

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 11 June, 1985.

Time — 8:00 p.m.

## CONCURRENT COMMITTEES OF SUPPLY SUPPLY - HOUSING

**MR. CHAIRMAN, C. Santos:** Committee please come to order. This section of the Committee of Supply will now be dealing with the Estimates of the Department of Housing.

We shall begin with a statement from the Honourable Minister responsible for the department.

Mr. Minister.

**HON. J. BUCKLASCHUK:** Thank you very much, Mr. Chairman. We have some notes here for distribution.

I am especially pleased to deliver these opening remarks as the Minister of Housing, a portfolio which, I am proud to say, has undergone a considerable degree of re-organization over the past year. The department now represents the full functional integration of provincial housing activities, enabling a more co-ordinated approach to the increasingly complex housing industry. To lend further cohesiveness to the department, I now, as Minister of Housing, participate in the decision making process of the board of directors as chairperson of that board.

The Estimates before us today for the year ending March 31, 1986, represent a total budget of \$44,006,200 representing costs associated with 28 housing related programs and the efforts of 252 staff members.

The activities of this portfolio represent the comprehensive nature of this government's approach to housing, an approach that has balanced social housing activities with stimulative measures in support of the economic development and job creation priorities of our government. I might add that this approach is one which may well draw the envy of governments throughout Canada for its comprehensive, bold, innovative and cost effective nature during times of increased pressure on governments to reduce activity in all areas. This is especially so, given the state of the housing industry when our government was elected - an industry pushed toward modern historical lows in production.

Manitoba housing has faced, and indeed still faces, major challenges in terms of the housing market and the housing needs of Manitobans. These challenges are being addressed within the framework of several broad objectives which continue to be refined to reflect the dynamics of the housing market and the practical complexity of adequacy and equity.

These objectives are fivefold and represent standards by which to measure the activities of the department. They can be summarized as:

1. To appropriately stimulate and influence the activities of the housing market to the benefit of Manitobans and Manitoba as a community.
2. To enhance the affordability of and accessibility to adequate housing for

Manitobans, particularly those of low and moderate income or those with specialized needs.

3. To maintain and improve the quality of the housing stock.
4. To ensure that the level of rent increases for households reflects increased costs of operation fairly and that it does not exceed general cost of living increases.
5. To provide an equitable basis by which relations between landlords and tenants may be governed and their disputes effectively arbitrated.

With respect to the first objective outlined - to stimulate and influence the activities of the housing market - Manitoba Housing has successfully influenced the ownership and rental markets, and played a major role in counter-cyclical employment activities with the support of the Manitoba Jobs Fund. These activities have been designed to influence production in the private rental and home-ownership sectors of the market to promote adequate supply and capture the stimulative benefits of such production for the benefit of all Manitobans. The movement of the government to influence the marketplace through innovative and responsible approaches to home-ownership and urban redevelopment, coupled with a reasonable use of available non-profit housing instruments, has expanded the programming options for Manitobans - a major accomplishment of the government to date.

Firstly, the ownership market and the Homes in Manitoba Program. To date, the affordable new homes, buy and renovate, and infill housing components of the Homes in Manitoba Program have accounted for over 1,800 housing starts and rehabilitations. The Affordable New Homes Program featuring a stable, affordable, long-term mortgage instrument has provided significant stimulus to the construction industry at appropriate times. The first phase of Affordable New Homes, coupled with the Federal Government of Canada Home-Ownership Stimulation Program, or CHOSP, helped push first half total housing starts in 1983 to their highest level since 1955. These affordable new home mortgages accounted for a significant percentage of all new single family housing starts that year.

Furthermore, the second phase of the affordable new homes initiative in early 1984, helped counter single family ownership declines in the first half of 1984, brought on by increasing mortgage interest rates. The third phase of this initiative, introduced late in 1984, has reinforced our understanding that the program has not only substantially helped in increasing housing construction activity in general, but has served to stimulate the production of a greater portion of modest, economical, and affordable housing than was previously the case. In short, the program has helped immensely to provide incentives to the home-building industry - as evidenced by industry statistics showing an additional 52 building companies being established since 1982.

It has assisted Manitobans to enjoy a competitive industry, optimal choice of production, as well as amongst the most affordable new housing prices in Canada. In fact, the Manitoba Home Builders Association has called the affordable new homes the "most successful provincial housing program in Canada."

Furthermore, through the Manitoba Jobs Fund and Manitoba Housing, the over \$80 million of investment - and I stress investment as this is principally mortgage financing - has substantially stimulated employment, estimated at 3,200 person years of direct and indirect employment over the period of activity. In addition, this approach to programming has been well suited to the government's stimulative intentions within budgetary constraints.

In terms of the general housing market, the actual performance in 1982 and 1984 has been outstanding by recent standards, a fact which is attributable to both this government's stimulative activities and renewed confidence of the housing industry in Manitoba. 1984 housing starts showed an increase of 47 percent over average starts in the previous three-year period. This was comprised of an 81 percent increase in multiple unit starts and a 32 percent increase in single family housing starts over the average of the previous three years. Of further note, overall housing starts for Canada in 1984 were actually 13.2 percent below the average for the previous three years - an indication of just how well the housing industry has performed in Manitoba. As well, I should note that the Prairie Provinces of Saskatchewan and Alberta had their lowest levels of housing starts in nine years in 1984.

The Affordable New Homes Program represented the major component of the Homes in Manitoba programming first initiated in 1982-83. A second program component was the Core Area Infill Housing Program, a pilot program under which some 68 units were brought under construction in older inner city neighbourhoods in 1983-84. On the basis of an MHRC sponsored competition, the units were architecturally designed to fit onto smaller existing lots, which were provided for the most part at nominal cost by the City of Winnipeg. Construction was completed and all of these units were sold in 1983/84 at prices reflecting professionally appraised values and including a premium for new construction.

1984-85 saw this government's continued commitment to the provision of affordable and accessible housing, and to the stimulation of new construction and revitalization of older areas in Winnipeg, with the recommended allocation of 90 additional infill housing units. Fifteen of these units were targeted for the Logan area, and the remaining 75 units were targeted for other areas in the core of Winnipeg.

To date, building lots for approximately 60 of these units have been identified and/or acquired. Six units are under construction, with the construction of approximately 34 additional units to be initiated in the near future.

The development process for infill housing delivery in the 1984-85 fiscal year was somewhat slower than previously, since most of the suitable lots available through the City of Winnipeg had been used in our previous year's program. Further, due to the scattered nature of available lots, a greater amount of time was required for processing of individual purchases.

However, staff continues to investigate and monitor building lots that have come to their attention, so that infill housing commitments can be met.

The program is deemed to have been highly successful in that typically, purchasers of these units have been existing inner-city residents of low to moderate income who might otherwise have purchased new homes in suburban developments. Program subsidy costs are short term and modest compared to the ongoing heavy subsidy costs associated with low-income rental housing projects. The program also serves to address the long-standing historical imbalance between rental and ownership housing, given that increased ownership housing is deemed required to stabilize these older neighbourhoods.

The success of the program has spawned a substantial waiting list of prospective purchasers for new units coming on stream, and the demonstration of the existence of this market has stimulated significant interest on the part of private sector home builders, with whom ongoing discussions are being held as to future participation.

The second major area of stimulative activity in the housing market is taking place in the rental market. The RentaiStart initiative provided by the Manitoba Jobs Fund and Manitoba Housing promises to be as successful in the rental market as the Homes in Manitoba Program has been in the home ownership market. This special initiative is called for by the tight rental market vacancy rate in Winnipeg specifically and by the lack of adequate rental accommodation in certain rural communities. Access to capital at reasonable interest rates is a main concern of developers of rental housing. Those conditions are being provided or addressed by RentaiStart initiatives which feature direct financing at preferential interest rates for a seven year term, amortized over 35 years for multiple unit rental project. Mortgage refinancing in the private sector is required after seven years, which means our initial investments are fully recoverable.

The first RentaiStart call for proposals in late 1984 was restricted to rural Manitoba and Winnipeg's core area resulted in almost 2,000 units proposed, for a value of \$118 million.

The second RentaiStart call for proposals was directed toward the North of Portage Redevelopment area. The commitment of approximately \$20 million in financing was made available and could generate 400 rental housing units in that area. The 9.75 percent interest rate was a critical incentive to support the residential component of this urban redevelopment project.

In the most recent RentaiStart announcement, the Manitoba Jobs Fund has offered \$45 million at 11 percent mortgage financing for the development of as many as 1,000 rental units throughout the province, with the exception of the North Portage Redevelopment area. This additional initiative has been offered by the Manitoba Jobs Fund because in spite of the improved performance in the rental market, additional pressures have been placed on the market by in-migration to the province. Further, we are optimistic that the renewed availability of low interest RentaiStart financing will serve to complement both ongoing housing industry activity and Manitoba Housing's direct development activity to ease the tight vacancy situations in our communities.

In addition to these highly visible initiatives, a number of less apparent programs are also in operation to provide a certain degree of stimulation to the home ownership market. The Core Area Initiative grant for home ownership encourages residential activity in the core area of Winnipeg by providing a \$5,000 grant for the purchase of a newly constructed home in that area. Funds and administrative support for this program are provided under the partnership agreement with the Federal Government, the Provincial Government and the City of Winnipeg. This program is of particular importance for the success of our infill program.

Finally, to ensure an adequate supply of reasonably priced residential building lots, this department has participated in subdivision development in areas where market demand is in evidence. To date, approximately 400 lots have been successfully marketed in the Meadows West subdivision and approximately 100 additional lots are in process for development and marketing later this year. Further, the first phase of the Woodlands subdivision, comprising 43 lots, has been successfully marketed and possible future planning for the development of the second phase of the subdivision should be considered shortly. These subdivision developments are viewed as essential means to improve affordability of housing for purchasers through providing some measures of influence over lot prices.

On brief reflection, provincial housing policy has moved from the creation of a much needed, affordable social housing stock, principally rental market oriented, reflected in the 1968-77 period, to addressing the critical affordability and accessibility considerations in the home ownership and private rental markets for moderate income Manitobans during the '80s. Notwithstanding this broadening scope of program availability, this government's continued commitment to the affordability of and accessibility to adequate housing for Manitobans, as outlined in our second objective, remains a matter of concern and priority to this government.

Firstly, social housing commitments per se. These deal with commitments of both public and private non-profits eligible for assistance under Section 56.1 of The National Housing Act, and rural and Northern housing activities under Section 40 of The National Housing Act. During the period 1979-81, the previous administration managed to commit only approximately 300 housing units under this program. From 1982 through 1984, this government has committed over 1,200 units under this programming. And we will continue to commit rental housing units for low income families and senior citizens under the three year public non-profit housing program which I, as Minister of Housing, announced in the spring of 1984. I must emphasize that the commitment of this government to housing programming directed to low income families and senior citizens, to the direct construction of adequate, suitable and affordable housing units, is in stark contrast to, in fact an increase to four times the level of activity of the previous administration.

Furthermore, the effective targeting of assistance under the public non-profit housing program is unmatched throughout most of Canada. It is, I might add, immune to the criticism of Section 56.1 programming as being poorly targeted. The federal evaluation of the Section 56.1 program concludes that

overall, the program is poorly targeted - an inefficient mechanism for the delivery of social housing to those who are in greatest need. The federal position is now, of course, that benefits should be more effectively targeted to those in greatest need. The public non-profit housing program in Manitoba is 100 percent targeted to low income families and senior citizens as a result of provincial contributions. That is a tribute to the commitment of this government to providing adequate social housing.

Social housing plays an important role in the provision of shelter alternatives. The property management branch of my department administers and maintains approximately 16,900 units throughout Manitoba. These units house seniors, families and the handicapped, all of whom are selected on the basis of need by local housing authorities. Rent is geared to income with 25 percent of a tenant's income going towards rent.

In Manitoba, there are approximately 130 housing authorities and sponsors ranging in size from six to nine board members. These boards serve without remuneration, and are generally composed of equal numbers of people appointed to be representatives of the Provincial Government, the municipal government, and the tenants living in housing projects administered by the Housing Authority Board.

These housing authorities are responsible for the administration and ongoing maintenance of the housing units under their management.

In addition to social housing, constructed under Sections 43 and 56.1 of The National Housing Act, the department also provides subsidized housing through Section 40 of that act's rural and Northern Program. This activity provides affordable housing on an ownership or rental basis, to elderly and family households of low to moderate income in rural or remote communities. There are currently approximately 1,100 rural and Northern rental units operated in Manitoba, with an additional 190 units in the development stage, plus close to 100 units proposed for 1985 delivery.

Manitoba Housing also contributes 25 percent of the operating costs for 825 CMHC R & N units, with this figure increasing to approximately 900 to 950 units by the end of the 85/86 fiscal year.

Previously, the provincial R & N units were administered through regional offices, with rent/or mortgage payments collected by local agents. The department is now in the process of developing northern housing authorities for these housing units, so that there will be more involvement at the local level. It is felt that this is a positive step towards the integration of these units into the community, as well as providing for additional incentive and commitment towards the administration and maintenance of these units through increased local participation.

This department will also maintain its commitment towards meeting the specialized housing needs of the handicapped. The fourth FOKUS Project, permitting handicapped tenants to reside in an apartment block owned and operated within the private sector, is now in the preliminary stage of development.

Further involvement of this department will see the continued support and development of group residences for the mentally handicapped, as well as homes for victims of family violence.

Finally, given the success of the Ten Ten Sinclair Project, providing accommodation for physically

handicapped and paraplegics, another project of a similar nature is in the planning process for The Pas. This project will incorporate housing units for the physically handicapped with specialized housing needs, as well as a number of elderly housing units. The development of this project will see the first integrated handicapped and elderly project in a community outside of Winnipeg. The development of this project, in cooperation with The Pas Branch of the Manitoba League for the Physically Handicapped, because of its unique nature, will be a great step in our continued commitment to the provision of housing for persons with specialized housing needs.

In addition to publicly-owned and developed social housing, the department is also involved in the provision of financial assistance to private non-profit groups through grants or through rent supplement assistance to tenants.

Rent supplement agreements are currently in place for approximately 1,700 privately-owned units, with an anticipated take-up of approximately 1,100 units. This supplement provides assistance to low income tenants, through an income related rental rate with the difference between that rent and the economic rent for the unit being cost-shared on a 50/50 basis by the Federal and Provincial Governments.

Manitoba Housing continues to provide grants to older private non-profit housing projects which were approved and constructed under The Elderly and Infirm Persons Housing Act. There are currently approximately 5,200 units in operation throughout the province, and this activity involves maintenance of previous commitments made to these organizations with no new commitments under E & IPH activities expected in the near future.

Finally in terms of private and non-profit housing projects, the department continues to provide 5 percent of approved project costs to these developments. However, we are now expanding our focus from a straight equity contribution, to a grant for enrichment purposes to private and non-profit organizations.

It is anticipated that this contribution will encourage enhancement to the architectural design of the project for inclusion of amenity or supportive service program space beyond that presently permitted under federal guidelines. The purpose of this initiative will be to provide housing environments which go beyond the mere provision of shelter by addressing the tenants' specialized needs, thereby reducing the demand for cost intensive, institutionalized options. As such, this is seen as a positive step in our contribution toward both private and non-profit developments, as well as specialized housing needs.

Currently an average of 500 units per year receive this equity contribution with a cumulative total of approximately 2,200 to date receiving equity contribution. Approximately 700 of the tenants receive shelter allowance assistance. It should be pointed out, however, that our involvement in this area is restricted by the number of private non-profit units available through CMHC each year, therefore program cuts through CMHC result in a corresponding decrease in our required equity contribution.

In terms of the shelter allowances just mentioned, this department continues to provide rental assistance to low and moderate income family and elderly households renting in the private sector.

Manitoba is one of the four provinces offering shelter allowance programs. The others being British Columbia, New Brunswick and Quebec. A total of over 4,600 clients, both elderly people and low income families living in private sector rental units, received approximately \$4.9 million in shelter allowance payments made during 1984-85. This program provides a clear alternative to households with affordability problems who wish to remain in private rental housing.

The department also administers the Pensioner Tenants School Tax Assistance Program funded through the Department of Finance. Under this program, pensioners renting accommodation from the private sector receive annual rebates for the school tax portion of their rent. During the 1984-85 fiscal year, approximately \$1.7 million was paid to over 8,900 pensioners. Much of this discretionary income is then funnelled back into Manitoba's economy through consumer spending. In addition, to providing rental assistance and tax assistance to Manitobans, this department provides mortgage interest assistance to households through the Mortgage Interest Rate Relief Program.

At this point, I would like to take a moment to talk about the efficiencies in approach to solving housing problems, specifically as exemplified by the Mortgage Interest Rate Relief Program. This program was introduced by our government early in 1982 to provide support for homeowners facing serious hardship because of high mortgage interest rates. The program was structured to provide direct subsidies to homeowners facing mortgage renewal in a specifically targeted manner in that it considered individual affordability. The cost of the program to date has been in the order of \$2.5 million, a worthwhile expenditure to allow over 1,400 clients to retain their homes. This approach of targeting assistance based on need was in rather dramatic contrast to the more open ended interest write-down proposed by the Lyon Government similar to that of the Government of Saskatchewan. In fact, it has been estimated that the Saskatchewan program, an across the board interest rate write-down, has cost over \$50 million. The fact that a more responsible, targeted expenditure cost the taxpayers of Manitoba perhaps only 5 percent of what it could have under the former Conservative Government's approach should not be lost. Our government can be credited with an approach to problem resolution, which is responsible and equitable both to those in need and to the taxpayers of Manitoba.

Finally, in the discussion of this department's second objective to enhance the affordability of and accessibility to affordable housing for Manitobans, let me turn for a moment to the Co-op Homestart Program which was announced in October, 1984. This program will provide over \$3.6 million to assist Manitobans interested in establishing new housing co-operatives.

The program is divided into three broad program areas. The first area involves ongoing operating assistance of approved projects to increase accessibility to co-op housing by lower income households. It is anticipated that three projects representing approximately 200 units will be assisted through this program in the 1985-86 fiscal year.

The second program area in co-op homestart involves the acquisition and renovation of existing older

buildings, or the conversion of under-utilized non-residential buildings to residential use to increase the supply of good quality affordable housing available to low-income households. This program area provides direct mortgage financing to eligible co-operative groups. There are three project proposals representing 204 units under this program area in the planning stages at present with proposals expected in the near future.

The final program area for co-op homestart provides funding to resource groups for the promoting, planning and early development of potential co-op housing projects. To date, 10 applications for this grant for start-up purposes for an estimated 350 co-op units have been approved; and other applications are currently under consideration.

The Co-op Homestart Program will help make co-operative housing more affordable to families of all income levels and, at the same time, stimulate new employment opportunities through the construction and maintenance of new housing units, as well as the renovation and rehabilitation of existing residential and non-residential buildings.

Through these programs, therefore, the government continues to meet its commitment to enhancement of adequate and affordable housing for Manitobans.

The third objective that I mentioned earlier, involves improvement to the quality of housing stock in the province.

In terms of reinforcing urban development objectives of the province, it is an objective of Manitoba Housing to continue its efforts to stimulate the rehabilitation of the currently existing housing stock. The age and condition of the housing stock in Manitoba has increased pressure for activity in the repair and rehabilitation area. About 26 percent of the housing stock was built prior to 1946 and almost 50 percent prior to 1960. Some 25 percent of the total stock has been defined in need of repairs representing about 90,000 units, with about 25,000 units requiring major rehabilitation.

To this end and in keeping with the departmental objective to maintain and improve the quality of housing stock, Manitoba Housing will continue its involvement in the area of rehabilitation through such programs as the Critical Home Repair Program, Buy and Renovate, and the administration of the Residential Rehabilitation Assistance Program.

I would like to draw to your attention the activities under the Critical Home Repair Program. As you know, this program has been in effect for some time. It assists low income senior citizen and family homeowners to repair their homes by providing grants and partially forgivable loans. From 1979-81, a total of \$2.8 million was committed for the repair of some 3,100 units. By 1981, program commitments were dwindling as a result of a lack of commitment on behalf of the previous administration to upgrade program benefit levels. Subsequently, in 1982, our government substantially revised the program to make it more accessible to low income senior citizens and families. Since that time, approximately \$10.6 million has been committed for the repair of almost 8,500 homes of low income seniors and families. Again, I cannot understate the marked differences in approach of our government from the previous administration in meeting the needs of low income homeowners. We have, in fact, almost tripled

the number of homeowners who have benefited from the Critical Home Repair Program while, at the same time, providing an important stimulus to the small contractors who most frequently do these type of repairs.

The second area of involvement in housing rehabilitation is the Buy and Renovate Program available through our Homes In Manitoba Program. This program provides an incentive to purchase and upgrade existing homes, particularly in the older areas of cities and towns. Low interest mortgages are available to home purchasers for homes which are a minimum of 30 years old, cost no more than \$35,000, and which require that an additional \$10,000 be spent on renovations.

Due to the complex nature of this program, certain administrative difficulties were encountered at the outset of the program. However, the department has now developed, and is in the process of implementing procedures which will streamline the process. A total of 117 buy and renovate mortgages have been committed to date, with an additional 27 mortgage applications in process. It is anticipated that, through our continued involvement in this area, the buy and renovate program will continue to stimulate activity in the home renovation and home repair trades.

Thirdly, I must note the delivery levels of Manitoba Housing under the federally funded Residential Rehabilitation Assistance Program (RRAP). The department delivers a portion of this program in certain designated communities for the Federal Government. The program provides partially forgivable loans of up to \$10,000 for the major rehabilitation of housing units.

It is a valuable program to Manitoba in that it provides for much more extensive rehabilitation of housing units than is possible under the Critical Home Repair Program. It is a program which is fully funded by the Federal Government. From 1979 through 1981, a total of 550 units were committed for repair at a cost of \$2.2 million through the Manitoba Housing and Renewal Corporation, under the previous Conservative administration. During the 1982-84 period, over 1,000 units were committed by the department under the RRAP program for a total of about \$6.9 million.

The difference in performance is clear. Our government has been able to commit to repair almost twice as many units during its first three years as the previous administration committed from 1979 through 1981. In fact, the 1984 commitment almost equals the entire commitment over 1979-81. And furthermore, the \$6.9 million in activity, generated through a more aggressive provincial use of federal funds, has an important stimulative effect on both materials purchased and job creation for small renovation contractors and tradespeople in Manitoba.

In addition to these primary involvements in the renovation and rehabilitation of existing housing stock throughout the province, this department is also involved in the administration of the CHEC Program available through Energy and Mines. Manitoba Housing provides inspection and complaint resolution services, on a fee for service basis, to the extent of approximately 400 inspections per year.

The department is also involved in the administration of the Core Area Initiative's Home Repair Program, as part of the tri-level agreement between the Federal,

Provincial and City Governments. Provincial contribution involves writing down the interest rate on federal loans available to the core area residents through RRAP, on an income-related basis to homeowners and landlords. Sixteen hundred and fifty-five units have been rehabilitated to date and a total of 760 clients are currently receiving benefits of the provincial input.

I turn now to the department's fourth objective dealing with rent control. Our government intends to examine possible streamlining of the administration of this legislation. The evidence is far from clear to support the premise that rent controls are a major inhibitor of rental housing construction. While controls per se may well be a factor in rental investment decisions, they are equally unlikely to be a primary cause of low levels of rental housing construction.

Various studies, undoubtedly with narrow interests in mind, successively ignore several of the real major factors in rental housing construction, most notably mortgage interest rates and access to capital. Failing sufficient evidence, the proponents of rent decontrol drag out the "bogyman" of "confidence" of investors. I can assure you that increases in unassisted rental unit starts in both 1983 and 1984 in Manitoba clearly indicate a growing confidence in the Manitoba rental market. Recent absorption rates in units assisted through the Canada Rental Supply Plan - where projects were fully rented in as little as 10 weeks as opposed to a more normal planned rent-up - a period of, say, 10 months - clearly evidence the existence of effective market demand - another more concrete factor in rental housing construction. And, in point of fact, as I mentioned earlier, multiple unit starts in 1984 represent an 81 percent increase over the average of the last three years. So I would like to stress that the regulatory activities of the Department of Housing are directed to the support of an orderly, equitable rental market.

In 1984-85 the Rent Regulation Bureau received over 9,700 applications by landlords for rental increases above guideline. These applications were in addition to the 4,386 applications which were carried over from the previous year. Of the applications under review, 9,170 were determined and resolved, and an additional 325 applications were subsequently withdrawn, leaving 4,592 applications to be carried over for consideration in 1985.

In addition to applications by landlords, 403 files were processed for objections raised by tenants, with respect to rental increases. One hundred and sixty-seven of these cases were determined and 97 objections were withdrawn, leaving a carryover to 1985 of 139 active files.

The Rent Appeals Branch processed a total of 2,657 appeals in 1984. In 21.3 percent the rental recommendation was upheld, and in 78.7 percent the recommendation was varied. One hundred and forty-six applications for rehabilitation were approved, and 60 applications were rejected. One hundred and twenty-seven applications for exemption from rent regulation were approved, and 43 applications are currently under consideration.

The developing trend toward a stable level of activity from year to year is apparent across all areas of the Rent Regulations Bureau's responsibilities.

Our final objective stated, is to provide an equitable basis by which relations between landlords and tenants

may be governed and their disputes effectively arbitrated. The office of the Rentalsman is concerned with all matters relative to residential tenancies in Manitoba, and the past year saw continued demand for the services of this office, with almost 5,300 complaints initiated during 1984. Combined with the files carried over the previous year, this represented approximately 6,600 files requiring action through the office of the Rentalsman. Of these files, over 4,800 cases were processed with files closed in 1984. A total of 334 cash settlements were awarded in 1984, amounting to approximately \$81,700.00. Eight hundred and thirty-six non-cash settlements were settled and 1,422 landlord/tenant disputes were arbitrated through the office of the Rentalsman.

Roughly one-third of these complaints were related to security deposits. The review of The Landlord and Tenant Act currently under way, will examine this area and other areas of the act, with the aim of streamlining the process and hopefully resolving some of the longstanding issues of contention.

I have spoken tonight on the fundamentally different approaches to housing activities of the former Conservative Government and our government. The housing initiatives of our government have been considerable. The meeting of the diverse housing needs of Manitobans in terms of adequacy, suitability, affordability and accessibility is indeed a complex task. Our government has taken a comprehensive approach which recognizes both the variety of influences and actors in the housing market. The commitment of social housing supply has been maintained, in fact, increased significantly over the commitment of the previous Conservative Government. In addition, our government has taken initiative and responsible approaches to both the rental and home ownership market which have expanded the housing options of Manitobans and provided a much needed revitalization of the housing industry.

**MR. CHAIRMAN:** Thank you, Mr. Minister.

As is the usual practice in this committee, the leading critic of the opposition will now give his reply to the Minister's opening statement, which has gone beyond 30 minutes. Thank you.

**MR. R. NORDMAN:** I would choose, Mr. Chairman, to carry on with the Estimates and we will go through this as we go through the Estimates and I know the Member for Sturgeon Creek and I will have questions to bring forward out of this.

I would hope that we would carry on maybe until 10 o'clock and then maybe tomorrow, to give us time to digest this, because it's a pretty comprehensive report. So unless Mr. Johnston has something to add to it, we would carry on with the . . .

**MR. CHAIRMAN:** Thank you. At this point in time, the Chair invites the members of the departmental staff to kindly take their respective places.

Deferring Item No. 1.(a), relating to the Minister's Salary as the last item for consideration by this committee, we shall begin our deliberations on budget Item 1.(b)(1) General Administration, Executive Support: Salaries; 1.(b)(2) Other Expenditures.

The Minister will introduce some members of his staff.

**HON. J. BUCKLASCHUK:** Yes, I'd like to introduce my staff. Sitting beside me is the Deputy Minister of Housing, Saul Schubert; next is Bryan DePape, Executive Director of Support Services; Ken Cassin, the Acting Director of Planning; Don Ilich, our Assistant Deputy Minister for Property Management and Landlord and Tenant Affairs; Bill Kennedy, our Assistant Deputy Minister responsible for quite a number of the programs, Program Delivery; and Joan Miller, official title is Acting Director of Communications.

The reason I stall on some of these names is these staff are so versatile it's sometimes hard to remember what they're doing.

**MR. CHAIRMAN:** No excuses.

1.(b)(1); 1.(b)(2).

**MR. R. NORDMAN:** There's not much change in your Salary setup here, there's not much change in the whole clause. Is there any explanation as to what you were doing in there that did increase the staffing? Is it just regular, normal increases or have you any more staff than you had before?

**HON. J. BUCKLASCHUK:** These are normal increases in salary costs and expenses.

**MR. R. NORDMAN:** Was there a percentage of increase throughout the department?

**HON. J. BUCKLASCHUK:** The increases are due to normal salary increases and increments.

**MR. R. NORDMAN:** But my point was, what percentage of increase was there? Was there an average percentage increase throughout the department or were they basically individual?

**HON. J. BUCKLASCHUK:** I don't have the exact percentage, but I'm advised that it's virtually nil.

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, does the Minister have available to us a breakdown of the department or a graph showing the Minister, the Deputy Minister and the responsibilities of the different department heads and what responsibilities they have?

**HON. J. BUCKLASCHUK:** I can provide you with copies of that very quickly.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, could the Minister advise us as to the cost of the homes constructed in the Logan development?

**MR. CHAIRMAN:** It might be considered under another item.

**MR. G. MERCIER:** Where?

**MR. CHAIRMAN:** Where is it, Mr. Minister?

**HON. J. BUCKLASCHUK:** That information can be provided under the section of Program Delivery, I believe. I can certainly provide you with that information.

**MR. CHAIRMAN:** The staff may not be here.  
The Member for Assiniboia.

**MR. R. NORDMAN:** Prior to getting the Minister's report, I had written out several questions and one of them, for instance, was how many housing units does the corporation directly administer? I believe it's in here somewhere, but could you . . .

**HON. J. BUCKLASCHUK:** The figure I used in my introductory remarks, 16,900.

**MR. R. NORDMAN:** Have you any idea how many vacant units we have?

**HON. J. BUCKLASCHUK:** I do have the figures for the units administered under the Winnipeg Regional Housing Authority. At the end of April we had 98.

**MR. R. NORDMAN:** 98?

**HON. J. BUCKLASCHUK:** 98 units.

**MR. R. NORDMAN:** Empty?

**MR. CHAIRMAN:** The question from the Member for St. Norbert has not been answered yet.

**MR. R. NORDMAN:** Sorry.

**HON. J. BUCKLASCHUK:** In response to the question from the Member for St. Norbert, I presume the question was in reference to the rehabilitation of existing housing and not the new housing we're providing in that area. The rehabilitation cost for the 31 units was \$696,300, for an average of \$22,500 per units.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, what about the houses constructed under the Core Area Program?

**HON. J. BUCKLASCHUK:** I don't have the exact figure for that, but I believe that the cost is in the neighbourhood of \$60,000 per unit.

**MR. G. MERCIER:** Mr. Chairman, what did that cost cover and what did it not cover. Is there other monies spent by other levels of government or agencies?

**HON. J. BUCKLASCHUK:** Yes, I believe that \$60,000 figure to include only the cost of construction.

**MR. G. MERCIER:** That did not include then the servicing costs which were supplied by the City of Winnipeg?

**HON. J. BUCKLASCHUK:** No, it wouldn't.

**MR. G. MERCIER:** Can the Minister indicate how many houses were involved?

**HON. J. BUCKLASCHUK:** In total, the North Logan Redevelopment Project will involve some 108 to 124 units. I had previously indicated that there were 31 that were rehabed; there were seven existing houses that have not been renovated.

There are plans, as I indicated in my introductory remarks, for 10 to 15 new single infills. There are four new single infills on the south side. In addition, there are eight new rental semi's on the south side of Logan under construction or completed; 18 family housing units at 400 Logan; and a further block in the design stages I believe - it's for the 1985 program - of 30 to 35 apartments; for a total, as I indicated, of about 108 to 124 units.

**MR. G. MERCIER:** Mr. Chairman, the Minister didn't answer the question though. How many new units were involved in this construction program of over \$60,000 per house?

**HON. J. BUCKLASCHUK:** I'm sorry, I didn't understand the question. The answer is four.

**MR. G. MERCIER:** The Minister indicated there 112 units in the area. Could he indicate how many of the units are occupied by tenants who previously lived in that area?

**HON. J. BUCKLASCHUK:** I don't have an exact figure on a number of persons who are living in that area who previously lived there, but I do understand that there is considerable interest on the part of the former residents in moving back into that area. So I would expect the percentage would be fairly high, but I don't have an exact percentage at this time.

**MR. G. MERCIER:** Is priority given to people who lived in the area previously?

**HON. J. BUCKLASCHUK:** Yes, there will be. The project is being managed by the North Logan Development Housing Corporation. They will be receiving applications and they'll be making those decisions, but from what I am told there has been considerable interest in former residents moving back into that area.

**MR. G. MERCIER:** Mr. Chairman, what percentage of these units will be owned by residents?

**HON. J. BUCKLASCHUK:** Roughly about one-half.

**MR. G. MERCIER:** What is the average purchase price compared to the cost of construction?

**HON. J. BUCKLASCHUK:** I can perhaps provide you with some rough figures here. It's anticipated that the selling price for the rehab units will be around \$35,000, considering the actual cost might have been 45-50, so we're looking at about 80 percent, 75 percent to 80 percent of actual cost. With respect to the newer units, they'll be selling for around \$45,000, assuming that the total cost, including services, will be about \$65,000; so we're looking at about 65 percent to 70 percent.

**MR. G. MERCIER:** Mr. Chairman, how does the Minister of a corporation determine who is fortunate enough to buy a home for that percentage of its actual cost?

**HON. J. BUCKLASCHUK:** I'll answer this in three parts. First of all, the preference is for previous residents. The selling price is based on an appraised value as determined by a professional appraiser for the rehab units and for the new ones, it's the appraised value plus 10 percent.

**MR. G. MERCIER:** Mr. Chairman, did the Minister not though indicate that the sale price was in the area of three-quarters of the actual cost of construction? Is that not correct?

**HON. J. BUCKLASCHUK:** Yes, I did so indicate.

**MR. G. MERCIER:** Mr. Chairman, that has to beg the question, the corporation is building homes, for example, just to use a figure of \$60,000 and selling them for \$45,000, because that's somebody's appraisal of the value of the home. Is that what he's saying?

**HON. J. BUCKLASCHUK:** Yes, that in fact is what I'm saying. The professionally appraised value of the homes does not match the cost of building that home. That's nothing unusual, whether it's North Logan or whether it's the core area of Winnipeg or rural Manitoba.

**MR. G. MERCIER:** Great business to be in.

Mr. Chairman, does a similar program exist anywhere else in the province where the government builds a home and sells them for three-quarters of the cost of construction?

**HON. J. BUCKLASCHUK:** Perhaps not in exactly the same manner, but certainly in Northern Manitoba, under the Rural and Northern Housing Programs, homes are sold at a cost, but the mortgage payments are geared to income and, in effect, there is an equal subsidy to those homeowners as there is in the core area or North Logan, although it's not as visible, that's all. It's a different approach, but the intent is still the same, to provide for affordable housing.

**MR. G. MERCIER:** What is the criteria then that is applied when approving a purchaser for a home in this area?

**HON. J. BUCKLASCHUK:** The criteria would be that the prospective home owner would have to be able to provide the necessary equity, which I believe is around 10 percent and would have earnings or income to be able to maintain the normal payments on that home.

**MR. G. MERCIER:** Mr. Chairman, there are thousands of young people in this province who have to scratch to find a 10 percent down payment on a house and to qualify for a mortgage with a lender to buy a home and make a lot of sacrifices to be able to do that. In this case, I can appreciate that people who probably are buying these homes are in the same situation, but they're putting 10 percent down, but they're getting a house worth 25 percent more than what they're paying

for it, because those are the construction costs to the government. There's no developer in the city or other contractor who's building homes at a cost of \$60,000 and selling them for \$45,000.00. I find it difficult to believe that the taxpayers' money should be used in that way.

That would indicate, going back to the very beginning of this whole North Logan scheme, what a boondoggle it was and what a political decision was made by this government in changing the core area plan for this area and then, backed into this corner, they found themselves building homes that they could only sell for three-quarters of the value of construction cost.

Mr. Chairman, I would ask the Minister how much money is going to be spent by the government in total in this area and what are the continuing annual costs to the government or the corporation?

**MR. CHAIRMAN:** Does the Minister of Agriculture want to speak?

The Minister of Tourism.

**HON. J. STORIE:** Mr. Chairman, while the Minister is identifying the specific costs anticipated for this program, I think that it should be pointed out that the Member for St. Norbert has missed one of the essential aspects of the rationale for developing the infill housing area.

It is, in essence, a public housing program. It is also an attempt to rejuvenate the core area of Winnipeg and fits in with a number of other strategies being put in place by the Department of Housing and the Department of Urban Affairs.

I would ask him to do some quick arithmetic and tell us in his opinion which is going to cost the province a greater amount in the long run; a \$15,000 reduction in the assessed value of a home where we have ownership, where there are no ongoing operating costs to the province. First there's a 60,000 or a 70,000 per unit investment in public housing with ongoing operating costs. I think that to anyone it would be fairly obvious that this way of providing some incentive for low income housing is a far superior method to the building of straight public housing.

In the second instance, it is also a way of rejuvenating the core area of Winnipeg. Purchase of an infill housing unit in the core area, in an area, one of the streets where I know there are a number of units is on Alexander in the North Point Douglas area, there is some housing, and I would invite the Member for St. Norbert if he feels this is a program that is so advantageous to consider moving into one of those areas. We believe that it is worthwhile.

I feel some responsibility because I was the Minister responsible when the program actually got under way. I had a chance to tour the areas. I had a chance to see the houses. I think that it's worthwhile to have people moving back into that area. While there is a deep subsidy in the first instance, it is no greater - in fact, it is far less than the cost of the alternatives of providing housing. Besides meeting the objectives of providing low cost housing, it meets the objectives in terms of a renewal. If you care to take a short trip in the areas where a number of those houses have been put in place on the same street, I think you will notice

a significant difference in the atmosphere, the environment. We believe that those particular infill units, along with some of the Buy and Renovate Program houses, along with the incentives provided through RRAP and CHRP, we see a regeneration and a redevelopment in some areas where it was not previously thought possible.

I think the Member for St. Norbert is wrong on two counts: He's wrong in that it costs more money from the public purse; he's wrong in that it meets a second objective which he has obviously not considered very important. We have considered it important that the neighbourhoods where the infill housing is going consider it important. The City of Winnipeg, I believe, thinks it's important. I suppose the member is entitled to his own view, but I think that his view is certainly at odds with the facts of the matter.

North Point Douglas, also for the Honourable Minister, is suffering seriously from PC contaminants according to Abe Kovnats; not PCBs. He indicated it was PC contaminants. I assured him it wasn't contagious.

**MR. CHAIRMAN:** Thank you, Mr. Minister.

**HON. J. STORIE:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** The Minister of Housing.

**HON. J. BUCKLASCHUK:** Yes, I can provide some figures as to the cost of the housing component of this North Logan redevelopment. The land acquisition for the housing is roughly three-quarters of a million; the cost of moving the houses and providing new foundations, I believe, 345,000; the cost of the municipal servicing is 900,000. We made reference to the rehabilitation of those 30-some units which was about 600,000 and about 200,000 for the four infill units. So, roughly a total of about 2.8, 2.9 million.

Now, there are some recoveries. There is a \$1.3 million recovery from the Core Area Initiative. There is a \$100,000 recovery from Canada Mortgage and Housing, which leaves us with a net cost of \$1.5 million. Now, a large portion of this 1.5 million will be recovered through mortgage payments.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, the \$2.9 million covers how many units?

**HON. J. BUCKLASCHUK:** It wouldn't be correct for me to give a figure of 35 or 75 or whatever, because when we talked about the \$900,000 for Municipal Services, this will, in fact, service the 108 to 124 units that are to be built. They're not all there so we shouldn't be attributing that \$900,000 cost to the number of existing units at the present time.

We should also mention that there will be, in addition to the homes, whether they be single family or apartments, there will be some businesses, I believe, located in that area, so these servicing costs will have to be spread out over that.

**MR. G. MERCIER:** Mr. Chairman, did the corporation advertise the fact that these units would be available,

so that anyone interested in purchasing one of these units at three-quarters of its construction cost could apply?

**HON. J. BUCKLASCHUK:** That is the responsibility of the North Logan Development Corporation. If they haven't done so yet, I'm sure they will be doing so. There has been a lot of interest expressed up until now, whether it was through advertising by word of mouth, or whatever, but I do know there's considerable interest.

**MR. G. MERCIER:** Mr. Chairman, does the Minister mean to say that the government is spending this amount of money and has no input into how purchasers would be approved? Are there no guidelines established by the corporation?

**HON. J. BUCKLASCHUK:** I suppose the concern is that this is such a good bargain that the world would be beating the doors down of the development corporation to buy these homes. I guess I didn't get my point across about the appraised value of these homes. The homes, while they may cost \$60,000 and have a market value of \$45,000, that happens in other parts of the city as well.

**A MEMBER:** Where?

**HON. J. BUCKLASCHUK:** The selling price of these units does reflect the market value of housing in those areas. That's, I suppose, the reality of the world. The question is, where? I would suggest that any area within the core probably experiences that same problem and a lot of smaller communities in Manitoba. The fact that it may cost \$60,000 doesn't mean that that building is worth \$60,000 on the market.

**MR. G. MERCIER:** Mr. Chairman, my question to the Minister was, is the corporation not involved in somehow setting some criteria to be followed by the North Logan Housing Corporation in approving the purchasers for these units, in order to prevent a possibility - I'm not suggesting it's going to happen - but a possibility that the board may simply sell the homes just to their friends or people they know. Surely there has to be some criteria and surely the government, having expended this amount of money, has to be involved in setting the criteria.

But in not answering that question, the Minister referred to the fact that there are many other areas where this is taking place; where homes are being constructed and being sold at 75 percent of their construction cost. I would ask him to cite one instance where people or builders or developers or individuals are constructing homes in the City of Winnipeg and selling them for three-quarters of their construction cost? One instance, give me one instance. If they are, they're bankrupt.

**MR. CHAIRMAN:** The Minister of Tourism.

**HON. J. STORIE:** I'm rather amazed at the Member for St. Norbert's lack of appreciation for how the system works. If the Member for St. Norbert found himself a lot on Adelaide Street and decided to build a home

for \$60,000 worth of goods, materials and labour, and two days later decided, for his own particular reasons, that he had to sell. He would not get \$60,000 for that home.

**MR. G. MERCIER:** But who is doing it? Nobody is doing it.

**HON. J. STORIE:** I suppose because of circumstance, it happens. That's a fact of the marketplace. We live in a real world.

**MR. G. MERCIER:** . . . the Premier said you're forced into reality, but . . .

**HON. J. STORIE:** You haven't been yet; you will be. — (Interjection) —

**MR. G. MERCIER:** I wonder if the Minister can answer the question about the criteria? I take it these homes are constructed and turned over to the North Logan Housing Corporation and they approve the purchasers. I'm surmising that from his previous answers; if I'm wrong, perhaps he could let me know. But if that is the case, what is the criteria for approval of purchasers of these homes and does the Minister or the Housing Corporation not have any input into ensuring that the North Logan Housing Corporation applies the government criteria?

**HON. J. BUCKLASCHUK:** Let me just clarify this. The North Logan Development Corporation takes the applications from those persons who are interested in purchasing homes in that area. The purchasers are then referred to Manitoba Housing, who determines whether or not they have the ability to make payments on those homes. They qualify that way.

In addition I am advised, if we're talking about the new infill units, it's the appraised value plus 10 percent; and in addition a co-loan, a forgivable loan of \$6,000, which is repayable if the homeowner doesn't maintain that residence or live in that residence for five years.

**MR. G. MERCIER:** I'm sorry, Mr. Chairman. I think I missed the answer I was looking for. How are the purchasers approved, by the government or by the North Logan Housing Corporation?

**HON. J. BUCKLASCHUK:** The applications have to be processed and approved by the department.

**MR. G. MERCIER:** What are the criteria of the department then?

**HON. J. BUCKLASCHUK:** The criteria is that they have to be able to afford to provide the equity and to afford the payments on that residence.

**MR. G. MERCIER:** As the Minister indicated earlier, if this were advertised and people would see this to be a very good bargain and there would be a flood of applicants, is it just going to be first application in that meets the criteria will be approved?

**HON. J. BUCKLASCHUK:** As I indicated, the priority will be for those persons who lived in the area. Now

if there are an insufficient number of applications, we do have an expression of interest by about 200-plus persons who are interested in purchasing infill housing.

**MR. G. MERCIER:** Did the corporation provide any relocation assistance for people who moved out of the area?

**HON. J. BUCKLASCHUK:** No.

**MR. G. MERCIER:** I wonder if the Minister is aware if the Core Area Program did?

**HON. J. BUCKLASCHUK:** It may well be that the Core Area Initiative had a program to deal with that. I'm not aware of it.

**MR. CHAIRMAN:** The Member for Assiniboia.

**MR. R. NORDMAN:** Am I to believe that the services for both the residential and the commercial aspects of this development are in place now?

**HON. J. BUCKLASCHUK:** Yes, they are.

**MR. R. NORDMAN:** Have we any history, or is it too early to assume that any of these homes that have been renovated or rebuilt and sold have had to be repossessed?

**HON. J. BUCKLASCHUK:** There are none that we're aware of that have been repossessed and we're just in the process now of selling off the homes.

**MR. R. NORDMAN:** I know; it's pretty early, so the history of it doesn't extend for that great a period of time. I think that by the time some of these people buy them and in order to afford them, they are having to be in the \$25,000-\$35,000 wage bracket and there's just not all that terribly many people that are in that wage bracket that are going to want to build or buy in those particular areas, I don't imagine, or am I wrong?

**HON. J. BUCKLASCHUK:** I'm sorry, what wage bracket were you . . .

**MR. R. NORDMAN:** Between \$25,000 and \$35,000 in order to make their payments. To qualify, they would have to be making, roughly, say \$30,000 here, so I don't know, how many people in that area make that kind of money? Am I far out?

**HON. J. BUCKLASCHUK:** If I recall, from our Infill Housing Program, which I think had about the same costs as the houses we're looking at here, the incomes need not necessarily be that high. As a matter of fact, I'm quite sure, we have homeowners who have incomes as low as \$15,000.00. Our experience with the infill housing has been quite good. Staff can't recall a single repossession.

**MR. R. NORDMAN:** If you go by the rule of thumb that housing should not be more than say 25 percent of their earnings then you've got a problem, foreseeably.

**HON. J. BUCKLASCHUK:** The incomes would likely be higher than 15,000; I use that as an example. It'll probably be in the neighbourhood of 20,000 and it is considered that a payment of 27 percent to 32 percent is something that the average home owner should be able to handle.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, the Manitoba Housing Corporation owns land in south St. Vital purchased many, many years ago. Is that not correct?

**HON. J. BUCKLASCHUK:** That is correct.

**MR. G. MERCIER:** How would that land be affected by the proposed urban development that was proposed by the Urban Affairs Minister?

**HON. J. BUCKLASCHUK:** As it is, part of that land is within the boundaries and part of it is outside.

**MR. G. MERCIER:** Can the Minister indicate the total acreage and the acreage within the line and the acreage outside of the line?

**HON. J. BUCKLASCHUK:** With respect to that parcel of land, I believe that about 200 acres are inside the line and about 350 are outside. I also believe that that line is presently under negotiation between Urban Affairs and the City of Winnipeg.

**MR. G. MERCIER:** Has the Minister made any recommendations as to moving that line further south?

**HON. J. BUCKLASCHUK:** Well, I suppose we have had some influence in that we made Urban Affairs aware of the need for additional land for housing developments. I would think they would take our concerns into account when they're negotiating with the City of Winnipeg.

**MR. G. MERCIER:** Mr. Chairman, what are the intentions of the corporation with respect to the development of that land?

**HON. J. BUCKLASCHUK:** It would be our intention to bring this land under development as soon as possible. There are probably a number of routes that we could consider and that might be a proposal call or a joint venture. There are certainly other options available, too.

**MR. G. MERCIER:** Does the Minister of the corporation have any time schedule in mind, the planning development in the very near future, or five years down the line, or 10 years? I asked that, Mr. Chairman, because I notice in driving down Bishop Grandin the other day that there appears to be some activity. I know there are two or three other of the major developers who own land in the vicinity. It would appear that there is a start to some sort of construction activity in the area.

**HON. J. BUCKLASCHUK:** In terms of a time frame, certainly it would be my hope that we would do

something within five years. You've indicated there were some signs of development. I believe that is land owned by Metropolitan Homes and not ours, but we will be probably applying for a plan of subdivision, or taking some action to get that land under development within the not too distance future.

**MR. G. MERCIER:** Mr. Chairman, does the Minister of the corporation have any idea as to the type of development they would propose in the area?

**HON. J. BUCKLASCHUK:** That'll be determined, I suppose, once we confirm how we're going to develop this property but certainly it would be my hope that whatever route we choose and realizing that this is a high end of the city, that there would still be some availability of lots for affordable housing. At the same time, we would like to, as much as possible, maximize the opportunities for these smaller contractors to develop their businesses.

**MR. G. MERCIER:** Just one last question. Has the Minister indicated a joint venture? He's not opposed to that sort of concept for that particular area with another developer.

**HON. J. BUCKLASCHUK:** I don't think there'd be any reason why we should oppose that sort of a venture. I'm sure that an agreement could be reached so that the land is developed to our mutual benefit.

**MR. G. MERCIER:** Has the Minister had any discussions with other developers in the area along that line for the corporation?

**HON. J. BUCKLASCHUK:** Our department has had a discussion with a number of developers on this property. No decision has been made but I would hope that when it does come, if we should go the joint venture route, that the developer selected will be done so in a fair and open way.

**MR. CHAIRMAN:** The Member for Swan River.

**MR. D. GOURLAY:** Thank you, Mr. Chairman. I wonder if the Minister can indicate what the current rental policy on public housing is at the present in Northern Manitoba.

**HON. J. BUCKLASCHUK:** I'm advised that our rent levels are 25 percent of income and that includes the utilities.

**MR. D. GOURLAY:** The Minister indicates 25 percent of gross income?

**HON. J. BUCKLASCHUK:** Gross income, yes.

**MR. D. GOURLAY:** Is there a situation where there is a maximum dollar limit, rather than when it reaches a certain limit, which may be lower than the 25 percent?

**HON. J. BUCKLASCHUK:** I should just clarify. When I said 25 percent of income, that in fact there may be small adjustments, depending on the number of children

and so on, or dependents. It can be adjusted down. However, there is no maximum, as there isn't in Winnipeg.

**MR. D. GOURLAY:** The Minister is saying, Mr. Chairman, that in Churchill, for instance, there is no maximum level on the rental charged by the housing authority.

**HON. J. BUCKLASCHUK:** I got caught on that one. In fact, Churchill and Leaf Rapids, I believe, are two communities where the rent levels are not geared to income, that in fact they are geared in at the lower levels but then they are capped so there is a maximum rent that is payable by the tenant.

**MR. D. GOURLAY:** Did the Minister indicate at a meeting in Churchill recently that this maximum was going to be reviewed and perhaps might be taken off so it would encourage more private housing development?

**HON. J. BUCKLASCHUK:** Yes, in fact, last March I was at Churchill, at which time I indicated to a meeting of some 60 or 70 residents that we are looking at increasing the rent levels in our units at Churchill, but there will be a maximum which will be considerably higher than what it is at the present time.

**MR. D. GOURLAY:** The Minister, at that same meeting, also indicated that they would be announcing, or the government would be announcing a new housing program specifically for the Churchill community.

**HON. J. BUCKLASCHUK:** That's correct. We felt that if we were to increase the level of rents to more adequately reflect the real costs that there might be some tenants who would feel that it was to their advantage to own their own homes. Unfortunately, under the various programs that are around, there is nothing at the present time that would encourage home ownership and we are, in fact, looking at a program that will make home ownership a more attractive option. We have not yet finalized the details on that program.

**MR. D. GOURLAY:** So there's no change at this point with respect to the rental policy and a new housing program has not been decided upon. Is this correct?

**HON. J. BUCKLASCHUK:** Well, we are involved in a consulting process. When I went up to Churchill in March it was what we thought might be an acceptable rent level and options. We've had some feedback from the residents, from the agencies and we are taking their concerns into account and working out a program that hopefully will be more acceptable to them. I would certainly hope that we will have something concrete to announce within the next month or two months.

**MR. D. GOURLAY:** I wonder if the Minister could indicate how many housing units are presently empty in Churchill, empty for the reason that they're not inhabitable because of whatever reason, damages or other problems.

**HON. J. BUCKLASCHUK:** I don't believe that any of our units are empty. There may well be some that are

privately owned, but I think we get right back to the problem that we dealt with when the Member for St. Norbert was talking about costs. The fact is that Churchill residents, under existing situations, there really is no incentive for them to invest in existing housing, to upgrade or whatever, because they can't recover their costs. We get back the situation of appraised values not reflecting the costs of buildings.

**MR. D. GOURLAY:** I'm not clear on the Minister's answer. He indicated that he didn't feel there were any houses that were empty, public houses, empty because of the problem with damaged facility, whether it was a sewer and water break underneath a home or just a damaged house because of the people that had lived in it previously.

**HON. J. BUCKLASCHUK:** As I indicated, I'm not aware of any of our units being empty. We'll certainly check on that. I've just been advised, in fact, there may be two units that are sitting vacant because of some sewage damage. They are being repaired. The other units that are empty that may be owned by private individuals, I understand, are empty because the landlord might well fear that whatever the costs are of keeping that home open, the operating costs, the rent that he could obtain for those buildings would not even pay for the operating costs.

**MR. D. GOURLAY:** Mr. Chairman, I wasn't referring to privately owned homes in this case, because I didn't expect you to know how many privately owned homes are vacant. I'm interested in public housing administered through MHRC or the local housing authority. You indicate there's two housing units that are vacant.

**HON. J. BUCKLASCHUK:** Yes, I'm advised there are two. We'll confirm that and we'll get that information for you tomorrow.

**MR. D. GOURLAY:** The housing units are being repaired at the present time?

**HON. J. BUCKLASCHUK:** Yes, as far as we know the damage is being repaired. I'm advised that the tenants have been relocated, and again I'll confirm that tomorrow that work is under way to repair those homes.

**MR. D. GOURLAY:** Information that I received that the Housing Authority did not have sufficient funds to repair the houses, that supposedly are not being lived in at the present time, so I'm just wondering how this operates? Does the Housing Authority request additional money from the HRC to repair these homes?

**HON. J. BUCKLASCHUK:** Yes, I'm told that in fact monies had not been budgeted for that, but we do have a reserve to take care of emergencies such as that, and that will be looked after.

**MR. D. GOURLAY:** Is it possible the damages could be of such a nature that it may not be feasible to repair these homes?

**HON. J. BUCKLASCHUK:** I don't know the extent of the damages, but I do know the replacement cost of

a home at Churchill might well be in the \$70,000 to \$80,000 range. I don't imagine the damage would be anywhere near that extent.

**MR. D. GOURLAY:** I have a couple of other questions. The Minister had indicated in question period the other day that there were some recently constructed EPH units in Churchill, I think 10 units. I'm wondering, did MHRC make the decision as to where these units were to be built?

**HON. J. BUCKLASCHUK:** Yes, I understand that the site that was chosen would probably have been done in consultation with the local authorities - we do elsewhere - who assist us in determining what is the best site available. I also understand that these units are still under construction, that they're not finished. They will be ready for occupancy in about one month's time.

I recall a question a few days ago in the House that I think we referred to them as elderly persons' housing. In fact while they may be built under the R & N Program extensively as elderly persons' housing, there is an understanding that there will be a movement of families whose numbers may have decreased into these smaller units; therefore freeing up larger units for those families that need that sort of accommodation.

**MR. D. GOURLAY:** So although they're built as EPH's, they could be used for other family units. Is this what the Minister is saying?

**HON. J. BUCKLASCHUK:** Yes they're built as a standard one-bedroom EPH model, but in fact they will be used to accommodate — (Interjection) — yes, we call them empty nesters; that is tenants whose children may have left and now they're occupying a three-bedroom home, which they no longer need. We will move those persons into the new units, freeing up the existing unit for a family that's in need of housing.

**MR. D. GOURLAY:** I wonder if the Minister could indicate whether there was any local representation suggesting that the location for these EPH's was not in a location that was desirable because of the proximity to the downtown area. They were sort of removed from the downtown area and would not be suitable for elderly persons' housing. Was there any submissions made to MHRC to reconsider this type of housing in the particular location?

**HON. J. BUCKLASCHUK:** Neither staff nor I are aware of any submissions that were made to Manitoba Housing to reconsider that site.

**MR. D. GOURLAY:** Thank you.

**MR. CHAIRMAN:** The Member for Thompson.

**MR. S. ASHTON:** Thank you, Mr. Chairman.

I had some concern to regard to senior citizens' housing. I was wondering if this would be the appropriate time to raise it? I was in the other committee. I'm wondering if that would appropriately raised under this item or under . . .

**MR. CHAIRMAN:** We have done everything else and it's after 10:00.

**MR. S. ASHTON:** Okay, if it's no problem I would like to raise a couple of points. It relates to the growing desire in Thompson to see a senior citizens' facility in our area. In fact in the last few years, I've noticed it each year that the feeling in Thompson has grown that we're at that stage in the development of our community when we do need facilities for our senior citizens.

Recently there's been a number of new developments in that regard. The senior citizens locally are presently organizing a campaign to try and sign up people who would be interested in the senior citizens' facility. In fact they have a number of names already. One of the local service organizations has offered its help and assistance. Beyond that, I think, generally the community as a whole has gotten high on the effort to get senior citizens' housing developed in the Thompson area.

In addition to that, a number of regional organizations such as the MMF have indicated interest in putting some of their people in such a facility, if it were to be built. The reason I'm raising it now is because a lot of these things are developing, I feel, to the point where there may be some substantive planning and proposals coming in and I would like to, first of all, pass that on to the Minister, the fact that there is an interest in senior citizens for housing, particularly with personal care services; and also ask for the co-operation of the Minister's department.

I think it's going to require a fair bit of assistance, particularly in terms of getting a model from another community, which might be of assistance to the people in Thompson. They obviously can't plan this out of the blue, so I would ask both for the Minister's personal and his department's support, in the efforts to try and get that facility established in Thompson.

**MR. CHAIRMAN:** Committee rise?  
The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Just one request. The Minister refers to 28 programs in his opening remarks and then we have in the Housing Report for the year ending March 31, 1984, the Statement of Operations. I wonder if we could have provided to us a list of the programs and the amount of money appropriated to these programs for the coming year?

**HON. J. BUCKLASCHUK:** Yes, I think that information can be provided. I'll ask staff to get that information for us for tomorrow.

**MR. CHAIRMAN:** Committee rise.

## SUPPLY - EDUCATION

**MR. CHAIRMAN, P. EYLER:** Committee come to order. We are considering the Estimates of the Department of Education, Item 3. Financial Support - Public Schools. Does the Minister have an opening statement?  
Madam Minister.

**HON. M. HEMPHILL:** No, Mr. Chairman, when I made my opening statements earlier I included Section 16.3.

**MR. CHAIRMAN:** 3.(a) - the Member for Morris.

**MR. C. MANNES:** Mr. Chairman, last year the Minister provided to me a breakout, public and private school support. It was a three-page document which I found very informative. It broke out all the various grants and the other support to school division. I'm wondering if she intends to provide that again this year.

**HON. M. HEMPHILL:** Yes, I certainly can. I think we can have that for the member tomorrow.

**MR. C. MANNES:** Mr. Chairman, I went to such pains last year to express my appreciation and thanks to the Minister and I complimented her to such a degree, I just thought she would automatically provide it this year and so that we could save time so that she could prepare adequately for June 27th meeting that's coming up with the parents from St. Pierre.

Mr. Chairman, I would then ask the Minister if she could tell us - and I'll use this particular document as the format in which I'll ask questions - first of all, how much education support levy is being raised throughout the Province of Manitoba?

**HON. M. HEMPHILL:** \$184 million, Mr. Chairman.

**MR. C. MANNES:** Mr. Chairman, by my calculation, this is roughly \$2.5 million more than last year. Can the Minister tell us why it has gone up given that the levy rates are unchanged, and can she indicate whether she has a breakout as to how much of this total has come from rural Manitoba and how much of it has come from the City of Winnipeg, or any other breakouts she may wish to give?

**HON. M. HEMPHILL:** Mr. Chairman, the increase is largely a growth in assessment and we do not have a breakdown between rural and urban.

**MR. C. MANNES:** Mr. Chairman, continuing along, provincial support to public and private school boards last year totalled \$339 million and change. Can the Minister tell me how much it will amount to this year?

**HON. M. HEMPHILL:** Mr. Chairman, they're having a bit of trouble relating to the 339. Just give us a minute.

**MR. C. MANNES:** Mr. Chairman, I'm prepared to share this information with the Minister if she wishes, but I have a third line. It says, Provincial Support - 1984 Estimate. Under the Capital heading, there's an amount of \$16,492,000, and under the Current, an expenditure of \$322,806,000 for a total of \$339,299,000.00. I'm seeking some indication of that total for 1985.

**HON. M. HEMPHILL:** 379, Mr. Chairman.

**MR. C. MANNES:** Mr. Chairman, this represents some increase of close to \$38 million. I wonder why the change would be so great when the total support to public school divisions, the total increase - I believe the total amount that's being spent by school divisions, according to the Minister in her opening remarks, is \$573 million, an increase of \$11.8 million or 2 percent.

**HON. M. HEMPHILL:** Mr. Chairman, I'm advised that they're still having difficulty understanding the 339. I realize it's information that we gave him before, but since we didn't bring it with us and it's difficult for comparative reasons, they cannot relate to the figures that they have, I suggest, is it possible for us to leave them to sort this out and go on to another question?

**MR. C. MANNESS:** Yes, Mr. Chairman, it is. I would ask one final question though. Private school support - can the Minister now indicate what support private schools in the province can enjoy in 1985?

**HON. M. HEMPHILL:** Mr. Chairman, there will be three initiatives for funding for private schools this year. The block per pupil grant is going to be increased the same amount as it is for the public school system, which is what we did last year, the same dollar increase. It will go from 560 to 622. It's the same dollar amount as the average student increase in the public schools and represents an 11.1 percent increase over the 1984 block grant.

We are also making some significant changes in shared service agreements. We are going to provide public school divisions with funding for full-time equivalent private school pupils taking Industrial Arts and Home Economics. Those are the two that are the largest number of programs that are taken through shared services, on the same basis as for public school students. In other words, they will be able to count the students from private schools and get the same funding as they would for those in the public schools and we will not be deducting this from their private school grant.

Previously, they had to choose either the grant or the shared service agreement and if they had shared service, the amount of value of the shared service was deducted. It will no longer be deducted.

We are also extending the private school pupils to have them included in public school enrolment for the calculation of clinician support. As you know, one of the major concerns presented by those in private schools for some time has been access to clinician services for special needs children. We attempted to address it last year - I think in the middle of the year - by making available to clinicians, through the Child Guidance Clinic, for the purpose of dealing with children specifically from private schools. We've had some difficulty still in meeting the needs, so what we have done, because we quite agree that access to special needs clinician services is something that we think they should have, we have agreed to just simply have them included in the numbers with the public schools. It can be included in enrolment. The cost - I guess that's enough for now.

**MR. C. MANNESS:** Mr. Chairman, I asked the Minister what the total amount now then would be adding up those changes in three different areas, what would be the total amount in support under the private school system?

**HON. M. HEMPHILL:** The increase for the block grant is \$690,000 and the shared services is \$315,000 and the total of the new support will be just over 1 million, representing the 23.4 percent increase in funding of

independent schools, and the total amount is \$5.2 million.

**MR. C. MANNESS:** Mr. Chairman, that's all the questions I'll ask on these detailed matters at this time.

I'm wondering if the Minister could provide for me the specific changes that came out of her announcement in early, I believe it was January, with respect to the new GSE formula to be put into place. I'm wondering if she could provide for me the detail associated with the formula changes, indeed if there are any. I don't recollect that detail coming with the press release and I think this is an opportune time to try and have it presented to me.

**HON. M. HEMPHILL:** Yes, I think probably the member would like that in writing because some of the formulas are fairly complicated, but there are some formula changes and the reason that we don't put them in the press release is that nobody's interested in them and they never pick up and report on formula changes.

I'll describe perhaps just in a short summary the major components that they get grants under. First of all, it's categorical grants and those reflect the government's priorities. We then have weighted per pupil block grant and equalization grants, but I believe what the member wants is the formulas that are attached to each of those. We probably can quite easily provide all the formulas for him.

**MR. C. MANNESS:** I'll accept that. Mr. Chairman, my question though on the area of equalization, I ask the Minister, without going into detail with the formula, how the new configuration of formulae that come into place provide greater equalization that was in place previously under the old ESP Program? The Minister has made an awful lot of the fact that this new formula has greater equalization characteristics built into it. I'm wondering if she can tell me, in a worded response, how that was developed?

**HON. M. HEMPHILL:** I suppose, quite simply, Mr. Chairman, the basis of the formula, the principle of the formula, I suppose, comes from recognition that there is a wide range of ability of school divisions to raise money across the province. The range is there because of the wide range in their balanced assessment, which goes somewhere from about \$5,000 at the low, up to about \$26,000 at the high.

What it means is that the one school division on a mill will raise \$5,000; the other school divisions on a mill will raise \$26,000.00. So when they're raising their special levy, they have a tremendous difference in their capacity to raise money. What we did was develop an equalization program that was based on balanced assessment, and over the period was based on two things. The supplement portion that was based on board expenditures was one component; and the other component was the balanced assessment.

The balanced assessment was developed over a period of two or three years to bring them up to the same level, so that regardless of where you lived in the province or which school division you resided, the equalization formula meant that they could raise the same money on a mill, it brought them up to same level as the top school division in the province.

**MR. C. MANNES:** Mr. Chairman, I understand the principle. I'm just wondering if the Minister could provide a better understanding of the mechanics without providing the detail of the formula? What the Minister seems to be saying then is that there's been no increase in the levy that's been applied across all the province; yet greater equalization is being brought into effect. What she's saying is that some school divisions are going to receive less given the same number of students that they have and everything else being equal. I'm wondering now if the Minister can tell me which school divisions are going to receive less?

**HON. M. HEMPHILL:** First of all, no school division will be receiving less this year than they would have received under the old program, because we brought in an additional formula or category that we call the variable block. What we did was make a statement that while we were going through the transition that no school division would get less than they would have received had the old program stayed in place, the Education Support Program.

We applied the variable block and where school divisions were better off under the Education Support Program, we left them getting their funding at that same level. Where they were better off getting it under the new program, we put them under the new program, so that regardless of which division they were in, they really got the best of whichever world that they could fit in. Nobody got less than they would have received under the old program.

About half the divisions are under the old program and about half are under the variable block, which means that half of the school divisions in the province have received a much better level of funding than they would have received had the program stayed the way it was.

**MR. C. MANNES:** The Minister said, "the way it was." I take it she means the way it was going, it would have gone if she hadn't brought in the variable block aspect of her new formula. I take it that's what she means. Using her words, she's saying that if the old ESP formula had continued in effect they would have been worse off; so I correct her, and if I'm wrong, of course the Minister will correct me.

Can the Minister provide a listing to me of those divisions that would have been worse off if she had not brought forward this variable block formula and, just as importantly, indicate to me how they will be impacted, not in 1985, but in 1986 when they will not be afforded the protection of the variable block to guarantee that they don't lose '85 over '84.

**HON. M. HEMPHILL:** First of all, the Member for Morris makes an assumption that a decision has been made that has not been made. When we brought in the changes, we said that we would bring them in slowly. They're major changes; it's difficult to go from a very big complex formula for funding and make a change and make it very quickly and overnight, so that's the reason why we brought in the variable block, for protection; and because we didn't want anybody to get less than they would have received under the old program.

We wanted to improve it for those who that were disadvantaged, but not to have anybody in a lesser position than they would have been. We are presently now going through the process of talking to school divisions and looking at how the formulas were applied and what the impact was on school divisions. We do know that somewhere between 20 and 25 of the school divisions are in a much better position because of the supplemental program and the application of the variable block.

We have not said what's going to happen in a subsequent year, in the next year. We have said that we don't expect that there would be any drastic change that would significantly alter their level of funding, in relative terms, to what they were receiving before and we will be studying that over the summer and in the early fall, talking to school divisions and finding out what they think the deficiencies or the problems are and making the decisions on how to handle the transition period for the coming year. There's been no decision to remove the variable block.

**MR. C. MANNES:** Mr. Chairman, I find the Minister's answer amusing. I do so not because of what she has to say in isolation, because I have a sense of, after having just read the Estimates process of April, 1981, and also the debate associated with Bill 56, The Education Administration Act and The Public Schools Act of 1981; and I have this feeling of *deja vu* when I hear her answer because it's almost identical to the answer given by the Minister of the Day, Mr. Keith Cosens, at the time, when he was posed the very same questions and he was charged by those who criticized him for bringing in a three-year program and he uses an explanation that the reason it was three years was to allow some of the difficulties to come to the surface so they could be changed after that time.

Mr. Chairman, here we are in 1985 - over four years later - and from my perspective, I see where the new program has come and has used almost all the facets of that program which was so heartily criticized by members of the NDP at that time. It has some refinements built into it and yet the Minister is making it sound like it's a program of her own creation and, therefore, it is better.

Mr. Chairman, these are some of the criticisms, and I read them into the record. The Member for St. Vital, Mr. Walding, had this to say and I quote. He's talking about the new program. He says, "Mr. Chairman, it is a new financing program that the Minister recently brought in. The impression that we got, Mr. Chairman, was that this new Education Support Program, as it's called, is in reality a glorified foundation program, that it is part of this Minister's forward thinking that he has gone back 25 years and dusted off an old Conservative program, put a few more dollars in here and changed a few words there, brought it forward and claimed it was a brand new financing formula."

He goes on to say, "It was a program generally, Mr. Chairman, that was conceived in haste and born in panic. We suspect that part of the manoeuvring that has gone on in putting forward this new program has to do with a shifting of money that was in the total budget for Education. What the Minister is doing is trimming capital funds and putting them into support programs."

Well, the Minister laughs because she made an announcement just the other day with respect to increased support in the area of capital expenditures. Mr. Chairman, to continue. That member of the day, who I think was the acting Education critic said and I quote, "The poor low tax areas with a minimum of programming are now effectively locked into that position. Those school divisions which are most affluent and have a higher tax base and have been able to give their students much more options in the way of the programming now find themselves in the fortunate position of having their expenditures guided by a ten-point-something percent increase on a much higher base than those poor unfortunate school divisions."

To continue, Mr. Chairman, if I can find the proper quote. Just a couple of more seconds, Mr. Chairman. Friday, May 1st, Page 3257 of Hansard, these comments were made with respect to the new program by the former Member for St. Johns, Mr. Cherniack. He's talking about the new education support program. He says that "The property tax which has been carrying the great burden of taxation has to be relieved and it has to eventually end up as services to property being taxed for services to property, that there has to be a shift towards progressive taxation, that is, taxation on the ability to pay."

Further on he says, "Then the rest is borrowed money; money on which the people of Manitoba will be paying interest at excessive rates at a time when the interest rates today are announced to be the highest ever during the time that this government has been paying lip service to bringing matters under control, coming along with the great depths that they do, then taking credit for the fact that this is a great increase, a substantial increase to the financing of education. It's a phony claim."

Mr. Chairman, I can use those very same words today with respect to firstly, the Minister's formula, which I submit includes virtually all of the same factors and makes reference to the same matters as the former formula under the Education Support Program, other than the small schools grant.

Mr. Chairman, I could also go on to claim that the Minister's increase in support of education is at the expense of generations to come. It is all borrowed money. So I wanted to put on the record that we realize - at least I realize - fully well that the changes the Minister claims have occurred with respect to formula funding are not major, are not major at all.

When the Minister talks about greater equalization, I ask her, first of all, to point out those divisions that are going to be impacted the most severely? I also ask that she provide for me, if possible, an indication of which school divisions will be increasing their special mill levy, their special levy in support of education within their school divisions?

I also ask that she provide, if possible, or some explanation at least, as to what has happened to government support of education, beyond the 80 percent level that it was in 1981? Through all these figures, I can't tell to what degree the Government of Manitoba is supporting the educational bill within the province. I'm wondering if she can provide that detail for me?

**HON. M. HEMPHILL:** Yes, Mr. Chairman, we can provide the information that the member wanted. We'll have a

sheet that shows him the school divisions receiving funding under the GSE and under the variable block. I believe we can also gather the information on the special levy that's expected, being raised from the individual school divisions.

Before I get into that though, I would like to make a few points or respond to a few of the points that he made. The Member for Morris had suggested that there wasn't really very much change, that we were just tinkering with the old GSE program and that there were very minor changes and not basic changes. I don't agree with that at all. I'd like to outline what some of those changes were.

But first of all I want to remind the Member for Morris, I always said that there was some good elements to the Education Support Program. At no time, when I was debating or discussing it in this House, did I say it was an awful program, that had nothing good about it, and we were wiping out the entire program. I always indicated what the good elements were and there were a number; and then I also indicated what the problems and the deficiencies were. What I said we were doing when we brought in the new program was correcting the major deficiencies and that's what we did.

Nevertheless, even though some of the elements are the same, I believe that there's enough change that it is a significantly changed program and I'd like to identify what a few of them are. The Education Support Program, for instance, benefited largely wealthy divisions, big divisions and wealthy divisions; and the Government Support Program is designed and the money is allocated in a way to benefit the less wealthy divisions. So that is a redistribution of the existing money. It's not putting a lot more money into the pot. It's giving a fairer distribution to the money that is there by allocating it in a way that the weaker, poor school divisions and kids all get a fairer share of the money. Now that's a major change in distribution.

The old programs were always designed so that those with larger enrolments and large numbers and big balanced assessment and big schools got most of the money. That was the way they were always designed, so that's a major change.

Another major change is equalization. The member talks about how is it better from our equalization program. The fact is, you didn't have one. There wasn't a special equalization program in the Education Support Program. The only equalization was done through the education support levy. That is the only equalization that there was and we have brought in - the new program offers 100 percent equalization and it's done through our equalization program and the education support levy. So there's a major change there.

The supplemental and equalization - we called it supplemental when we started out in the first year or two - it's now called equalization. It's the same program. We designed it; we brought it in. It didn't exist in the old program and that's the point I keep making; that had we not brought it in, half the school divisions in the province would have been in serious financial difficulty.

We keep talking about removing 1980 as the base year and of course we did that. The new program recognizes both declining and increasing enrolment, which the other program did not do, didn't recognize increasing enrolment and I don't think had quite the

degree of recognition for declining enrolment. The new program makes sure that no school division will receive less funding than they did before; and the new program recognizes priority areas.

We have given a top priority to categorical grants and that's a major shift, because categorical grants used to be given when everything else had been allocated and they were sort of at the bottom of the pile. We've now said that when we have a categorical grant as a top priority program, and these programs are compensatory programs, small schools programs, early identification programs; those are the top priority programs of the government. The Native language development program for Natives and the heritage language program. Those get their money first and those are at the top for being funded and then the other block grant and the equalization grants come in after that.

So there's three programs - well four programs there that didn't exist before under categorical that are major programs: compensatory grants; early identification didn't exist, there was no program or no funding for it before; the language development for Natives, we're putting \$1 million into that program and have increased it; and the heritage language grant did not exist. So there's major - and I said compensatory at the beginning - so there's three or four major programs that have been brought in that didn't even exist before. There was no grant for them at all. I think that . . .

**MR. C. MANNESS:** Not under this program . . .

**HON. M. HEMPHILL:** Yes we brought them in early years, but we confirmed them I suppose. We brought the small schools program in; we brought the heritage language; the compensatory and the early identification; and have confirmed them in the new program. What we did was add them on to the old program before and we have put them inside and legitimized them and put them in as a basic part of the program. — (Interjection) — Yes, legitimized them.

**MR. C. MANNESS:** What do you mean by that?

**HON. M. HEMPHILL:** I mean that when programs are outside and they're sort of added on as a special grant — (Interjection) — no, when they're outside as a special grant, there is some question about whether or not the grants are going to continue. When they're a part of the program and inside the program, there isn't any question. They're clearly a basic part of the program, not just an additional grant.

So I think those are major changes and there's another one that's major, special needs. The way the old program had set up special needs funding and it matters - it's a point whether you're inside or outside of the program, but they were on 100-cent dollars; they were only getting 40-cent dollars, the school divisions; where the money they were supposed to get was not full 100-cent dollars. We changed that so they are now getting 100-cent dollars for special needs programming. That's a major change in priority for our special needs program.

I think that - I don't want to belabour the point - I just want to say that it isn't minor changes; it isn't

tinkering. There's major changes to the basic components of this program; while I admit we did retain some of the good elements of the old program, which I always said were there.

**MR. C. MANNESS:** Mr. Chairman, I didn't want the debate to drop to the level of arguing degree, but I guess I'll have to ask the Minister whether this new program still includes support under these various headings. Firstly under Operating Support, whether it still includes support for special needs, co-ordinators and clinicians, high incidence, low incidence I, low incidence II. Does it still include support for vocational needs under Other Operating; English as a Second Language, Mr. Chairman, support for transportation, print and non-print public, and of course, as the Minister indicated, still continued support for compensatory grants? Further breaking down the Other Support, does the new program still involved in directing support to tuition fees for non-Indians, special grants, eligible expenditure supplements. Maybe the Minister brought that program in.

Bilingualism, Français, Winnipeg Special Grant, Private School Agreements, Non-Residents, School Tax Rebates, Evening Schools, Institutional Programs, Heritage Language. Mr. Chairman, all those were brought into a grant formula under the Education and Support Program brought forward by the former government and I have difficulty listening to the Minister saying that, yes, we maintained some of the good things, but we made significant changes.

Mr. Chairman, I would ask the Minister to put a dollar figure to her significant changes in terms of what she inherited in the form of the program, particularly in all those areas, because yes, I know she's increased the Special Winnipeg Grant from \$2 million. No, she inherited it with \$1 million, I believe has taken it to \$2 million, and now it's at \$3 million. I acknowledge that and certainly, as I said before, the Minister introduced the Small Schools Grant and she's probably increased the Heritage Language Grants, although we'll move into that in fair detail some time later.

But the point I'm trying to make, Mr. Chairman, let not the Minister stand here or in any other public platform and indicate that she's made significant changes to the coverage that a number, particularly in the area of compensatory grants, as compared to what was in place before because the facts do not bear that out. I know the Minister has not been challenged on that. She keeps making an additional \$500,000 grant into one area and, yes, and then their Communications Branch runs off and they spin out another one of their 180 press releases and it looks like the Minister is infusing a significant number of new dollars.

Mr. Chairman, she can play that game, but the point is I'm not going to stand here or sit here and listen to the Minister say that she now has taken the very best, the few good things out of the old program, and built on to it a new formula that allows a much more equal and a better treatment of the disadvantaged in our community at large, because she can't justify that statement with dollars.

The point I'm trying to make is that she's using basically the same formula that has been in place now for four years. She's decided to change the name of

it and she, yes, has introduced two or three other areas and she's indicated which they are. But the point is, the Minister cannot stand up and make the claim, as she has on so many occasions, that this new formula is something completely different and therefore, in being different, is exceptional in itself.

Mr. Chairman, the Minister said in 1983, she said to the Member for Tuxedo, my leader now, on Page 2191 of Hansard, she said, in response to a question . . . Pardon me, it was a question posed by myself. I didn't read who had posed the question. It's a better question than I thought now. I asked a question about inequities in talking about the fact that we have, within this province, a very outdated assessment base; and I asked the Minister at that time how she could put so much faith in the balanced assessment figures as they now exist, particularly in light of two things.

Firstly, the fact that the City of Winnipeg assessments have been frozen for how many years. How many years have the City of Winnipeg assessments been frozen? And secondly, the fact, and I say this today, the fact that the Minister's Assistant Deputy conducted a major inquiry into education finance and heard representation after representation as to the unfairness and the inequity associated with assessment in place today. Still we have no major change. The formula for assessment, which then becomes the foundation for levying of taxation, Mr. Chairman, is still in place.

Yet, in 1983, in response to my concern, this is what the Minister said, and I quote, "I did think after that I hadn't touched on the inequities, the assessment and the effect on farmers. I can only say that it has been a long-standing program problem; it didn't just come this year, one that we've all recognized for some time as being a major problem," and I emphasize this part, "and that in the education finance review we have identified the disparity in assessment basis, one of the major deficiencies that we have to look at in any of our formulas; so I'm expecting that some recommendations and information in that area will be part of the education finance review."

Mr. Chairman, Mr. Nicholls made some remarks with respect to that whole area of inequity and yet what does the Minister do in January of 1984? In a rush to do away with that old line administration ESP formula, she creates, as the Member for St. Vital said in 1981, a program that was conceived in haste and born in panic.

The very weakness, the most glaring weakness of the ESP Program developed in 1981 was the fact that it relied on assessments that were outdated and were, for the basic part, totally unfair. Yet, the Minister in 1985 brings forward a program based on those same shortcomings. In 1983, it was a problem, but today when the Minister talks in glowing terms about equalization and how finally, now, after all these years, we're to the point where we will raise the same number of dollars by a one mill levy in a wealthy division as in a poor one. She fails to understand that there are many, many property owners in this province who are crying out for her government to bring some fairness into the whole area of assessment. Yet, it becomes the measurement, Mr. Chairman, and it becomes the basis for the Minister to stand in her place and claim that now we've got perfect equalization.

I don't see how the Minister in two respects, Mr. Chairman, can get away with saying, firstly, they've now

corrected all the ills of that former formula; secondly, they've introduced equalization now where it was totally lacking before. The only way that the former program and formula equalized was through the education support levy; it was the only equalization factor. Yet, the Minister has stood here now for three years in a row and said that the levies have not changed; the provincial levies have not changed. What are they - 41.7 and 83? If they haven't changed can the Minister tell me then how come the only equalizing factor between school divisions was the education support levy if, in effect, Mr. Chairman, they were the same to all?

I've covered a lot of ground. The Minister may wish to respond.

**HON. M. HEMPHILL:** Only a few points, I think, Mr. Chairman. It's 43.7 mills and 81.7 mills.

I hardly think that really a first-ever public review that took place over a very long period of time, over a year with meetings being held all over the province and representation and briefs and positions put forward by hundreds of groups and organizations and individuals in person and then many, many more in writing with a lot of study and examination of those recommendations in the information that came out of the public meetings can hardly be called something that was conceived in haste. It's the first of its kind where the Department of Education has gone outside of its own walls and consulted, I think, with the education community at large and the public in general and received information and had a fair influence on its determination.

**MR. C. MANNESS:** I'm not being critical of the report.

**HON. M. HEMPHILL:** No, I didn't say you were. You said that what we brought in was "conceived in haste" and what we brought in was the report and I'm saying the amount of time and study and consideration that was taken prior to bringing it in.

There was one other point I wanted to make. What were your other major points, do you think?

**MR. C. MANNESS:** Assessment.

**HON. M. HEMPHILL:** Yes, assessment. Thank you.

The Member for Morris raises an issue. First of all, we have never said that the equalization program is a perfect equalization program. We started it two years ago and it went - what did we start at, 11?

**A MEMBER:** What do you mean you started it two years ago?

**HON. M. HEMPHILL:** We started at 11 million and then went to 16 million and then 23 and now \$53 million. We've been moving towards achieving this 100 percent equalization over a fair period of time. It certainly isn't perfect but I'll tell you it is needed and it's badly needed. If it didn't exist we would be in big trouble. I'm not suggesting that the equalization program is the answer to the assessment problem or decisions that are going to have to be made there. We've never said that it was.

The member knows that is not in my area of responsibility. I do not answer for what is or is not

happening there, but I do answer for what's happening in education. I can say that with the funding and the criteria and the formulas that were there and the assessment that were there, we knew we had to bring in an equalization program and formula, and we did. It means that education is doing the best job that it can to meet the disparity related to balanced assessment that it can possibly do within its ability.

**MR. C. MANNES:** Well, Mr. Chairman, I'm astonished that the Minister says that she has brought in equalization. I mean, that was a fundamental part of the program, maybe not on a strict formula sense as she identifies it. That was a fundamental principle of the program brought in by the former Minister. How could she not know that? Done away with was the Greater Winnipeg Equalization Levy which attempted to equalize. It was done away with and replaced with the Education Support Program, Mr. Chairman.

In referring again to Hansard April 6, 1981, Page 2463, the Minister of that day, Mr. Cosens, indicated that what was happening, and he's talking about urban Winnipeg, and I quote, Mr. Chairman. "Now if we look at 1981 under the new program which the honourable member is very critical of in many respects, Winnipeg No. 1 homeowners will pay a total school tax of 67.2 mills. At the other end of a scale, Mr. Chairman, we find the homeowner in Transcona-Springfield paying 77.4. There is still a discrepancy there. That's granted but the discrepancy now is much less."

What he's meaning is that previously that discrepancy within urban Winnipeg was somewhere around 40 mills, Mr. Chairman, and I can dig that out if the Minister challenges me on this. Let not the Minister say that equalization was not coming in place under the former program. For her to say so tells me that she has a total lack of understanding with respect to the program that she's bringing forward.

Mr. Chairman, I'm sorry I didn't hear the comment offered by the Minister of the Environment. I'm sure it was most relevant to this discussion though and if he'd care to repeat it I'll listen. — (Interjection) — Well, Mr. Chairman, he still sits there mumbling. I still can't detect what it is he's saying.

The Minister talks about assessment, Mr. Chairman, and how she realizes that there are problems within the area of assessment and how it is in somebody else's purview. It's not within the Ministry of Education. I accept that. When the Minister stands up and makes public statements, and I gather from her previous comment that she doesn't understand that the basic underlying foundation of all the formulas, is the balanced assessment. If she doesn't understand that, then every other conclusion that she draws when she makes comments that equalization is now reaching a position of optimum, tells me that the Minister doesn't understand financing at all and in her own mind believes that there's total fairness in the area of levying taxation in support of education.

Why would the Minister not admit when she introduced her new formula in January, 1985, that there still are major differences and disagreements and inequities between municipalities and school divisions and rural and urban Manitoba with respect to assessment and, therefore, the degree to which various

people in this province make contribution to the total tax bill in support of education.

You would never gather that though, Mr. Chairman, from any of the public utterances of the Minister. She claims that this new GSE Program cleans up many of the shortcomings. I heard her say on many occasions many of the shortcomings under the old program. I submit, Mr. Chairman, it really doesn't at all talk or challenge or address the problem associated with the unequal sharing of the cost of education in this province. The Minister may want to believe that it does and she may want to delude herself into believing so for years to come but I'm standing and putting on the record tonight that it doesn't.

Mr. Chairman, another point the Minister made with respect to categorical grants. She says it's a top priority now. It's not at the bottom of the list as it was before. I don't quite fully understand what she means by that statement. I go to the Annual Report which provides for us a review of the formula that has been in place four years previous to 1985 and all the grants are covered in three areas. They're covered in the Annual Report within the operating support, extra-operating support and capital support.

Mr. Chairman, I see, for instance, English as a Second Language and the formulas in place. It says, "In divisions - under 6.(a) Page 44 - it says, "English as a Second Language Support for immigrants/natives is either (a), (b) or (c) but may not exceed the total."

Now maybe it's that reference to "not exceeding the total" that the Minister is making reference to, but the formula is in place. It says, "(a) In divisions where immigrant/native enrolment is less than 1 percent of the eligible enrolment, the immigrant/native enrolment is multiplied by \$600.00." Then there are various classifications beyond that.

Another area talking about special needs support. Yes, they're broken into (a), (b), (c) and (d) and the total of the four may not exceed the total expenditures for special needs but the formulas are in place and I pick out (c), for instance, "Low incidence I support based on \$3,300 for each pupil who is trainable mentally handicapped, moderately multi-handicapped, severely physically handicapped," and so on.

So what does the Minister mean that under the previous program that these categorical grants were given bottom priority now that she's increased them to top priority?

**HON. M. HEMPHILL:** Mr. Chairman, it's a little hard to know where to start because that was fairly long discussion with quite a number of points made in it and I want to try and address a number of them.

I think first of all it's important to go on record in terms of the equalization, I think the Member for Morris suggested that - I can't quite remember what his words were and I didn't write them down when he was talking about our equalization program. I think the loss has been his memory and that's because in 1981 there was a greater equalization program. They wiped it out in '81.

Your government removed the greater equalization program in 1981 and what you did instead was you brought in the education support levy and what I said earlier is that the only equalization was the education, but you removed - you made reference to the greater

equalization program — (Interjection) — as if it existed.  
— (Interjection) —

**MR. C. MANNES:** Greater Winnipeg. I said it was removed . . .

**HON. M. HEMPHILL:** The greater equalization was the Greater Winnipeg equalization, okay, was removed. You brought in the education support levy and that was the only form of equalization. What I am saying is that we have the education support levy still in place and, apart from that, we brought in a brand new program that did not exist before that is based on two things; low per pupil expenditures so the poorest divisions in the province get the greatest benefit and low balanced assessment. It's a combination of those two that give us our equalization program.

Now, we're putting in \$53 million into the equalization program so that the major redistribution, it's a major reallocation and it's a major thrust in equalization of \$53 million that did not exist before. I sort of refute his suggestion that there isn't anything new about our equalization. The principles and the elements of the program did not exist before at all.

**MR. C. MANNES:** Mr. Chairman, I didn't say that the Minister didn't expand on equalization because I'm well aware of those two programs. As a matter of fact, they're covered on Page 46 again in her Annual Report under Other Support. She talks about the equalization supplement and she talks about Eligible Expenditure Supplement. So, I'm well aware of that, Mr. Chairman.

I was reacting to the Minister's report when she said that the former program when introduced in 1981 had no element of equalization. Her comment, at least her remarks that if one read one would believe that equalization was introduced by way of these programs. Now, maybe it's semantics, Mr. Chairman, but let not the Minister stand in her place and say there wasn't an element of equalization that was introduced into the very first formula, and if she'd care to say that I'm wrong I await her word.

**HON. M. HEMPHILL:** Mr. Chairman, I didn't say there was no equalization. I said the only equalization that was in your program was the education support levy.

**MR. C. MANNES:** Well, Mr. Chairman, I would ask the Minister when it was that she had a meeting with education officials in her office with respect to expected government increased funding and, also, with respect to the advisability that it might be wise for interests involved in education to become involved in the lobbying effort of this Provincial Government to the Federal Government in support of greater equalization transfer payments.

**HON. M. HEMPHILL:** Well, Mr. Chairman, I don't remember the date of the meeting. I know it was around the period that we're usually communicating to boards on what the funding levels would be. I think that to put it — (Interjection) — early January, it would have been in early January.

**MR. C. MANNES:** Mr. Chairman, the Minister's press release at that time indicated there would be a 2 percent

conditional increase in support of education. Can the Minister explain to us now why it was conditional?

**HON. M. HEMPHILL:** First of all, Mr. Chairman, we didn't use the words "conditional." I'll explain the words that I used. We met with school divisions to tell them about the funding for the coming year because school divisions are unique in that they have a legal requirement to have their budgets handed in to the Department of Education at a certain date; and at the time that we were required to inform them about their funding, we were still very uncertain about the level of funding we were getting from the Federal Government. As you will recall, at that time we seriously believed that we may be losing, the loss may be the entire \$72 million in the transfer of payments and, as I recall, the members opposite were just as concerned as we were and indicated their concern that this money be provided to the Manitoba Government.

So we were in a situation where we had to tell them what they were getting and we had made the decision of the level of funding that we were going to give to school divisions. When we communicated what they were going to get in the level of funding, the 2 percent, we said that this is what they were going to get, this is what we wanted to give them, this is what they should build into their budgets. But we told them that they would have to recognize, as everybody who was being given information at that same time, that if the news was the worst that it could be, it was either worse than we expected or hoped, and the worst that it could be, which could be the loss of the entire \$72 million, then we would have to look at all of our funding levels again.

I think that they recognized what we were saying, said if it was going to be a \$72 million loss, it's going to impact on the entire government and the government's ability to provide funds for all sectors, including education.

**MR. C. MANNES:** Did the Minister at that time ask those people present to become involved in the lobby effort to pressure Ottawa to come through with greater equalization payments?

**HON. M. HEMPHILL:** I think we suggested to them that anybody that was concerned about education and the level of funding for education, as concerned as we were, and that recognized that our ability to provide funds was going to be based on whether or not we got any or all of our \$72 million should make their points to the Federal Government.

**MR. C. MANNES:** Mr. Chairman, I'm a little perplexed, because on October 19th, 1984, the Finance Minister of the Day told all publicly funded groups - he didn't tell them, he certainly strongly implied - that they could expect a zero percent increase; so my question is, to the Minister, if people within the area of education had been told by the Finance Minister they could expect a zero percent increase, why would the Minister tell them that they had a 2 percent conditional and then announce shortly thereafter that they had the 2 percent, long before we knew whether Ottawa was going to come with additional funds or not? What was the attempt by the government to offer a conditional

increase and what was the Minister trying to really prove in this regard, because again I don't have the specific dates before me.

It's a well known fact that the conditional offer of a 2 percent increase was removed long before word had reached this province that there were additional funds coming forward.

**HON. M. HEMPHILL:** Mr. Chairman, I think first of all he was asking about a message from the Minister of Finance to people in education that there was a possibility or they could expect a zero percent increase. At that time the Minister of Finance, as everybody knows, was meeting with all sectors and all groups and all organizations that receive funding from government, not just education officials. He was giving the same message to everybody; he was telling everybody that there was a good possibility or that they should prepare themselves for the possibility and may end up getting zero.

That was done for a number of reasons. I mean, clearly it was important for government and the Minister of Finance to get the information out to all those receiving public funds that the funding and the resources were going to be very, very limited and very tight this year. That was important information for them to know. They were all preparing their budgets and we know that the question of expectations is a very important question. If they're not given that information, then the expectation could be that there isn't any problem; there's a lot of money, and they would go ahead and prepare budgets accordingly.

School boards have reduced, voluntarily, their board expenditures very significantly over the period of the last three or four years and done an excellent job of it. Of course, one of the reasons they managed it this year, I believe, is that they had a serious message early on while they were in initial stages or preparing their budgets, so they knew what the potential difficulties in resources were going to be.

Had they not received that message, I believe that they would have come in with budgets much higher, considerably higher. I don't know how many percentages higher, but had they thought that there was more money available, I think that the budgets clearly would have been higher and that they reduced them because of the message.

I announced what they were getting after the government had made the decision and the government made the decision, in terms, in keeping with the legal requirements for informing boards what they're getting so they can prepare their budgets and get them into the Department of Education. Nobody else or no other funding body is under that legislated requirement, so we weren't in a time difficulty with any other sectors. Education had to be decided earlier than other sectors. They had to be decided so that they could finalize their budgets and get them in on the required legislated date so that we made the decision and informed them that they were going to get a 2 percent increase.

At the same time we said, we are having to tell you and make the decision about the increase when we have no idea what the level of funding is going to be from the Federal Government; and if we lose the whole \$72 million, God help us and we certainly hope we

don't, and we didn't lose all of it, but if we do, we're in serious trouble when we may have to reconsider. I think those were all good messages, clear messages and important messages for the education system to get.

**MR. C. MANNES:** Mr. Chairman, I understand the argument after the fact. What I don't understand is the manner in which the Minister handled the situation.

The legislative requirement just didn't happen in the end of January, the beginning of February, 1985. The Minister knew, when she was meeting with these people from the education fraternity, in fact she knew her deadline, but why was she trying to say, and there was a paragraph in the letter that went out to school boards that said, and I quote, "I must caution you that increased funding may be affected by our current negotiations with the Federal Government on transfer payments. As you are probably aware, Manitoba may experience a shortfall in revenue if the province does not receive \$72 million in equalization payments from the Federal Government for the '85-86 fiscal year."

This is the main point, Mr. Chairman, and I quote, "If this revenue shortfall occurs, the government may have to reconsider funding decisions in relation to the management of the provincial debt." Well, Mr. Chairman, the Minister didn't have any indication whatsoever from the Federal Government before she realized that there was that legislative requirement upon her to state once and for all what the increase would be. So it makes me wonder why the Minister, at that particular meeting, was trying to confuse the issue.

I would ask her whether she suggested to the people in attendance that they could help the Provincial Government get that extra money from Ottawa if they became involved or began a campaign to lobby the Federal Government? I'm wondering if she still feels that that was the right course of action to follow.

**HON. M. HEMPHILL:** Yes, I do think it was the right course of action to follow. In terms of deadlines, while the board has to get their budget into us on January 15th, it is not necessarily a final budget and the final deadline is March 15th. So there was a period in-between where we were providing the information to them so they could prepare their budgets, include the amount of money that they were going to get, and allow them to get their budgets in to us. But the final deadline for completion of final budgets is March 15th.

I make no apologies for either the communication process or the message that we gave, Mr. Chairman. I think that the process was a reasonable one, involving both the Minister of Finance and myself, and the message was certainly very, very important, both on what the situation was that the Provincial Government was facing and what level of funding they were going to get and the fact that we may have difficulty with it, if we ended up in more serious financial straits than we hoped that we would be in. Our messages were very clear. They were stated very clearly all along the way.

**MR. C. MANNES:** Well, Mr. Chairman, this is hypothetical, but if the extra transfer payments had not come, would the Minister say that she would not have granted the 2 percent increase? Certainly that

was the impression she left with a number of people that were in attendance at that meeting.

I guess I want to know because the Minister, long before knowing what was coming from Ottawa, stated categorically, that no, the 2 percent increase would hold. So what was the purpose of the exercise? Was it to make people involved in administrating education? Was it to scare them? Was it to drive them into a political effort on behalf of the NDP Government?

What was the purpose of bringing people into the Minister's office; tell them they have a 2 percent increase, maybe, only if the transfer payments are maintained at a certain level, or increased in this case; telling them if they don't become involved in a lobby to Ottawa, there's a good chance they will be cut back and then two months after that give it to them anyway, before word is even received that additional funding is coming? I ask the Minister, what was the purpose of the exercise?

**HON. M. HEMPHILL:** Mr. Chairman, first of all, at no time did I ever tell them that if they didn't get involved, they might not get the money.

**MR. C. MANNESS:** Oh, but they might not get the money, period.

**HON. M. HEMPHILL:** No, I think that what I said - and I said it very clearly - is that we told them that we might have to reconsider - and those were the words; that if the news from Ottawa was the worst that it could be, and the worst that it could be would be the loss of the entire \$72 million which, as we know and they know, would be very serious for this government in terms of its ability to fund not only education but other sectors and other fields, that we might have to reconsider if the information from Ottawa was the worst that it could be. We never said what the level was. We just said that we are facing the loss of \$72 million. If we don't get some of that money or if we lose the whole \$72 million, we might have to consider our funding, not just to education but to anybody for whom a decision had already been made, if the information that came later put us in that position.

**MR. C. MANNESS:** Mr. Chairman, that information from Ottawa came in late April or some period at that time. Divisions knew a month or even two months before that time that they were going to receive the full 2 percent. What is the Minister trying to say here?

The facts and the statement of dates that I have offered, Mr. Chairman, indicate quite clearly that the Minister had given school divisions notice that they would be receiving 2 percent, long before the Government of Manitoba knew what the level of funding was going to be from Ottawa.

So what is the Minister trying to say? She's trying to lead us to believe that they heard, the government did hear from Ottawa what they would receive and then the Minister sent the word out to the school divisions, ah it's okay, you will receive your 2 percent increase. Mr. Chairman, if it happened the opposite way like I claim it did, why then did the Minister propose a conditional grant in the first place?

**HON. M. HEMPHILL:** Certainly the Member for Morris, Mr. Chairman, will realize that when we were talking

about this in January, we didn't know how long it was going take for the answer to come and we certainly hoped there was going to be an answer earlier. We had hoped there would be an answer earlier, so that the communication to boards was based on the information and the knowledge we had at the time and passing on some information to them about the situation that we might be in, if the message or the information or the decision by Ottawa was a very bad decision. When I say, "bad decision," I mean bad for Manitoba because the loss of \$72 million would have been unfair; would have been tremendously inequitable treatment for Manitoba; would have been very serious to the whole Province of Manitoba in terms of maintaining our levels of service in important sectors like health and education.

So we hoped that the message was going to come earlier and what happens with governments is that when you're depending on other people's information and it isn't in, you have to make decisions, sometimes without all of the information. When it became clear that we were reaching the deadline where boards had to get in their final budgets, in around March, then we confirmed the funding, and we did it knowing that we were making a decision on education, without having the information that we wanted about the level of funding from the Federal Government. When we had the initial meetings with them, we certainly hoped that we would have that information in hand, prior to the deadlines for school divisions getting in their budgets.

**MR. C. MANNESS:** Mr. Chairman, I thank the Minister for her forthright answer. I think she could have saved 15 minutes in the debate, had she offered that right from the beginning. That's what I was wanting to hear from her. I guess in my only final comment I have to offer, is why put people, particularly people who give of their time for public service to act as trustees and administrators, why would she put them through that two-month period of agony when it was the full intention of the government to provide it anyway?

So, Mr. Chairman, I rest my case and I am glad the Minister's confessed exactly what has happened.

**HON. M. HEMPHILL:** The agony was agony that everybody in Manitoba went through; not just the government and not just the education system. It was one that was shared by all of us while we were waiting for the hammer or the axe or whatever you want to call it, to fall.

**MR. C. MANNESS:** The axe.

**MR. CHAIRMAN:** The Member for Turtle Mountain.

**MR. B. RANSOM:** Mr. Chairman, can the Minister tell me what percentage of the established programs, financing money that the province gets from Ottawa, is attributed to education?

**HON. M. HEMPHILL:** Mr. Chairman, we would normally expect to deal with that. The reason we don't have the figure here tonight is that we would expect to deal with that under the post-secondary education section. We can either get it for you for tomorrow or we can wait until we reach the appropriate place.

**MR. B. RANSOM:** Mr. Chairman, I think this is an appropriate place since we're talking about education funding, we're talking about equalization. Can't the Minister give me an indication of how much of the EPF funding is assigned to education? There is an arbitrary figure that has been established. Perhaps she could just give me that.

**HON. M. HEMPHILL:** Mr. Chairman, if I could have given it to him, I would have given it to him when he first asked for it. Although we're talking about education funding, we're talking about the funding of public school education and we're not talking about funding of post-secondary; so while he suggests this is an appropriate place because we're talking about education finance, we are talking about it only in relation to money that goes to school divisions in the public school system and not the post-secondary.

I continue to make the offer that if he wants it before we reach that appropriation, we will get it for him or we will deal with it under what I consider to be the appropriate appropriation.

**MR. B. RANSOM:** This is quite relevant, Mr. Chairman, to the discussion that the Minister has had about equalization and the effect that equalization has on the money that the Department of Education has for its educational programs. Is no one of her staff aware whether it's 55 percent or 45 percent or 50 percent of EPF that is assigned to educational finance?

**HON. M. HEMPHILL:** The same answer to the same question, Mr. Chairman.

**MR. B. RANSOM:** Mr. Chairman, if the Minister of Education doesn't know how much of established program financing money is supposed to go to the Department of Education, how can she stand up and fight for her department when she doesn't know how much money is going towards it?

Mr. Chairman, there's been an increase in funding. The total increase for the Department of Education this year is 1.2 percent, \$7.627 million, I believe, is the entire increase in funding for the Department of Education. Is the Minister aware of how much more money the government is going to get this year under the established programs financing arrangement than they got last year?

**HON. M. HEMPHILL:** Mr. Chairman, I continue to say that the area that the member is getting into is post-secondary education. When he asks do you not know the figure, I think that's it important to say here that there is a lot of what might be called discussion going on right now between the Provincial Government and the Federal Government relating to figures for transfer of payments between health and education and figures that are in the Johnson Report for which we dispute, which we do not agree with.

So it is not a clear and simple answer where there is a clear figure that everybody agrees is the amount that is going into education. We're questioning their figures; we are looking at the information we are getting and we are in the process of negotiating and final negotiations of funding levels that will be coming to us in the coming year.

**MR. B. RANSOM:** Mr. Chairman, does it come as a bit of a surprise to the Minister of Education to realize that in the revenue Estimates tabled in this House by the Minister of Finance that it shows that this government will get \$57.4 million more in established programs financing funds this year than it got last year?

Mr. Chairman, the Minister chooses not to respond to that. I should point out to her that even with a very low percentage, even with a 25 percent figure - and I believe the figure is something like 45 percent that is attributed to education, and she can give me another figure. If she or any of her staff know another figure, let's have it; but if we're talking about something anywhere close to half, then we're talking about well over a \$25 million increase in funding from the Federal Government this year that could be attributed to education and this Minister has a \$7 million increase in her budget, in her total budget for education and she has the audacity and the nerve and the gall to go to school divisions and try and tell them that she can't afford to give more than 2 percent because equalization might be cut back.

It's money that comes under established programs financing that is earmarked for education, not equalization money that is earmarked for education; and she can say this, talking about post-secondary education if she wants, but if that's the case then it's even worse, because when we look at what's being spent under the University Grants Commission - and I realize that isn't the total amount. We're only talking about a \$3 million increase, but yet this government is getting a \$57 million increase and the total increase for health and education that this government is going to spend this year is \$61.5 million and they are getting \$57.4 million of that from the Federal Government. And they've got the nerve to criticize the Federal Government for cutting back.

The Federal Government is going to be financing, I believe it's over 90 percent, Mr. Chairman, of the education and health financing that's being provided. It's going to be 93 percent. Over 93 percent of all of this government's increased spending on health and education is coming directly from the Federal Government this year and that's aside from any money that's coming by equalization.

Mr. Chairman, I don't consider that's a very serious commitment on behalf of this government to education. I suggest that the Minister of Education misled people of the school divisions by telling them that if the equalization funds didn't come through that the government was going to have to cut back on the fund going to education. It happens that the amount of money going to education and health has been vastly increased, vastly increased this year. The Federal Government's increase is over 15 percent from what they gave the province last year and over 93 percent of the total health and education increase that this government is going to spend this year is coming from the Federal Government.

I should think that we would not expect to hear any more complaints, at least from the Minister of Education, about the amount of funding that the Federal Government is providing.

**HON. M. HEMPHILL:** Mr. Chairman, I do not think it's appropriate that we are getting into discussions of what

amount of money is under the University Grants Commission and whether it's \$3 million and whether there's any increase. It's not the appropriate time and the money that he talks about that we're getting does not go into public education; it does not go into the public education system. It goes into and is available for post-secondary education, so he can make his points and he can talk — (Interjection) — Well, we'll address what we're doing with post-secondary education when we get to post-secondary education and we have nothing to apologize in the Province of Manitoba for the thrusts and the moves that we're making in post-secondary education.

I simply say that, hopefully, the member wanted to put those points on the record. If he wants to debate and discuss them again under post-secondary, we'll be glad to do it.

**MR. B. RANSOM:** Mr. Chairman, I hear the calls from the back bench. I remember 1981 when university professors from the University of Winnipeg especially, came in and asked for statements from us and from the NDP and from the Liberals about what would happen if there were cut-backs in EPF funding. I remember telling them honestly that if there were cut-backs that they would be felt across the range of government programs and that Education would feel the cuts as well. The NDP didn't acknowledge that.

The Minister's party, Mr. Chairman, said that those cuts would not be felt in Education. Now, four years later, we find her talking not about cuts in EPF funding, but that cuts in equalization might result in cuts in Education. So, there is no consistency whatsoever in the position that the Minister is taking now and the position that the party took before.

On the matter of commitments made before by this party, Mr. Chairman, I'd like to ask the Minister what happened to the commitment that was made by the late Mary Beth Dolin at an all-candidates' meeting with the Winnipeg Teachers' Society in the 1981 election, when she gave the commitment that an NDP Government would remove education tax from property? What has happened to that election commitment?

**HON. M. HEMPHILL:** Mr. Chairman, I'm sure that what my late colleague, Mary Beth Dolin, was talking about was a goal and something that she was hoping that we would work towards. I suppose when we adopted the 90 percent recommendation of the Nicholls Report saying that we would like to move towards the 90 percent is an acceptance of that principle by this government. It's something that we want to move towards and want to achieve when there are more resources. The members opposite should be very supportive of that since they're always so concerned about spending additional money and about the size of the deficit. You should be the last ones that are asking us to add this year, at this point in time, millions and millions and millions of dollars to move immediately towards a goal that is very laudable, but is not very practical during a difficult resource period.

**MR. H. GRAHAM:** Are you saying that your member wasn't very practical?

**HON. M. HEMPHILL:** No.

**MR. B. RANSOM:** Mr. Chairman, can the Minister tell me what kind of progress they have made this year in reaching the 90 percent funding level? Are they closer to it this year than they were last year?

**HON. M. HEMPHILL:** No, Mr. Chairman, we are no closer to it this year than we were last year, nor did we expect to be and when I announced the level of funding I said we are accepting the 90 percent in principle, we do not expect to move towards it or to be able to make any progress towards it in this year with the funding and the resources at the level they are and may not in immediate years, depending on their resources and the funding that were available.

What they were told is that it was a goal that we wanted to achieve, we wanted to move towards it and when there was more money available that we would begin the process.

**MR. B. RANSOM:** This is so typical of the commitments that the New Democratic Party makes to the public of Manitoba. During the election, they make a commitment to remove educational tax from property. They subsequently realized that was an extravagant promise that couldn't be kept, so the Minister — (Interjection) — I was at the meeting. I was participating in the meeting. The Government House Leader wasn't participating in the meeting. — (Interjection) — Yes it was. It was made on a public platform and the Government House Leader should go and ask the Winnipeg Teachers' Association if he doesn't think that's the case.

The Minister and I have talked about this before when the late Mary Beth Dolin was still in the House. It was a commitment that was made, Mr. Chairman, and now we find that the Minister is backing off that and announcing 90 percent funding as a target that she's going to meet. Then, as I recall, some two weeks later she made the announcement that they're even further away from that goal than they were the year before. So, what faith can the public put in the commitments that this Minister makes and that this government makes? When they make a commitment, they seem to move further away from it rather than closer to it.

It's easy enough to see a goal established and see some general progress made towards it, but the Minister hasn't made progress towards that goal; she's moving further away from it even though the government is getting a very large increase in funding from the Federal Government for Health and Education this year.

**MR. CHAIRMAN:** Madam Minister.

**MR. H. GRAHAM:** She won't answer.

**MR. CHAIRMAN:** The Member for Morris.

**MR. C. MANNES:** Mr. Chairman, what is the level of provincial support for the total program? What percentage is it this year, in 1985?

**HON. M. HEMPHILL:** 80 percent, Mr. Chairman.

**MR. C. MANNES:** Mr. Chairman, is that a full 1 percent lower than it was in 1981 when the new ESP Program was brought into place?

**HON. M. HEMPHILL:** There was no such thing to compare it to, so we would have to have a comparable figure.

**MR. C. MANNES:** Mr. Chairman, what will be the total increase in taxation that all the divisions will have to levy this coming year? Mr. Chairman, the Minister says, of course, the provincial levy is frozen, but adding all the special levies up throughout all the school divisions that are going to have to increase their share, can the Minister tell me how much more property tax will be raised by way of special levy?

**HON. M. HEMPHILL:** Mr. Chairman, presently this information is school division by school division. We would have to total it up and provide it for him tomorrow.

**MR. C. MANNES:** Well, Mr. Chairman, I've tried to go down four or five different avenues tonight and every one of them now is waiting for additional information to be provided tomorrow. I don't know if there's much use continuing until that information is in place. Maybe I have some colleagues that would like to pose some questions.

**MR. CHAIRMAN:** The Member for Kirkfield Park.

**MRS. G. HAMMOND:** Yes, Mr. Chairman, as far as the new - what is it called? - the government support of education, St. James-Assiniboia, of course, doesn't fit into the government support as part of 50 percent of the school divisions which don't fit in, which makes it a very selective formula, and yet they are being grandfathered for one year, I understand, and getting a 1.5 million to keep them from decreasing their grant. What has happened in a division like St. James that they're constantly - we're closing schools in St. James - I think they've closed eight or nine, or will be by next year, just to try and stay ahead of the game.

This is one division and from year to year now they're not going to know what kind of funding they're going to get. They know what funding they're getting for this year; they'll have no idea if that funding is going to continue, and so instead of shifting the burden from the taxpayer, as has been said before, with the 90 percent goal, it's fine to put out figures like 90 percent as the goal, you might as well have said 100, because you're not going to get anywhere close to it.

What is happening in our division, as in many of the divisions, most of the divisions, is you're shifting the burden onto the local taxpayer, and because of tight funding in the division that I happen to represent, the trustees manage to keep it at a fairly reasonable level. Although I can't say the taxpayers feel even 6 percent constantly every year going up, in their division they try and keep it down. This is the type of funding that we're getting.

I go back to the promises that were made by the government, "A Clear Choice for Manitobans." We use it often, and in here one of the promises is, "open schools up, not close them down," and yet you have a division like St. James-Assiniboia where, with declining enrolment, if they don't close schools, we're going to be in trouble. Parents in my constituency and in this division want quality education and that's not the type

of education they'd get if they had to depend solely on what they get from the government. It's darn good management. Our division was the first, and I think the government followed the plan that we had for energy saving, and I've said this before in other years.

I just find it very difficult when I hear the Minister talking about the type of funding and the goals and all the wonderful things they're doing, and yet in our division, we're having to close school after school after school, because of declining enrolment and because parents want their children to have a good education and because they don't want all small schools.

I don't know what other divisions are doing, but I bet there's not another division that's tightening their belt the way St. James has, and yet under this new formula, which may or may not be fair, it's not going to be fair for them if they have to wait from year-to-year to see just what type of funding they're going to get.

I'll have some other comments to make when we get to special needs and transportation and declining enrolment a little further on, when we get to these areas, because all the programs impact on a division like St. James-Assiniboia, which has a high level of bringing in programs to help people in special needs, to make sure that the students all across the division have a fair level of education. I just want to put it on the record, as far as our division is concerned, that it's through darn good management and not with the Minister coming out and saying that there's going to be a zero percent increase, better than if she didn't think there was going to be any money coming, if that was the reason, that she showed some responsibility and kept it at zero at the time, and then would surprise them with the 2 percent.

I really find that the politicking at the level of funding that was done between the government - and this is just not the Minister's department, it went on in every department - where the threats were all going out because of lack of funding from the feds, that they weren't going to be able to do this and they weren't going to be able to do that, but they seem to come up with the funding in any case.

It was a political move and not appreciated by anyone. I don't think it really accomplished anything on behalf of the government. I hope that sort of thing isn't going to continue every year, where you're sitting wondering if you're going to get nothing or if you're going to get 2 percent and where are we exactly. That doesn't help anybody and it certainly doesn't help the students that are in school, that are looking for a good education and yet you've got boards wondering what on earth they can spend and what they can't spend.

**HON. M. HEMPHILL:** Mr. Chairman, I'll just make a few points about St. James. I recognize some of the points that the Member for Kirkfield Park makes. Very few schools have been closed across the province. St. James is the exception in terms of the number of schools that it's closing and, I suppose, one of the reasons is declining enrolment.

One of the benefits that they received - they did receive a number of benefits from the new program - they got a 4.8 mill rate reduction through the supplemental program, and although they lost 443

students, there wasn't any loss in support. In other words, they lost the students but we were still maintaining the same level of support to them, as if they had not lost those students. They were still built into their basic program.

I do have the information about the special levy total. It was 136.6 million in 1984 and 152.4 million in 1985, an increase of 15.8 million.

**MR. CHAIRMAN:** The Member for Fort Garry.

**MR. C. BIRT:** Thank you, Mr. Chairman.

I have some general comments with a question to follow. I find it difficult to believe that the Government of the Day is fragmenting or departmentalizing a very broad field of education and introducing legislation at the same time to encourage people to retire at an early age, 55 without penalty, to encourage employment. I will be speaking on that particular aspect as that part of the debate in the Chamber comes forward.

I'm not as optimistic as the Minister is in the reason for introducing early retirement is a way of creating employment for young people in the system. However there is a large capital program that the Minister has introduced to refurbish some schools, any schools that are empty have to be prioritized for community needs.

The question I will direct to the Minister is, when you consider that children's day care services is probably one of the most pressing needs today, considering that there is a large number of vacancies, considering most of the people who operate in the total field - whether it be private, quasi-private, co-operative or public subsidy or whatever - primarily have to beg for free or subsidized accommodation; when you consider that a lot of these accommodations are in church basements or town halls, they aren't the best of settings, they often don't have recreational facilities - in fact some have to be built, often through contributions of the parents - why has not some thought been given; in fact, why has it not been integrated into the school program?

Because really we're talking about the development of children. We have large facilities in place. We have a whole program of training that's being set up at a very great expense, and often you're taking people who have no training or very little training and trying to give them specialized training. It's always troubled me why you're closing down plant; you're not hiring young teachers; you are not trying to use the schools in a more positive community sense, and it is being relegated to another department.

Now I can appreciate it's got to be assigned to some department, but it fits, to my way of thinking, far better in the Department of Education. It fits, I think, a great number of the objectives that the department is wrestling with, basically in a negative sense. Not that the department is negative, it's the negative impacts that are flowing such as the early retirement to get those people out to create employment for new people, and a whole variety of things.

I'm wondering, has the Minister thought of it and, if they have, why haven't they followed it through?

**HON. M. HEMPHILL:** Yes, Mr. Chairman, I've given a lot of thought to it and I don't disagree with a number of the points that the Member for Fort Garry made.

He was dealing with a couple of issues. First of all, I'm not sure if he was just making the point that he thought that school facilities should be made available for day care, where there are empty schools and empty classrooms or that he thought the entire day care program should be put into the educational system.

**MR. C. BIRT:** All programs should be incorporated into the educational system.

**HON. M. HEMPHILL:** Then I'll sort of deal with both of those issues.

First of all, in terms of facilities. I am very supportive and believe that empty schools and part-empty schools and school space should be used as much as possible for the community. To the degree that I can, I have tried to influence that. The school boards determine the use of their schools and they determine the program allocation and how the facilities will be used, and each school division has their own policy or their own practice for the handling of community users whether they charge, whether they let them in free. How accessible and open the school spaces are to the community varies a great deal from school division to school division.

What we have done is brought in a policy that gave a priority to community use and day care was one of the big reasons that we did that recognizing that was a high priority need, saying that if a school division doesn't need it for education - first of all, if they need it for education that's their business; nobody can interfere or say anything about it; they need it to educate their children in their division. If they don't need all of the space or all of a school, the next priority for the usage is the community, and they must go to the community. First of all, it's adjacent school divisions, I have to say. It's that school division and then any adjacent school division for educational use. If neither one of them need it, it must be advertised and be made available to the community prior to their being able to use it for any other purposes that are non-community use.

Other than that, I'm not in a position to direct them to open up their buildings or to allow day care in or to require that they do that, so our requirement has come in the use of space that is not being used for educational space in terms of the policy.

In terms of putting it into the education system, I have some reservations about it. In some ways, I think that it fits and that perhaps it might belong in Education and in other ways I am reluctant to have it moved directly into Education. I suppose it fits because when you're responsible for educating children, and we know that the effect of early childhood education and the care of children is important to how they're able to handle themselves and their education, their ability in later years, then on that basis, it seems to fit. You know, why don't we just take them all in from the cradle. I suppose we could take them from the cradle to the grave since we're now offering a lot of programs for senior citizens and adults and we're expanding in that area too. We could just say we'll take over all the people regardless of their age.

My hesitation is that we are just moving into a major new thrust in terms of developing standards and developing training programs for staff. It's going to

take awhile to go from a system that didn't exist, that didn't have any standards, that didn't have any training for staff and move it into a system that is really highly organized, highly structured, highly specified, where they have designed curriculum, established curriculum, certified teachers that require much more training and requirements for certification than do the people that are in the day care training programs.

I'm not sure that the model, if you want to put it that way, of the education system is necessarily the best model for the caring of children through day care. There may be some parts of it that are good when you're looking at the education of the children, but it's partly care and partly education. I would think we would have to do a lot of thinking about it before we move them directly into the education system.

The first thing that would happen, of course, is that the costs would skyrocket. I say that, not suggesting that automatically education costs skyrocket, but the reality is that if they came into the education system, they would require and have to conform to all of the elements of the education system. They would want certified teachers. They would want a curriculum that was developed. All of those things are very expensive and much more costly than the programs we're delivering through day care.

I think it's a transition. I think that we're beginning - certainly we're off to a good start. We've got day care programs; we've got standards and we've got training of teachers. It's going to take us until, I don't know, I think another few years to meet the requirements of the act. I think that they had something like four or five years in each day care to have the percentage of trained people that are required by the act, because when you bring something like this in you have to give a period of time. Two-thirds of the people in the system have to be trained, I think, within a five-year period from the time it was brought in.

So, it's very hard to go from a system that's just beginning and just developing and move it into a highly structured, highly sophisticated, expensive, complex system like the education system. It may well be that over the course of time it will slowly move in, but if it does it should only be done with a lot of thought and if it ever is moved in, it should be looked at very carefully so it isn't just moved into the education system the way the system is structured now, because I don't think it all fits the day care program and early education. It would have to be looked at and some flexibility and design and setting up that uniquely addressed the care and education of young pre-school children.

**MR. C. BIRT:** As the Minister pointed out, in fact, in listening to her comments one would almost be led to believe that for all the reasons advanced, it should be done. I had a difficult feeling or understanding after following the flow of her argument that she would end up with the negative that she did. I don't, quite frankly, accept the Minister's comment about being limited and being able to direct schools to use the facilities. The simple fact that the Minister laid down a set of guidelines before a school would be abandoned or torn down that they must use and follow a certain method of following it through to use it to the community or relating neighbourhoods.

I would suspect that a firm direction and/or a financial carrot because in the funding grants given through the day care program, you get this for rent, for facilities, for equipment, for playground things. In fact, if there was to be a saving, it would seem to me that by giving them a little financial incentive to use these closed facilities or underutilized facilities - because I think in a great part of the city it's underutilized facilities and instead of closing schools you could at least keep half of them open and putting day care in two or three of them - that you could and should be using whatever means to force it.

It's one thing to say that, well, I've told them to use it for community purposes. That's sort of a general phrase or a catch-all phrase and it can mean anything and, in fact, reality means nothing. I'm thinking now back to about a year ago when I was on city council and there was a school being closed and we ended up putting a totally new set of sports facilities over in the St. Boniface-St. Vital area. In effect, it was a community use but it had nothing to do with the educational program or any support system for the community. In fact, it was a logical extension to go out and provide people with services, but that's rare. I suspect that most of these are underutilized or divisions play games to keep some classes in. Fort Garry, in the north part, is a very good example and I expect it's repeated many times throughout the province.

So I'm asking why the Minister in consort with her colleague, if for no other reason than perhaps some in saving and some stimulus, because I think the Minister would agree that a lot of the facilities that are presently being used for day care, quite frankly leave a lot to be desired and in fact should be encouraged to go into those schools. I think the school divisions should also be educated, because one almost gets the feeling that the most high ground profession seems to be the teaching profession. I find that difficult to accept, that if you listen to part of the Minister's comment, that it's, in effect, we can't have change because, you know, we've just started this new thing and we've got to live with it for a while.

With respect, I think you should be using the carrot and the stick to get them involved into at least a setting where the children are protected, because that's part of it. You've got better control over abuse and when you look at the new Child and Family Act and what you're trying to prevent and to encourage, it seems to me that the Minister is not doing a proper job if she doesn't insist that they go into these facilities and that should be the primary use of any empty or abandoned classroom.

**HON. M. HEMPHILL:** Yes, Mr. Chairman, just a few points there. There aren't as many empty spaces as we think. I think we did a survey and really thought that there a lot of empty classrooms and a lot of empty spaces around and we were quite surprised to find out there wasn't nearly as much empty space as we thought; and I think one of the reasons is that although sometimes they're losing numbers of children overall in their school population, they're organizing their school in such a way that they're utilizing the space for other programs.

In other words, they've got more space to play with. It's like having four kids in one bedroom and then just

being able to have a different one for each one, so that they would have different programs and they would use up classroom space by expanding their programs or having better space for programs. There is some available, but not as much as we think.

It isn't that the teachers are hidebound. I'm not making any judgment there but it's the school boards that are making the decision on allocation of space and community use. It's the elected school trustees that have that authority.

When he referred to my guidelines and said that because I had done it there, there is a big difference between the disposition of the school that is being sold off and the use of a school that is in present use. I had the authority to give some direction and bring out guidelines that control the selling of schools, the disposal of schools, but as long as they're being used for educational purposes, under the law, school divisions have complete authority over the use of the school facilities, where the programs go, how many programs they have, what rooms they use and what they make available, complete authority under the law.

I should say, because there is something that I should say to let the member know that I am on the same wave length as he is and have tried to act on it in this way - the new accelerated school construction program that we have put in place is putting more than double the money that we put in last year, into school construction, and it's going to be additions, renovations and new construction across the province. So it's going to have a major impact on, I think, the condition and the numbers of schools, the quality of schools across the province.

I have brought in some additional criteria that isn't usually there and they are requirements for school divisions and one of them is energy conservation. We've always encouraged them before, but it will now be a required part of their planning and their design and community use is the other one.

We are saying to them that when they are designing their school buildings, whether it's a renovation, an addition or a new building, that they should not just plan for educational needs, that they should look at their community and where there are recognized community requirements, and day care would be a very obvious one. There's a day care centre in their neighbourhood that is operating out of a church basement with inadequate space and light and totally inadequate facilities, that is a very obvious one and we have allowed, not only allowed, but encouraged and suggested that they should be incorporating into their design, for the additions in the new school buildings, community space, and that is whatever community space is most needed and required by their neighbourhood.

**MR. C. BIRT:** The Minister makes, I think, a valid point as to what her limitations are in perhaps in inducing some changing community standards, especially from some political representatives; but I think one is only limited by one's own imagination as how to bring about a change with politicians because they're no different than other people. Failing some good fireside chats or some creative thinking and suggestions, the Minister says she's bound by the law. I remind her that she sets

the law and if all else fails, there are ways of changing and inducing a neighbourhood school division to consider this type of change. So I suggest to her, don't hide behind the law and don't hide behind, "well, we'll suggest to them," because I think it's a fairly important issue in all parts of the community and could be used. I agree with her that it's not the total answer, but I think it goes a long way.

In dealing with the second part of her comments in relation to my first statement, I find it difficult to believe that the Minister actually believes in what she's saying that if we introduce these children into the system, the costs would skyrocket, because we're going to talk about certified teachers; we're going to talk about school programs; we're going to talk about special needs and all of the criteria that go with it.

The Minister's colleague is doing that very thing and I think her budget is somewhere between \$23 million and \$30 million and that is going to grow because standards are being imposed. A million dollars was announced to upgrade non-educated people into an educated standard to get a one, two or three grading. Now it seems to me that we're duplicating the process and it seems to me that there is a better fit in the educational system because the system is easier, better prepared to know about standards, the care of children, the training of children.

I find it difficult to believe that the educational system could not deliver proper instruction, proper teaching, proper programing for the two to five-year olds, because that's really what we're talking about. Now I can appreciate the infant-type care doesn't lend itself to perhaps a large public system and there may have to be an alternate method to that, but when you consider that really the Red River College is a stepping stone, because after that you're going to want better standards again; and I hearken back to the days of the Fifties and Sixties when we needed teachers and we really didn't give a damn about their qualifications.

If they had had some bit of education, they were put in front of a classroom to educate and in the process they were given time and money to upgrade and train. So, quite frankly, I don't buy the Minister's argument and, in fact, I think we're duplicating a large number of issues. There's a fair amount of unnecessary expenditure because really we're both talking about the same thing and I grant you, there may be some empire building here and I don't want to get into that issue.

If you accept the principle that this probably is the best place to do it. I can't believe that the Department of Education and the teaching staff and the school boards couldn't accommodate this, because I would think they would welcome an infusion of new people, and especially young teachers into the system. In fact, this is a golden opportunity.

**HON. M. HEMPHILL:** Mr. Chairman, I appreciated the reasoned thought that's given by the Member for Fort Garry on this issue and I didn't say that it couldn't be done and I didn't say it shouldn't be done. I said that it would have to have a lot of thought and it would have to be planned very carefully.

He talks about the \$23 million and the standards. They are there, but they're very beginning standards.

They're very beginning programs; there was nothing there before. We're establishing the program, they're being written and designed. They are not being designed in the same way as a formal curriculum is. We are training teachers, but we are not training the teachers in the same way that we trained those that are certified. While it's true in the olden days that those who knew a little bit more than somebody else, taught them. There was nothing wrong with that. I mean in China they went from 90 percent illiteracy to 90 percent literacy with almost no teachers, with anybody that had two years of education teaching somebody who had one, without certification, and managed to turn an entire population around from 90 percent illiteracy to 90 percent literacy.

So I don't have any particular qualms or limitations in my mind about people being able to teach without necessarily having credentials, however, what I was saying is that we have a system in place, it doesn't matter what was there before, in that you had people who just knew a little, get up and teach those who knew nothing. We have a system in place now that is a very sort of structured system that has grants, formulas, certification and different levels and stages of education. It would be very very difficult to introduce a program, I can tell you, into the education system and keep it separate from the structure that is there. It is a more expensive structure. Everything about the program - the standards are different; the curriculum, the program is different; the quality and training of the teachers is different.

If we do move it in and I think it's something that would evolve and move slowly with a lot of thought. It shouldn't just be done, picked up and dumped into the education system as it exists. It should be designed so that it suits the education and the care of young children that are in the day care program from whatever the months are that we take them in, up until five years of age.

So that's all I was saying, that I wouldn't be prepared to accept it tomorrow, for instance, because I think it needs a lot of thought and a lot of consideration prior to making that move, and that I was confirmed or totally confident in my mind that moving it into education is the best move, although I don't eliminate it as a possibility. It just isn't a move that I believe should be made right now.

**MR. C. BIRT:** My comments were not to suggest that it was to be dropped in tomorrow. In fact, what better time than when you're starting something new with new standards and new legislation. It is easier to do it now

on a planned rationalized basis than it would be perhaps five or ten years from now when you do have the entrenched bureaucracy and self-interest, and then it would be difficult to bring about any change.

However, those conclude my remarks and I'd like to give an 'A' to the Conservative Minister of Education.

**MR. CHAIRMAN:** The Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, if the Minister doesn't mind, I would hope that we would rise soon, unless she is wanting to go longer. I would indicate or I'd reiterate my criticism of a Minister who would come before us when we're considering expenditures under Resolution 49 of \$379 million, larger than any other department, except that of Health, one line estimate larger than any other government department, other than Health, and the Minister has provided us absolutely no breakdown as to how that \$379 million is to be spent.

Mr. Chairman, we have other departments across the way that are providing us now with breakouts as to additional supplemental information to help us along in the process. I indicated to the Minister about a week ago that I hoped that she would provide some additional information. Tonight we come here to consider this amount of money and there's nothing more before us, other than a one line estimate with that total.

Mr. Chairman, that's \$370 million and I can't believe for one second that the Minister would hold this Legislature in such low contempt that she would not give the opposition an opportunity and provide to the opposition some further information. She has promised to provide about four or five sources of information for tomorrow; I would hope that that would be done.

**MR. CHAIRMAN:** Committee rise.  
Call in the Speaker.

## IN SESSION

**MR. DEPUTY SPEAKER, P. EYLER:** The Honourable Government House Leader.

**HON. A. ANSTETT:** Thank you, Mr. Speaker.

I beg to move, seconded by the Honourable Minister of Environment, that the House do now adjourn.

**MOTION presented and carried** and the House accordingly adjourned and will stand adjourned until 2:00 p.m. tomorrow (Wednesday).