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ON

PRIVILEGES AND ELECTIONS

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty - First Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PRIVILEGES AND ELECTIONS
Thursday, 21 May, 1981

Time — 3:30 p.m.

CHAIRMAN — Mr. Jim Galbraith (Dauphin).

**BILL No. 56 - AN ACT TO AMEND THE
EDUCATION ADMINISTRATION ACT AND
THE PUBLIC SCHOOLS ACT**

MR. CHAIRMAN: Call the Committee to order. We'll return to Bill No. 56, An Act to amend The Education Administration Act and The Public Schools Act.

I'll call on Mr. John Wiens, the Manitoba Teachers' Society.

MR. JOHN WIENS: Good afternoon, Mr. Chairperson. I wonder if I'd be allowed to invite two other members from the Manitoba Teachers' Society to the table to have them answer questions. Mr. Chairperson, the two people I have invited to the table are Donna Goodman, who is the Chairperson of our Education, Finance and Administration Committee and Bob Gordon, who is our General Secretary.

Mr. Chairperson, Mr. Minister, members of the committee. I'd like you to first of all look at the title page. It should be a submission to the Committee on Privileges and Elections on Bill 56. We anticipated that we might be before Law Amendments and that is why you see that title page as we appeared before Law Amendments on Bill 57 just last week.

Turning then to the submission. On the first page I'd like to say the Manitoba Teachers' Society is pleased to have the opportunity to appear before this Committee of the Legislative Assembly and to comment on Bill 56, An Act to amend the Education Administration Act and the Public Schools Act.

Earlier this year the Society welcomed the announcement of the government of Manitoba that it was discontinuing the system of education finance known as the Foundation Program and replacing it with a new plan for the funding of public schools. The Society welcomed the three-year commitment of the government of Manitoba associated with the Education Support Program. Such a time frame hopefully will allow school divisions to initiate program planning within established revenue parameters.

Manitoba's teachers were encouraged by the increased financial commitment of the provincial government toward education. The Education Support Program, unlike the Foundation Program, appeared to recognize some of the problems encumbering the effective and efficient delivery of educational programming and services.

Two areas of major concern for the Society relative to the inequities of the Foundation Program were the absence of a meaningful allocation of dollars for the education of children with special needs and the continued effects of declining enrolment on education finance.

The Manitoba Teachers' Society welcomed the provisions for special education funding included in

the Education Support Program. The society is studying the 1981 expenditure patterns of school divisions and districts in order to gain an understanding of the means by which the additional funds for special education from the Province of Manitoba will be applied. Likewise the society is monitoring the efforts of the Department of Education to prepare guidelines for the assessment of learning needs by September, 1982. The relationship of this activity to the unproclaimed Section 41, Subsection 1, Article (q) of The Public Schools Act is of particular interest to us.

Declining enrolment, the other area we mentioned, has seriously affected education finance in Manitoba during the last decade. Provincial financial support through the Foundation Program and the Other Grants package was increasingly linked to the "per pupil" format. Fewer and fewer students yielded less and less revenue to school divisions. The costs of operating the public school system, however, did not decline correspondingly. Instructional programs, services and school buildings had to be maintained. School divisions responded to the shortfall in financial support from the province by raising the local mill rate or by reducing the scope of educational programming.

The Society was pleased with the new approach to funding a constant number of operating units during a number of years announced in the January, 1981 statement of the Minister of Education. Page 6 of that document stated:

"Projected enrolments in some divisions for the next three years indicate a continued decline. The operating support component will provide a means by which the effects of declining enrolment on educational programs and services can be ameliorated. This will be accomplished by establishing a base enrolment as of September 30, 1980 which will be used to establish the basic operating support for the years 1981 through 1983."

However, tabling of Bill 56 has raised questions regarding the methods of education finance being adopted. The proposed legislation introduces totally new dimensions to the funding of schools in Manitoba by authorizing the usage of formulae to calculate the amount of both the provincial operating cost and the operating cost of each school division and school district. I'd like to address those two issues right now.

First of all, The Provincial Contribution Toward Recognized Total Expenditure Instead of Actual Total Expenditure.

The commitment of the Provincial Government is to have the Education Support Program fund 85 percent of the operating costs of public schools. Bill 56 indicates the 85 percent will be proportional to an Education Support Program base, the recognized operating cost as calculated by a formula, not the actual operating costs recorded by school divisions each year. The present provisions of The Public Schools Act — and I will refer from time to time and during the remainder of this presentation to The

Public Schools Act as it exists now in Bill 56, corresponding articles in Bill 56. The present provisions of The Public Schools Act, Section 181, Subsection 1 require the Public Schools Finance Board to notify the Minister of Education of the amount of revenue required from the Provincial Treasury to support education expenditure by March of each year after divisional budgets have been examined. Section 181, Subsection 2 of Bill 56 will authorize the Minister of Education to notify the Finance Board of the contribution of the Provincial Treasury in the month of January before the Finance Board has received and reviewed divisional budgets to determine the amounts of revenue required to meet the operating expenses of the year.

On Page 4 — The Requirement for Provincial Operating Expenditure to Decrease as Provincial Enrolment Declines.

Section 180, Subsection 1 of Bill 56 designates in 1981, Education Support Program base for operating expenditure. The formula contained in Section 180, Subsection 2 can then be applied to determine the operating expenditure base to be recognized in subsequent years.

The formula first calculates the provincial average operating expenditure per eligible pupil by dividing the provincial operating expenditure base by the provincial eligible enrolment. The average expenditure is adjusted upward for inflation. The adjusted average expenditure per eligible pupil is then applied to the provincial eligible enrolment for the next year to yield the operating cost base of the Education Support Program for the next year. This calculation will decrease the operating cost base due to the reduced provincial eligible enrolment which will have occurred between two years.

Although the Education Support Program base for operating expenditure is adjusted for the annual rate of inflation, it is locked into the pattern of declining enrolment thereby reducing its value below the rates of inflation forecast for the years during which the Education Support Program will function. The base will be reduced as enrolment declines and because the value of provincial support for education and, in part, the commitment of the Provincial Treasury is attached to the operating expenditure base, provincial support will continue to be eroded by declining enrolment.

If you look on the last page, on Page 9, you will have an example, it's an appendix in a sense, an example of what we mean by that section and our interpretation of that section.

The next issue which we wish to raise is The Requirement for Divisional Operating Expenditure to Decrease as Divisional Enrolment Declines.

Section 172, Subsections 1 and 2 of Bill 56 designate the method for calculating the eligible expenditure of school divisions. The formula being proposed in this section first calculates a divisional average operating expenditure per eligible pupil by dividing the total operating expenditure of the division by its eligible enrolment. The average expenditure is adjusted upward for inflation. The adjusted average expenditure per eligible pupil is then applied to the divisional eligible enrolment for the next year to yield the eligible expenditure of the school division for the next year. This calculation will decrease eligible expenditure as the eligible enrolment of the division decreases.

The extra operating support forthcoming from the Provincial Government is linked to the eligible expenditure of each school division. Although the eligible expenditure is adjusted for the annual rate of inflation, it is locked into the pattern of declining enrolment and therefore the extra operating support would be curtailed as enrolment declines under the formula proposed in Section 172, Subsection 2.

It becomes apparent from Bill 56 that the designation of a constant number of operating units described in the Ministerial Statement of January, 1981 applies to divisional and district enrolments only for the purposes of calculating the value of the basic operating support component of the Education Support Program.

Education programs for fewer students do not cost less.

The incorrect assumption that the costs of education programs can be reduced as enrolment declines remains entrenched in Bill 56. The formulae for determining the Education Support Program expenditure base as well as divisional eligible expenditure continue to define educational costs at both the provincial and divisional level on a per pupil basis. The assumption inherent in the formulae is that the cost of education throughout the program as well as the cost of education in each school division can be reduced in accordance with declining enrolment.

The Government of Manitoba is suggesting that the cost of education in the province can be reduced by an amount equal to the average provincial cost per eligible pupil for the number of pupils by which the provincial eligible enrolment declines each year. Similarly, the Government of Manitoba is suggesting to school divisions that their costs can be reduced by an equal amount to the average divisional cost per eligible pupil for the number of pupils by which the divisional eligible enrolment declines each year.

Under the terms of Bill 56 a number of school divisions and districts experiencing declining enrolment could face the continued prospect of having to decide whether to reduce educational programming in an effort to operate within the limitations of recognized expenditure or to rely increasingly on the local property tax to maintain programming.

Another concern we have is the discretionary contribution of the Provincial Treasury toward the value of the Education Support Program. We've hinted at it earlier.

The existing Section 180, Subsection 2, of The Public Schools Act entitled Division of Required Revenue is a statutory reference for the proportional contribution of revenue to meet the payments of the public schools Finance Board. This section specifies that 75 percent of the revenue requirement of the Finance Board is to be provided by the Provincial Treasury while the balance of 25 percent is to be raised by means of Provincial Education Levy.

Section 180, Subsection 3, of The Public Schools Act, permits the proportion to be adjusted annually by regulation and since 1973 the Provincial Treasury has been required to contribute 80 percent.

Under the proposed legislation the relative contribution of the Provincial Treasury toward the value of the Education Support Program is left entirely to the discretion of the Provincial Government.

Section 181, Subsection 2, of Bill 56 authorizes the Minister of Education to notify the Public Schools Finance Board of the "amount the government intends to grant to the Finance Board." The balance of the revenue required after such notification is to be raised by the provincial education levy. The only requirement implied is that the combined contribution of the Provincial Treasury and the provincial levy shall equal 85 percent of the value of the Education Support Program base identified in Section 181, Subsection 1. However, this provision has not been stated clearly in Bill 56.

Section 182, Subsection 2, of Bill 56 entitled "Education Levies" then sets the 1981 provincial levy at 37 mills and 75 mills in order to derive an amount of revenue from property tax equal to approximately 35 percent of the value of the Education Support Program.

The Society has concerns about the extent to which a reliance on property taxation remains in the education finance system being established by Bill 56. School divisions have an unequal ability to bear the cost of the provincial education levy in support of the Education Support Program in addition to the local special levy. The special levy is required to raise 15 percent of the value of the Education Support Program base plus the value of divisional costs not met by the extra operating support paid in relation to the portion of eligible expenditure. Both the provincial levy and the divisional special levies have the potential to rise, thereby enhancing the inequities of property taxation in support of education. School divisions with limited tax bases will find it difficult to meet both local and provincial property tax requirements.

Our recommendations: The Manitoba Teachers' Society urges the Minister of Education to release the Education Support Program from the restrictions imposed by formulae locked into the pattern of declining enrolment.

The Society further urges the Minister of Education to conduct a careful analysis of the initial year of operation of the Education Support Program with a view to altering any of its components found to be impeding the effective delivery of educational programming in Manitoba.

Thank you, Mr. Chairperson.

MR. CHAIRMAN: The Honourable Minister of Education.

HON. KEITH A. COSENS (Gimli): Thank you, Mr. Chairman, Mr. Wiens and his colleagues. I first of all, would say thank you for a very well considered brief and of course reiterate my thanks to your organization, sir, for their many hours of work on this educational financing program and the very valuable input that we received from your organization during that process.

I certainly appreciate the fact that you have identified what I feel are very positive areas in the program. You mention that your Society welcomes the three-year commitment of the Government of Manitoba to the plan. You also mention the fact that the increased financial commitment is one that your membership certainly appreciates and I think in fact is appreciated by all people in the educational community. You also mention the rather considerable allocation of additional dollars for the education of

children with special needs and the addressing of the problem of declining enrolment that we find within this particular plan. I certainly appreciate the fact that you have highlighted those particular areas as well.

You also refer to the Screening Program that is being piloted at this time and make some allusion to Section 41, Subsection 1, Article (q) of The Public Schools Act that will in time make that mandatory across the province based on the experience that we find in the Screening Programs that we're conducting at this time.

I also note that your Society is pleased with the new approach, the funding constant number of operating units over the next three years, the basic operating unit which in fact does form a major portion of the Support Program and a major portion of the funds that will accrue to school divisions.

The reference that you make to Section 181, Subsection 2 of Bill 56 really is no different from what we have had in the past. It is the same provision that was in the old Act and is no change from what has been the practice of notifying the Finance Board of the contribution of the Provincial Treasury in the month of January. We've attempted to make that announcement in January so school boards can adjust their budgets in relation to the amount that the government is prepared to contribute. That certainly is no departure from past practice and I would suppose if anything the school boards would be anxious to know even earlier than January.

I was interested, Mr. Wiens — on Page 5 your reference to the requirement for divisional operating expenditure to decrease as divisional enrolment declines. There is no requirement in the program for divisional operating expenditures to decrease, I would suggest. That is left to the judgment and jurisdiction of the local school board as to what their operating expenditures will be. Perhaps that heading is not worded exactly as you had intended but maybe you'd like to comment on that particular item.

MR. WIENS: Yes, we're commenting on the formula there which builds in a requirement, in actual fact, for the operating expenditure decrease if the enrolment declines; because the formula is basically the same one that is used in the provincial operating expenditure and is a decrease.

MR. COSENS: Mr. Wiens, then you are using operating expenditure and eligible expenditures synonymously here. We usually speak of them in different terms. They can be two different items. The operating expenditure of a school board could very well be beyond the eligible expenditures.

However, Mr. Chairman, there were a couple of other aspects that I wanted to comment on at this time. You have expressed some concern about the declining enrolment consideration in the bill in determining the base enrolment, or the base funding for each particular year. Again I refer you to that fact that you noted earlier on the basic operating units which will not vary from year to year of the three-year plan but will in fact remain constant regardless of what happens to the enrolments of divisions across this province. In other words, that is a constant factor and it is the main portion of the Finance Program and as a matter of fact will

certainly cushion the effects of declining enrolment in that regard.

On Page 7, you refer to the old Section 180, Subsection 2 or at least the present Section 180, Subsection 2, where it specifies that 75 percent of the revenue requirement of the Finance Board is to be provided by the Provincial Treasury. The only thing I would point out or suggest to you at this point is 75 percent of what, because we are talking about two different things now; that was 75 percent of a program that was about one-half of the new program. I'm sure that you recognize that as well.

Further on Page 7, you express some concern about the method of provincial financing, the amount of the grant that the government intends to provide, the amount of funding that the government intends to provide each year and this again is no departure from what has happened over the past number of years. It has historically been in place in this province that the government does make a determination. The only difference, I would suggest, in the program is that the government is committed to an 80 percent support of direct and indirect financing in the province and that commitment will certainly be reflected in the amount of support that it provides each year to the program.

I wanted to make a couple of other observations and you may well want to comment on them. I notice that on Page 8 you expressed some concern that there is still too much reliance on property taxation. Even under this program, which did result in not only a stabilization but certainly a decrease in a majority of school divisions in this province. Perhaps I could ask you at this point if you favour even greater equalization in Finance Support Program?

MR. WIENS: Could I respond to all those things if you give me a couple of seconds to collect my thoughts here just to run back over.

If I may, I'll take your last question first and then respond or react to a couple of other issues that you raised. I would think that the Manitoba Teachers' Society in fact would support a greater level of equalization across the province. We are concerned about the heavy reliance on property taxation but certainly the move that was made toward provincial equalization is one that we welcome and we see as a more positive way of dealing with property taxation and equalizing across the province. Okay, that's in response to the first one.

The other two issues that you raised that I felt I would like to respond to. I think we agree with you that current practice exists, I guess, in terms of the general procedure; that isn't a particular problem. What we are concerned about is that we don't know and we know that the number of basic operating units is locked in. We don't know the value of the basic operating unit and I guess we're concerned about that, about the value of the basic operating unit and if that is locked in and has an inflation factor maybe that's an issue that you could respond to.

The other issue that I'd like to raise is that the 80 percent known as a commitment is not in legislation, so I guess we always have had to take these matters on faith. We'll have to try to do that again, but it isn't a legislative commitment if you want to put it that way and that is a concern of ours and they're related.

MR. COSENS: Well, Mr. Chairman, there's just one other point that I wanted to mention at this time. On Page 9, your formula and your computation here uses two factors; one the supposed CPI of 11, I believe, and an enrolment figure of 184,000. Could I suggest to you that those figures are both low in relation to the figures that we are using in the department at this time.

MR. WIENS: Certainly they use them as an example.

MR. COSENS: As a result, they do reflect a much lower picture than will in fact be the case. Might I also say, Mr. Chairman, to Mr. Wiens, that on his two recommendations or the two recommendations contained in his brief, that in the second recommendation, which I think is certainly very appropriate, that the Education Finance Advisory Committee, the committee that advises the Minister of Education on education finance in this province and the committee that does have representatives from your organization, Sir, and from the trustees, superintendents and certainly very able representatives from all of those organizations has been formulated and is currently attempting to conduct an analysis, an assessment of the effects of this program and will be making recommendations to me and to my officials regarding the program. If they detect discrepancies or weaknesses, flaws of any type in the program, then I'm sure that they will make recommendations regarding those particular discrepancies and we will give them careful consideration.

MR. CHAIRMAN: The Member for Rossmere.

MR. VIC SCHROEDER: Thank you, Mr. Chairman. I must admit that the latest exchange has me a little bit confused. Maybe Mr. Wiens can help me. My reading of Bill 56 is that the formula for education support for subsequent years after 1981 is such that in fact the eligible enrolment is always one year behind for anybody who has a declining enrolment. That is, it's not locked in. When you start off under Section 171(1), Eligible Enrolment is defined as "the enrolment of a school division for a year means the number of pupils enrolled in a school division on September 30th immediately prior to that year" and then there is some other qualifications. I gathered from the Minister's comments that he was suggesting that in fact for three years a basic operating unit remained as a basic operating unit and there would be no decreases in funding if there was a decrease in the school population for a specific division. What is your understanding of what is taking place?

MR. WIENS: My understanding is that the number of basic operating units will stay the same. That's our understanding. But the value of the basic operating unit may in fact change. That's a concern. Then the formula may in fact place a cap on that basic operating unit and the amount of eligible revenue.

MR. SCHROEDER: So that basic operating unit will in fact decrease in value in every year where you have declining enrolment in several preceding years?

MR. WIENS: With inflation calculated in, of course, but if we're talking about constant dollars.

MR. COSENS: Mr. Chairman, the basic operating unit will certainly remain the same through the three years of the program. However, it's quite possible that on the recommendation of the Educational Finance Advisory Committee, it may be necessary to increase the amount of monies allotted to that basic operating unit in relation to other costs, other factors in the economy. So to say that it will remain the same through the three years of the program is probably misleading. It certainly will not decrease during the three years of the program.

MR. SCHROEDER: Well, as I go through the formula, you start off with the per pupil cost times rate of inflation. So if you have a per pupil cost of \$100 and an inflation rate of 10 percent, you would add on 10 percent of that \$10.00, then times R, as indicated in the formula. If you start off, say, in 1980 with 100 students and you had 90 in 1981 and 80 in 1982 and 70 in 1983; then in 1982 in determining what R is, you would look at your enrolment for the previous September, which would be 90. So because you started out at 100, you're losing certainly a certain percentage of the value of it unless there's changes in the regulations made between now and then. Is that your understanding of it?

MR. CHAIRMAN: Ms. Donna Goodman.

MS. DONNA GOODMAN: I'd like to respond rather than on the specifics on the more global thing. We were happy to see in the original announcement that declining enrolment and the cost problems associated with it seemed to be addressed. But our reading of Bill 56 is that they will not at all be addressed, that they will be merely locked in because the total amount of money that will be put in the program is to be determined by a formula that takes the 1980 amount of money, and increases it by inflation. Okay, fair enough up to that point. But it then reduces it accordingly to the number of students lost in the province by the percentage by which the student enrolment declined.

Therefore in our hypothetical example, the total amount of money in a year in which inflation was 11 percent, the government's total support would only be 8 percent. Now we then have to take that global sum of money — let's say it's a half-billion dollars — and distribute it to the various components of the program. Okay, so we have the number of basic operating units locked in. A particular division might get 23 units. This year a unit is worth \$87,400.00. But the amount at which that unit can be received next year — there's not enough money for it to receive the total inflationary cost because the total amount of money in the program is going to be less than inflation. Yet it could be decided to give that particular unit inflation or inflation-plus, but you could only do that by robbing all the other components of the support program such as the amount of money for transportation, special education, vocational, immigrant students, etc. There just is not enough money by this formula to give every component of the program its inflationary worth. Therefore the program will fall behind; divisions will either have to cut services or once again increase the special levy mill rate. So that the fact of the number of basic operating support units being frozen at the 1980 calculation is in itself

meaningless if we cannot guarantee that the amount of money attached to that will keep pace with inflation as will every other part of the program. What is done in Bill 56 guarantees that it cannot.

MR. SCHROEDER: Thank you, Mr. Chairman. If this is based on a global calculation of the number of students in the province, what happens with the division that has an increase in student enrolment in a subsequent year? How are they affected as opposed to the ones that are having decreases in enrolment?

MS. GOODMAN: Some of that will be determined by how the money is distributed to the various components. But the point is that all divisions will be receiving, in terms of their budgets next year from the Provincial Government Education Support Program, an increase that is less than the total inflation cost. We originally assumed those divisions with increased enrolment will receive proportionately somewhat less, but it seems that now everyone will be hurt by this.

MR. SCHROEDER: Sort of sharing the pain. I'm just wondering whether the Teachers' Society has any calculations as to what they expect enrolment will be. That is, are you expecting that enrolment generally will decline over the next two years in the province and are there specific areas where you expect it to increase?

MR. WIENS: We have the data and I'm sure the province does as well about where we expect it to increase and decrease. Overall in the province, we expect it to decrease. That's, I guess, part of what we show by our example. The Minister says those are both higher but we would still anticipate a decrease over 1981 to 1982, even if the figures are higher than this. But we would think it would be in the range of 4,000 next year and probably something similar to that the year after.

MR. SCHROEDER: The basis on which this formula works is the Consumer Price Index in September of each year, as I understand the formula. Have you looked into the question of whether the Consumer Price Index is a fair indicator as to an inflation rate in the school system taking into account fuel costs, heating costs, salaries, paper costs? Are they going up at a rate similar to the general inflation rate or are they going up at a lower rate or does this really give you an adequate type of a calculation?

MR. WIENS: We're not sure about that. You've had attempts to establish an educational price index across Canada and to establish an educational price index in the various provinces. It's probably as good as any figure which you can apply to a formula like this.

MR. SCHROEDER: You were here this morning and you heard the presentations from Transcona. The figures they presented to us are such that, and this of course is only dealing with Greater Winnipeg itself, that in previous years school divisions such as Winnipeg 1, which had the highest per pupil cost had the highest taxation as well. In 1981 that has been reversed. That is, River East and Transcona which

have among the lowest per pupil costs are No. 1 and No. 2 I believe in taxation, whereas the divisions that spend the most per pupil, Fort Garry, Winnipeg — those divisions appear to be taxed amongst the lowest in Greater Winnipeg. I'm just wondering whether the Teachers' Society has any position on the fairness of the notion that those who spend less should be taxed more and those who spend more should be taxed less.

MS. GOODMAN: Yes, I believe the situation is that those that have low assessment bases are the divisions that are paying the highest tax and that is a concern of the division, of the Society. That is our concern whether it be Duck Mountain, Turtle River or Transcona. We're concerned that there still are divisions in this province that have very low assessment base, do not have an equal opportunity to provide equal education for their students. This program has gone some of the way to redressing that but because somewhere between 15 and 20 percent of educational expenditures still have to be raised on the local property tax, then those divisions with low assessment, and I want to repeat, we're concerned about them throughout the province — they don't just exist in Winnipeg — there are many poorer divisions than the ones we heard from this morning. But that something must be done further to this program to redress the problems in those divisions.

MR. SCHROEDER: Yes, just further on that. I know of no other municipality where people, and maybe you do, where people in a school division are required to pay for the general taxation of . . . Well, there's the Trizec Building that was mentioned. There's the matter of higher policing costs downtown. There are many of those types of situations between different divisions within this one city. We're in a position here where although the Transcona or River East resident pays for these kinds of projects and pays property taxes on the same basis as they do in Winnipeg 1, they're getting hammered on the other end of it. It used to be that there was some fairness in that the property tax was lower in the suburbs; the school tax was higher. With Unicity these both were equalled out. Now the suburbs have just finished losing — first of all, they lost their benefits under the property taxes — they used to be lower out there. Now they're getting hit with an increase as well in the school tax. Here we are in one municipality where you have differences of up to \$600 or \$700 per student costs, as I say between Winnipeg and Transcona, and you have a 10 mill difference, a 15 percent difference in favour of Winnipeg in terms of taxation. Does the Society not see this as being somewhat unfair?

MS. GOODMAN: If I can respond at perhaps two levels. One is that throughout the province there is a great variety of structures between how municipal boundaries cross school division boundaries and vice versa. Therefore in many areas people pay municipal taxes into an area but their school division . . .

MR. SCHROEDER: Would this be towns or cities?

MS. GOODMAN: It reverses the situation in that you do have one school division containing four, five, ten,

fifteen municipalities, so that there is great complications in the country, in rural areas, in questions of how there is fairness between people paying into one base for municipalities and another one for school divisions. They don't necessarily reap benefits one from the other. I would suggest there's whole other ways of looking at it — that we should be separating and not confusing municipal and educational tax bases and that what we need to do is to consider moving away from property tax as a means of supporting the education of our students, our resource in this province. Then many of these questions really would become irrelevant. People would pay for storm sewers off their property tax, fine, and they would pay for education by some other means.

MR. SCHROEDER: Is it then the position of the Teachers' Society that all education taxation should be by means other than property taxation?

MS. GOODMAN: We recognize at present that might be an ideal world and we would work towards a greatly reduced use of property tax.

MR. SCHROEDER: Just on new programming I'm wondering how you see Bill 56 as operating in view of the fact that it appears to define eligible costs as being based on what was being spent in 1980. If a school division came along with a new arts program or English program or whatever, how do you see that as plugging into the program, that is, so that it would be part of the 85 percent funding or part of the 85 percent that is an eligible expense under this Act?

MR. WIENS: I'm not sure I get your question. I'm not sure I understand the question — just what you're getting at.

MR. SCHROEDER: Is it your understanding that under this Act a school division is entitled to set up new programs and have them automatically qualify to be paid for to the tune of 85 percent as our existing programs which were approved in 1980?

MR. WIENS: Do you mean capital costs or operating costs?

MR. SCHROEDER: Operating costs.

MR. WIENS: In terms of operating costs it would just be part of the package as it is now. In terms of capital costs, if they were approved, they would be covered 100 percent or whatever percentage. It was approved by the Public Schools Finance Board.

MR. SCHROEDER: Thank you.

MR. WIENS: It would part of the operating costs to the school division.

MR. SCHROEDER: Just one other area, is this matter of Section 182(2). Was it your concern that it would take place in January, that is, that the Minister would tell the Public Schools Finance Board in January that a certain amount would be paid out of General Revenues toward this Support Program and the balance would then come from a provincial tax, a tax that would be identical in all areas of the

province? I'm just wondering why you would be concerned, other than in theory you wouldn't want the property tax to go up any more than necessary.

MR. WIENS: The question I guess really is that it can go up, okay. Again, I'm having some difficulty with the question that you're asking me . . .

MR. SCHROEDER: So am I.

MR. WIENS: . . . in terms of phrasing your question.

MR. SCHROEDER: Would you have been happier with Bill 56 if it stated specifically that .2975 percent — I think it works out to almost exactly 30 percent — of funding is paid for out of General Revenues and a certain percentage is paid for by property tax? Would you prefer to see that kind of a legislative percentage rather than having the government at its option raising or lowering that level depending on the amount of money it had available and depending on how far an election is away?

MR. CHAIRMAN: Ms. Goodman.

MS. GOODMAN: I suppose ideally, if it had to be written into the legislation, we would prefer to have an amount in which the provincial property tax contribution was lower than the 30 percent. But what we do fear is that leaving it wide open where in this year two-thirds of the Educational Support Program comes from Consolidated Revenue and one-third from property tax, that because it's entirely at the discretion of the government from year to year that could be reversed next year and the government could considerably reduce its contribution from General Revenue or Consolidated Revenues and greatly increase the property thing. We do have the government's word that they will hope to maintain 80 percent but we know that's through direct and indirect formula but that's also not in legislation. This legislation gives the leeway to do whatever they would see fit in a given year.

MR. WIENS: And make it up with property tax.

MR. SCHROEDER: But however they do it, at least there would still be that base of 85 percent of eligible expenditures coming on at least a basis that is more fair provincially than using the local property tax.

MR. WIENS: That's right.

MR. SCHROEDER: I have no further questions.

MR. CHAIRMAN: The Member for Burrows.

MR. BEN HANUSCHAK: Mr. Chairman, through you to Mr. Wiens. He did express some concern about the expression "operating unit" and presently it's \$87,400 per 50 pupils; some concern about how much education may buy in the future and it will likely be less. I'd like your reaction to this suggestion. If I were a trustee, as my class 4 and up teachers retire, I would replace them with classes 1, 2 and 3 teachers, and in fact by way of inducement to get them back into the teaching profession —

there is likely thousands of them in the province, I'm sure there are — perhaps an offer of \$15,000 or \$16,000 a year isn't sufficiently attractive to get them back into the teaching ranks, I would offer them \$20,000 or \$21,000 or \$22,000 and not hire class 6 and 7 teachers. So do you have any concern about that; about the effect that this type of funding may have upon the teachers upgrading their academic and professional qualifications and the overall quality of the teaching profession that may result in the future? Or I would also do, because this formula at least under the old system with all its inequities, there was some assurance to the teachers and to the public at large that there will be a certain number of teachers employed in the school system based on the pupil-teacher ratio formula. You know, on this formula I might hire one teacher and three aids instead of two and a fraction teachers. I would hire one teacher, a class 1 teacher and two or three aids at the minimum wage or whatever they're paid. So really have you any concerns about that and the effect that it would have on teacher qualifications, salaries, etc.?

MR. WIENS: I think you've raised a number of issues here. First of all, if I go from the last issue about aids, I think we have legislation and regulations which do not allow aides to teach and I think that is some kind of guarantee the kind of scenario you're painting won't happen.

The other concern that you raise is certainly one that we've discussed. However, we've looked at this in terms of what has happened in other provinces with similar kinds of legislation and similar kinds of funding where they haven't had the classifications and so on. We are studying it, by the way, but we've looked at that and I think it's our belief that trustees have generally been responsible in that area and in fact have hired people who are more qualified even if it cost them more because they have wanted to convince people that they are doing the best possible thing and that money perhaps wasn't their only rationale for making the decisions that they made.

MR. HANUSCHAK: I may have given an extreme example moving from a class 7 to a class 1 teacher but I did that for a purpose to dramatize the point. But do you see a gradual move toward the narrowing of the salary ranges to eventually ending up with perhaps only one or two classifications?

MR. WIENS: Mr. Chairperson, that would be sheer speculation at this point, so I would prefer not to respond to that.

MR. HANUSCHAK: My other question. We've heard the government announce feasibility studies for a number of mega projects; Alcan, International Mineral and probably there might be some others. Being a Manitoban, I'm as anxious to see these projects succeed as anyone else and I hope that eventually they do and in the best interests of the people of Manitoba taking all factors into account.

Now there is some evidence that the mega projects announced to this date are likely to locate in school divisions having a relatively small enrolment. Now it's true that whatever contribution those mega projects will be able to make to the Education

Support Levy that the entire province will benefit from that source of tax revenue to that extent. But over and above that there will also be a source of tax revenue to the school division within which the mega project may be located. Now I don't know how much additional assessment a \$500 million Alcan mega project will yield the school division because I don't know how much of that \$500 million will be translated to balanced assessment value. But I would suspect a substantial amount and particularly to a relatively small school division of an enrolment of 2,000, 2,500 or 3,000.00. You know, you can look at any one of three Interlake School Divisions, Evergreen, Lakeshore, Interlake or White Horse Plains. I now think of Alcan which intends to locate within a 50 mile radius of Winnipeg, and there could be others.

Have you any comment to make in the event that the trend toward attracting mega projects should continue and if these mega projects should locate in divisions of that kind, any suggestions to make on some equitable way of distributing the education tax revenue from that tax source to the maximum benefit of education in Manitoba? —(Interjection)— Let's say it's \$50 million. Well, there's an additional \$50 million to be taxed for special levies in that small school division. So if you consider the impact of that

MR. WIENS: If I may, Mr. Chairperson, I don't think we have studied it and to comment on the specific details of that I think would be for us at this moment would be somewhat pretentious, I guess. I would suggest, you know, that whatever form of taxation is used that there is a need to ensure that the kinds of fluctuations and suggestions you're making don't happen, that there be an equalization base, an equalization program which would in fact allow all Manitobans in the general direction I guess that our provincial equalization program has gone, which will allow all Manitobans to benefit from that. Really, that's all I would like to say.

MR. HANUSCHAK: May I ask you then that as the presently announced and any subsequent mega projects as they proceed toward realization, would you be good enough to give that matter some consideration and consider the tax revenue implications vis-a-vis the province and the local school division, and offer the Members of the Legislative Assembly the benefit of your advice, your suggestions.

MR. WIENS: I can assure this Committee, the Chairperson of this Committee and the person who asked the question, that we will follow that very closely as we do all matters which might affect education financing, including the federal-provincial fiscal arrangements. If we feel we have a contribution to make, we'll certainly be back here.

MR. HANUSCHAK: Thank you. With respect to declining enrolment; generally speaking, I suppose declining enrolment presents a problem to most school divisions in terms of reducing their education revenue with the exception of that school division or those school divisions which may suffer a declining enrolment on the one hand, but an increase in commercial and industrial property on the other,

which if Manitoba should ever get back on the track of economic growth and development, there's no question in my mind that the Winnipeg School Division will expand in terms of its tax base. Its tax base will consist of high-rise apartment blocks, office buildings and hotels and the like. In the meantime the enrolment will decline, as happens in core area of any city, Vancouver, Calgary. You can go to any city in Canada and the United States and that's what happens. So eventually you might have a school division like the Winnipeg School Division with a very high balanced assessment, but only a handful of students living on the fringe of its area, because the bulk of the population that will live in a community such as that, as in other cities, are families without children. So have you any comment to offer on that? Do you foresee that sort of gradually creeping onto the scene?

MR. WIENS: The only comment I could make to that at this moment is that the core area I understand right now is actually growing in terms of population. Now whether that is a long-term kind of phenomenon I am not sure and I wouldn't like to speculate on that, but it is growing right now with its corresponding problems.

MR. HANUSCHAK: That's right. At the present time it is growing. It's growing because of a number of immigration waves into the country, some of which had an impact on Winnipeg. But if there should be any economic boom within the province brought about by potash, by oil, by whatever, then the Winnipeg School Division, I suggest to you, would witness a different type of growth. It would not be bringing in the families that are moving now, but those homes wherein they're living will be razed and will be replaced by high-rise office towers and the like, which will reduce the population and move the population out to suburbia, the bedroom communities, and increase the assessed value of the real property within the Winnipeg School Division. So that is my concern and I was wondering whether the Teachers' Society has taken a long-range view of what could quite conceivably happen within Winnipeg.

MR. WIENS: In response, I would like to say that certainly we try to keep an eye on what's happening in terms of the growth or decline of school divisions, the populations in those school divisions and the effect they might have on the education system. We are and will continue to take an interest in the property assessment idea. We've made a presentation to the Assessment Review Committee and as well are probably going to have representatives at the hearings held around the province in the next month, so it's something that continues to be of concern for us and we will continue to study it and try to stay on top of it, yes.

MR. CHAIRMAN: The Member for Rossmere.

MR. SCHROEDER: Thank you, Mr. Chairman. I'm still a little bit confused about the formula; maybe you can help me. I'd asked previously about how a new program plugs into this program. When you look at Section 180, Subsection (2) — well, we start off with 180, Subsection (1) which states that the Education

Support Program base for 1981 is \$497,238,324.00. It then goes on to give us a very specific formula for the Education Support Program base for future years and it's always based on previous year and it's multiplied by the inflation rate and then times the number of students in the province. I'm just wondering where, in the total structure, there is room in the formula for increases in programming. That is, you might have an increase in programming specifically but then it would be, as I understand the formula, at the expense of some other item in the formula but the total amount which would be available would be a fixed specific amount. There would be no calculations required. All you'd do is just work that formula out. There's no other arguments other than determining the dollar values of each component but the total dollar figure would have to come to the amount calculated in the formula. Is that correct or am I out?

MS. GOODMAN: I believe that you're correct. Basically new programs will be allowed for either at the expense of cutting other programs or by being provided for by special levy. This program provides support to divisions on the basis of 1980 expenditures and 1980 in some places wasn't a particularly good year and therefore the Provincial Government is exercising control that in some cases is a negative control to contain educational expenditures and to contain the programs that are offered to students. Boards can go ahead and provide new and extra as needs demand but basically they would have to do it on their own resource basis. We understand this.

MR. SCHROEDER: So that as we move toward any kind of an improvement in the education system that such an improvement will move the particular school division initiating it very rapidly away from the 85 percent funding and of course as you mentioned there are some school divisions which in 1980 did not have a particularly good year financially. It has been said by others that those people who listened to the Minister of Education in the last three years and did in fact cut back to the bare bones and didn't initiate any new programming are the divisions which have been most badly hit by this new program because they are now stuck with a formula which places them in the difficult position of having a much lower base from which to be receiving their support and that base for the year 1980 will continue to be the base other than inflation and student population. Well, at least other than inflation for the next three years.

MS. GOODMAN: . . . that a division receives an extra operating support in each year the program does relate to its 1980 expenditure level.

MR. SCHROEDER: There is one other area and that is, we have heard on several occasions that this is only a three-year program. I've looked at the Act and the only area where I see an indication of a three-year program is that during three years there are certain school divisions within the City of Winnipeg which might be eligible school divisions for certain grants. That is, is there anything in this Act that you are aware of which self-destructs this formula three years down the road or four years down the road

and puts us in a position where there will be a possibility of improvements to the education system without a change to the statute?

MR. WIENS: I think we're at the mercy of the government on that. We have only the government's word.

MR. SCHROEDER: That is, there's nothing that you're aware of that says that at the end of the three years this formula will be wiped out and those school divisions who were among the lower spending will be put in a position of some kind of fairness as opposed to the other school divisions. There is nothing in this Act which requires the government three years from now to do anything. If they just leave things as they are then 10 years down the line we will still be using this identical formula to determine what will be paid to the school divisions.

MR. WIENS: If I understand correctly unless the Act changed that's true because it talks about subsequent years.

MR. SCHROEDER: I'm not sure whether you've noticed it but I've noticed that for one section dealing with the eligible school divisions they refer to specifically only three years, 1981, 1982 and 1983, but with respect to the formula for Education Support Program base for subsequent years they just refer to years subsequent to 1981 which indicates that the present intention would be to continue this program on and it could well be that it would go past the three-year period.

MR. WIENS: Yes, that could be I guess under the legislation. Our concern is the formula, certainly, and the formula which we believe ties the whole program again to a per pupil basis when we think it probably should take a little different orientation. So our concern is that the cap which the formula appears to place on direct funding and I guess the corresponding increase in special levy and the difficulties that could cause for school division. That's our main concern in the whole bill, Bill 56.

MR. SCHROEDER: Thank you.

MR. CHAIRMAN: Are there any other further questions? The Member for Roblin.

MR. J. WALLY MCKENZIE: Mr. Chairman, Mr. Wiens, you just said that the formula concerns you with the enrolment as one ailment of the formula. What have you come up with in your studies as a better way to do it?

MR. WIENS: Maybe I could ask Mr. Gordon to respond of that. You know, part of the answer certainly is if we were asked to come up with a formula which we thought had any chance of succeeding and I would guarantee you that we would in very short order but maybe Mr. Gordon could . . .

MR. MCKENZIE: Is it that Element P the one that bothers you the most not C?

MR. WIENS: It's the R.

MR. MCKENZIE: R's the one.

MR. WIENS: Yes.

MR. MCKENZIE: Mr. Wiens, I thank you. That's fine. Thank you.

MR. CHAIRMAN: Thank you, Mr. Wiens, Ms. Goodman, and Mr. Gordon.

We'll now turn to Bill No. 62, An Act to amend The Workmens Compensation Act. I understand that there is a delegation here to make a presentation to this bill? Maybe there isn't. It's my understanding I guess that Mr. Coulter has not been contacted. What is the wish of the committee? Which one of the bills will we deal with now?

The Member from Rossmere.

MR. SCHROEDER: Mr. Chairman, had Mr. Coulter indicated that he wanted to appear?

MR. CHAIRMAN: That's right.

MR. SCHROEDER: Have you attempted to contact him?

MR. CHAIRMAN: What is the wish of the committee? Shall we leave that bill for now then? The Member from Rupertsland.

MR. HARVEY BOSTROM: Well, Mr. Chairman, I just heard such suggestions here which I don't know if you heard, but it may be a suggestion that we could proceed with The Education Act and The Ecological Reserves Act and if we complete those before 5:30, well we could go on to The Workers Compensation Act, but it may be that we will carry over until this evening in any case.

MR. CHAIRMAN: I'll turn back again the the education bill and we'll start on part of the clause line-by-line or page-by-page. Bill 56, An Act to amend The Education and Administration Act and The Public Schools Act. We'll start with clause-by-clause. Clause 1 — pass; Clause 2 — pass; Clause 3 — pass; Clause 4 — pass; —(Interjection)— Section 5 — pass; Section 6 — pass; Section 7 — pass; Section 8 — pass; Section 9 — pass; Section 10 — pass; Section 11 — pass; Section 12 — pass; Section 13 — pass; Section 14 — pass; —(Interjection)— Section 171(1) — pass; Section 171(2) — pass; Section 172(1) — pass.

MR. BOSTROM: Page-by-page.

MR. CHAIRMAN: Page-by-page: Page 7 — pass; Page 8 — pass; Page 9 — pass; Page 10 — pass; Page 11 — pass; Page 12 — pass.

MR. TALLIN: There's a correction on Page 12 if we could just correct it. On 183 it should be "on or before" rather than "on or before".

MR. CHAIRMAN: Take the correction noted. Page 12 — pass; Page 13 — pass; Page 14 - pass. The Member for Rock Lake.

MR. HENRY J. EINARSON: I move that the proposed Subclause (2) in the definition of eligible school division in the proposed Subsection 190(1) of The Public Schools Act as set out in Section 14 of

Bill 56 be amended by adding thereto immediately after the word "Assiniboine" the word "South".

Mr. Chairman, another motion, that the proposed Subsection 190(4) . . . Oh, I'm sorry.

MR. CHAIRMAN: Page 14 — pass as amended. Mr. Schroeder.

MR. SCHROEDER: Just on Page 14, I hope that doesn't change "eligible" to . . . No, the spelling, that's okay.

MR. CHAIRMAN: Page 15 — pass — the Member for Rock Lake.

MR. EINARSON: Mr. Chairman, a motion that the proposed subsection 190(4) of The Public Schools Act as set out in Section 14 of Bill 56 be amended:

(a) by striking out the word "section" in the fourth line thereof and substituting therefor the words and figures "Sections 533" and,

(b) by striking out the word "November" in the last line thereof and substituting therefor the word "December".

MR. CHAIRMAN: Page 15 — pass as amended; Page 16 — pass; Page 17 — pass; Page 18 — pass; Page 19 — pass — the Member for Rossmere.

MR. SCHROEDER: Yes, just in general on Bill 56, this puts into law some serious inequities that I believe have occurred within the City of Winnipeg; the fact that school divisions such as Winnipeg and Fort Garry, which have some of the highest spending per pupil in one city, are going to have the lowest tax rate for school tax purposes within the city; areas such as Transcona, St. Vital, St. Boniface, River East are in the reverse — and especially River East and Transcona with some of the lowest per pupil costs being No. 1 and No. 2 in high tax rates for Winnipeg.

Those people have taken part just as much in the building of this city as have the people who live in River Heights and who live in Fort Garry and when the people in Rossmere, in Transcona, in St. Boniface, in Radisson, in Riel and in St. Vital are denied the right of access to those property taxes — that tax base — for education purposes, that is inequitable.

I just don't know how to describe it in stronger terms than just simply totally unfair, I believe that it will get worse. I believe that next year places such as Seven Oaks and other suburbs are going to feel the pinch. They are going to be hit because of their inability to take advantage of other taxation from within the City of Winnipeg.

Now the Minister has throughout the discussions on the equalization, said that now we have gone beyond Greater Winnipeg; now we're equalizing throughout the province. Well, we always had that. It is true that there is more equalization now in that, that we are not objecting to; we're not saying that amount shouldn't be spread throughout the province, but within this one city there must be a different kind of a pooling arrangement than there is as between residents of Rossmere and Selkirk — there must be a second calculation made — and that is not to say that the old system was perfect. The old system needed replacement; it was time.

As the Teachers' Society pointed out, there was requirement for special consideration, for special

needs children, for instance. We have said all along that we agreed that Winnipeg No. 1 was a special case and deserved special funding because of its problems, but that is not to say that we agreed that Winnipeg No. 1 should be entitled, for education purposes, to all the revenue from the commercial and industrial property in Winnipeg No. 1. That is not something that we would wish to be associated with and we feel the alternative presented by the government, this Bill 56, is working an inequity. When you have the school division within one city that has the lowest per pupil cost paying the highest taxes, there's something wrong. There's no question about that. There's no other city in this province that has the same type of a setup, where you have the industrial rate, the industrial base in the city not used by every citizen in that city. This is the only city where that is happening and it is happening to much too great an extent.

We are getting no more sharing from Winnipeg No. 1 and Fort Garry and their industrial base — and I'm talking about their industrial, not their residential base — we're getting no more sharing from them than are other parts of the province, although we are part of the city, although we have paid into the policing costs, the firefighting costs, the social costs and all of the other things that are involved in the inner city. We've paid into that and we've paid into the industrial development of the city so that is something that concerns us deeply.

We are also concerned with the formula — as I mentioned on Second Reading — with the formula that puts us in a position where the total amount available each year is based on — and I'm talking globally now for the province — it is based on 1980 costs in constant dollars, less the decrease in enrolment. There's a guarantee built in to this program as long as there is decreasing enrolment, that there will be a decrease in terms of actual dollars put into the system in terms of constant dollars put into the system. There's a guarantee that unless some programming cut, new programming will not be globally made available. I'm not saying the new programs can't be approved by the system or under the Act, certainly they can be approved by the Minister, but at the expense of some other portion of the global education support base. This is the first time that we have legislated a cap onto the amount that the province is entitled to pay into the system, so on all of those bases we would have to oppose the bill.

MR. CHAIRMAN: The Member for Elmwood.

MR. RUSSELL DOERN: Mr. Chairman, we're all familiar with the arguments made by Transcona-Springfield and supported by three other metropolitan Winnipeg divisions and I still do not feel that the Minister has addressed the objections they have made; and I do not feel that he has in fact rebutted their arguments. They have made some very powerful statements that are critical of the new Education Support Program. I refer to a couple in passing.

They said, for example, that they'd like the government to reconsider its position. They talk, secondly, about a loss of local autonomy. They say, thirdly, that the approach the Minister is presenting is basically unsound and they criticize the Minister I

think in some pretty strong terms saying that he presented distorted information in the House and that is, of course, fairly strong language. They point out that he incorrectly suggested the differences in the Special Levy impact on urban divisions, and, in particular, Transcona relates solely to the 1981 proposed expenditures. So they have made some very strong charges.

They have obviously spent a great deal of time. I mean they've had their superintendent and their school trustees working on this matter for many months; they obviously are sincere and dedicated in what they are doing. They talk about broken promises, urban inequality, impoverishment of some divisions, inequality of treatment of children and so on. Then they wind up saying that the program that the Minister is trying to sell to this committee and to this Legislature and to this province — they say that program is unsound, discriminatory and unjust. I still haven't heard the Minister rebut those remarks.

They also ask for some immediate changes and it's my view that the Minister is probably not going to make any alteration to this plan and that as he visualizes it, it should stay in place for three years and then there should be a review. In the judgment of the school trustees and the top administrative people this will perpetrate a serious injustice and inequality on their division and several others. And that it'll also place the burden of taxation on the property owner and as they describe it, the shopkeeper, the wage earner, the working mother and the pensioner. In their judgment it's the suburban property owner who is in effect subsidizing the downtown. Now it used to always be the other way around. But in this particular case it seems as if certain large corporations in downtown Winnipeg, like Trizec, are getting tax write-offs and tax subsidies and that the burden of education taxes is falling on the property owner.

They sort of say in conclusion that if this happens and I use my words, this will bankrupt some of the divisions; using their words it'll lead to amalgamation, that they will be driven to the wall. Now I don't know again what the Minister's views are on a single division for Winnipeg but he certainly talks about autonomy but it seems that the result of his program will be a loss of autonomy.

So I simply say in conclusion, Mr. Chairman, that I feel that a strong case has been made by Transcona-Springfield, River East, St. Vital, St. Boniface, etc. that they have made a strong case against this new legislation. I don't think the government has in fact countered those arguments, they've just ignored them.

MR. CHAIRMAN: The Member for Inkster.

MR. SIDNEY GREEN: Mr. Chairman, I believe that the Minister in attempting to alleviate a problem which was perhaps real has ignored the fact that he has walked from one problem into another problem. I don't really know whether the problem that he has entered was appreciated because the Transcona group I think made a very rationale submission. They suggest that the Unity was an agreement; it wasn't an agreement. The fact is that we who did it have to accept the responsibility for doing it and I don't want to shirk that responsibility. It was a legislated arrangement in the same way as Metro was a legislated arrangement.

There have been problems relative to the respective share of costs of those municipalities which surrounded the core area of Winnipeg and those that were within the core area, that is the City of Winnipeg itself. The first attempt to deal with those problems in a substantial way — I'm not suggesting that nothing else had ever happened before — was the philosophy that Greater Winnipeg was one social and economic unit; the first one was Metro. Metro was legislated on the basis of the fact that certain services were the responsibility of the total Greater Winnipeg area and certain were the responsibility of the various municipalities within the area.

A MEMBER: There's nothing wrong with that.

MR. GREEN: Well, Mr. Chairman, it was may I suggest, a move that had to be made. I wouldn't criticize the Roblin administration for making it but it was a move that had to be made but in my view it was a transitory move; in other words it was a move in a direction. And Metro Winnipeg existed between 1960 I believe and 1971. The continuing problems vis-a-vis the arguments relative to the sharing of cost caused the next move. The next move was that Greater Winnipeg for all municipal services was to be considered as one social and economic unit. Some people were resisting that on the basis of trying to obtain a preferred position, vis-a-vis being in Winnipeg but not sharing the cost of it.

When it was examined it was perceived or it was at least analysed that yes that to some extent it was true but the reverse was also true. Winnipeg had certain advantages which the other areas did not have. When Unicity was created it was decided that you couldn't take the good and leave the bad; everybody had to throw in their advantages. One of the advantages that was thrown into the pot at that time was the hydro rate in the City of Winnipeg was lower than that in the suburbs. We thought they would equalize it by averaging it. The City of Winnipeg and I think in almost a political move decided that they wouldn't average it — they would bring the city rate up to the suburban rate and therefore try to create the impression that Metro was costing the City of Winnipeg people money, whereas they actually took that money and used it as taxation.

The other area which it felt there had to be an allowance for was the fact that if the suburbs were going to be responsible for municipal services in Greater Winnipeg, then Winnipeg which had the larger industrial base would have to share the benefits of that taxation with the suburbs for educational purposes. For years, Mr. Chairman, although people used it as talking points, nobody really undid it. The City of Winnipeg trustees would come in again with a point that they are subsidizing the suburbs. They weren't subsidizing the suburbs. What they were doing is sharing industrial revenue with those people who were sharing the reverse with them. I know that one can go, make a talking point out of the fact that you could tell a City of Winnipeg resident that his taxes will be reduced if he didn't have to subsidize the suburbs. I believe that is an opportunist position because it didn't take into account what had happened in dealing with the whole arrangement.

Now when that formula was made it was made on a temporary basis. I'm not suggesting to the Minister that he shouldn't have looked at that formula and see whether it was doing what it was supposed to do. But to have abandoned it and gone to the reverse is really in my respectful submission not satisfactory. The people in Greater Winnipeg have really the right to say that if we require for municipal service the sharing of all taxes, then surely for school board services we are entitled to the sharing of industrial revenues. If you don't do that there begins a fight and now it can't even be done by the municipalities themselves. A municipality cannot put industrial development into its area on the basis of its own decision. That decision still rests with the City of Winnipeg, not with Transcona. So the City of Winnipeg as a city has the right to locate industrial revenue in the core or in several municipalities and the other areas don't get the benefit of that industrial revenue.

Now the Minister alleviated, said to some extent by saying we'll take a bigger share of the total budget. The gentleman who appeared for Transcona said that the total share would be the best because then it wouldn't only be the City of Winnipeg that was equalized but what would apply to Winnipeg would also apply to the rural areas. He said that the ideal would be 100 percent while at the same time trying to protect local economy. Mr. Chairman, I believe this is possible. I believe it is possible to have school boards who are accountable and who are autonomous by virtue of the way in which they deal with equivalent funds. Equivalent funds is a difficult thing to ascertain because per student grant is not equivalent depending on where the municipality is and what their respective needs are. But it should be possible to figure out some formula of equivalent grant. It should then be possible for school boards dealing with those grants to become not only autonomous but imaginative on the basis of how they use that money rather than on the basis of their taxation for special needs.

I don't know that we're going to get very far with the Minister in dealing with this immediate problem that has been raised by Transcona. But I suggest to the Minister that the problem is a real one; it's not a imaginery one. They have a legitimate grievance and that grievance is going to have to be dealt with. They have come forward with a rather responsible suggestion. They said set up a commission to look into the problem in the same way as it was looked into by the Michener Commission many years ago and try to deal with the grievances which I believe that they have legitimately raised. I think that there was quite a bit of pressure from certain people who said that the City of Winnipeg is suffering this subsidy to the suburbs. It was not a subsidy to the suburbs. It was a way of trying to equalize municipal taxes in the Greater Winnipeg area. In my constituency, Mr. Chairman, is all Greater Winnipeg or virtually all Greater Winnipeg. So one could say I'm talking now contrary to the views of my constituents. I don't believe that my constituents want to get an advantage over other constituents in Greater Winnipeg on an unfair basis. I'm not afraid to discuss that with them. I'm not afraid to . . . I did it when I was on Metro when I said that zone taxes should be eliminated even though not a single

person in my constituency paid any zone fare taxes on the transit. I had no difficulty in 1973 telling my constituents that we're going to have to equalize hydro too and that's going to be to your disadvantage in the short term.

So, Mr. Chairman, I believe that the Minister — I don't know whether I could dissuade him from going headlong in the direction that he's going without doing something to ameliorate those people but I tell him that he has not solved the problem that he thought he has solved. He has merely substituted for a problem with equal if not greater degree of validity.

MR. CHAIRMAN: The hour being 5:30, committee rise and committee will return at 8:00 p.m.