or one-quarter time or one-third time or whatever, and then eventually go on full retirement.

So to give the Minister an example, to illustrate the point that I am making, let's say that you have a teacher with about 30 years of pensionable service wishing to teach only half time, provided that he could pick up approximately one-half his pension. So he has about 30 years of teaching service, let's say at an average salary for pension purposes of about \$20,000 a year, but at that time he or she is earning about \$25,000 a year, so he teaches half time and collects one-half his pension, subject of course to whatever early retirement penalty there may be, which I think is about a quarter percent per month, which means that if he has 30 years of pensionable service at \$20,000 a year, his pension would be in the order of \$12,000 full pension, half pension \$6,000 minus the early retirement penalty, so whatever that works out to depending on the number years that he is short of full retirement.

So in a nutshell, for the half time that he is retired he collects his pension; for the half time that he teaches he collects his salary, and continues paying into the pension fund on that portion of his earnings, let's say up to 65 years of age or until such time as he decides to go on full pension. Then when he goes on full pension he collects the two halves. The one half, whatever it will be worth at the time that he ultimately retires at whatever age, and the first half subject to the annual cost of living adjustment and so forth as of the date of his initial retirement, which would be the date of early retirement.

Now I think Mr. Chairman, that in this day and age, that type of a proposal might be appealing and attractive to many teachers. I think that there are many who, well, perhaps by the time they reach their mid-Fifties or early Sixties, may not be in a financial position to go on full pension, number one. Number two, they may not wish to give up teaching entirely. They might be quite prepared to teach half-time. Now I used the fraction half, but it needn't be half, because I'm sure that the pensions experts can work out a formula to accommodate virtually anybody, it may be one-third teaching time, or one-quarter or two-thirds, or three-quarters, and I'm sure that all sorts of arrangements could be worked out, particularly nowadays, with many schools being on the semester system, on the trimester system. You might have a teacher who would prefer to teach the fall months, or the first half of the year, and would wish to do something else for the second half, or vice versa. You might have a teacher in a school on a trimester system, who would like to take the winter term off, and teach the fall and the spring, or teach the mornings, or teach the afternoons, or perhaps just teach a certain subject, or certain subjects in certain classes, or whatever. But I think that could be worked out, and it would, I think in this day and age, when we at the present time anyway, and this I would suspect will change in a few years to come, but the present time we do have, if not an over supply of teachers, certainly I would think an abundant supply of teachers at the present time, and there being an abundant supply of teachers, you know, at this time of the year, in many schools, many teachers begin feeling a bit uneasy as to whether they're going to have a job the following year or not, even though they may have security of tenure, where there's a concern whether they'll be in the same

school, because of enrolment shifts and this type of thing, which adds to the pressure of the job. As well as, I would think, that teaching today is a more onerous and a more demanding task; it is becoming increasingly so as the years go by, and certainly much more so today than it may have been 15, 20 years ago.

So in the interests of the physical and the mental well-being of the teacher, a phase in retirement proposal may be something that they would consider. In fact, Mr. Chairman, I would suggest to the Minister, I would think that not only would a sort of phased-in retirement plan be of interest and appeal to teachers, but I would urge the Minister to discuss my proposal with his colleague, the Minister responsible for the Civil Service, that perhaps this is something that could be worked out for the MGEA within those job areas and those occupations where it may be possible to go on a phased-in retirement plan. In fact, I would urge the Minister of Education to also discuss this — well, in fact I think it's the same Minister, the Minister of Labour to promote a similar suggestion in the private sector to encourage a phased-in retirement plan.

I think, Mr. Chairman, that number one, in periods of unemployment, a surplus of labour supply, it may provide more job openings for the younger people coming into the labour force and also enable those approaching retirement to gradually ease into retirement and rearrange their finances accordingly in order to provide for the type and the style of retirement that they would like to enter into, rather than going from at whatever salary level they may have been living at, and then the sudden drop by about 30 percent, in fact it works out to more than about 30 percent, because your maximum pension is in the order of 70 percent, but that's of the average of your income for the previous five, or six or seven years, or whatever; so the drop usually is much greater than that. But gradually easing into retirement I think would accommodate many teachers who, under the present system, are determined to hang in there, as it were, because they have no other way out, and they're forced to teach until they reach their maximum years of service to qualify for the maximum pension.

Now I know last year the Minister said that he hasn't had that request made of him by the teachers, but I suggest to the Minister that he ought to show some leadership and he ought to make the suggestion to the teachers, or if he doesn't, I'll make the suggestion to the teachers, because I really do believe that not only the teachers, but others, and I think employers and employees, particularly at this point in time, should be considering that type of a retirement plan.

So I would like to hear the Minister's comments. I don't know whether he's changed his mind since last year, because last year, oh, he gave me the brief reply that there was no such request from the teachers, so therefore he wasn't going to concern himself about it, but perhaps he's had some time to give it some further thought, and I would appreciate hearing his comments on it this year.

MR. CHAIRMAN: The Honourable Minister.

MR. COSENS: Mr. Chairman, my remarks again will be brief. The honourable member has volunteered to

promote his plan, among those who might be interested and I suggest to him that he should pursue that particular route and discuss it at greater length perhaps, with those who work in the pensions area, and find out if in fact the plan does meet with any amount of support among those people.

MR. HANUSCHAK: You know, I made the proposal, not only to the Minister, as Minister of Education, but also as a member of Cabinet, as an employer, as one of the employers of several thousands, or tens of thousands of civil servants, and I would like to hear from the Minister whether he sees any merit in it, whether he will pursue that suggestion with his colleagues and Cabinet, as it may affect his department and the employees in other departments of government.

MR. COSENS: Mr. Chairman, I can tell the honourable member that in discussing the member's proposal with certain people who work with pensions, I detected a note that was less than enthusiastic.

MR. HANUSCHAK: Could the Minister explain, when he says less than? Did he discuss this with people in the pensions, who work the pensions field, and there was something less than enthusiasm demonstrated?

Now if I interpret the Minister correctly or at least I think what he's telling me, is that looking at that type of an arrangement from an administrator's point of view, from the bureaucrats point of view, there was something less than enthusiasm, because it would mean some extra work for somebody to administer a somewhat more — and I'll admit — a more complex type of pension scheme. But if that's the only demonstration of the lack of enthusiasm, then I'm surprised that the Minister simply accepts that as being an indication of no demand, or no interest in it, because really, Mr. Chairman, I'm not all that concerned about the reaction of the administrator of a pension plan. I am more concerned about, as I indicated to the Minister the other day, when we were discussing another issue, well, it was funding of education, that complications in the administration of a program don't really concern me. That's why we hire top notch bureaucrats and pay them good money, to find ways and means of administering policy decisions.

My question to the Minister isn't what sort of response is there from the administrators of the pension scheme, but I thought he was going to tell me that there was something less than enthusiasm from his colleagues and Cabinet, or from the Civil Service, or from the beneficiaries of such a plan. Now if he's telling me that he has checked out with the Civil Service or with the teachers and there appears to be no interest in that type of plan, well, that's one thing, provided that he has done that type of a check, but if it's only a check with the administrators of a pension plan, well you know, that doesn't impress me all that much.

MR. CHAIRMAN: (d) — pass; (e) — pass - the Honourable Member for Rossmere.

MR. VIC SCHROEDER: Yes, on the teachers retirement pensions, I'm just wondering whether the Minister could advise as to what happens when a teacher retires, in terms of male or female. Does it

matter to the pension? Is there anything in the pension that assuming a person, male or female, had contributed an identical amount, will they receive an identical amount out? Is there anything in the tables of longevity that place one sex in a different position than the other?

MR. COSENS: Well, Mr. Chairman, if the honourable member is asking if the plan discriminates or makes some difference on the basis of sex, not to my knowledge.

MR. SCHROEDER: Yes, I was advised and I haven't seen any documents on it, that in fact there are some differences. That is, if it's a straight life pension, with no minimum, payable just to the pensioner, then in fact there is no sex discrimination. But if there is a different option chosen, that is, where the pensioner decides to give two-thirds or one-half or whatever amount of the pension to spouse after his or her death, then in fact, there is a difference between the sexes, with respect to the amount payable, and I'm just wondering whether the Minister could comment on that.

MR. COSENS: Once again, Mr. Chairman, I understand the member is quite correct in what he is saying and apparently that is based on actuarial accounts that find that some people live longer than others.

MR. SCHROEDER: I suppose that's what confuses me. I can understand the notion that women live longer than men, and the Minister of Finance is being his usual snarky and silly self.

I can understand that one sex may live longer than another and then you work that out on an actuarial basis, but if you do that, then surely you would do it for the whole system. Surely if you're going to say, that if you have a male pensioner, you will discriminate against him because you expect him to pass on to his reward sooner and then his spouse is going to collect a pension for longer. If you're going to discriminate against the male pensioner, when he decides to choose a policy which will benefit his spouse, then why would you say that if you have two single pensioners, one male and one female, why would you then not say as well, that you will put the male in a position where he will receive more monthly, because he's going to die sooner, actuarially. It seems to me that you can't have discrimination in the first circumstance, without discrimination in the second, and it would seem to me that the way to solve it would be to have discrimination in neither case.

I'm just wondering whether the Minister can comment on that.

MR. COSENS: Well, Mr. Chairman, I'm really not prepared to comment on it any further than to say, if this is discrimination, it's based on actuarial fact, and whether we can call that really discrimination is a good question. I don't really see it as discrimination. It's based on the amount of time that certain people live, as opposed to others, depending on sex and the actuarial people have figured out the amount of money that they would collect over a given period, based on those life expectancy tables. I really have some problem understanding the honourable member's point in this regard.

MR. SCHROEDER: Well, then I'll start over. If you have two teachers, both reaching 65 years of age, one male and one female, neither one of them choosing an option which will provide any funds to their spouse, will each of them receive the identical pension?

MR. COSENS: Mr. Chairman, I understand it would be actuarially adjusted.

MR. SCHROEDER: Is the Minister saying that if you have a single male teacher retiring with the same amount of service, same amount of pension paid in as a single female, that there will be any difference between the pensions of the two of them? — (Interjection)— You're not saying that?

MR. COSENS: In that case, Mr. Chairman, my understanding is that they would receive identical pensions.

MR. SCHROEDER: Well then, can the Minister explain to me where the actuarial figures come in. I take it that he is using the statistics that women tend to live longer than men, and I don't quarrel with facts. I suppose those are facts of life at this time, but if you — (Interjection)— could be facts of death, as the Minister indicates. He's more morbid at this time of night than I am. But if there is no discrimination in that situation, why would there be a discrimination when you're dealing with pensioners and spouses? Why does suddenly the longevity of the pensioner become a matter for concern, if it's not a concern with two single pensions?

MR. COSENS: Mr. Chairman, I'll have to take that question as notice. I don't have the answer for the honourable member.

MR. CHAIRMAN: (d) — pass; (e) — pass; Clause 3. — pass; Resolution 52 — pass.

Resolved that there be granted to Her Majesty a sum not exceeding \$307,178,000 for Education, Financial Support — Public Schools, \$307,178,000 — pass.

The Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, before we pass this, in order to be helpful to the Minister I should remind him that he had told us that the figure was wrong for this appropriation and it should be approximately a million dollars more. I'm wondering if he wants to make the correction with you before you authorize that amount?

MR. COSENS: Mr. Chairman, I don't know if it's necessary to do that at this time, but the figure in line 3.(a) which reads \$290,155,800 is incorrect and should read \$291,249,300.00.

MR. CHAIRMAN: Fair enough, just as a matter of a statement then. Resolution 52 — pass.

Resolution 53 — Clause 4. Program Development and Support Services. Item (a) — the Honourable Minister.

MR. COSENS: Mr. Chairman, I move: Committee rise.

MR. CHAIRMAN: Committee rise.