

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 31 July, 1986.

Time — 8:00 p.m.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY - EDUCATION

**MR. CHAIRMAN, M. Dolin:** The committee will come to order. We are on Page 52, Resolution 50, Item 5. Post-Secondary, Adult and Continuing Education. Item 5.(a) is Executive Support.

The Member for Fort Garry.

**MR. C. BIRT:** Thank you, Mr. Chairman. I have just a couple of points I'd like to put on the record before we get into this area.

One is that just before we adjourned, the Minister's staff had asked me for clarification, for some numbers that I had used as it related to 4.(e) and it was my error, I was using the wrong numbers. We met over the break and they provided me with the answers to that. I thank them for giving me that information and I'm sorry I caused any confusion.

Earlier, I had asked for clarification on a similar situation. The staff had provided me with the answers, and just so the record is clear, I'm satisfied - I can't remember exactly where they were in the Estimates, but there was a discrepancy between the Estimates book of last year and this year. The staff has given me the explanation and I'm satisfied with it. I thank them for that support, as well.

I would like to deal with some general questions in some general areas, primarily dealing with training and post-secondary education. I don't know whether we should pass 5.(a) and then get down into the Financial and Administration, and then the three colleges. I know the Member for River Heights has some specific questions and I do, too, but I'd like to get into some general discussions.

**MR. CHAIRMAN:** Under 5.(b)?

**MR. C. BIRT:** I think 5.(b) would probably be a good place to start.

**MR. CHAIRMAN:** The Member for River Heights, do you have any questions under 5.(a)?

**MRS. S. CARSTAIRS:** No.

**MR. CHAIRMAN:** 5.(a)(1)—pass; 5.(a)(2)—pass; 5.(b) - the Member for Fort Garry.

**MR. C. BIRT:** Thank you. The community college system, as we know it today, had its origins in the early Sixties and I can appreciate it's gone through a large degree of expansion and change, but the community college concept, of a technical college in a community sense, was started in the early Sixties. It was providing a wide variety of training.

I'd like to know, when it started back then, was it fully-funded by provincial revenues, or was there federal funding involved?

**HON. J. STORIE:** Yes, the Federal Government was involved, or has been involved since the inception of the community college system, and originally paid for most of the construction costs of our community college system, in the Seventies some time, and provided grants, categorical grants, if you will, to community colleges. It wasn't until the Seventies that they moved into the purchase of spaces, which is essentially the system we have today. As you know, and as I've tabled with members of the Opposition, one of the issues that obviously is of concern is the reduction of those direct purchase of spaces and that will represent some 40 percent reduction over the next three years.

**MR. C. BIRT:** When the Federal Government purchases space in the community colleges, is that tied to some specific programs or is it just that they will guarantee funding for a certain number of spaces each year in the community colleges?

**HON. J. STORIE:** No, Mr. Chairperson, the CEIC purchases a certain number of spaces in a course, depending on the need and the interest, I guess. There is no set number, no 20 for this course, no 20 for that course per se. It's based on individuals who come forward, are interested in training. They're directed to the community colleges and spaces are purchased that way.

The purchase is basically in the one-year program area, recognizing that community colleges offer both one- and two-year programs, but the spaces are all one-year or less. So the two-year programs have always been the responsibility of either individuals or individuals in conjunction with student resources provided through the province.

**MR. C. BIRT:** When the Minister says that they purchase a certain number of courses per year, is that dependent upon applicants applying under, such as the unemployment program, or in fact do they say there's 20,000 spaces in the community college this year and we will purchase 10,000 of them; or in fact are they triggered by the individual, the student who is going to go to a particular college and will get funding for that purpose.

**HON. J. STORIE:** Each year it's really based on negotiations, that we identify the number of courses that we have and they identify the number of spaces that they're going to purchase in each of the course areas. That obviously depends on their budget.

I think I answered the last part of the member's question before that they would find the students by virtue of their applying through CEIC.

**MR. C. BIRT:** I'm having a little difficulty trying to understand this area. I'm trying to come to grips with the whole question of post-secondary training, who's responsible for what, who does what and the debates on whether or not it should be through an institution

or it should be on-the-job training and things like that. So if some of my questions seem to be repetitive, I would hope the Minister would bear with me, but I'm still not quite clear on how the Federal Government does, in fact, purchase on an annual basis a number of positions. Does it guarantee that there will be bodies in those positions and funds them accordingly, or it says we will purchase X number of positions, fund them for them and it doesn't who occupies them?

**HON. J. STORIE:** It doesn't matter. The negotiations obviously identify the number of spaces, and I suppose it's based on the labour market generally. They assume that they're going to need 10 spaces here and 20 spaces there and 50 spaces in another place. If they don't find the bodies, in other words if they don't have that number of people coming to request training in that area, then there is some shuffling as the year goes on. So they may allocate those spaces to another program. So it remains flexible in that sense.

The negotiated package refers to a number of spaces. They are originally identified, but there is some flexibility as the year goes on. But we know generally how many spaces in total are going to be purchased in a given year.

**MR. C. BIRT:** I can appreciate the direct responsibility of the negotiations with the Federal Government over I think it's the National Training Act or something similar to that is not within the Minister's jurisdiction. I don't want to get into that area. It's more the Department of Education, I believe, is the consumer of those negotiations, and I want to deal in that respect.

When the Federal Government gave grants, I gather they had no direct say or any influence as to the type of programming that was offered by the colleges.

**HON. J. STORIE:** The grants were in vocational training areas so they may have provided X number of dollars in a categorical way for training, for support, course development, whatever, in industrial arts for example, or in technology areas, so it was directed in that sense. That was, in itself, probably based again on the labour market or the expectations of where the job market was going to be.

**MR. C. BIRT:** So their shifting to the position purchase arrangement, would mean that they were directing, perhaps to a greater degree, the types of training, the types of job opportunities or training opportunities that should be provided.

**HON. J. STORIE:** Not necessarily because really we provide them with a list of training that we're offering. Obviously there's an interaction; an interdependence that the community colleges are also sensitive to the job market and are continually upgrading their analysis, their expectations about what's going to be required three, five years from now. So, we are doing that but the negotiations really have centered around our agenda in a sense that we've said, here's the courses that we're going to be offering and within that mix, they purchase X number of spaces.

**MR. C. BIRT:** It seems to me there are two basic types of students that would be going to the community

colleges: those who graduate out of high school, or those who come for either apprenticeship programs or coming back for retraining. Based on that, what is the rough approximation of the number of students who come directly from the high school and those who have been out a few years or have come there because of the apprenticeship training programs?

**HON. J. STORIE:** Well, recognizing that for most of the history of the community colleges, up until the introduction of the Canadian Job Strategy, CEIC would not fund someone to attend the one-year program unless they had actually been out of school for a year or in the work force for a number of years if they were 18, or under 18, I believe. So, you know, it wasn't the case of graduating from high school and going to CEIC and being sponsored through our community colleges. You had to have been out of school for at least a year.

**MR. C. BIRT:** I'm sorry, what's the CEIC?

**HON. J. STORIE:** Well, that's the job spaces; that's who purchases the spaces from us; Canada Employment and Immigration.

**MR. C. BIRT:** Okay. It seems to be there are two basic consumers of the product of the community colleges: high school graduates or those who come, for whatever reason; retraining or apprenticeship training. Now roughly, what is the breakdown of the student population of those who come directly from the colleges and those who come in after they've been out for awhile?

**HON. J. STORIE:** Approximately 20 percent come directly from high school to the community colleges.

**MR. C. BIRT:** The one- and two-year programming; the one-year programming that the Federal Government funds are primarily upgrading programs, and the two-year programs are - well I guess I should ask the question: is there any difference between the one- and two-year programs in a general sense?

**HON. J. STORIE:** Yes, the three-year programs are longer.

No, the member is quite right. There are two aspects of it. One, there is a lot of upgrading; the adult basic ed courses, some of the short-term and technician courses essentially, secretarial training that's obviously - and it doesn't have to be a year. A lot of the spaces they purchase are much less duration than the year. The longer term courses are diploma courses and technology courses - they're called technology courses - Nursing is an example; computer science, the equivalent; x-ray technologists and lab technologists. Again obviously, a greater degree of specialization and hence a greater length of training time.

**MR. C. BIRT:** Then is the bulk of the federal funding geared to the one-year programming and the province picks up the second-year programming? Is that roughly how it breaks out?

**HON. J. STORIE:** Well, it's not the bulk, the CEIC training is exclusively one year or less. There are still

many entrants into the one-year or less programs that are provincial responsibility or come to us as individuals rather than through any sponsorship by CEIC.

**MR. C. BIRT:** When I look at the amount of Recoveries for the various colleges, it runs 45-55 percent. So that's all purchasing one year or less programming, is that correct?

**HON. J. STORIE:** The member is correct in that any Recoveries that come to us from CEIC would be for one year or less, but all of the Recoveries are not necessarily from CEIC. There may be other sources including training offered to private - Secretary of State, for example; foreign students. So Recoveries may come from a number of sources.

**MR. C. BIRT:** The Canadian Job Strategy, when did it start?

**HON. J. STORIE:** It was announced in the fall of 1985.

**MR. C. BIRT:** What does it do that is different than, or is it different than, the purchase of outright positions at the community college?

**HON. J. STORIE:** I'm not sure of the member's question. CEIC still purchases spaces. They are reducing the number of spaces they purchase. The Canadian Job Strategy has implications for the community college system because it intends to purchase training spaces, first of all of different durations; it limits the cost of training that's allowable, and an emphasis in the program is the involvement of the private sector in training. Apart from the question of the dollar allowable, the maximum dollar allowable for training it's also a question of flexibility, I guess, in terms of the type of training and the duration of training.

I have said many times that I am not opposed to the Job Strategy and I see nothing wrong with including, involving, seeking the active participation of the private sector in training, I think that's appropriate. What I have objected to and I think virtually most, if not all the other provinces objected to is: No. 1, the fact that it is a withdrawal from a system that is working quite adequately, and I know that I have mentioned previously about the actual success of our community colleges, that 91 percent of its graduates are employed, that there is a sense that the training we're providing is exceptional in some respects. There is no other plan, and I think the member's questions are quite instructive in that you see that there has been, in effect, very little federal strategy in terms of training in this country, that they are purchasing very, very short term training, upgrading skills, not developing the kind of long-term training that this country requires to develop, particularly given the technological state of our industries and the increasing emphasis on technology.

The Canadian Job Strategy moves at a step further away from any strategic plan, because it relies on industries and their varying ability: (a) to organize as groups to provide trainings within industries, and (b) to develop any coherent strategy because the strategy obviously is going to be related very much to the immediate needs of the project sponsor, be that IBM

or whatever. The third problem, the related problem is that we don't have the kind of industrial base that Ontario does, for example, or Quebec, that we lack the significant major industrial organizations or industries to promote the kind of longer term perspective that the development of training programs require.

So the poorer provinces, those provinces with a less well-established industrial base are going to be left behind by this strategy. It's going to take away from a system that's been established, that can have some long-term planning, can set some provincial and hopefully in conjunction with other provinces, national goals and it's going to move federal funding into a system that is very myopic and self-centered and without being too strong self-serving. I think that's a danger for a national training perspective and I think it's a danger in terms of the requirements of young people generally.

So it's not that we shouldn't tap that, the necessity for training in the private sector, it's simply that it should be thought out in a better fashion and it should not jeopardize it. It should not be done at the expense of our community colleges.

**MR. C. BIRT:** Does the Provincial Government play a role in the determination of the job strategies, or whatever you want to call it, that the Canadian Job Strategy is involved in?

**HON. J. STORIE:** The name itself is a contradiction and I think I've tried to point that out. There is no strategy in it. It is a way of funneling training dollars into the private sector, so I don't consider it a strategy. But it's called the Canadian Job Strategy.

The provincial involvement is only to the extent that because, nominally, we have jurisdiction over education, that we have become involved in assessing the pedagogical, ensuring that the training that's being designed can actually be accomplished in the form that it is.

We do not provide approvals for Canadian Job Strategy projects. Our input is thought, as a province, to ensure that the goals of that training project, whatever they might be, are accomplishable in terms of the instructors, the materials, and the duration, I guess, of the training program. But in no cases do we approve; the final approval is the responsibility of CEIC.

**MR. C. BIRT:** Would a proposal come then from CEIC, or the Federal Government, or Canadian Job Strategy, whatever the originator is on a project, let's say, to train people in the cutting of lumber in The Pas? Does that project then come to the Department of Education for review, comment, and approval?

**HON. J. STORIE:** It comes for review of the training plan only. There is no approval. If we say yes, this training, the time, the materials, the instruction makes it feasible for this to be achieved in that time frame, that's all we say. Whether the project is approved or not approved is not left up to the division or the Provincial Government. It may or may not be. In fact, it may be the case that we say it isn't adequate and it would be approved anyway.

**MR. C. BIRT:** To date, how many programs has the department been involved with in reviewing?

**HON. J. STORIE:** I understand it's about 500.

**MR. C. BIRT:** In all of those, is it generally when a report is made? Is there a recommendation that it should proceed or not proceed?

**HON. J. STORIE:** We provide our input with respect to the training plan and indicate whether we think it's adequate or not, then from there the decision is made and we are informed eventually about whether it is proceeding or isn't, I guess. There is no requirement, however, that we be notified one way or the other.

**MR. C. BIRT:** The program evaluation that your department does, of the approximately 500, how many have been advised that it's not acceptable or won't meet the criteria? How many have been given a negative . . .

**HON. J. STORIE:** Approximately 40 percent.

**MR. C. BIRT:** And to the Minister's knowledge, have those programs proceeded or not proceeded?

**HON. J. STORIE:** I understand in most cases where there is a refusal, that in fact it goes back for revisions; that the sponsor doesn't give up at that point but takes the advice or reviews the comments, or whatever, of the training plan review; and it may end up being resubmitted in another form.

**MR. C. BIRT:** Mr. Chairman, to the Minister's knowledge, how many have then been resubmitted and been given the approval to the training program?

**HON. J. STORIE:** I don't know that we can answer that question definitively but a lot of them have been reshuffled, in other words, they have gone through once; they've been rejected; they've come back again.

**MR. C. BIRT:** And on their return, have they received the endorsement of the province or have they been similarly rejected?

**HON. J. STORIE:** It depends obviously.

**MR. C. BIRT:** Approximately.

**HON. J. STORIE:** I don't think anybody's tracked the number out of that 500, that are actually resubmitted projects. That hasn't been kept track of.

**MR. C. BIRT:** Are we dealing with a single type of proposal here, a certain pattern of sending out training programs, or are there different functions or aspects to the Canadian Job Strategy?

**HON. J. STORIE:** No, there are different kinds of approaches to the training itself. I don't know whether we should be providing the explanations that need to be provided for the Canadian Job Strategy but the categories are essentially skill shortages; retraining;

upgrading; job re-entry; handicapped job re-entry or job development skills for handicapped and unemployed.

The Job Strategy is a whole series of things, of different programs. The Community Futures Program is part of the Job Strategy and essentially it's a community development program - it's a job strategy in an economic sense but not in a training sense.

**MR. C. BIRT:** The Member for Brandon East announced a program about a month ago involving about 1.4 million dealing with, I think, single parents, and trying to get them to be upgraded, or training, or whatever. Is that part of this type of community based programming, this Canadian Job Strategy? You identified a community program . . .

**HON. J. STORIE:** No, it's not part of the Community Futures Program, but it is part of the job re-entry, part of the Job Strategy.

**MR. C. BIRT:** But it falls under the umbrella of the Canadian Job Strategy?

**HON. J. STORIE:** Yes, it falls under the CJS umbrella.

**MR. C. BIRT:** I take it the Canadian Job Strategy provides funds and they're expended somewhere. Now where are the funds spent? Now I can appreciate there may be various programs, and they may be spent in different ways. Well, generally speaking, where are those funds spent?

**HON. J. STORIE:** Well again, they're spent in a variety of ways. They're spent training salesclerks for Hudson's Bay. They do all kinds of training, training secretaries, there's private firms developing, being created to do training for secretarial, medical records, people, all kinds. I don't know if we can quantify the dollars.

**MR. C. BIRT:** Mr. Chairman, I'm more interested in the concepts than specifics at the moment.

**HON. J. STORIE:** Maybe I can just clarify it. It may be a job strategy; it isn't a training strategy. I don't see job re-entry skills as fitting very neatly necessarily into a long-term training program, very important.

We could get a copy and go through each of the categories. Really the Job Strategy has very little to do with the operation of the community colleges, other than there may be instances where Job Strategy funds are being directed to an employer, a community group, although most of the money is not going to community groups to provide training, and that training is purchased through a community college. That kind of thing hasn't developed yet, but it is feasible. The community colleges still get the majority of their money that comes from the Federal Government through CEIC purchase of spaces.

**MR. C. BIRT:** The Minister was perhaps anticipating my next question in the sense that some of these monies do purchase training in some form, either I guess through an employer or some organization that would provide some sort of skills for whatever that project

may be. I take it that it can purchase training from the community colleges.

**HON. J. STORIE:** They can or theoretically they could. However, they have prescribed the program in such a way that it is extremely unlikely that's going to happen in any significant way, because they've limited the number of dollars that could be spent on training. In other words, it would end up being very short-term in terms of what the community colleges could offer and, of course, it's left to the discretion of the individual group, whatever, as to where the training is purchased.

So there is no guarantee that there will be any indirect purchase of spaces. There is no guarantee whatsoever. In fact, that is not occurring across the country.

**MR. C. BIRT:** The Minister has introduced a bill to broaden the technical schools net to sort of cover the Canadian Job Strategy area. I don't want to get into the merits of the bill, but it falls within this section. As I understand it, it's to put a degree of standards or a degree of base line or at least a guarantee of some form like when a person buys some training experience, they in fact will get some sort of guarantee that the program is reasonable, it's been supervised and that sort of thing.

Why did the Minister wish to sort of expand this, the parameters of the act? I mean, is this going to be a large growth industry? I mean, are we going to get a lot of new sort of vocational schools springing up?

**HON. J. STORIE:** It is possible that you will have a number of - I wouldn't call them vocational schools - I think you'll probably find a number of schools, training centres, private individuals, companies involved in training over the next few years, assuming that the Canadian Job Strategy is in place for any length of time. The changes that are being made to the private trade schools or The Private Vocational Schools Act were not precipitated solely by the introduction of the Canadian Job Strategy. Now the act has not been revised for 40 or 50 years, so it was long overdue in any case.

But certainly there is concern about the potential for companies forming based on training dollars coming from something like Canadian Job Strategy. Essentially in that we're also concerned that if that should happen, there be some mechanism to ensure the quality of instruction and ensure that students are protected in terms of fees paid, etc.

**MR. C. BIRT:** The old trade schools primarily offered short-term training to get you, hopefully, into the marketplace. There must have been some ideas or some research done by the department to anticipate perhaps a growth in this area. I can appreciate there was some need to perhaps update that particular act, but was there any study done as to the anticipated dollars that were coming in on the Canadian Job Strategy and what it might create in the way of training schools or these technical schools?

**HON. J. STORIE:** No, Mr. Chairperson. That was not the motivation for the change. Certainly, it is timely in the sense that there is that possibility.

The motivation was twofold, No. 1, that the act was out of date, and No. 2, some of the private trade schools that have been involved in offering training were concerned about updating and upgrading the requirements under the act to, I guess, improve the image, ensure the quality of not only the training that they were offering but training anyone who entered that field would be offering.

**MR. C. BIRT:** The Minister had indicated that approximately five proposals had been vetted by his department. What does this mean in dollars? Does the Minister know roughly what this means in training dollars?

**HON. J. STORIE:** To put it in perspective, first of all the Federal Government has cut training dollars from 2.1 billion in 1985 to 1.9 in 1985-86. We'll be going down to \$1.7 billion in 1986-87, national, so we'll see a reduction of .5 million, almost.

In Manitoba, approximately \$27 million was allocated for the Canadian Job Strategy, \$27 million, and only half of that was spent in Manitoba in 1985-86. That in itself, the Job Strategy money was not new money, but old job creation money recycled. It was not a new infusion of money into job training.

So there are some \$13 million being spent or was spent by the Canadian Job Strategy out of the 27 that was allocated and if you want to sort of contrast that to the fact that the withdrawal of direct purchase of spaces by CEIC from our community colleges, represented about a \$2 million loss this year; \$3.5 million in the next year and; \$4 million in the following year.

To date, I'm informed by the President of the Red River Community College, that there have been no indirect purchase of spaces in the community colleges through the Canadian Job Strategy; so that \$13 million is spent entirely supporting Hudson's Bay - that's perhaps an exaggeration - but none of it has been spent through the community colleges. It is true that the province has taken advantage of it, actually.

**MR. C. BIRT:** And credit.

**HON. J. STORIE:** I should indicate that there is one coming at Assiniboine Community College, which is the Co-op Education Program.

**MR. C. BIRT:** If the Minister could just sort of match dollars and years with college reductions and Canadian Job Strategy, it indicated that in 1985-86 there was some \$27 million allocated; \$13 million was from old job creation and \$13 million was Canadian Job Strategy?

**HON. J. STORIE:** No. There was no new money in Canadian Job Strategy whatsoever; that in fact the training allocation in Canada has been cut each of the last two years, and again next year. There was \$27 million allocated out of that old money to Manitoba. Of that, less than half was spent.

Now obviously part of the problem is that the Canadian Job Strategy assumes that there is going to be a private sector; there's going to be significant take-up. I've indicated some of the reasons why that is

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unlikely to happen, and I think those figures confirm that suspicion.

**MR. C. BIRT:** I'm sorry, but where did the \$27 million come for Manitoba? You said it was old money. But you had indicated that the community colleges had only been cut by \$2 million.

**HON. J. STORIE:** You're confusing the two things. The Canadian Job Strategy has nothing to do with the community colleges. Well, it could have.

**MR. C. BIRT:** You almost made a mistake.

**HON. J. STORIE:** Well, it could have. It has purchased, the Canadian Job Strategy. Out of that \$27 million, they only spent \$13 million and none of that was spent in the community colleges.

Our money from the Federal Government comes, and did come, has come over the last few years and still comes from the CEIC, the National Training Agreement and the direct purchase of spaces.

**MR. C. BIRT:** The Minister said that there was \$2 million removed from the space purchase in the community colleges. What fiscal year was that?

**HON. J. STORIE:** 1986-87. The member received a copy of the telex confirming that the reduction actually took place.

**MR. C. BIRT:** Then the \$3 million reduction is 1987-88?

**HON. J. STORIE:** Right.

**MR. C. BIRT:** And I think you said the \$4 million reduction is 1988-89.

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** Okay. Now, there was \$27 million allocated to the Canadian Job Strategy in 1985-86 in this province, of which only \$13 million was spent. Is that correct?

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** In 1986-87, what's the amount of money being allocated?

**HON. J. STORIE:** It's a federal program and we don't know at this point ?

**MR. C. BIRT:** Somewhere in the material I think the Minister provided me with this afternoon, the Minister has indicated that there was going to be a reduction and he's indicated the figures each year on the space purchase - I guess it's under The National Training Act - but I thought I'd seen - maybe it was in the material or in some press statements - that there would be a guarantee. In other words, if there was a shortfall and there was not a purchase of the spaces under the Canadian Job Strategy, and there was a shortfall, that the Federal Government would make up that shortfall.

**HON. J. STORIE:** That guarantee is only for this year.

**MR. C. BIRT:** The Minister says, this year. Is that 1986-87?

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** So that I understand the guarantee correctly - I think the Minister indicated that there was maybe one program going this year under the Canadian Job Strategy where it was purchasing things from one of the community colleges, and if there was a shortfall of some \$2 million this year and there was a 300,000 purchase through a Canadian Job Strategy Program, the guarantee would then pick up the shortfall of \$1.7 million.

**HON. J. STORIE:** It's true that the Federal Government is committed to providing the same level of funding.

The \$2 million will be recovered by the province, but not necessarily through the community colleges. The CEIC is also involved in training at Limestone, for example, and that money may flow into a different area, which still leaves the community colleges in that position and it's our expectation that's likely what will happen.

**MR. C. BIRT:** Other than the Limestone - and I want to get into that in a moment - you have the College Space Purchase Program; you have the Canadian Job Strategy plan; you have Limestone; what other major job training facilities are involved or monies being spent in Manitoba, either by the Federal or Provincial Governments, or jointly?

**HON. J. STORIE:** The other would be the Core Area Initiative and the extremely wide variety of adult access type training programs.

**MR. C. BIRT:** I don't mean in a small sense. I'm talking about programs that are multimillion dollar type programs.

**HON. J. STORIE:** These are, in the sense that they're funded through or by the Employment Services and Economic Security.

For example many millions of dollars, I believe in the neighbourhood of \$7 million or \$8 million annually are spent through the Northern Development Agreement to fund New Careers, BUNTEP, teacher training, social work training, Northern Nurses Training Program but that wouldn't be funded from this department obviously.

**MR. C. BIRT:** Dealing with the Limestone Training Project, as I understand it, a sum of money was allocated to train people for specific jobs on the construction project during the development phase of the Hydro project and a separate administrative structure was set up for it - I believe they call it the Limestone Training Project or something to that effect. My question is, given the knowledge and the expertise of the community colleges, why wasn't it given to the community colleges to run and operate?

**HON. J. STORIE:** Certainly I guess much of the expertise and the programming has been developed

in the PACE, or the expertise of the PACE Division has been used. But obviously it is specialized training and the colleges do assume a lot of that money. In fact they are providing about, out of the 10 million, \$11 million that's spent.

Now, the Training Authority itself comes under the jurisdiction of Energy and Mines, but out of the \$10 million or \$11 million that's spent, approximately 3.7 is funnelled into the community colleges in The Pas, Keewatin Community College, purchase of heavy construction, mechanics or heavy-duty mechanics, those kinds of things. So, although the Training Authority is a separate agency responsible to a different department, because of a lot of special circumstances surrounding Limestone, it has nevertheless worked and is working with the PACE Division.

**MR. C. BIRT:** That's the point, Mr. Chairman, because you have a college in the North - it's Keewatin I think - primarily geared to try and provide training skills for those people there, hopefully in their environment. If not, then they will have to move someplace else. I know the department was involved in creating some of the program work and I know they're delivering some of the services, but the concern I have is why create another agency with all its administrative detail and everything else like this. It seems to me the community college system has been very flexible and very adaptable over the years and done some rather interesting things, that this would be a natural opportunity for the college system to demonstrate what it can do. In fact, you could have probably got more bang for your buck if you'd kept it within the system rather than creating another system and then just contracting to you.

**HON. J. STORIE:** Yes, I think there's two reasons for that. No. 1, the member raises the question of flexibility. It isn't perhaps as flexible as it could be, recognizing Keewatin Community College in The Pas is one of the smaller community colleges with limited facilities, limited program capacity. So it has its own set of shortcomings, if you will, in terms of the scope of its project.

It has, and the community colleges have been involved in some of the community-based training and are offering training on a whole range of other areas; civil technology - what's it called, civil technology? - anyway, a range of programming.

But the LTEA, Limestone Training and Employment Agency, needs a great deal of flexibility. It has to work obviously with Manitoba Hydro, with contractors, with community groups. It needed to be set up fairly quickly. There was some urgency in terms of getting out and doing the pre-training that was required before the construction. Certainly it has drawn on the expertise of community colleges and the post-secondary system generally but the special circumstances, I think, warranted that. It has worked in a very cooperative fashion with our post-secondary colleges in providing both the college-based training and the community-based training.

The staff also indicate because of the nature of the training that would be required, that it was going to be community-based and the hours would be different; that they weren't restricted by the collective agreements

which were in place currently in our community colleges so the agency had more flexibility in terms of allocating staff resources and so forth. Again, a special circumstance. I don't think that's a normal course of events.

There is a great deal of faith in community colleges and they, by and large, are used. They work with every other department in terms of providing specialized training for different purposes. We are also represented on the management board of the training agency.

**MR. C. BIRT:** The Minister indicated there were some \$10-11 million going to be expended, I think, by the Training Authority at Limestone and they were going to be providing about 3.7 million of that. Is that all there's going to be or are there several phases? Will you be providing additional training because we move from sort of the site clearing - and I'm oversimplifying now to, you know, the construction, the more sophisticated form of work up there - will the college be providing or continue to provide the training type functions they've done to date?

**HON. J. STORIE:** Well, recognizing the Limestone Training Employment Agency does not come under my jurisdiction, I just want to indicate yes, of course, any of the people who are involved in the technology programs, the two-year programs, that may be related - for example civil technology - are looking at the longer term employment prospects for Limestone. The whole idea and one of the, I guess, benefits of having the LTEA formed was they could also provide the short-term training immediately and then in closer cooperation with us, start planning for the longer term. Obviously you have to get the people identified, move them into the college in anticipation of needing them in Year 2 of construction or Year 3 of construction down the road.

Secondly, a lot of the other programs that come under Employment Services and through the ACCESS programs are involved in the longer term. Again, longer term training, professional training, that there are now engineers being trained, again for Hydro, for employment at Limestone, or other employment down the road. So a great deal of thought has gone into the training needs over the term of the project and into the future.

**MR. C. BIRT:** Mr. Chairman, I'd like to get into some specific questions now, if I may. I thank the Minister for his answers in this discussion we've had.

I'm now looking at a sheet that came from the draft annual report or final annual report going to the printers. It's Page 157 of this numbering sequence. The numbers I'm looking at - and I remember them being raised last year in the Estimates - it showed a declining population at our community colleges. It would appear that number is continuing. Now, this goes to an '85-'86 level going back to '82-'83. Is the trend continuing this year?

**HON. J. STORIE:** No, enrolment has basically been static and is at quite a high level. I guess the problem with numbers is that it depends very much on the kind of training that's being offered, that you can have a tremendous number of students going through if you are only offering the three-week employment

preparation course. So it depends very much on the year to year, what kind of training is being offered. As I've indicated some of the cut-back effects have been to reduce those short term ones quicker, so it looks like fewer students, but, in fact, the full-time equivalents are nonetheless relatively constant.

**MR. C. BIRT:** Mr. Chairman, it would appear that the number of staff years and I presume that is sort of like teachers - if it isn't, then please correct me - has increased. I'm looking at '85-'86 over '84-'85. Now why the increase if it's going down or is static, depending on how you want to define it? Why would the staff years be increasing if your numbers basically have been staying flat?

**HON. J. STORIE:** Are you talking about the divisions for Red River Community College?

**MR. C. BIRT:** No, it's called Manitoba Education PACE, Administration and Finance Branch, Manitoba Community Colleges Productivity Analysis. If you look at the first heading, it's resource data and then there is SY and it goes from '82 up to '85-'86. It starts at 1,093; it goes down to 1,060; down to 1,049; then up to 1,084.

**HON. J. STORIE:** Most of that increase would not be instructional. In fact, I don't believe any of it is. I think there is actually a small decrease in instructional staff. What has happened is that we have decentralized some of the functions that used to be in the department to the community colleges, some student payroll personnel, vouchering, programming.

**MR. C. BIRT:** Looking at the report for the community colleges, it would appear that the bulk of the students are night-time students, or I'm trying to remember, there was like 25,000 or 28,000 and about 15,000 were going to night school.

**HON. J. STORIE:** Two-thirds, yes.

**MR. C. BIRT:** Okay. Is this the short-term upgrading type of training or is it apprenticeship type training? Does this lead to their full-time attendance there or is it just upgrading skills for people who have regular work and are gaining extra credits?

**HON. J. STORIE:** I'm told that it's mostly upgrading, but it can also lead to certification. It's like a degree by night school.

**MR. C. BIRT:** So these are programs that people are taking on their own primarily to upgrade their skills in the hope that it'll lead to something perhaps a little better for them. Is that correct?

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** Mr. Chairman, referring to this page, I understand why all the lines are in there, I just don't understand why they have a line Current Value of Canadian Dollar. What relevance does it have?

**HON. J. STORIE:** They saw it on the National, I guess.

**MR. C. BIRT:** Mr. Chairman, we're reminded Roland Penner had this attitude too and it got him in trouble.

**HON. J. STORIE:** There is an explanation but I don't want to give it.

**MR. CHAIRMAN:** So there!  
The Member for Fort Garry.

**HON. J. STORIE:** As a nationalist, I found it insulting.

**MR. C. BIRT:** Mr. Chairman, I understand that the Finance and Administrative Services Branch also administers the Inter-Provincial Training Agreements, but I believe (f), where it says "Co-operative Training Programs," also relates to the Inter-Provincial Training Agreements. Is that correct?

**HON. J. STORIE:** That's correct.

**MR. C. BIRT:** Why the split or the two functions?

**HON. J. STORIE:** The explanation is that (b) is the operation providing the Admin. and Support, and (f) the inter-provincial grants is really a pay-out of the money that's owed to the other jurisdiction as a result of the Inter-Provincial Agreement. That's essentially why the breakdown.

**MR. C. BIRT:** Mr. Chairman, there must be some administrative function in the (f) portion because it says Salaries and some 67,000 is referred to. Why just aren't they combined and the grant portion just be shown as a third line in that Finance and Administrative Services Branch?

**HON. J. STORIE:** It could be. It's simply been set up that way. The staff are not simply administration. There is a programming element to that and that's the International Program. There are a number of projects that Red River Community College is involved in, and I guess the division as a whole are involved in, providing training on an international basis.

**MR. C. BIRT:** Is this Kenya Project and things like that?

**HON. J. STORIE:** Yes, the Kenya Project is one and the Tanzania . . .

**MR. C. BIRT:** I had asked the Minister a question in the House about the number of Inter-Provincial Training Agreements that we have and I think he listed approximately six. I'm not interested in the number. How do we enter into agreements? How do we know that when we've got a need and we should be entering into an agreement with some other province or jurisdiction whereby we will cost-share or do some funding for them?

**HON. J. STORIE:** We both buy and sell on the basis of inter-provincial agreements, but essentially it works something like this, that in a very specialized area, Veterinary Medicine as an example, rather than establish one for the limited number of people that

might be interested in Manitoba, we have chosen and have for many years, had an interprovincial agreement whereby we purchased spaces at the Veterinary College.

We were talking earlier this afternoon about the possibility of establishing an institution for the hearing impaired. That would have to operate on the same kind of basis. If we established it here for whatever reason, I would assume that many other jurisdictions would enter into interprovincial agreements to purchase training in those kinds of spaces. So that's essentially how it's initiated. We expect generally that because of the cost of establishing an institution that this is going to become more common over the next few years.

**MR. C. BIRT:** How were these agreements reached? Is it through negotiations with the other Ministers of Education or does a student who wants to take some particular training apply to the department, and if it's not available then an agreement is made to transfer that student over and make some adjustment financially.

**HON. J. STORIE:** Essentially it hasn't been particularly pro-active. What happens is that a need is established and a facility is identified and then a formal agreement is entered into. But it tends to be only in a very specialized area. Obviously there are many Manitobans in post-secondary institutions across Canada, around the world. It's only in areas where there's limited enrolment and a defined need that we enter into those kinds of arrangements.

**MR. C. BIRT:** Do I understand the Minister right? It's more by national agreement, agreement between the other provinces as to what sort of specific programs you can buy or sell with some inter-transfers of monies, whereas if an individual just says I'd like to go to University X and take Project Y, if it doesn't fall within that sort of co-operative agreement then they're out of luck.

**HON. J. STORIE:** That's right. I was just going to add, I think everybody's aware of the fact that of course a student that goes out of province for training that isn't available, whether it's funded by an interprovincial agreement or not would be eligible for student aid so there's support for that.

**MR. C. BIRT:** Yes that's not the issue. Mr. Chairman, we could pass (b)(1) and (2).

**MR. CHAIRMAN:** Okay, (b)(1)—pass; b(2)—pass. We're now at (c), Red River Community College - the Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, in the early part of this year an announcement was made to establish sort of a library facility at Red River Community College. I don't see any reference to that expenditure, I think it was some 4 million. Is it in those Estimates or is it someplace else, is it not proceeding this year? What's the status on it?

**HON. J. STORIE:** No. I think we touched on this previously that the Department of Government Services is responsible for capital facilities.

**MR. C. BIRT:** In these places?

**HON. J. STORIE:** Yes, they're all part of government. So any, I believe, planning dollars would show up in Department of Government Services. There are monies set aside for planning for this year, planning and design.

**MR. C. BIRT:** Because this is departmental, really a department of government, that's why it's over there, whereas universities are deemed to be arm's length and . . .

**HON. J. STORIE:** Separate.

**MR. C. BIRT:** Okay. One question I have: What appeal process is in place for students at any of the colleges if they feel that they have a problem, they've either had a failure in a course that they take exception to or they are told not to return to the college or whatever. Is there some appeal mechanism in place? If so, what is it?

**HON. J. STORIE:** Yes, there has always been an academic appeal route for the appeal of grades, course marks or whatever. A new non-academic appeal procedure is being developed to deal with any other disputes between students and the community colleges, whether they be staff-related, whatever.

**MR. C. BIRT:** Could you tell me how the academic appeal system works and then how this proposed non-academic appeal system is to work, like composition of the board, who can do what, that sort of thing.

**HON. J. STORIE:** The Appeal Boards are made up of faculty, students, community rep. and administration in both instances.

**MR. C. BIRT:** And a simple majority decision carries the appeal. Is that how it works?

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** Could the Minister outline just the procedure that's involved.

**HON. J. STORIE:** The decision to appeal is left to a decision by the Vice-President of Student Services and his assessment of the request is based on criteria that were established by the student body and the college. So there are a list of criteria, the Vice-President of Student Services acts as the arbitrator and if the criteria are met then an appeal proceeds.

**MR. DEPUTY CHAIRMAN, C. Baker:** The Member for Fort Garry.

**MR. C. BIRT:** Mr. Deputy Chairman, if the criteria is met and an appeal is filed then is it a hearing and people can produce evidence and call witnesses and a decision is made by the body?

**HON. J. STORIE:** Yes.

**MR. C. BIRT:** Mr. Deputy Chairman, when will the non-academic appeal procedure be in place?

**HON. J. STORIE:** It is in place. It has been in place for six weeks.

**MR. C. BIRT:** Could it hear appeals or matters that occurred prior to its creation? Is there a limitation? In other words, if a student had a problem say two months prior could he apply and qualify for this process now?

**HON. J. STORIE:** I understand that there is no problem with that, assuming that it hasn't been resolved either between the student and the college prior or if it was believed or some other processes has been used as an avenue to resolving it.

**MR. C. BIRT:** Thank you.

**MR. DEPUTY CHAIRMAN:** The Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you very much, Mr. Deputy Chairman.

Dealing with Red River Community College, I think with dollars becoming increasingly short, a great number of us are concerned about the relationship between community colleges and the universities to make sure there is not anymore overlap than absolutely necessary. I know, for example, Red River Community College gives a communications program which is so strong there are many graduates of university who then go post-grad to Red River Community College in order to take the communications program.

I also know a number of high schools are recommending students who are really interested in doing computer education at university, go first to Red River Community College and pick up their computer course, and then end up at the university. I'm wondering if we're not muddying the waters somewhat between what we really want the community college to do and what we want the university to do, or does the Minister not see any difficulty with this movement of students back and forth between the community college and the university?

**HON. J. STORIE:** Well certainly to the extent that there is duplication, it is cause for concern. I think there needs to be a better mechanism for cooperation, for the establishment of courses and making sure they're complementary, if you will. It is true the community colleges have established an extremely good reputation in a number of areas. You mentioned a couple. Business administration is another. Obviously, there are advantages to the community college system in that the program is intensive. It's ten months, two years and, therefore, looked on with favour I guess by many.

To date, there has been very little real work done on attempting to eliminate duplication. That is something we're working on and the universities have expressed an interest in. So I expect we will be doing a review of the complementarity of the programming over the next little while.

**MRS. S. CARSTAIRS:** We've certainly heard quite a lot since this Session has opened about the lack of Federal Government funding into post-secondary education and health care. I am concerned about the

figures that are listed as recoverable figures from the Community Colleges on Page 53 of the Estimates, because it would appear 43 percent of Red River Community College costs are recoverable; 52 percent of Assiniboine Community College's; 66 percent of Keewatin Community College's; 62 percent of Cooperative Training Programs, which seems to certainly come out at a 50 percent or better share from the Federal Government. Do you not expect to receive that kind of appropriations or recoverables from Canada?

**HON. J. STORIE:** Well, I had indicated again those are in some areas of the PACE Division alone. Recognizing while it is true we recover a great deal in some areas in the community college, there are a whole range of other adult training endeavours from which we recover none or very little. Overall, the federal share of direct purchases in terms of the number of training days available represents about one-third. The total federal share of community college costs is about 37 percent in '86-87.

Just to comment on your earlier question, I had said the duplication issue is an important one. I just wanted to add, apart from the discussions that are going on, I think there's also the possibility that credits can be transferred. There has been a reluctance to do that, but I think given the recognition of the high quality of training in community colleges, that's becoming increasingly likely.

The final point I wanted to make about the dollars, the apparent significant contribution from Canada - I've given you the overall figure - recognizing the Department of Government Services now builds the building and provides the capital in most instances, provides the ongoing maintenance. So all of the costs that go into post-secondary education are not depicted in the Estimates of the Department of Education.

I have pointed out and other Ministers have pointed out to the Federal Government, the Federal Government underestimates post-secondary spending by about \$2 billion in Canada. So the provinces, I think, have a reason to be concerned about the significant under-representation of provincial spending. Despite the fact we've pointed that out, we've received no recognition of the extra dollars that are put in in a variety of ways.

**MRS. S. CARSTAIRS:** I really don't want to get into a full-blown discussion today about post-secondary funding vis-a-vis federal-provincial. However, I think it is very difficult for those in Opposition to ever get straight figures from either level of government. I certainly have asked federal people to provide me with the figures. I get entirely different sets of figures always than the ones which I get from the Provincial Government.

How are we going to resolve this problem in order we make sure we get our fair share for both education and health care, recognizing we are one and the same taxpayers? I pay federal and I pay provincial taxes, and it all comes out of my pocket and of several other millions of people in this country. I become extremely frustrated with the narrow self-interest - and I don't wish to put it all on the side of the Provincial Government; there's just as much narrow self-interest

on the part of the Federal Government - to give us a clear set of facts.

For example, how many of the costs you speak about today were ever agreed upon to be paid by the Federal Government?

**HON. J. STORIE:** I don't know I want to get into a long discourse on what was, has been, should have been paid by what level of government. I can only indicate, and I have done so already, the total federal commitment to training is decreasing. I believe the information was provided through the Fair Share Office which showed the federal contributions to health and post-secondary education are decreasing. They have been since 1980-81, and they are going to until 1990.

It is going to leave all provinces - and I don't know why anyone would have any trouble deciding who was presenting the right figures on the question of transfer payments, because it is not Manitoba that is saying it alone. Every other province is saying essentially the same thing, some more vociferously than others, but every province is saying essentially the same thing.

We presented a brief directly to the Standing Committee on Bill C-96. The Province of New Brunswick sent in a very detailed presentation. The Province of Newfoundland has tabled a Green Paper on its impact. There is no doubt in, I hope, anyone around this table's mind about what the Federal Government is about. It hasn't decided the training - particularly in the post-secondary area, the only area in which they have any responsibility or ever assumed any responsibility - has decided it is not a priority with them. So the record is clear. Certainly there is a difference of figures. They're presenting their best case scenario; we're presenting what we believe to be the actual case, so I don't want to say any more about that.

On the issue of, does it matter because we're taxpayers. Yes, it does very much matter. The Province of Ontario is in a much better position to assume full responsibility, to not pay, not care too much about the extent of federal participation; but for provinces like Newfoundland and Manitoba and maybe many of the other smaller provinces, it's not a question of whether it's important, it's fundamental.

The difficulty is, it's a question of our ability to equalize our opportunities as provinces. Confederation was founded, the Constitution talks about the principle of equalizing the ability of provinces to provide relatively the same services across Canada. Education, in my opinion, is an essential service, and to the extent the provinces cannot afford to maintain, to enhance their post-secondary education institutions, they are going to very quickly become the Third World of Canada. It's an absolutely asinine backward policy, and I don't say that in a partisan way. Okay, maybe a little.

**MRS. S. CARSTAIRS:** To get into the operating budget of Red River Community College itself, going through it, I couldn't understand things like "other fees" or "other operating costs," particularly in other operating costs, when rentals and professional services and repairs and maintenance and office and operating supplies are all taken care of and yet you still have \$1,568,400 for Other Operating Costs. Could we have some more detail on what those Other Operating Costs are?

**HON. J. STORIE:** I'm certain we can get the facts to you, Mr. Chairperson.

**MRS. S. CARSTAIRS:** We could deal just briefly with the competency based learning concept, in which I understand there are a number of modules that have been already introduced and more, in fact, will be introduced this year and on into other years.

When the concept was first introduced in the Legislature, it sounded very much like individualized instruction for each and every one of the 1,000 students at Red River Community College, which I must admit at the time, I thought was a wonderful educational concept. However, I wondered how you were going to do it with the staff in place - sorry, that's 1,000 staff and goodness knows how many students. I'd just like a little bit of discussion on just how it is working, at what levels are you taking them from in any one given course or are you in fact putting them in other courses, training them there until they reach a competency level and then putting them in the curriculum which they ultimately want to graduate from, because that's not how it was first presented.

It was presented as if you would take everyone from, someone with maybe a Grade 7 and somebody with a Grade 10 and another one with a high school education and perhaps somebody else with two years of university and you put them all in the same class. As a teacher, I can't imagine that happening and working.

**HON. J. STORIE:** I have a small diagram which may or may not be helpful, depending on how I go with it, but essentially it is intended to work something like this, that the entry points may in fact be different. At the entry point there are different education levels, exactly the scenario that you painted. There are a number of different entry points throughout the year as well, and when the individual is there, what we have is the course set up in units or modules, whatever you want to call them, and that it is individualized to the extent that they progress through them.

Some, of course, are much more able and progress much quicker than others. Those that have difficulty, there are provisions of student support services. That's where some remedial work may be offered.

On the other side, you have the ability, in some cases I guess, for computer-assisted learning and so forth, but the entry points, although they're specified, the entry point can include people from all grade levels, adult to those with less than public school education. The principle behind it is that it doesn't really matter, the academic qualifications of someone coming in. What's important is their ability to cope with the material and their speed through the course is dependent upon their ability to cope.

We try to provide some other services to assist that, but the whole idea behind competency based learning that you deal with the concepts that need to be learned. Once you've mastered them, you move on.

I'm reminded that it's not just academic services, that there is a package of support services that are offered for those who come in with a different life experience, so there's housing support, there's day care, there's finances, health, a whole range of services and

that's simply designed to assist those who come in with differing backgrounds. They're not all Grade 12 graduates and they needn't be. Their speed through the course is determined by, obviously to some extent, their experience and educational background, but it's also to a greater extent based on their determination and their ability to cope with the material directly.

**MRS. S. CARSTAIRS:** Mr. Chairman, I'd like to discuss the kind of evaluation of this competency based training that's going on and to put in some kind of perspective.

I remember teaching in a semester at high school, the first semester high school in Alberta. We were given a five-year evaluation program. By the time we were ready to evaluate the program, there wasn't a high school in Alberta that wasn't on the semester program and our evaluation said that it worked for some subjects and it didn't work for other subjects. What kind of assessment are you doing of competency based learning through the modules that are presently in place before you, in fact, embark on putting the entire college on that kind of a program?

**HON. J. STORIE:** I'm informed that there is an external evaluation being done of the success to date. There are seven courses which are on ICBL, an additional 20 are planned. Now there are 85 full-time courses so you can see that we're moving, but the experience to date has been extremely good, recognizing that the key, in ICBL, as with anything else, is with the teacher determining what is required, the timely intervention of the teacher in terms of what additional skills, what remedial skills are required and also in determining the progress, when competency has been reached.

So it's not a science, despite the fancy title. It's still an art, but it has served a couple of purposes, in that the entry point is much more flexible; the requirements are much more flexible. It gets rid of the expectation that someone needs this or that to achieve competency in a particular area. That's, I think, a pretty old notion.

**MRS. S. CARSTAIRS:** Will the Minister be looking to spreading this concept to the other community colleges, or would their numbers make that much more complicated and much more difficult?

**HON. J. STORIE:** It's obviously somewhat more difficult in some program areas, but all the community colleges are working on translating, if you will, their courses into some form of ICBL. I should indicate that probably there are models across the country for use of ICBL.

**MRS. S. CARSTAIRS:** I was pleased to hear in an answer to the Member for Fort Garry that a Non-academic Appeal Committee has been set up at Red River Community College. I have to admit that as a teacher I was very shocked at reading a letter to a student which read: "We would consider admitting you to the college at such time as you were able to provide written assurance from a psychiatrist that your behaviour is appropriate for attendance at the college."

I, quite frankly, am not aware of the fact that Red River Community College has on staff either a psychologist or a psychiatrist who could make the kind of evaluation that would suggest that somebody needed a psychiatric evaluation.

**HON. J. STORIE:** Well, the letter of course has a number of precedents. Anyway I'm just trying to get my terms straight. There are a number of things that precede and pre-date that letter and they include, of course, the number of incidents at the college which are obviously unfortunate.

The manner in which Red River Community College dealt with the student - I believe it's referenced in that letter and the Ombudsman has reported that he did not suggest that there needed to be any redress in that question - I agree that the wording of the letter could have been perhaps done in some other way. But I think it came about as a result of a serious problem and although there was a dispute about whether the action taken was appropriate, I think there was an internal review of that matter which was independent of the community college and found that the original action that the community college took was justified. I believe the Ombudsman came to essentially the same conclusion.

The wording certainly could have been better, but I think the action certainly appears to have been justified.

**MRS. S. CARSTAIRS:** While the Ombudsman certainly said he was satisfied the decision taken was reasonable. He too said: notwithstanding the above, we questioned the method used by the college in determining the need for a psychiatric assurance.

In contacting a psychiatrist, I was informed that no psychiatrist would feel comfortable in writing such a letter that they could not in fact assure the psychiatric conduct of any human being and therefore they could not, in fact, put such a thing on paper. I would hope that the appeal process now in place would be opened to this particular individual in light of the fact that he's still unhappy with his relationships with the community college.

**HON. J. STORIE:** I have indicated that certainly could be possible if the individual wished. I point out that an independent review, and I believe the Ombudsman indicated that the action was warranted, certainly I guess you open yourself to the question. I'm not disagreeing essentially with what you say about how any psychologist, psychiatrist could attest to the conduct of an individual for any length of time. It does create the problem for the administration in terms of readmitting an individual such as that who has obviously been disruptive.

I can only say that hopefully the new appeal process that's in place for non-academic grievances will prevent the need for this kind of a situation and the need for that kind of a letter in the future.

**MRS. S. CARSTAIRS:** Will this particular student be returned fees paid for the entire year?

**HON. J. STORIE:** I'm not sure whether the Ombudsman dealt with that issue or not. I believe the community college does have the right under certain circumstances to expel students and that they should not in that event expect a refund of tuition. But again, if that was something that wanted to be appealed under the new process, that's certainly possible.

**MRS. S. CARSTAIRS:** Thank you.

Thursday, 31 July, 1986

**MR. DEPUTY CHAIRMAN:** 5.(c)(1) to 5.(e)(3) were each read and passed.

5.(f)(1) and (2).

**MR. C. BIRT:** The Minister indicated to me earlier when we were discussing this in parallel with subsection (b) of this category that this dealt with the funding, of the buying and selling of monies. Why is it that Canada gives a Recoverable amount in this, roughly two-thirds of it?

**HON. J. STORIE:** The Co-operative Training Programs involve more than just the inter-provincial agreements. It also involves cooperative training in the South Winnipeg Technical Centre or Vocational Centre and the Manitoba Technical Training Centre so that the Recoverables are as a result of essentially those two operations I guess.

**MR. C. BIRT:** Mr. Chairman, then I would take it, that portion allocated to the South Winnipeg Technical Centre would disappear, if not next year the year after, because it's primarily a high school training. Or does this apply to the adult portion of the training centre?

**HON. J. STORIE:** This would only apply, Mr. Chairperson, to the adult component and that will be continuing.

**MR. C. BIRT:** Could the Minister advise roughly how much is being allocated to the South Winnipeg Technical Centre?

**HON. J. STORIE:** Yes, Mr. Chairman, \$679,000 from PACE.

**MR. C. BIRT:** Mr. Chairman, would this be a fairly constant number or is it possible that the number of adults at that training institution will be increasing, or is it now pretty well at maximum.

**HON. J. STORIE:** No, it is not at maximum at this point. The previous year some \$500,000 was allocated. There is an expectation that will increase some; it is not at capacity yet.

**MR. C. BIRT:** Roughly what percentage of capacity are we at? When do you anticipate to be at full capacity?

**HON. J. STORIE:** That of course depends. It depends on the demand. The demand has been growing; it's approximately one-third full after less than a year really. This is the second year, but of course there is an expectation as well that the private sector again will be involved in the purchase of training. So it was the creation of three school divisions. It nonetheless has a separate board with the expectation that the training will be purchased from many sources.

**MR. C. BIRT:** So approximately a third of the adult space is now being used. Assuming everything goes according to schedule, roughly when would the 100 percent capacity be reached?

**HON. J. STORIE:** Again, assuming capacity and our ability to fund if the private sector doesn't take

advantage of the program, it would probably be another two or three years.

**MR. C. BIRT:** Thank you.

**MR. DEPUTY CHAIRMAN:** The Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you, Mr. Deputy Chairman. Can the Minister tell me how many students are involved in this Co-operative Training Program? Again, an approximate figure?

**HON. J. STORIE:** In terms of out-of-province?

**MRS. S. CARSTAIRS:** Out-of-province and Manitoba Technical Training Centre in Winnipeg, South Winnipeg Technical Centre.

**HON. J. STORIE:** Yes, the Manitoba Technical Training Centre has a core of approximately 50 students a day and they are in there for a five-month period. In addition to that, spot training in essence, is sold and the range is from 10 to 15 students and they may be in for as short a period as two days or three days and longer. In the South Winnipeg Technical Centre, approximately 200 students; and involved in the interprovincial agreements between 75 and 80.

**MRS. S. CARSTAIRS:** One of the questions that has been raised with me about the South Winnipeg Technical Centre - and I'd just like an opinion through the Minister with his staff - is that some of the equipment at the South Winnipeg Technical Centre is so state-of-the-art that they are in fact training to use machinery and technology; that there's no company in Winnipeg that has the same level of state-of-the-art technology. Is that in fact true?

**HON. J. STORIE:** There may actually be pieces of equipment which are state-of-the-art; however, the training on those pieces of equipment of course subsumes a lot of other training that goes on in programming and involves other skills besides the actual manipulation of the equipment, recognizing as well that really Manitoba industry is simply gaining momentum in the high-tech area, that you have a tremendous number of CAD/CAM operations that are designs by computer and so forth.

So that technology is growing and obviously while there may be some specific pieces that are ahead of their time in terms of Manitoba, it's unlikely that will be very long. The other training that goes on is also filling a need at the same time.

**MRS. S. CARSTAIRS:** The specific reference was apparently to the drafting part of the course in which the equipment that is available there is in fact far more advanced than anything we have in the city. And the question raised was, will those people really be able to get jobs? Are they still learning the basic skills of drafting skills, the old-fashioned way if you will, in order to be employable?

**HON. J. STORIE:** I don't think so, at least not in an intensive way. You know, draftsmen are now going back

to school to develop skills in computer-assisted design so it's certainly our expectation, I think industry-wide expectation, that it will be the art of the future and we're certainly timely in being able to provide that.

There are drafting courses obviously in the community colleges if those are the skills that an individual wanted.

**MRS. S. CARSTAIRS:** Mr. Chairman, I received a letter which was addressed to the Minister - I received a copy of a letter addressed to the Minister; I presume the Minister got his own copy - with regard to the Co-operative Vocational Education Program. I assume we're talking about the same program here; or are we not?

**HON. J. STORIE:** No. The Co-operative Vocational Education Program is substantially different. That involves high school students who are involved in what used to be called "work experience" and has been very successful. It's not in the PACE Division; it is part of the Curriculum Program Development.

**MRS. S. CARSTAIRS:** No, that's it. Thanks very much.

**MR. DEPUTY CHAIRMAN:** 5.(f)(1)—pass.  
The Member for Fort Garry.

**MR. C. BIRT:** 5.(f)(1)—pass; 5.(f)(2)—pass.  
Mr. Chairman, if the committee is so inclined, I'd be prepared to call it ten o'clock.

**MR. DEPUTY CHAIRMAN:** Is the committee so inclined?

**HON. J. STORIE:** Oh no, I want to continue. Let's go for it.

**MR. DEPUTY CHAIRMAN:** Committee rise.

## SUPPLY - ENERGY AND MINES

**MR. J. DOWNEY:** . . . willingness to make sure the Opposition had, in fact, a hearing opportunity or an opportunity to fully explore the perceived benefits or, as was indicated comparing it to Hydro, the third party would have the opportunity to, what he said would take an objective look at it.

I would like the Minister to just elaborate a little bit on that concept, because it's one which I think could possibly give some precedent-setting as far as the Crown corporations. He's possibly in a position at this time to elaborate on what he's really going to try to accomplish by this. What does he perceive as a mechanism that would work in this regard?

**MR. CHAIRMAN, C. Santos:** The Honourable Minister.  
We are considering Item No. 2.(a)(1) Energy, Policy Planning and Project Development: Salaries.

**HON. V. SCHROEDER:** Thank you, Mr. Chairman.  
I really don't have anything more I could add at this stage. I'm just simply saying it would be nice if we had something like that. I'm not sure it's possible to put it into place. It just happens we have that mechanism

with respect to energy sales because of the federal legislation which requires that kind of examination, that kind of objective third-party examination prior to a sale being allowed.

As I've indicated as well, there are certain areas where we must maintain our position in terms of our commercial relations with potential partners and competitors, for that matter, exactly how to work it out. I don't pretend to have anything more in place than what I've referred to this afternoon. If anybody has any specific proposals that keep in mind the circumstances that anyone getting into a project like this would find themselves in, I'd be glad to hear from you.

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

**MR. H. ENNS:** Thank you, Mr. Chairman.

Just by way of notice to the Minister, it would be my intention to stay on this item for a period of time. I prefer, under this appropriation, to be able to speak more generally to the overall direction this government has with respect to energy matters, energy conservation matters, and future implications of some of the decisions the government is making. I appreciate, Mr. Chairman, further on down in the Estimates we have the specific programs line-by-line and any time we spend on this item in a more generalized way we'll make up with relative dispatch on the other items.

Mr. Chairman, we dealt earlier on in the committee session with the question of potash and, although other members may want to continue that discussion, for my part, we've given it a reasonable airing. We've expressed our concerns to the Minister, to the government. He's given us some indication of willingness to share with us some additional information that perhaps will make our observations in the future somewhat more constructive. I hope that is the case.

I just reiterate from this afternoon's discussions that, to date, we believe that we have ample reason to express the most serious concerns about the extent to which the public taxpayer is being asked to become involved in this venture at this time, that they remain. We accept the Minister's statement that final decisions are still somewhat off, and indeed will not be made till perhaps this time next year following further exploratory work, further refinement in terms of market conditions as to eventual dedication of considerably more public funds and private funds to that venture.

But, Mr. Chairman, under this general heading of direction that this group of analysts provides the department, we're aware the department has undertaken, over the last number of years - indeed it was certainly started, you know, I suppose by Departments of Energy throughout the country ever since the oil crisis of '73 that we really haven't developed over the past decade and somewhat beyond that, extensive programs of energy conservation. They run the whole gamut of encouraging the individual homeowner to conserve energy, the businesses to conserve energy, community facilities, curling clubs, what have you, all to make better use of the available energy that we have now that we've put a higher premium price on it or that the major suppliers of that energy source, petroleum, have forced us into that position in '73.

I'd like to hear from the Minister at this particular time. You know, he is responsible for a series of programs. He has announced not so long ago a new \$50 million program of energy conservation, of which the details in the short press release were not all that inclusive. What kind of success is the department having with these programs? I mean, are we making a noticeable dent in the energy costs that the average Manitoban, whether he be private, business life, community life, is facing?

We have a host of programs, different incentives involved, better construction of our homes, better insulation of our homes, the more sophisticated use of our energy supplies, particularly where hydro-electric energy is being used. The introduction of demand billing some years ago by Manitoba Hydro has forced the user to be more cognizant of how that energy is being used and indeed, although there are still some rumbles about it, the truth of the matter is that, if properly used, considerable savings in energy demand have been achieved.

Is the Minister in any kind of position to give us kind of an overview at this point in time? For instance, how many individual homes, how many people have taken advantage of the various CHEC Programs? I know that we had done work with specific communities. I know that several communities, in my constituency of Stonewall being among one of them, have availed themselves of the services of the department in this particular area, but it's a program that we have been feeding some substantial dollars into.

Over the past number of years, under several previous ministers and administrations, some of the original energy savings programs were certainly in place or being developed during the period of 1977-81. They have become, no doubt, more sophisticated, but are they being pursued with the same vigor? Are they being picked up by the general public in the same way? Or has there been a backsliding taking place because energy costs have eased somewhat? I'm now talking particularly petroleum energy costs.

We have seen over the last year or eight months, six months, a downward trend in those costs. Has that met with a slacking off on the part of the general public from availing themselves to these programs? What I'm looking for, Mr. Chairman, is whether or not the attitude of the department, is this still - as in my judgment it ought to be - a priority item in the programming of this department? What kind of targets are we setting for ourselves? Do we think that we can make substantial further reductions in the utilization of energy by applying the various programs the department offers and just the kind of discipline that individual Manitobans have been forced to accept because of the resulting costs?

**HON. V. SCHROEDER:** I thank the member for that question. We see energy conservation still just as important as years ago and in fact we're one of the few jurisdictions in Canada which is still going ahead with energy conservation.

The announcement the member refers to with respect to the \$50 million in loans is a Federal-Provincial Project, one of few new arrangements the Federal Government is getting involved in because we are quite specifically prioritizing that area. I'm sorry, that one isn't federal-

provincial. There's another component to it which is - the 50 million over five years is the provincial portion. But overall it appears to be working. Just as an example in 1975, most homes in Manitoba were being built with R-7 to R-12 walls and due to programs, prices, the market and technology changes now, most buildings are R-20 to R-27 walls as an example.

The projects we get involved in I am told we generally are able to achieve 20 percent and better reductions in energy use so they're still quite efficient. I refer the member to Page 27 of the supplementary information on the department which shows a number of the kinds of projects we completed in the last year, recreation centres, where total energy reduction on four of them with monitoring complete on three out of the four is in the range of 32 percent. The arenas didn't achieve the 20 percent but then 15 percent is still a fairly significant amount. There's six arenas and so on. There's the Home Demonstration Projects, the schools as well as nursing homes.

In terms of the numbers of CHEC Loans - that is, the Cut Home Energy Costs Program (CHEC) - there were 5,148 of those loans put out in '85-86 valued at \$4,301,800.00. That program of course is delivered by Manitoba Hydro and Winnipeg Hydro. Since the start of the CHEC Program in 1977, 45,700 Manitobans have used the program to upgrade their homes. There's other information on that as well on Page 31 of the supplementary.

**MR. H. ENNS:** Mr. Chairman, not that I'm moving toward is these are indeed impressive energy savings. If just referring back to the supplementary guide, if large building complexes like our recreational centres we have in the province can effect upward to 30, 32 percent savings on their energies; individual homes - these are home demonstrations - savings of 26 percent; schools 20 percent; hospitals 20 percent. My question to the Minister, my advice to the Minister would be with those kinds of demonstrated savings, and I assume there's fairly sophisticated monitoring taking place, that these are not just guesstimates that books are actually checked in terms of what previous energy costs were as compared to prior to the refit and these figures are pretty hard, that these are in fact real savings. There are those, Mr. Chairman, various people who believe that a great deal more can be accomplished in this area. There have been some striking examples of energy savings through new sophisticated innovative methods that have occurred in some of the states to the south of us, the northern states particularly, where energy use is somewhat higher than in the more temperate or warmer climates.

My question to the Minister, to the department is, surely this program effectively delivered, and perhaps even more strongly supported than currently has been supported, could bring about still further savings. The fact that some 45,000 individual homeowners have, in one way or another, taken advantage of the program ought to be encouraging to all of us. The fact that a number of the community centres, recreation centres and arenas are taking advantage of this program again ought to be encouraging. Can the Minister give me some idea? Let me talk about the institutions first of all, the arenas, community centres, municipal centres.

Are we touching half of them over the years that these programs have been in effect, or we are still just scratching the surface with 5 percent or 10 percent?

I'd like some idea about how far this program is reaching out, how many communities are taking advantage of this.

**HON. V. SCHROEDER:** Mr. Chairman, of course beyond what we do with this program and the energy audit and so on and, as I indicated previously, there were some 196 audits over the last year and we anticipate that - that identified a potential \$2 million in annual savings and we expect that a similar number of audits would be undertaken this year.

In addition to these things, there are a number of brochures out which in fact let people know how to go about doing a lot of their own things and we expect, we know that a lot of people are out there are taking advantage of some of the information that is available to do some of their own work, in terms of insulation and weatherstripping and many other ways of saving energy, so that is happening at the same time.

Also I would expect that municipalities and other public institutions would be similarly concerned and would have knowledgeable people generally, and certainly they can get information from us and there are other sources and so on. So I would expect that, overall, it is having an impact. We can only move so fast in terms of the dollars that we have available, in terms of budgetary commitment, but we do think that there has been a continuation of interest by Manitobans in this area, even though there may not have been the urgency in the last few years because of pricing that there had been some years ago.

**MR. H. ENNS:** Mr. Chairman, being more specific with respect to the area of energy savings and energy conservation, let's deal for a moment with the hydro energy users. I believe the Minister indicated earlier on in his opening comments that roughly a third; 30 percent of our energy requirements are from that source compared to some 40-44 percent from other sources - I may have those figures not quite right - but a program that has demonstrated its capacity of reducing by anything upwards from 20 percent to 32 percent in hydro-electric energy savings, those units that are using that source of energy, surely must have some impact on the predicted annual load growth for domestic use of Manitoba Hydro in this province.

I would like to think that this department is not caught in any conflict of interest in this matter; that on the one hand projected load growth as presented by Manitoba Hydro is often presented to us at committee stage as a rationale or as a reason for future dam building, future projects, because of domestic requirements. What I'm trying to ascertain from the Minister is that the success of these programs obviously impacts on the future demand and the growth rate of future demand domestically in Manitoba, you know, for Manitoba Hydro.

The Minister can appreciate where I'm coming from. I am suggesting on the one hand that where we're dealing with - you know, money is money and \$1 million is \$1 million. I won't ever be caught in a position as one Charlie Wilson once got caught in the United States of saying what's a \$1 million? Or something like that.

But nonetheless, the application of several millions of dollars in this area may be considerably more prudent than the ill-advised advancement of large-scale hydro project developments if not required for domestic purposes.

There are those - and I think there was recently one of those touring experts here from a think tank, somewhere from Montana or somewhere in the States; the Minister may have caught it on television - who spoke very knowledgeably and volubly about some of the dramatic kinds of energy conservation programs that have been in effect in various parts of North America; he was speaking particularly of the United States. He questioned very seriously the long-term wisdom of not being aware of what can be achieved in these kinds of better use, conserving use, of our existing energy supplies before we commit ourselves to many hundreds of millions, if indeed not billions of dollars of new hydro-electric dam project construction.

My question to the Minister, quite frankly is, whereas he on the one hand no doubt wishes to wear the hat of expanding our hydro-electric facilities for whatever reasons; for export sales or other reasons, that there has to be a very hard look at what our domestic requirements are when these decisions are being made because, Mr. Chairman, if we are building hydro-electric projects like Limestone and contemplating other projects like Conawapa principally for export sales, then I submit it's totally unfair to the Manitoba taxpayer who, 30 or 40 or 50 years ago, has paid for the dams on the Winnipeg river system or even the other systems, and then enjoy the purchaser of this power system rate, which is of course occurring right now with the NSP sale.

If we are building Limestone primarily for export sales then, Mr. Chairman, we know, and we know from the same information and the National Energy Board knows because they were appraised of that information, that power comes on stream at something like 7 cents per kilowatt hour, compared to the 2.-something systems rate that we, as Manitobans, are being charged — (Interjection) — or up to 3, as my colleague says. So when you tell us that you've concluded deals and power sales to the Americans in Minneapolis at 5 cents per kilowatt hour, that still washes pretty good and it sounds good. That's where you get your profit figures from.

But, Mr. Chairman, if we ourselves are not requiring, because of success of the very kind of programs that you're administering, the ones that we're talking about, then the question of the role and the path that this government is on comes into very serious question, because we are building dams for export sales. If we're building dams for export sales, then the purchaser of that power ought to be paying, ought to at least be returning our money out of those purchases.

I see the Minister and this department in, as I said before, a bit of a conflict of interest here. If he is too successful in this program of encouraging Manitobans to conserve energy and thereby reduce the demand on energy - I'm now speaking hydro - and if our load growth does not grow at the projected rates that Hydro has put before us, you have to remember, those projections were by and large put before us because of past tradition. They're talking about 3, 3.1, 3.5, although the actual experience has been closer to 2, 2.5, 2.8. But to what extent is Manitoba Hydro taking

into consideration the success of the very programs that you are putting before us in these Estimates?

If you're telling us, Mr. Minister, that you are reducing by up to 32 percent the energy requirements of recreational facilities, by up to 20 percent the energy requirements of hospitals, by up to 26 percent that is available to individual homes because of the success of your programs, surely, Mr. Chairman, that has to impact on that load growth projection.

Furthermore, Mr. Chairman, if we can effect these kinds of savings that put off the necessity for ourselves to have to invest what is now \$2 billion and \$3 billion projects, why shouldn't we be putting an extra couple of million, not hundreds of millions, into this program? If we can further reduce the demand on Manitoba Hydro and, in the course of doing so, save ordinary and everyday Manitobans, whether they are custodians of community clubs, recreational arenas, private businesses or private homes, if we can encourage them - and I hope the Minister's newly-announced \$50 million program is successful.

As I understand the program, the program has to be successful in order for loan repayments to be made. An approved set of improvements will be made to the facility. The use of energy will be carefully monitored, and it is with the savings of the programs that the loan will be repaid, if I understand the program in general terms.

Now, Mr. Chairman, that seems to me it expresses a great deal of confidence on the part of the department, the authors of the program, in putting forward \$50 million. Fifty million dollars is not to be sneezed at. They are confident of the soundness of the program, in that indeed the public treasury will have those \$50 million returned in energy savings. Now, Mr. Chairman, that's one program.

Now, if that program is successfully applied to the vast majority, 89 percent of Manitoba Hydro users, what does that do to the projected load growth of Manitoba Hydro?

**HON. V. SCHROEDER:** Mr. Chairman, first of all, on the NSP sale, which the member referred to, the numbers he's using are not correct if you're looking at either 1990 dollars or 1984 dollars. If you take one number and put it in 1984 dollars or 1985 dollars and another number in 1990 dollars, you get a completely different picture on it.

The fact of the matter is that there is going to be a profit on that sale. That is something that we've gone through. If his numbers were correct, then there wouldn't be a profit. There will be a profit on that sale, No. 1. So those numbers are incorrect. Secondly, in terms of our energy conservation - I shouldn't say that they're incorrect, but they're not oranges and oranges and apples and apples. They're oranges and apples.

Secondly, in terms of the energy conservation program of this province, we're fortunate that there is no conflict of interest, because in fact if we save more energy we make a larger profit from the sale of hydro-electric power. The longer we can delay the next dam, keeping in mind the costs involved with respect to advancing Limestone for two years - that's one cost. The other costs are the advancement of several dams on the other end. If we can drop down our consumption,

then theoretically we don't have to build the other dam or the other dams at the other end.

In fact, the National Energy Board, if you look at its numbers, they show that on a scheme of greater use of power, our profit goes down; less use of power, our profit goes up. Therefore, we have a very direct benefit, if you look at it from that perspective, from conservation.

The member referred to increases in energy use. The latest number I have, year over year, for energy use in the province is 9.6 percent increase in hydro use in this province. Now adjusted for weather, it is 6.4 percent, but that's still a fairly significant increase. It's not anywhere near the zero some people have suggested, and certainly not the Opposition.

The Member for Lakeside was referring, I believe, probably to Mr. Lovens (phonetic) who was in town recently. Mr. Lovens pointed out he hadn't read the contract we'd entered into. He didn't say there wasn't going to be a profit from that sale and his theory, as I understand it, goes something along the lines that there will be no increase in energy use. That theory is one which isn't met with a great deal of agreement in the industry which is required to make plans to ensure power is available for consumers, not only for this year and next, but over the decades to come.

He may well be right that there are all kinds of interesting alternatives in some parts of the United States, but when you compare those alternatives, and I've heard other critics refer to wind farms and that sort of thing.

Well, quite frankly, the costs of those things are enormous compared to what we are able to produce here with our great renewable resource - water power. We're not in a position where we have to worry about those kinds of alternatives.

The conservation alternative, though, I'm told we lead the country in the area of conservation and conservation programs. We're very serious about it. We have no intention of slackening off in our encouraging of Manitobans to use our programs.

As I mentioned earlier, there is the Home CHEC-Up Program, only costs \$20 for the homeowner, and if they comply with the recommendations, or any of the recommendations within a one-year period following that CHEC-Up, then even the \$20 is returned and so on. We're encouraging people out there and I know occasionally we run out of money.

I had a letter from one business where a particular fund for a particular type of energy conservation program had run short, but we're indicating there is a renewal and hopefully we will be able to work that business into our project certainly over the next 12 months. Those things happen. We budget and you can only go so far and so fast, but certainly we're not backing off of conservation. We think we have to have a balanced approach.

**MR. H. ENNS:** Mr. Chairman, the Minister has on several occasions ticked me off for not using accurate figures. I appreciate he hasn't got Hydro officials before him, and it's not my intention to make this a Hydro debate as such - I'm talking general energy questions - but I would invite the Minister to give me the accurate figures.

There are three figures I'm interested in; the current systems rate - what we call the integrated system's

rate, which I understand to be around 3 cents a kilowatt hour - the rate we are selling the power to under the NSP contract, which I understand, not from my saying so, but by a former colleague of his, the former Minister of Municipal Affairs, indicated it was being sold for in the order of 5 cents per kilowatt hour. My understanding from reading some of the documentation at the National Energy Board hearings, the kilowatt hour cost of power coming out of Limestone is 7 cents.

Now I would ask the Minister to take this occasion to correct me or provide the House with the correct figures.

**HON. V. SCHROEDER:** Well, Mr. Chairman, if you made that figure comparable to the 5 cents, the Limestone number would be in the range of 2 cents. If you take it on a few years down the line that number changes, but if you want - the 5 cents is comparable to 2 cents. So you have a better than a 2-1 ratio.

**MR. H. ENNS:** Well, Mr. Chairman, we're not grandstanding here now. There's no press around, really, and I'm simply asking for straightforward information. I do not like to repeat misinformation if I'm wrong.

I ask the Minister responsible for Manitoba Hydro, what is the current integrated systems rate? I believe it's somewhere in the order of 3 cents and, for easier understanding, I'd like to use the term per kilowatt hour which many of us are familiar with. I'm given to understand the integrated systems rate in Manitoba is 3.1 cents per kilowatt hour.

Now I'm asking, and surely the Minister won't dispute, if we're building a brand new plant now, that 3.1 cents per kilowatt hour includes the long amortized cost of the plants we built on the Winnipeg River system: Seven Sister, Point du Bois, Point Douglas; those plants have served us and Manitobans well over the many years. It includes the older plants in the North: Grand Rapids, Kettle, Long Spruce. Surely he's not telling me a new plant built at today's cost, even with the savings the Minister will point out that they are accomplishing because of economic situations, better bidding and what have you; but, nonetheless, the per kilowatt hour of production of electricity to Limestone has to be the highest. It has to be higher than 3 cents that the integrated systems rate is. Then I'm asking him what is the rate we're selling it to the Yanks in Minneapolis for? I'd appreciate, Mr. Chairman, a straightforward answer.

**HON. V. SCHROEDER:** The numbers I gave were 1984 dollars, the 5 cents and approximately 2 cents per kilowatt hours. Both numbers, of course, will inflate up.

What the member has to keep in mind about this dam is most of the costs, or many of the costs, have been prepaid. There is no new transmission line. It is using the same storage facilities which have been developed over the past 15 or 20 years. It is using all of that infrastructure and is simply - you know one of the facts of hydro-electric power, one of the great facts about our power is because we have developed it in that fashion, over the next 10 or 20 years, our real cost of power - if you don't look at only the particular year in which a new plant comes on - will be coming down,

and that is a tremendous advantage we have because we built this system. If you stop and think about it, you build that whole system, the storage system, the Churchill River Diversion and so on, you build one dam out of that or a couple of dams to get the power. All of the infrastructure costs are already there. For the next dam, those infrastructure costs are there and all you have to add on is the cost of one dam. The other costs don't increase at all. What you're doing is you're getting more power using that infrastructure more fully. Those are the numbers and that is why hydro-electric power is so attractive and will become more attractive for Manitoba and will be our economic advantage, our area of opportunity.

**MR. H. ENNS:** Well, you know, Mr. Chairman, I'm just a little rancher in Woodlands and I have trouble understanding the economics of this Minister.

I know, for instance, Mr. Chairman, if I can put through 500 steers through my facilities without buying any new equipment, adding it to my plan, that my overhead on those cattle are fixed and I know what they are and that's what I have to get out of those cattle before I can talk about making a profit. If, on the other hand, Mr. Chairman, I have to purchase a \$30,000 piece of equipment or install some new feeding equipment to accommodate those 500 head of cattle, my profit is going to be less or there may not be any at all.

Surely the Minister will agree with me the most profitable position for Manitoba Hydro to have been in with respect of the sale with NSP is not to have to build Limestone at all. That is elementary arithmetic.

Mr. Chairman, it was pretty clearly demonstrated we, in fact, could have done that. We might have been short 55 megawatts in the last year of the contract. That's about all, and we might have been better off to have entered into an interchange agreement, diversity agreement for those 55 megawatts. But the Minister is not going to argue with me. If we would achieve maximum profits of that sale, if we could have got it from the system, as the Minister says, that's in place, that we're paying for or had paid for, that would have been the maximum profit picture, Mr. Chairman.

What I'm trying to drive at with the Minister and the department at this particular time is, for some of us who are viewing this from the Opposition benches, we are building dams primarily for the export market. Mr. Chairman, I don't fault that, although a considerable argument could be made against that proposition, because exporting electricity, exporting energy, exporting power is exporting jobs out of Manitoba. I would like to know what this department has done latterly about trying to find high energy-using companies to come and locate in Manitoba and use the energy here in Manitoba.

A few years ago, from the former Minister of Energy, there was at least still the effort being made, at least publicly, that we were still looking at people like Alcoa or other high energy-intensive users to come to Manitoba. Mr. Chairman, it would be doubly wrong to be exporting energy and power from Manitoba which means exporting jobs. We're going to keep the plants humming in Minneapolis and in the northern United States, but we're doing precious little for permanent job creation here in Manitoba.

After having spent 2 billion, 2.5 billion, \$3 billion, whatever it is, the permanent jobs created by that public investment is very small; 30, 40 people, technicians who run those huge silent plants, compared to the 600, 700 who are required to operate an aluminum smelter or other intensive energy-using industries that ought to be attracted and lured to Manitoba.

Our continued skepticism of this government's proposals with the export sale of energy, firstly, has that as a basic philosophic problem because, as we dedicate our energies in long-term contracts to our southern neighbours, we lose certain options for future job development in Manitoba. More importantly, Mr. Chairman, then to add salt into the wound, if we're doing this at a subsidized rate, if it should end up costing us money, then it's a double insult. Then we haven't been doing our job as Opposition critics in alerting the general public to what's going on, and we have allowed a public policy to go forward that is not in the interests of most Manitobans.

Now, Mr. Chairman, no amount of window dressing, introduction of bills as the Minister did the other day, Bill 14, the Energy Heritage Foundation; all that is at this particular point in time is an acknowledgement that other jurisdictions, in this instance Alberta, have established quite a reputation with those words, "Heritage Fund."

You know, Mr. Chairman, there is no profit to be made at this point in time, none to be made until the year 2000, and then questionable. Mr. Chairman, who in their wisdom would predict a decade, two decades hence what precisely the issue will be and what the prices will be on such a volatile thing as energy? Who would have predicted what's happened to the oilfields in Alberta or in Texas or around the world today?

Five, six years ago, there were all kinds of experts who said that oil was going only one way, out of sight; \$35 a barrel, \$40 a barrel, \$45 a barrel. We've made all kinds of decisions based on that kind of advice. We gave a company like Dome Petroleum \$4 billion or \$5 billion in tax money of our tax money which we will likely never see again, Mr. Chairman, only to see oil prices tumble back down to 14, 15, 11 - the latest New York Exchange price for oil just the other day actually hit below the \$10 a barrel mark in U.S. funds. That means about \$14 for us.

This government is betting that they know better, that they know what energy costs are going to be and what the practices and the requirements for energy are going to be in the year 2000 and, on that basis, are presenting this Chamber with legislation talking about Heritage Funds.

Mr. Chairman, it's not just a matter of them versus us in this Chamber. It's simply the hard experience that people - goodness knows! - much wiser than I am in this particular field who were convinced to invest millions if not billions of dollars, because they felt energy costs were going a particular way. Well we are being asked right now by this government to invest millions, yes, and billions of dollars, because we assume certain things are going to carry on as we perceive them to be today.

Mr. Chairman, the record will at least show there were some in this Chamber who expressed their concerns about it. I have some difficulty with this department under this section right now who, on the

one hand, have the responsibility of providing energetic, attractive incentive programs for Manitobans of all descriptions, private, in business, in communities, to conserve energy, and indeed, Mr. Chairman, have demonstrated, come before this committee and shown us how they can effect savings of upwards of 32 percent, 20 percent, 26 percent, tell us 45,000 homeowners have taken up some of these programs.

Now my question to the Minister and to this department is - and it's not just myself asking these questions; other people more expert than myself have asked these questions - how much more can we do in this field? What kind of breakthroughs, technologically speaking, are going to take place before this decade comes to its end or before we enter the next century, by the time some of the profits have to start flowing from these export sales?

We have seen just unbelievable savings in the way and the manner in how we use energy. Look at our automobiles of just a short decade, two decades ago used to scoff at the smaller European models, the smaller engines. We're all driving 4 cylinder and 6 cylinder units; we're all getting mileages of 30, 35 or 40 - well, not all - and this is what this gentleman the Minister referred to - and I'm just forgetting his name - from that American Institute on Energy, and was particularly drawing our attention to. But we have no idea that the next generation of refrigerators, stoves, any of our electrical appliances could be using one-tenth of the energy they're using today; but we're making decisions, we're putting into place massive structures on the premise that those things will not happen.

Mr. Chairman, what happens if 12 years after that contract the Americans say, fine, thank you, it's been good having your power for 12 years. Now we don't need it any more. We have no guarantees that they won't do that. But I'll tell you one thing, we're going to be around here to pay the bill.

We'll be around here to pay the bills and we'll be paying them for a long, long time - and our children will be paying them. I just think the Minister's in a bit of a quandry here. On the one hand, he is understandably proud of some of the success of his energy savings programs and I'm prepared to acknowledge they're good programs. I've seen some of them work. Some of the communities in my constituency have applied to the very programs that are being listed in this section of the Minister's Estimates and we are using relatively small amounts of money in this area. We are talking in the \$1 million, \$2 million.

What would happen if we prioritized some of these programs and brought about those kind of 20 percent, 25 percent and 30 percent savings right across Manitoba with respect to Manitoba Hydro use and what then happens to your project load growth as to when, domestically, we would need another multi billion dollar structure? And then indeed we are paying, we are building these dams for two reasons, Mr. Chairman.

One to furbish up the political image of the New Democratic Party, this government and more importantly, principally for the use of export sales to our friends the Americans. On that basis, this whole question of hydro development that this government has embarked on is highly questionable.

Mr. Chairman, I simply want to ask the Minister, he keeps on fudging that answer. I still believe that he can

give me a correct 1986 answer for what today's integrated systems rate is in Manitoba Hydro and, if I'm wrong, just correct me. Is it 3.1 cents per kilowatt, 3.2, 2.9? I believe it's 3.1.

My colleague, the Member for Morris, told me that's what it was. I believe everything the Member for Morris tells me.

**MR. C. MANNES:** Thank you.

**MR. H. ENNS:** I am told and I heard this, my colleague, the Member for Pembina heard this. In fact, he was in the audience when a former Minister of the Crown, Mr. Andy Anstett indicated not once, but on two occasions, that the per kilowatt cost of energy that the NSP sale was yielding was in the neighbourhood of 5 cents per kilowatt.

I'm trying to put it in 1986 terms, not answers or something like that, just in today's terms, so we can argue apples and apples, not apples and oranges.

My understanding from the documentation that I've seen with respect to Limestone, is that Limestone power costs 7 cents per kilowatt hour. If the Minister wants to talk about 2 cents worth or 5 cents in 1994, I'm talking 1986. Give me a comparative list of figures of the kind I'm quoting and, unless he's prepared to do that, I will continue to use those figures because I will not be shown to have been wrong.

**HON. V. SCHROEDER:** It's obvious the member wasn't listening when I made my opening remarks and I dealt at length with energy. I'm going to go over that again, because I said that the main thrust of our activities in the energy area is to improve Manitoba's energy security through a balanced approach which encourages more efficient energy use and, at the same time, develops our indigenous energy resources.

He certainly did listen to some of it because he was referring to the numbers. Energy consumption here is approximately 44 percent petroleum products, 33 percent natural gas and 23 percent electricity, which means that more than one-half of our current energy needs are imported.

In the case of petroleum, the province produces 30 percent of that required, while it imports 100 percent of its natural gas requirements and hydro-electricity is the only energy form in which Manitoba is self sufficient, producing enough to meet domestic needs and to export large amounts to neighbouring provinces and states.

The department's efforts and support of attracting energy intensive industry and expanding the export sales of electricity are provided by way of an analytical assistance to the Manitoba Energy Authority. The activities of the MEA have been, as I say, discussed in the context of a balanced approach to energy development and use. The department is continuing its conservation efforts through a variety of programs.

I want to repeat, it is continuing its conservation efforts through a variety of programs. And I've said, since then, and I'm told by staff that we are leading the way in Canada in terms of energy conservation. If the member has something to refute that, stand up and do so, but we have provinces like Alberta and Ontario coming to us and asking us how to run

programs that we have initiated here. We are seen as leaders in that field. Energy saved through more efficient use means improved security, savings for Manitobans and employment generated by conservation measures.

Then I went through a number of the programs which the member is aware of - and I won't bore him with that - so there's no question that we support energy conservation. What the member is saying with respect to our Limestone project, part of it makes some sense. He says if you can sell something without having to add to an investment, then you're better off than if you have to add to the investment in order to make the sale. That is exactly what we're attempting to do with our energy conservation program.

If we can delay the building of the next set of dams as a result of energy conservation, we will save money; we will make a larger profit from this sale. For some reason, the Member for Morris always looks puzzled when we talk about that, although he doesn't look puzzled at all when the Member for Lakeside basically says the same thing.

It could be, but the member suggested that we were building a hydro-electric dam for the purpose of export. Of course he knows that's not correct. He knows that in two years we would have had to build Limestone with or without the sale. That's based on more conservative energy consumption forecasts than are the case today.

Our load growth is increasing more rapidly than those forecasts were based on, and it may well be that it was in fact only a one-year saving when we look back on it.

We are not building that dam for export; we are building it two years ahead of time because we have pre-sold firm power for a 12-year period of a dam that is going to last at least 70 years; we have sold five-twelfths of the power for a 12-year period, that's what we've done. At the end of that 12 years quite frankly we may well require all of that power, and we may not want to renew an agreement with this particular customer. They have, by going into this agreement put themselves into a position where they don't have to build another coal-fired plant. But they will have to make their decision in terms of their next plant obviously well before this contract is over.

The member makes the suggestion that we're going to lose money on this sale. He and the Tories in Manitoba are the only people in the world practically, who can come up with that kind of an argument. Even the energy conservationist whom they were quoting was not suggesting on television, or on radio, or on anywhere else, that that NSP sale contract wouldn't be profitable. In fact, he felt that it would be. He was suggesting that we should be careful about future contracts and of course we will be careful about future contracts. We were careful about that one and we will be careful about any contract. I repeat, the only objective body which has reviewed the numbers with respect to the NSP sale has agreed with our numbers, has said, and the Member for Lakeside, the Tories were at the hearings, they were putting their case after they heard from them. They must have said the same thing there, well, we're going to lose money on every kilowatt hour. We're going to lose money on it, after they heard all of the arguments of the Tories, and they heard all of the arguments of the NDP and Manitoba Hydro. What side did they come down on?

**A MEMBER:** The angels.

**HON. V. SCHROEDER:** That's right, the angels, they came down on our side. They said you're absolutely right. There will be a profit in 1984 dollars of \$385 million from this sale if you advance Limestone by two years. There will be a profit of \$365 million if you only advance it by one year. On the basis of that after you had put your best efforts into it, we put our best efforts into it, an independent body appointed by a Federal Conservative Government said that we were right. We had a decision to take at that time, a decision on behalf of the taxpayers of Manitoba. There were only two things we could do. We could proceed or stop. If we stopped, we had in our face a document that said that we were going to lose the taxpayers of Manitoba \$385 million in profits. We would still have to build Limestone in two years. The only difference would be that at the end of building Limestone we would then be in a position where we might only need a couple of hundred megawatts of the power; the other 1,000 megawatts for the first few years we would have to sell on an intermittent basis, on a spot basis, which means a considerably different price than any kind of a firm sale.

The people have to understand the difference between a spot sale, I know the Member for Lakeside does but many others don't and sometimes it bears repeating, there's quite a difference between a spot sale and a firm sale. The basic difference is that if you have a spot purchase you are obligated to have a second source of power. So it's not worth the same to you as if you have a firm sale for a period of time during which you need no other source of power because you have been committed, you have been guaranteed the power for a period of time. That is why the firm sale arrangement is one which provides more money to the vendor. It also provides more protection to the purchaser. We sold, pre-sold 500 megawatts; it's something that hadn't been done before.

We do have, as I say, the comfort level of having had an independent body go over those numbers and say yes, you will make that kind of a profit. The Member for Lakeside refers to the year 2000 before any possible profit would come in. It's an interesting concept. It would be the same concept as if you built a house and you rented it out and you didn't make any profits until all of your operating costs and the house had been paid for; after that you would be making a profit. Okay. You try to deal with the taxman on that basis. You try to deal with an accountant on that basis. You try to deal with the real world on that basis. People will tell you that once you've paid your costs, and what are your costs; you have your operating costs, you have your interest costs, those are the costs. Beyond that you're into - you don't repay, you don't use every penny that you get to repay if a portion of it is profit. You don't have to, and you're not expected to and you can't under our income tax rules. I'm not suggesting that we are subject to the income tax rules and you can set up an accounting system the way you choose. But there is no rational reason why we shouldn't set up an accounting system that is similar to commercially acceptable systems in this country, that we all understand.

So it is simply incorrect to suggest that there will be no profit till the year 2000. There will be a \$385 million approximately 1984 dollars, those were the numbers approved by the NEB. As I've indicated - the members opposite asked for some revisions and I'll be providing them tomorrow morning. I can indicate now that basically there's not a significant change if we used the numbers the Member for Morris asked for, I believe we wind up with a profit of around \$450 million or something like that. You can take different models and you can build that up to \$460 or \$470 million or drop it down to \$200 million, depending on what you want to put into the model. But keep in mind that those are numbers that have not been vetted through any independent agency, these are clearly numbers that we are providing. I will be providing, as well, the model, the system so that you can fool around with it and see that it's not just 14 little variables, it's something that I am sure would interest you.

It's at this stage, something that is the same process as looking, and we've got some farm members here, same process as looking at your crops after you've planted them. You had a decision to make in the springtime and our numbers showed that if we didn't plant we lose \$385 million approximately, and if we did plant we'd get the \$385 million, so we planted. Of course, you can have hail, and you can have all those other kinds of things. Now in the middle of the season, not really in the middle of the season, the crop is just barely coming up, you've asked us to to a rerun. That's like in the middle of your season, in the middle of June you do a new calculation as to whether you should have seeded wheat or flax or whatever. It's too late, you can do the calculation, you have have all the fun you want doing the calculation but the fact of the matter is the decision had to be made with the knowledge you had.

It's all a lot of fun to go back three years and look back and say — (Interjection) — I think it is. What we have is a system where we have to have insurance, we have to protect ourselves in every way possible. We think we've done that. The National Energy Board agrees with us that we've done that. We've looked at worst case, best case and if you wanted to build it up, we could build up a best case that shows that we're in for a bumper crop; show a worst case, we show certainly a substantial and significant profit for the taxpayers of Manitoba. That's where we are in sort of, the beginning stages. But certainly a profit we expect there will be. We hope there'll be a larger one than originally anticipated. That's something that we will have to wait and see and it will take time. The member referred to oil and the things the Federal Government has done with respect to companies like Dome and he knows we've been raising Cain about that for many years.

We've been wondering for a long time why the National Energy Program was set up in such a way that we would go all over the place looking for offshore oil - very expensive oil and gas that might never be developed - when with much smaller amounts of money the Federal Government could have assisted provinces such as Manitoba to develop very, very cheap energy. In fact, with capital in the range of what they put into Dome, we could have built a number of dams. We would have wound up having basically close to zero cost

because capital is the major component of the cost of our hydro-electric energy and we would have had that power for, over and over and over again, for a 70-year period instead of just wiping it out in a few years. That would have, I believe, made more sense.

Of course the member also referred to the Alberta Heritage Fund. There is a number of differences between the Alberta Heritage Fund and ours. One is, we don't have any money in ours yet and on the one side that hurts — (Interjection) — oh we will have money in it and we will have our economy moving better than it would without it.

Another difference is, their's is starting to come down. Why is it that their's is different? They are into a non-renewable resource; they made quite a point of that and they're right. They are basically blowing the oil out of their ground and other people are using it. So they're saying they ought to put some of that money aside for future generations. That's not what we're doing; that's not what we're doing here at all because we are developing a renewable resource which our children and grandchildren will be able to use as well. Quite a difference between what this program is all about and what Saskatchewan and Alberta have. That is our comparative advantage. This is a program that is of advantage to Manitoba.

I repeat that if we save in terms of the next series of dams if there are no further sales - and of course if there are sales that will influence the construction of the next set of dams - but if there were to be no sales, we would be better off without constructing a dam for a number of extra years. That would simply mean more profits from this particular sale.

In terms of system costs, I don't have the exact 1986 number here but I would accept, certainly in the ballpark, the 3.1 cent number the Member for Lakeside refers to.

The 5 cents, the only thing I would be able to say about the 5 cents is that it has to be something outside of - well, it's a number that I haven't seen. The 7 cents is a number that is, as the member full well knows, if it's around at all, it's got to be 1991 number or in that region somewhere. If we were losing money on the sale - I guess I come back to that again - if we were losing money on the sale, the National Energy Board would have told us so.

The National Energy Board, which was and is an objective body with its own set of people who have to do the calculations, is charged by federal statute to turn us down; to turn sales of energy down if they are not of benefit to the province; to the country. They very specifically stated in their decision that it was in the interests — (Interjection) — well no, it's not just surplus to the requirements, it's also things such as the price charged will be a reasonable price in terms of not too low.

The report stated very clearly that the power cost we were charging would be greater than we would charge to similar customers in Manitoba. It said that very clearly; there's no question about that. So if we're losing money on that sale, that means we would be losing even more money here in Manitoba. The members know that we basically operate that utility on a break-even so we wouldn't be losing money here in Manitoba. We're making money over there; breaking even over here.

Again, I certainly will get the numbers forward for the member. I don't think that's an unreasonable request but I think he would have some explaining to do, why is it that we're saying we're making a profit, the NEB is saying we're making a profit and he's got numbers that say we're not making a profit. He had the opportunity to put them before the board and the board disagreed with him.

**MR. H. ENNS:** Well, Mr. Chairman, I probably couldn't have chosen a better analogy than the one the Minister provided. And he's absolutely right, his reference to the situation that our farmers are in right now. They have invested, depending on the crop, anywhere from 80, 90, 100, \$200 dollars an acre in seed fertilizer and other costs. The crop is emerging; it looks promising at this point.

But I want to assure the Minister of something that every farmer knows; there isn't a nickel of profit in that crop today nor is there one guaranteed, not even after it's in the bin, quite frankly. Because the way international grain markets are right now, we might have laboured mightily in the vineyard for the sake of bringing in a good crop and that's about all. Tonight the farmers of Manitoba are taking a 20 percent reduction in that crop that's going out there in the Virden fields of Manitoba. So that, Mr. Chairman, is what happens in the field of agriculture which is a pretty tested and tried and traditional form of enterprise here in the Prairies.

We're being asked to accept the good statements of this government, of this Minister, helped with the embellishment of Bill 14, to lure Manitobans into great vision of the future with all the millions coming into the Heritage Fund that's going to come from this sale.

Mr. Chairman, I really don't understand - I will leave the subject - but I really don't understand the Minister's reluctance in not wishing to tell me or tell the House why we can't break this relatively complex question of hydro, hydro sales, systems costs, integrated systems costs, into something that people can understand. And I will use 1993, the date of the first sales to Northern States Power as a benchmark in terms of taking one of the variables out of it instead of talking 1984 dollars or '86 dollars versus 1993 dollars.

Let's take 1993 dollars the day that we are committed under contract to start selling power to Minneapolis. I will tell the Minister - I've given the Minister now several opportunities to correct me - and if he doesn't correct me, I will continue using these figures.

My understanding is that the integrated systems costs which we in Manitoba enjoy as a result of 30, 40, 50, 60 years of relatively prudent Hydro management and Hydro planning. I say relatively because there were a few years there where we regrettably imposed on Manitobans unneeded expenditures that we are still paying for and we'll always pay for.

The bill is still not in for some of the mistakes, in my judgment, and quite frankly, the mistakes in the judgment of Chief Justice Tritschler that were made when the last time an NDP administration was on a dam-building binge. Because we have, depending on who you want to believe, the Nielsen Task Force Report or your own figures, anywhere we have a contingent liability with respect to mitigation of costs,

environmental costs, land claims, to those communities affected by the flooding of northern lakes that range anywhere from the last Hydro offer of \$40 million to the Nielsen Task Force of some \$400 million or \$500 million. I believe that to be an exaggerated figure, but whatever it is, the final costs are not in yet on that matter and they're still to be added. — (Interjection) — The crop is not in the bin, as my colleague from Morris indicates.

But I think it would serve a purpose, Mr. Chairman. To at least clarify that matter of having those three cost figures, pricing figures, before us and, as I say to the Minister, let's put the projected figures in from the date he starts selling power to the Yanks in Minneapolis. What our integrated system costs here in Manitoba will be on that date, it'll probably be 3.5 or maybe 4 cents a kilowatt hour. Surely we can determine what the kilowatt - I know there is a variable contract.

This is another thing that concerns me, Mr. Chairman, because our sales agreement with Minneapolis is based very substantially on the future price of coal. Who in their wildest imagination can imagine what the price of coal is going to be in the year 2000? It may be a next-to-useless commodity in the year 2000. However, that's part of the pricing formula.

Surely we know today, and I believe the figures are there, and I believe my figure is right, what the kilowatt cost per hour of power coming out of the new plant that Limestone is going to be. I say it's around 7 cents per kilowatt hour. The Minister has an opportunity, I've given the Minister several opportunities during the course of this debate this evening to either tell me I'm wrong or come up with an alternative figure. He is in a better position than I am. He is the Minister responsible. He has the experts at his fingertips, I don't.

Because then, Mr. Chairman, you see, it does begin to make a little bit of sense about the kind of argument that the Opposition is making. Now, Mr. Chairman, I will accept that there are always two different points of view. One party can argue from one side of the fence and sees things slightly differently than the other party arguing from the other side of the fence and sees things in a different perspective.

I maintain, Mr. Chairman, that the Yanks are getting a deal. That doesn't surprise me, Mr. Chairman. The Yanks are pretty good traders; they always have been, but that the Yanks are getting a pretty good deal if they can tap into our relatively cheap power that we, as Manitobans, have built and paid for 40, 50, 60 years ago. It's on that basis that I say there is no profit in this deal for us.

Now if the Minister takes a different point of view and says, oh, but that's not being fair. We are building this new Limestone plant that's going to cost 7 cents per kilowatt hour, but that's all going to be melded into the systems rate, and the average cost, the systems rate then will be, I don't know, 3.7, 4 cents per kilowatt hour, and if you sell it to the Yanks for 5 cents per kilowatt hour, bingo, presto, we make a profit. You see, Mr. Chairman, that he is right, but I maintain I am also right and it depends on from what perspective one views the selling of energy.

I can understand, Mr. Chairman, the reluctance on the part of the government, this Minister and the previous Minister from making a relatively straightforward statement as to what does the power

out of Limestone cost. I mean that to me is a very elementary question. I don't see why we should be spending any time debating it. I don't see why I should have to pull this information out of the Minister's mouth like teeth from a hen. — (Interjection) — I mean surely that's a pretty straightforward question, Mr. Chairman.

The Minister likes to use agriculture as an analogy. You know, farmers have to make that decision every day. They go to look at a new piece of equipment that they think would be beneficial to their farm operation. Well the first thing they have to find out is what is the cost of that new combine or that new tractor unit or that new cultivator, but they know what they're going to be buying and how that can be applied over the acreage that they're going to be working. It's worked out their cost per acre, their costs on the whole project.

**A MEMBER:** And we may have to pay tax that year.

**MR. H. ENNS:** They may well have to pay tax on that project as well. But I don't see why that information is so hard to come by. You understand, Mr. Chairman, you're a reasonable man. In fact, Mr. Chairman, I must say it's been a pleasure having you in the Chair . . .

**MR. CHAIRMAN:** The Chairman cannot be drawn into the debates.

**MR. H. ENNS:** . . . in the Speaker's Chair as well.

But, Mr. Chairman, I will, as I say, not repeat this ad nauseam, but I do so for a reason, because it's obvious that the government is reluctant to tell this House and to tell Manitobans those three simple facts. I repeat them. What is the average systems cost? What do Manitobans today pay for 1 kilowatt of power? The Minister tended to agree with me. He says it's around 3.1 cents per kilowatt hour. What are we selling it to the Americans for in 1993? I believe it to be around 5 cents, and what is the power going to cost out of Limestone? I believe it to be 7 cents.

Mr. Chairman, maybe this Minister, maybe this government, if they spend enough money on advertising and other propaganda tools can convince more and more Manitobans that it's a great deal. There's a lot of profit in it for him. But back in Missouri, when something costs you 7 cents an hour to produce and you're selling it for 5 cents, I have trouble seeing any profit.

**HON. V. SCHROEDER:** In fact, I've asked somebody to go and get the information for 1993. That information is public. It was a part of the documents that were handed in to the National Energy Board. If the Opposition would have taken a little bit of time to read it, they would be able to understand it. I'm not prepared to run around keeping all of those numbers in my mind over a number of years or apologize for not remembering all of those numbers. We're going out to get the numbers. We don't have our Manitoba Energy Authority people here. We have a different group here altogether as the member well knows, but we will get those numbers, hopefully tonight. If not tonight, we will get them tomorrow.

But let's keep in mind that when we're talking about this, we're talking about an assured crop. There will

be a dam; there will be 1200 megawatts; it will be roughly on time. We have over the last 20 years under a number of governments set up agreements with our trade unions and the contractors down there who have worked extremely well and this one is coming along in that way too. We haven't had the disruptions of British Columbia or Quebec or other places. A number of the variables we have taken care of and it's, I would suggest to you, not like a farmer intending to grow a crop of wheat today or several months ago when the farmer knew basically what they know today. They may or may not get a crop. That's something we won't have a problem with. The crop will be there, it's a question of price. They knew at the time that wheat was not going to be an awfully good deal.

It is more like, say, somebody going into a crop like potatoes, where you know that you've pre-sold the potatoes. If you've got your contract, you've got a contract for the sale. You're looking at insurance, you can protect yourself to the extent that, if you're prepared to insure heavily enough, you won't lose money on it, you can do that, and that is the analogy I make. I stand by that analogy.

In terms of our profits over the life of this agreement, I believe there will be profits. I believe those profits will be significant. I believe they will be in the range of roughly two to one in terms of costs of advancement of Limestone. I think all of the numbers you will see tomorrow will show you again that that's roughly where we are, two to one ratio in terms of the costs. The costs are the advancement of the project; the costs are the loss of spot sales, because we have a firm contract; the cost is the calculation that there will be increases or earlier construction of other dams because of this project. All of those costs are taken into account and you'll see the numbers basically verified that there will be roughly a two to one profit. That's not a bad return on investment.

So we're there. We will show you the numbers. Keep in mind that as the years go by, costs tend to escalate and ours will have been fixed in. The cost of operating a coal plant is - obviously there are a lot more operational costs than the cost of operating a hydro-electric plant - cost of construction is roughly similar at a similar time. In this instance, we have a coal plant we're comparing ourselves to that will have been built four or five years before this contract kicks into effect. The cost of it is then inflated up to 1993 under the terms of the agreement.

So what we have is basically a comparable in terms of capital costs for the cost of the thermal power as compared to the cost of the hydro power under the contract. The difference is that they have to operate it with expensive coal. No matter how you cut the price of coal, you're still going to have the cost of mining the coal. That will always be there. Nobody's going to mine it for nothing. That's an expensive cost. There's a bottom below which it won't go, so there are some assurances in there.

When you compare this to what the Tories were going to do with the Western Power Grid, where they guaranteed our neighbouring provinces that they were going to give away our power for a 17-year period with no profit - right in the contract, 17 years without a profit - and the sale of the whole dam, which meant that the next dam which is further down the river is

going to cost the taxpayers of Manitoba more money, that was the agreement you people had. It guaranteed the taxpayers of Manitoba that they were going to be paying more for their power, guaranteed if you say so the export of jobs. I don't buy that theory at all.

I think it may be true if you're exporting cheaper power than what you're selling at home, and it may be true with the Saskatchewan and Alberta deal, because that's what the intent of it was. It's true that in the beginning the cost of that power to Saskatchewan and Alberta would have been quite expensive, as compared to the Manitoba power, because you would have the cost of the new dam, plus the transmission lines. There'd be a fairly significant capital cost. But over a 17-year period, by the end of the 17 years, they would be paying an awful lot less for that power than our system cost. Our system would be without that particular operation.

So keep in mind what some of the alternatives have been that you people have put on the table for Manitobans and that was at a fixed price. I don't recall the exact number, but it seems to me it was somewhere around \$1 billion you said you could get that plant in for and if anything went wrong, that was at the risk of Manitoba, and we were to get no return on our investment above the \$1 billion. That was at the risk of the taxpayers of Manitoba — (Interjection) —

The ratepayers would never have felt that. Who do you think would have paid for it? If that dam would have come in by a couple of hundred million over the \$1 billion — (Interjection) — pardon me? Yes, if there was an overrun, that was certainly a risk. That was quite a risk. Of course, the ratepayer was guaranteed that he was not going to get any power from this dam for that period of time and that meant the next time they needed more power, we would have to go further down the river, and the costs have increased, because this is the lowest-cost dam we have that was available at the time. So that's some of the alternatives we had.

I'll give the member the numbers in a minute.

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

**MR. J. DOWNEY:** Mr. Chairman, I find the debate most interesting, dealing specifically with the point that my colleague from Lakeside makes, and that is the encouragement for the conservation of energy and the impact that it may well have or could well have on some of the usage of and the future of that commodity in the Province of Manitoba. I want to say, I think probably it's one of the areas that government can most help with the general population today as far as the best use and to look at some alternatives in that area.

I have some questions dealing specifically with the Energy Conservation Program. Is there a program or is the government under this department jointly involved with the Manitoba Telephone System in their gasohol or their usage of other than the total fossil fuels? Is there a program or funds from this department going to help the conversion of some of the Manitoba Telephone units to the use of gasohol or alcohol? Are there any programs in place that have, in fact, encouraged the conversions from normal gases to other kinds? As well, is there a direct grant going to the Biomass organization in Manitoba for alternative fuel uses?

**HON. V. SCHROEDER:** No, Mr. Chairman, those were demonstration projects the member refers to, and they are finished.

**MR. J. DOWNEY:** The question I asked is, he said they're demonstration projects and are finished. Are there any reports or results of the work that was done? The other question I asked was: is there any support going to the Manitoba Biomass organization?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, there are reports on the gasohol and propane projects. I'll get a copy over to the honourable member.

I'm sorry, there was another . . .

**MR. J. DOWNEY:** Biomass.

**HON. V. SCHROEDER:** Ah yes, there's an annual grant supporting the Biomass institution. It's \$1,000.00.

**MR. J. DOWNEY:** Mr. Chairman, this fits into the whole question of whether or not it is the responsibility of the government to continue to put money into the Manitoba Oil and Gas Company, ManOil, to lose money for the taxpayers of Manitoba at the rate of which they're doing; or whether or not there should be some consideration to further expand the support that goes into the use of alternative fuels.

My colleague from Lakeside represents an area where there is a fairly early extensive growth of poplar trees, and I'll ask the Minister if he's had any discussions with any companies that are interested in the use of, particularly poplar fibre, poplar trees to further extend the non-renewable resource base.

I'm quite interested in it, Mr. Chairman, because I believe that in this country, particularly with the tough economic conditions that the farm community is facing, the fact that regrowth of particularly poplar in this country, if properly managed and the proper kind of process developed to produce the kind of power alcohols that would be able to be used, if in fact the government wouldn't be well advised to reconsider their priorities and, rather than to further try and expand and get into the non-renewable resource industry but in fact encourage, work with or possibly joint venture if that's what it took, to get the program off the ground initially, to get into the business of alcohol production from that particular wood base, particularly when we have, as I've indicated, a large portion of the province that's already a heavy growth of the poplar type tree, and the ability to regrow it.

I think those are the kinds of things that, No. 1, extend the non-renewable resources; No. 2, create employment for people who would be working in that process; No. 3, an alternative income source for those people who are now producing or trying to produce agriculture commodities, work into the conservation of our soils and the preservation of the kind of wildlife habitat and that type of program that every other person wants to see. A combination of that kind of encouragement, I think, could have some major economic benefits. I know that it's taking place in certain areas of the country; I know that it's being done in the Ottawa valley to some extent. And I know, as well, that the Mohawk Oil Company or the Mohawk group, who are producing

alcohol from grains at the Minnedosa plant, probably have looked extensively at the production of alcohol from the wood fibre.

So I ask the Minister if there is any ongoing or any current negotiations or any company that is currently looking at that kind of a process, and if there are any funds from this department going into it? If not, why aren't there any?

**HON. V. SCHROEDER:** I suppose the biggest area where we're involved is in continuing the program started, I believe, by the previous administration with respect to Mohawk, where we're providing a tax concession for their converting corn and barley and wheat and a bit of rye into gasohol.

There are several other efforts under way, but none that have required the expenditure of funds at the moment. I understand there's also a study under way together with the Federal Government for approximately a quarter of a million dollars in that area.

**MR. J. DOWNEY:** I appreciate, through you, Mr. Chairman, to the Minister, the somewhat lack of interest by the population when in fact the other oil prices, the conventional oil prices have dropped to the tune of which they have but, following the Minister's line of thought earlier that he wants to catch this wave that's going to come along when prices turn around in potash, I'm wondering if he looks at all the waves, if he is just looking at the one wave when it comes to potash or if there's another wave that he might consider looking at in this area.

As I say, I appreciate the fact that there is very little enticement from the general population when the prices fall, to carry on with alternative energy sources, but I would hope that the department and I would hope that, the study that is now being carried out - he says, a quarter of a million dollar study - produces more than just a document to collect dust on the shelf. That's why I asked specifically if there had been any negotiations or any discussions - and I use Mohawk, because they are the ones that have taken the lead in the whole area of alcohol production to extend the fossil fuels.

If there haven't been any discussions, if there haven't been any follow-up to some of their thoughts, why haven't there been? If in fact it's strictly the economics of it, then that would further support the questions that my colleague has been putting forward, that we've all been putting forward as an Opposition as to the direction that they're prepared to go, particularly in ManOil, when in fact the facts point straight out that we're putting money into a losing operation, and it will continue to lose money without any chance of a turnaround until there's a major increase in oil prices.

That's why I'm trying to say that one could justify expenditures in the whole area of expanding the alternative or extension of the fossil fuels through the department. So I ask the Minister, and he doesn't have to respond now, but I would hope that when the combination study between the Federal and Provincial Government is complete, that it be made available.

As well, he could respond now. If there have been, in fact, any overtures or any discussions made with the Mohawk Oil company as far as a fibre production of alcohol, have there been any in the last six months?

**HON. V. SCHROEDER:** Mr. Chairman, there is apparently a meeting slated with Mohawk for next week. It may well be that's what they're bringing forward. I'm told as well that the study can be made public.

Just to go back for a second to the business of the price charged on the NSP sale - I would refer members to Page 15 of the National Energy Board reasons for decision, quoting from it: "The evidence showed that the proposed export price of from 67 to 98 mills per kilowatt hour over the life of the contract would far exceed Manitoba Hydro's domestic rates for large industrial customers of approximately 20 mills per kilowatt hour in 1984 and 34 mills per kilowatt hour estimated for 1993."

We were talking about, in 1993 terms, 6.7 cents per kilowatt hour on the sale going up to 9.8 cents by 2004 or 2005. As indicated, 3.4 cents per kilowatt hour is the estimate for 1993 for system costs.

**MR. H. ENNS:** 3.4?

**HON. V. SCHROEDER:** 3.4 cents, and I've asked people to get back on the other number which I don't have right now.

**MR. H. ENNS:** I thank the Minister for that information, because I think it makes the discussion with respect to hydro sales a little more comprehensible, easier to comprehend if we pick a common denominator. My denominator is kilowatt hours, something that Manitobans are perhaps most familiar with.

Mr. Chairman, I appreciate and I indicated at the outset that it was perhaps not totally fair or appropriate to bring this into a hydro discussion as such. I appreciate that officials in front of the Minister are not with Manitoba Hydro but, Mr. Chairman, I take the point of view that this department has, and I take seriously the job evaluation of the particular item that we're under, that the department has a very serious role to play in analyzing and in developing and in doing various evaluations with respect to developments of energy and mineral resources, whether it's potash, hard rock mining, gold, or anything else. I believe, Mr. Chairman, with respect to the latter few years, that some of this initiative has been taken away from the department quite frankly.

In years gone by it was a more straightforward situation. Manitoba Hydro by statute was operating on a mandate most of us understood; that is, to provide Manitobans with affordable power. However, since then, we - and I accept some responsibility for that - politicians, governments have intervened, tinkered mightily with that process.

We now have a separate agency, the Manitoba Energy Authority, operating extensively in this particular field in developing future energy power policies of this government that impact very forcibly on the economic development of this province. I just have the feeling the department's role in carrying out its mandate is getting fudgier and more unclear as time goes on.

For the Minister's benefit, the tremendous difference of course in the kind of proposals that were being put forward by a previous administration in this area are, of course, at the very heart of the matter which somehow or other we seem to purposely be skating past each

other on these arguments is the impact these kinds of decisions are going to have on the rate payers of Manitoba Hydro and well we might say the taxpayers of Manitoba Hydro because they've now become interchanging.

The decisions that were being made or the proposals that were being made in the years '77 to '81 had as the heart of all the proposals was not to impact on the rate payer, to have Alcan put up 40 percent of the capital up front or to have Saskatchewan-Alberta build that dam for us, yes at a cost.

But the point is, Mr. Chairman, they were designed for that purpose to bring about these developments, bring about the job creations, bring about the jobs here in Manitoba and not export them and not impact on the rate payers. Mr. Chairman, we speak from some background here because the last time in the Seventies, when the then Minister of Energy was a guru in the back rooms doing some of the economic planning, Hydro rates increased by 140 percent in four short years. That's what I call impacting on the rate payers. We are today paying for it and my children will pay for it and my grandchildren will pay for it — (Interjection) — because we built dams to fit a political time schedule, not because they made economic sense.

Mr. Chief Justice Tritschler said as much in his report and we know it because we all felt it on our Hydro rates. That was, Mr. Chairman, the challenge was to do two things: to build the projects without impacting on the rate payers, to provide the long-term jobs in Manitoba. If you could do that, that was a development scheme, Mr. Chairman, Manitobans would have been well served. I challenge any objective analysis to take issue with the basic tenets of those proposals. In fact, Mr. Chairman, the former Energy and Mines Minister was in a rush to get to Regina and Calgary to try to complete those agreements that are known as the Western Energy Grid.

Mr. Chairman, it was not a colleague of my persuasion. It was the president of the Saskatchewan Power Corporation who made some comments with respect to the wisdom this government and this new Minister was then following in 1981-82 when the deal regrettably was scuttled and the ball was dropped. We have now got a ball we are hoping to pick up in the year 1993. We'll find out how heavy it is by the year 2004 or 2005. In the meantime, Mr. Chairman, my concern is for the rate payers of Manitoba, the rate payers of Manitoba Hydro as to whether or not they will experience what they experienced in the year '73-'77; a 140 percent increase in their Hydro rates.

Well, Mr. Chairman, I believe it is important to have these basic discussions on the question of energy and energy-related matters. I want to indicate to the Minister I would like to deal in the next session of this committee briefly with the projections for the Manitoba Oil and Exploration Company. Again appreciating it's a separate corporation and has been dealt with, but I want to see what your analysts say about what is being projected from an economic point of view; what levels of production have to be attained; and at what price before Manitobans begin to receive some return on their monies which is now up into the 10, \$11 million.

Now Mr. Chairman, the analogy the Minister used a little while ago, well he started counting the profits the minute you have a renter in the house. Well it's a little

different with governments, Mr. Chairman, particularly governments that are running \$500 million deficits, that have other departments crying out for hard-needed dollars; whether it's in the social services field; or whether it's the Hydro construction field; or whether it's simply to reduce the ever-increasing public debt, particularly when we have in these same reports contained within the department that our oil patch is doing well; that is it was until the latest downturn in prices. I don't fault this government for that.

**A MEMBER:** Oh I do.

**MR. H. ENNS:** Well no, I don't. I'm a fair-minded kind of a person, Mr. Chairman, and I wouldn't hold that against this government.

I will tell you something, that surely he must be scratching his head. If he isn't, the Minister of Finance is because he sure as heck could be using that \$10 million to do something else other than produce 55 barrels of oil a day that we lose \$8 or \$9 a barrel on for every barrel we produce. Surely he could find something else to find use of that money. Quite frankly, if the government wants to, and should be in this role of leading and piloting and experimenting, then he should be doing more of what my colleague, the Member for Arthur just suggested in encouraging alternative uses and finding out new sources of energy.

But it was amply demonstrated, Mr. Chairman, by a previous administration that all that was necessary with respect to bring oil production to an acceptable level and oil exploration to an acceptable level in Manitoba was to change the tax regime, make us competitive with our neighbouring jurisdictions and we had all the oil exploration we needed.

This Minister, that Minister, this administration five years later have seen the wisdom of that course and have not changed that regime one jot or tittle because they knew it made common sense. If it was competitive with our neighbouring jurisdictions to explore for oil and gas in Manitoba, then the exploration would take place. If that's the case, Mr. Chairman, why do we need to put hard-earned public tax monies into the program?

Mr. Chairman, I'm not that much of an ideologue. If we had the money coming out of ears, God bless them, do it - but that's not the case. We're borrowing money to do it and we're starving other departments to do it. Twelve million dollars alone from the Department of Highways, and rural Manitobans particularly, and our tourists know it when they drive over our roads, and they'll know it more as these roads deteriorate over the next few years.

A hospital in Brandon is closing a wing of 28 beds because of shortage of funds, but we've got \$10 million to produce 55 barrels of oil into a situation where we've

got oil literally coming out of our ears. There is an oil glut in the country. Our rigs are folding their tents and looking elsewhere. Thank goodness we have a bit of potash exploration works to do so some of the rigs at least are being occupied.

But, Mr. Chairman, it's that kind of direction, that kind of discussion that I want to have with the Minister when next this committee meets.

Thank you.

**HON. V. SCHROEDER:** Mr. Chairman, the member wanted some information. I presume that he wouldn't mind getting it now. We've had our people running all over the place, and it is good news.

He wanted to know what the cost of power from Limestone would be in 1993 and it's going to be under 3.5 cents per kilowatt hour. It's not difficult to arrive at the number. There's a \$1.94 billion cost to the plant. There's 1,200 megawatts. Calculate your costs at 10 percent, that's what you come to, less than that, and we topped it up with more than ample operating costs. That is in comparison to a sale price by 2004 of 9.8 cents, under 3.5 cents to 9.8 cents from Limestone; in 1993, 6.7 cents . . .

**MR. H. ENNS:** How much were your Limestone costs again?

**HON. V. SCHROEDER:** Under 3.5 cents per kilowatt hour.

In 1993, the sale to NSP will be at 6.7 cents. Now again, the 6.7 cents is a number that, just off-hand I would say at this stage, will be reduced. It will be reduced for the simple reason that inflation hasn't kept up with the expectations at that time. So obviously there will be some changes, but clearly, very clearly, from the beginning we will be making a profit, as opposed to a 17-year drought for the whole dam under the Tories.

I rest my case.

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

## IN SESSION

**MR. DEPUTY SPEAKER, C. Santos:** . . . can make the motion in your place.

The Minister of Urban Affairs moved that the House be now adjourned.

**MOTION presented and carried** and the House adjourned and stands adjourned until tomorrow at 10:00 a.m. (Friday).