

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**Monday, 9 June, 1980**

**Time — 8:00 p.m.**

**CONCURRENT COMMITTEES OF SUPPLY**  
**SUPPLY — FINANCE**

**MR. CHAIRMAN, Morris McGregor (Virden):** I call the committee to order. We're on Resolution 62, 2.(a) — the Member for Lac du Bonnet.

**MR. SAM USKIW:** Mr. Chairman, when we broke this afternoon, I believe I had addressed the Minister with a number of issues, one of which had to do with the operations of the Treasury Division and their input into the decision-making process with respect to provincial borrowings. As I recall it, the Minister's response was that it's really a Ministerial decision ultimately, which we all understand, but that, yes, that is the division that provides the backup research and information necessary for the making of such a decision.

Perhaps I might ask the Minister then whether he can give us some indication as to whether or not he would be in a position to prognosticate, in other words to predict the future, in which case he would not pay attention to his advisors but make his own decisions with respect to borrowings, especially in the foreign market. In the Budget Speech, the Minister made much mention of the fact that he would not have entered the foreign market during that period of time, and I'm trying to determine from him, on what expertise he would make that decision if that is not the expertise within the department, that is recommending such.

**MR. CHAIRMAN:** 2.(a)—pass; — the Member for Lac du Bonnet.

**MR. USKIW:** Well, Mr. Chairman, then perhaps the Minister might explain one transaction which I dealt with in the Budget Debate but which he didn't respond to. It has to do with Loan C10 or 10C, whether the Minister could explain why he did not exercise the option available to him in 1978, to recall that loan, but he didn't do it until 1979. Can the Minister tell us why he chose not to exercise that option in 1978? This is the Swiss loan dating back to 1975, in which case he was able to recall that loan in June of 1978 but for some reason or other didn't do so. He could have done so at a considerable saving, some 3-1/2 million as I understand.

**MR. CRAIK:** Mr. Chairman, you don't recall all these various issues by their number. When the member says that there were options, you obviously exercise the one that you decide at that time is in the best interest of the province, and in that case, the one that was exercised speaks for itself. The member also mentions the role the Treasury Branch. In the final analysis, the member's quite right in saying it's the responsibility of the Minister. It's more than just a responsibility in terms of the idea of responsible government; in the final analysis, that's the way it works and the Minister or anybody else

cannot duck that responsibility. If I've been hard on some of his colleagues for their performance, it's because of the recognition of that.

**MR. USKIW:** Well, Mr. Chairman, I appreciate the Minister has to answer for the actions of his department but I at least am satisfied — at least if the Minister disagrees with me, he may correct me — but I am satisfied that he has confirmed that these decisions have to be based on the best advice and expertise available to him, which is within his department and outside his department. I presume that that particular function carries forward today, the same as it did over the last decade or two. I don't believe that the Minister has indicated any change in his operations with respect to that question.

But getting back to the specific, Mr. Chairman, in 1975 there was some 100 million of Swiss francs at 8-1/8 percent — that was a loan of 100 million in Swiss francs — and there was a recall option in 1978, at which time that could have been refinanced at 2 percent, quite a substantial reduction from 8-1/8 percent. Of course there was a penalty involved but when you net it all out, I believe had the Minister exercised the option in 1978, he would have reduced Manitoba's debt by 3.5 million, if he applied that saving to debt reduction. I'm curious to know why that wasn't exercised in 1978 but was in 1979, a year later. We'll go with 3.5 million is the real question.

**MR. CRAIK:** Is that the net of the penalty included?

**MR. USKIW:** Yes. That's my calculation that, had we exercised that option in 1978 that after paying a penalty of some several hundred thousand dollars, there would still be a net saving of 3.5 million.

**MR. CRAIK:** Out of how much?

**MR. USKIW:** That's 100 million Swiss francs, the total loan.

**MR. CRAIK:** Well, Mr. Chairman, I think if the member wants to get the full information on the loan, that can probably be achieved either through question or through Order for Return but that has to be established first.

**MR. USKIW:** Mr. Chairman, I'm merely asking a question. I know the details of the loan, I have a copy of it here, but I want to know is why the Minister didn't exercise his rights in 1978 which could have resulted in a saving of 3.5 million to the people of Manitoba. That's a straightforward question. Now there must be an answer, and if the department doesn't have it today, I'm not asking that the Minister answer today; I merely put the question on record because I did put the question to the Minister during the course of the Budget Debate but did not receive a response on that point, and perhaps the Minister might be able to ask the

department to furnish him with the answer to that question.

**MR. CRAIK:** I suppose with regard to the Budget Debate, Mr. Chairman, it was probably put in the last three hours of the member's speech in the House, and that perhaps there wasn't enough time after that to find an answer for him. With regard to whether or not you would pay out at a certain date, I think is perhaps a little less important than why you got into it in the first place, when you had options open to you in any number of markets, of course, including your own home market of Canada, or into the market in which you are exporting, which is the United States. But whether or not you pay out on a certain date, given the fact that in that case the penalty for paying out two years early was greater than the penalty for paying out one year early, I think that is the issue that was paid out in 1979 and there was a clause in it where there was a one-year loan taken for the next twelve months and was ultimately to be paid and will be paid out next week, in June of 1980.

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

**MR. SAUL M. CHERNIACK:** Mr. Chairman, just on the same matter, the Minister did exercise the option in 1979, was it, and there was an advantage in doing it. The Member for Lac du Bonnet says there is 3.5 million more advantage to have done it in the preceding year, and the Minister brushed that aside and said it is more important as to when the money was borrowed or why it was borrowed, then why the option was not taken advantage of. He obviously does not recall the details of this and the intricacies of it, and I think we should give him time to get them. We will be coming back, not only to his salary but rather to the public debt, and he can tell us then. But that was a question that was in my mind. It clearly was advantageous to make that deal in 1979, and whether it was 3.5 million or .5 million the question that the member put is a valid question, which I don't think ought to be brushed aside. I think the Minister should undertake to give us that answer, not under an Order for Return. The Member for Lac du Bonnet has already given the answer as he knows it, so Orders for Return don't give reasons; they are supposed to give facts.

If the Minister is ready now, by all means I will stop, but if he is not ready, then there is another point I would like to make.

**MR. CRAIK:** Mr. Chairman, I didn't hear everything that the Member for St. Johns mentioned here. I guess this was one of the loans that he was probably involved in, in taking out in the first instance, and he is probably suggesting here, why didn't we save 3 million when he had already lost 40 million on it, something like that. That year, among other things, happened to be a fairly heavy year of borrowing, and it would have meant some further decisions with regard to borrowing, in addition to that one. That one had an option to get out of the mess two years earlier, or gamble on the fact that the mess may not be any greater a year later, and the penalty was higher at the two year early point than it was at the one-year point. So it was delayed until the next year.

So there isn't an awful lot more research can be relayed to the Member for Lac du Bonnet, other than the fact that gradually we are working ourselves out of it.

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

**MR. CHERNIACK:** Will the Minister confirm that taking advantage of the option in 1978 would have saved additional moneys?

**MR. CRAIK:** Mr. Chairman, I can't confirm that at this point, but I'll obtain the numbers on that. I'll obtain the numbers of the loan, as it was taken out initially, as it was finally paid out, what was done at the year one option, 12 months ahead of the call date on that option, and what it would have been at year two, and what it would have been at year one if we had not exercised then. As I recall, it turned out that by calling it the year early, which we did, on that call we saved a further amount.

**MR. CHERNIACK:** That's right, Mr. Chairman. The Member for Lac du Bonnet points out that had the Minister exercised that option a year earlier, he would have saved even more money. Now he says — I think he said — well, we were speculating that maybe if we wait a year, there would be a change. So now the Minister is speculating on foreign exchange. He also said that year was a heavy borrowing year, they might have had difficulty getting the money, and yet, when he is referring back to 1975, he says, Well, there was money available in other markets, even the local market. Has the Minister confirmed, did he check to see whether money was available in 1975 on the local market and what the interest rate would have been? Has he done that? And if so, what were the chances then?

**MR. CRAIK:** Mr. Chairman, there are options in markets when you are borrowing. I did read one release put out by the Member for St. Johns in 1970 when he said that he borrowed units of account at nine because it was 9-1/2 in Manitoba, or in Canada, or 9-1/4, and for 1/4 to 1/2 percent, he found it useful, at that time, to have gone to units of account, and the final interest rate on that issue was 29 percent, and that was the one that we paid out.

Now, he had options, because he stated the options in his press announcement, that if he had stayed in Canada to borrow, it would have been 1/4 to 1/2 higher. I can obtain that for him if he wants to, and I'm sure he may want to look at it himself, but options were open then. Now, whether they were open in every case, I don't know. I haven't found it incumbent upon myself to go back and determine that, but I can tell him that in the one case that I did, his option was 1/4 to 1/2 difference and it would have been the difference between 9 and a fraction more in Canada. It ended up 10 years later that on the call date of March of this year, that the effective interest rate was — Mr. Chairman, I may be wrong at 29, it may have been 26, but it was one or the other.

**MR. CHERNIACK:** Mr. Chairman, the Minister now says that he doesn't know what the options were in 1975. He's drawing a comparison with 1970, but he

doesn't know what it was in 1975, and yet he's saying the money could have been borrowed locally. The Minister himself, I wish he would tell us how many loans he made since he was Minister, and how many were in foreign dollars, and then tell us why he didn't borrow locally for those which were in foreign. I don't know which they were, and I'm sure he'll tell us. I'm interested in knowing that because he's talking about the past and, at the same time, he has yet to tell us why he didn't exercise an option in 1978 but implied it was because it would have been hard to get the money. Now, was it hard?

**MR. CRAIK:** Mr. Chairman, what I said was that in 1970 the then Minister, who is the Member for St. Johns . . .

**MR. CHERNIACK:** Mr. Chairman, I'm sorry. I was talking about 1978 and 1975.

**MR. CRAIK:** I'm coming to that, Mr. Chairman. In 1970, the Minister at that time, who is now the Member for St. Johns, said in the announcement that he borrowed in the foreign market because it was half a percent lower than the Canadian market, and that was the reason stated. Now, if he wants me to go back and look at what was said in 1975, I can do that. But unless it was stated by the government of the day at the time, there is no other way that anyone else could confirm what the options were of the Minister of Finance at that time. How else would you know it? But I simply say it because there were options, obviously at some points, because the Minister of the day found it necessary to put out a press release and say why.

**MR. CHERNIACK:** Mr. Chairman, in 1975, according to the Minister, there was an option to borrow, even locally, I'm quoting him verbatim, I'm quite sure. Now, he says he doesn't know that that was the case. Is that correct? He doesn't know.

**MR. CRAIK:** Mr. Chairman, if there weren't option to borrow in 1975, there would be two moons in the sky. It's just a question of whether the Minister of the day put out a statement giving the reasons for borrowing offshore, which the Minister did in 1970.

**MR. CHERNIACK:** Mr. Chairman, it depends on what earth you are on or what planet you are on, there are some that have many more than two moons. I just asked the Minister, I have heard him state that his policy — he stated his policy which was no different from that of any preceding government I ever heard of — was to borrow Canadian first, U.S. second, other foreign markets third. Now, that was always the policy of government as I know it. Now, on that basis, the Minister recognizes that there are occasions when one cannot borrow locally and has to take the second or third choice. Therefore, since the Minister so glibly says that in 1975 he had options, the options of course, have to be balanced against cost. And I wanted to hear from the Minister what was available in 1975, at what cost. If he doesn't know, it's okay, just say so. But if he does know, tell us.

**MR. CRAIK:** Mr. Chairman, what is the member talking about? There is only one person who knows what all of the options were at that time, and that is the Minister. Whether the market had options, the market always has options in it.

**MR. CHERNIACK:** Mr. Chairman, I said, at what cost? What was the cost in 1975 for borrowing locally?

**MR. CRAIK:** Mr. Chairman, now the member is asking me to go back and find out what cost there was to a Minister of that day that was part of his government. Doesn't he have greater access to that person than I do?

**MR. CHERNIACK:** Now we find, Mr. Chairman, that the Minister does not know the situation in 1975 but is yet prepared to criticize what happened then as if he did know the situation, but he didn't know it.

**MR. CRAIK:** On a point of privilege, Mr. Chairman, the member says that I am at this point saying that I know at what cost. I never said that. He is saying, trying to put words in my mouth to say that I know at what cost. No, Mr. Chairman, I said that the market always has options and the market always has options. And any option that was on the market, Mr. Chairman, would have been less than half the cost of the one that was exercised at that time, any option at all.

**MR. CHERNIACK:** The point I am making, which is being confirmed, I think, by this Minister, is that he doesn't know what the options were in 1975, that there were options as probable; one could probably have borrowed from Kasser if one could have found him. The fact is that there were options, but the cost of options, Mr. Chairman, is the thing that the Minister seems to know by hindsight. And yet, when the Member for Lac du Bonnet asked him why he had not prepared himself with his pre-knowledge, with his vision of the future, he didn't answer, and when the Member for Lac du Bonnet asked him why he didn't take advantage of an option in 1978, he doesn't know. And therefore, Mr. Chairman, what I am saying is that when you're looking back on what happened in the foreign exchange market or in the market on oil, the Minister is very knowledgeable when it comes to looking back, except that he doesn't even know what options were available in 1975. He just glibly says that it could have been borrowed. So I will say to him, it couldn't have been borrowed. Because I will say to him further that we must have looked at all the possibilities, and we made a choice which seemed to be the logical at the time. And I don't mind the Minister criticizing, he's doing it all along, and I will continue to debate it with him, but let him not make a statement without backing it up. And the statement he made was, he borrowed, was it Swiss, when he could have borrowed even locally. And I'm saying, at what cost, and he doesn't know at what cost.

So it really takes away a good deal from the strength of his argument. But what I would not want this discussion to detract from is the answer to the question posed by the Member for Lac du Bonnet. Why did he not exercise the option in 1978? They

can talk all he likes about how the loan was set up, whether it should have been set up or not; the answer is a very precise one, within this Minister's term, not any other Minister's term, why did he not exercise that option, and I don't think he knows but I would hope that he will know by tomorrow. That's not an unreasonable expectation, is it?

**MR. CHAIRMAN:** 2.(a)—pass — the Honourable Minister.

**MR. CRAIK:** Mr. Chairman, let's not just leave that one for a minute. The member, in his not unusual way, is trying to bail himself out of his own mistakes by somehow suggesting that an option that was in what he put there would have eliminated the mistake.

**MR. CHAIRMAN:** The Member for St. Johns on a point of privilege.

**MR. CHERNIACK:** Mr. Chairman, the first privilege I have, I'm not even demanding retraction, and that is the Minister's usual way of attacking by insult when he gets in uncertain terms; the other point is I never for a moment suggested that the mistake he may have made in 1978 would have recapped the loss in 1978. I never suggested that. All I'm saying is that the Member for Lac du Bonnet stated that had the option been exercised in 1978, there would have been more money saved, or less money expended, than when he did it in 1979, and that's the question.

**MR. CRAIK:** Mr. Chairman, on the same point, the Member for St. Johns has a valid point of privilege because even he would never have tried to suggest that we could ever have recouped by any decision the mistake that was made when the loan was taken out. And it's obvious that if the difference between the decision in 1978 and 1979 was the amount that has been indicated, it is probably 10 percent of the losses that were incurred up to that point, and if it was 3 million, it was 9 percent of the losses then and 10 percent a year later. That is the difference that is being talked about here; it is at what point do you bail out of a bad deal, having known it's bad. The options that were available there in 1978 were that the penalty was greater than it would be in 1979.

So the question was: Is the penalty going to exceed the amount of the increased loss? The decision was made in 1979 to pay out the loan, take out another loan for the remaining 12-month period in the same currency, and hope that one came out of it a year later winning. As it turned out, we did, a year later.

Now, what is wanted to be known here is what was the loan when it was taken out; what was the loan when it was paid out; what would the loan have been in 1978 and what was it in 1979. Those pieces of information can be provided, but the difference between 1978 and 1979, the payout of that loan, will be a very small amount. The difference will be small in comparison to the total capital loss on the principal amount that was lost over the total life of the loan. That will be provided.

**MR. CHERNIACK:** Mr. Chairman, according to the Member for Lac du Bonnet, in 1979 the Minister

exercised the option to pay off a loan and pay a penalty and borrowed the same type of exchange, Swiss francs, at a much lower interest rate.

**MR. CRAIK:** No, he didn't say that.

**MR. CHERNIACK:** Exactly what I heard him say. What he said, Mr. Chairman, was that the Minister borrowed money, Swiss dollars, at a much lower interest rate, repayable at the same time as the original loan fell due, and actually, by just simple calculation, was able to save money by borrowing at a lower rate than he was obligated to pay.

The question that was posed was: Why didn't he do it in the preceding year when, apparently, according to the Member for Lac du Bonnet, it would have been exactly the same thing, no speculation, borrowing in the same currency at a lower interest rate to pay off in two years rather than in one, and to pay a penalty.

Now, that was a calculable one, if the Member for Lac du Bonnet is right, and nobody has challenged his figures. If he was right, Mr. Chairman, it wasn't guessing or hoping or praying or expecting what apparently was the case in the previous loans that were made, where one could not predict the future, even though the Minister of Finance would like to pose as one who could, but this was an actual calculated saving that was made in 1979, which could have been made in 1978, according to that. So that it's not, as I understand it, any kind of speculation whatsoever. That's why, Mr. Chairman, it's a much more precise question with a much more precise answer than the brilliance of any person to foresee what would be the future in foreign exchange. That's why I think this question is rather important.

I would guess, Mr. Chairman, that it just wasn't drawn to the Minister's attention in 1978 because, if it was, I think it could have been a simple calculation to do that. But if it was drawn to his attention, then surely there must be an explanation.

**MR. CRAIK:** Mr. Chairman, in part it will come back to the total requirements for borrowing at that time and it will come back to the difference between the penalty then and the interest rate then and the speculated interest rate at a time later than that, a year later. It will be left on those grounds. There will be no complete answer to it. It will be a question of when was the right time to bail out of a bad deal.

**MR. CHERNIACK:** No, Mr. Chairman, it would appear that the Minister made a judgement and he was wrong, from what we are told. It would appear that in 1978 he decided to wait a year and history proved that he was wrong. Now, the amount may be insignificant to him, but it was more than — well, it was more than a dollar and therefore he decided to speculate and accepts the fact that he did, in his calculation. Maybe the interest rate would have dropped even lower in 1979 and therefore he could have made a better deal in 1979, taking into account the penalty, the amount of penalty. Also, he started by saying it also depended on the amount required. I want to tell the Minister, I'm sure it is no different now than it was then except the amounts that are being borrowed by this government are substantially less than in the past, because we were building for

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the future and they are not doing that now, and therefore, when it was necessary to borrow money, according to our program, we borrowed substantial sums and before every borrowing that took place, just like must happen now, there is an assessment made of the moneys available and the costs against that. So that I'm sure that's a practice that is followed now, and is followed by all governments. Therefore, I come back to asking the Minister — he was looking at some figures — whether there is something to show that the Member for Lac du Bonnet is correct in his calculation, at least, when he says 3.5 million. Is that figure correct?

**MR. CRAIK:** Mr. Chairman, I have already said twice that we will get the numbers on what it would cost when the issue was taken out, when it was paid out, and what the options would have been at 12 months earlier or 24 months earlier.

**MR. CHERNIACK:** Mr. Chairman, it has nothing to do with when the loan was taken out; it has to do with what would have happened in 1978 and what did happen in 1979. According to the Member for Lac du Bonnet, his figures are 3.5 million more beneficial to the province had the option been exercised in 1978. That's what he said.

The Minister, I think, has responded by saying, well, it depends on the demands for money in that year and the decision of whether or not to think that there would be a more beneficial deal later on if one waited.

So the first was apparently a constraint on availability of money to borrow, and the second one was speculation on the future. If that's correct, then I'll let it go at that, Mr. Chairman, that is an explanation which I understand. We could disagree with it, but I understand it.

**MR. CRAIK:** Mr. Chairman, on the second part of it, I hope I haven't left the impression that there wasn't or isn't an element of speculation in all of this. I don't want to suggest here that there wasn't an element of speculation as well, but it's more a question on the payout of these than it is on the assumption of them in the first place, as to what options you may have otherwise, and when you are in that deep, as the saying goes, you know, when you come up to your armpits in alligators, it is not that easy to remember that you came to drain the swamp. We are gradually, in the overall policy, working these foreign borrowings back to a position where there is a greater balance in the portfolio, and that is the basic strategy as far as this government is concerned, but there are so many issues on the books that built up over a period of time, that were very highly dependent on the foreign borrowings and left us vulnerable to those borrowings, that we have been attempting to move our way back out of that position, and that is what were are in the midst of doing at the present time.

**MR. CHERNIACK:** Mr. Chairman, that brings me to my next question. Will the Minister spell out for us this latest transaction that he has apparently completed with a varying interest rate related to bank prime, as I understand it, 1/4 percent below

prime? The purpose of this is to pay off the Swiss loan, is that correct?

Yes, he nodded his head. What I would like to know is what would be the current cost of borrowing in Swiss dollars, the same amount? What would the interest rate be?

**MR. CRAIK:** When the member says what would be the current rate of borrowing, what is the real rate of borrowing, is it 29 or is it 26?

**MR. CHERNIACK:** Mr. Chairman, I believe the Minister is not bound to answer my question, but I am asking him if he can tell me what would be the cost of borrowing Swiss francs today.

**MR. CRAIK:** Mr. Chairman, the member is not putting the question in the right context that it can be answered. He says what would be the cost of the borrowing and the complete answer to that is that you don't know what the cost is of borrowing until you have paid out the loan. The last cost was 29 percent, the one before that was 26. If the member wants to ask what would be the stated rate then he would be getting a little closer to the mark, but he is certainly not if he asks what would be the cost, then literally the cost is what the cost is when you pay it out.

**MR. CHERNIACK:** Mr. Chairman, we could also get into a discussion as to real dollars, real 1974 dollars, real 1979 dollars, real 1985 dollars. I know I can discuss these theoretical things. All I wanted to know is the Minister now needs a certain number of Swiss francs, I would like to know what interest rate he would have to pay to borrow that same number of Swiss francs? He must know; he must know.

**MR. CRAIK:** Mr. Chairman, the member is wrong; I don't want Swiss francs, I want Canadian dollars.

**MR. CHERNIACK:** Mr. Chairman, as I understand it, the Minister has a Swiss loan to pay off in Swiss francs — that is the impression that he gave — and therefore he needs Swiss francs. Whether he borrows Canadian dollars and buys Swiss francs or borrows US dollars and buys Swiss francs, he still needs Swiss francs, as I understand it. If he doesn't, I wish to would clarify it. My impression is that he has to pay off his Swiss franc loan in Swiss francs.

Apparently, he has borrowed Canadian dollars with which to buy Swiss francs, I understand that. If I am wrong, I wish he would correct me, interrupt me if necessary. All I am asking is, what would it cost him in interest rates to borrow the equivalent amount of Swiss francs today? That is a straightforward question and I know he must have the answer.

**MR. CRAIK:** Mr. Chairman, I know what the member is trying to ask, but he is not asking it. He is asking for an equivalent rate. Why doesn't he ask what the equivalent effective rate is over the total life of the loan?

**MR. CHERNIACK:** Mr. Chairman, the Minister is trying to make me ask him a question because he doesn't want to answer my question. I am sure he understands my question. My question is simply,

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what is the interest rate chargeable today to borrow Swiss francs in Switzerland for one year, five years, ten years? Now, he must know the answer and why he won't answer it, I don't appreciate, because I do believe he is trying to be helpful to this committee.

**MR. CRAIK:** Mr. Chairman, the member is getting closer now to asking the right question. The question probably is what is the face rate, or whatever the proper term is, on a loan in any currency, and the loan in that case would have a face rate of probably 6 to 8 percent. The member knows that by phoning up his broker and asking it. But what is the effective rate . . .

**MR. CHERNIACK:** I don't have a broker.

**MR. CRAIK:** The member brokers for himself. What is the effective rate, the effective rate is anybody's guess, so that the face rate is really fairly meaningless if you use recent history, because recent history shows that it is otherwise.

**MR. CHERNIACK:** Mr. Chairman, I am not sure that I know what prime rate is now, I believe it is somewhere around 14 percent. —(Interjection)— 13.75, I am told, which means that the Minister has now made a loan, a borrowing at 13-1/2 percent, fluctuating with prime. I understand that. He says he could have borrowed for 6 to 8 percent, so that if the exchange rate remained constant from now until the time the loan has to be paid off, the Minister would have saved substantial moneys had he borrowed Swiss francs. If the exchange rate became adverse, then there would be a certain cushion to the extent of the saving that would have taken place before it would be costly. If the exchange rate becomes favourable to Canada, then it would be even a greater saving to borrow Swiss francs. Now all that, there are number of ifs involved in that, and the Minister obviously — no I shouldn't say obviously — I would ask the Minister did he weigh these various options and make his decision based on that or did he decide to borrow Canadian regardless of the differential in the options that would occur on the basis of borrowing Swiss?

**MR. CRAIK:** Mr. Chairman, we followed the basic principle that we have been attempting to get across, that we would borrow as a first choice on the Canadian market, a second in the US, and after that offshore. Unlike the Member for St. Johns, who says that was his principle too, we are exercising it and we are borrowing Canadian.

**MR. CHERNIACK:** Mr. Chairman, I want to tell the Minister we always exercised and went through that exercise at all times. The only thing is that in those occasions when we borrowed outside of Canada, it seemed to be the second and third choice, but that is where we have disagreement. I just want to tell him that every time we borrowed money we did it on the basis of that very same principle of Canadian. It is so obvious, Mr. Chairman, we shouldn't even have to debate it.

So I tell him that it is obvious that one should and I tell him we did, and I don't care whether he believes it or not, Mr. Chairman.

**MR. CRAIK:** The evidence speaks for itself.

**MR. CHERNIACK:** He has got a Finance Department that will tell him what the history of borrowing was in the last 8 or 10 years.

Mr. Chairman, I wish to move over to another matter . . .

**MR. CRAIK:** Mr. Chairman, if the member is going to change the topic, I just want to tell him that there is no speculation from my point of view. If he wants to read his statement that he put out when he borrowed offshore at 9, when he could have borrowed for 9 1/4 to 9 1/2 in the Canadian market, there is a tremendous difference. He has just made the point that we've paid 1/4 under prime with prime at 13 3/4, and stayed in Canada as opposed to going offshore at 6 to 8, and that's a big difference. That's double, close to double, if not double the difference in the face value of the interest rate. So let's not try and say that we are doing one and the same thing. He stated that was the principle of the former government, he did not practise it.

**MR. CHERNIACK:** Mr. Chairman, I say that I did state that as a principle, I did practise it. It was my judgement, and I just let it go at that. It was my judgement, as the Member for Lac du Bonnet said, based on advice given, but I'm not leaning on anybody. I'm just saying, if he wants to put it that way, that is correct. I'm just telling him, we always looked at these options . . .

**MR. CRAIK:** The numbers speak for themselves.

**MR. CHERNIACK:** Mr. Chairman, I don't know whether the Member for Lac du Bonnet wants to pursue this; I want to go on to a different area altogether.

**MR. USKIW:** Mr. Chairman, what we have here is a situation where the Minister takes pride and boasts about the fact that he is much more efficient in his money management operations than were his predecessors, and we find that — I don't know what the measure is of efficiency in money management, but we find that he allowed 3.5 million to slip by him in 1978. Now, I don't know whether that's good, bad or otherwise, Mr. Chairman. Maybe that's not a large amount of money to by-pass as Minister of Finance on behalf of the people of Manitoba. It seems to me, the only point I am making, Mr. Chairman, is the fact that this is an example where the Minister wasn't quite on top of the situation, and allowed this to take place. Had he looked at in 1978, I think he would have seized on the opportunity in 1978 to recall that loan, instead of waiting to 1979. But that's neither here nor there.

What is interesting to me is that the Minister has made a tremendous amount of commentary, or indulged in a tremendous amount of commentary on past performance, and he's having the benefit of looking back in doing so. I would like to know from him why he continued to borrow in the foreign market after 1977, since he is so wise in saying we should borrow Canada first and U.S. second and so on. He has borrowed substantial amounts of money outside of North America as well. Secondly, if he was truly as wise as he wants everyone to believe that he

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is, then why didn't he refinance foreign loans at an earlier period in order to hedge against devaluation of the Canadian dollar. I mean, if you have that crystal ball, why did he deny the people of Manitoba that kind of expertise which he has. I'm sure that he could have been a real hero in the eyes of Manitobans, had he been able to hedge the question of foreign exchange rates on behalf of the people of Manitoba, but either he chose not to do so, or he didn't have the wisdom, Mr. Chairman. If he chose not to do so, then I would question why he chose not to do so. If he didn't have the wisdom, Mr. Chairman, I don't fault him. But he's making an awful lot of ado about nothing in terms of his contribution in the Budget speech, and we find, on close examination, that his performance is somewhat lacking relative to the kind of commentary he's been making about past governments.

**MR. CHAIRMAN:** 2.(a)—pass; 2.(b) — the Member for St. Johns.

**MR. CHERNIACK:** I have the impression that I raised this with the Minister in question period some time ago. But I want to just confirm that I don't think I got a precise answer. The Burns Insurance Review Commission, which I believe has been sort of discredited by the government's failure to act on the major recommendations, included the comment that there is no apparent direct cost to the Manitoba Public Insurance Corporation for the management of its assets by the Department of Finance. At commercial rates, the value of this management is estimated to be 250,000 per year. I'm really sorry, in this case, apparently Mr. Burns presented this report to the public. I believe it was a press conference he called, to which he presented this report, and no one there asked him about this. So I'm asking the Minister whether it is not correct to say that there was no point in making this statement, in that there is negligible, and I really mean negligible, cost to the Department of Finance to manage the assets, and indeed that it's an advantage to the department to manage these assets of the corporation in that it can distribute the lending power of the MPIC in directions which the Department of Finance considers socially valuable or economically justifiable.

**MR. CHAIRMAN:** If I could interrupt, I think if we passed (b) — that is on (c), and I really hadn't called (c). It's maybe in order to . . .

**MR. CHERNIACK:** Just a minute, Mr. Chairman. Let me just see what you mean by that.

**MR. CHAIRMAN:** I called pass, but I really didn't name 2.(a).

**MR. CHERNIACK:** Mr. Chairman, you're still on 2.(a). I'm sorry. You said 2.(a) and the Member for Rock Lake said pass, and I said, I'm sorry, Mr. Chairman, I called you back to it. We're still dealing with investment by government of Crown corporations.

So could the Minister respond to my statement?

**MR. CRAIK:** Mr. Chairman, I can't comment on the Burns Report, that it would cost that for service, to have that kind of money management engaged from the private sector or wherever. I think it's difficult to put a dollar value on the contribution of the Department of Finance. However, it's safe to say that if the MPIC account were not managed by the Department of Finance, it would be difficult to pinpoint what savings there would be in the Department of Finance as a reduction of the amount of work required in the department.

**MR. CHERNIACK:** Mr. Chairman, would the Minister agree that he could not dispense with any one person in this item before us if he did not have the management of MPIC money?

**MR. CRAIK:** Mr. Chairman, I couldn't confirm that, because I think it would be kind of a useless study to decide exactly that, but I'd say it would be highly doubtful if there would be any significant change in the total staff requirements in the various agencies that are administered.

**MR. CHERNIACK:** Mr. Chairman, the Burns Report criticizes, in my opinion, it criticizes the procedure whereby the Department of Finance manages the investments. Does the Minister have any proposal to change the investment procedures involving MPIC?

**MR. CRAIK:** No, Mr. Chairman, we don't have any plans to, at this point in time, and if we do as a government decide that there is some change required, it will be announced, but at this point in time there is no intention to change the management procedures that are now being followed.

**MR. CHERNIACK:** Then, Mr. Chairman, the government obviously disagrees with the Burns recommendation in this respect as well as in other respects. Is that a fair statement?

**MR. CRAIK:** I think a fairer statement, Mr. Chairman, would be that the government endorses the vast majority of the recommendations of the Burns Commission Report if you take them on a one by one basis, and in fact most of them have been instituted. Therefore that's the answer.

**MR. CHERNIACK:** Mr. Chairman, the question I asked was, is it confirmed that the government rejects this comment or proposal by the Burns Commission, as it has others. Now he works it other ways. I just want him to agree with my statement that the government has rejected this recommendation of Burns.

**MR. CRAIK:** Well, it's obvious, Mr. Chairman. If the government had accepted it, it would be common knowledge. Do we need to have that affirmed?

**MR. CHERNIACK:** You see, Mr. Chairman, I asked the Minister whether the government has accepted it and he said we're not making any change; if there is a change, it will be indicated. I was asking the Minister to be more precise to the extent of whether he's rejected it or it's still under consideration. If it's not under consideration, then it's been rejected. Is it under consideration?

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**MR. CRAIK:** The question has been answered, Mr. Chairman.

**MR. CHERNIACK:** Mr. Chairman, I assume then it has been answered, that it has been rejected, it's not being considered.

**MR. CHAIRMAN:** 2.(a)—pass; 2.(b)—pass; 2.(c)—pass — the Member for Lac du Bonnet.

**MR. USKIW:** 2.(c), yes, could the Minister explain that item, please?

**MR. CRAIK:** Mr. Chairman, Insurance Premiums; this is miscellaneous insurance premiums and blanket crime policy. It covers all departments, insures for employees fidelity, robberies, safe burglary, theft, misplacement of moneys and securities, acceptance of counterfeit currency, forgery, etc. It also includes 50,000 for fire insurance previously charged to the Fire Insurance Reserve Fund.

**MR. USKIW:** Mr. Chairman, I gather that there has been a change of policy there then. The Minister indicates that we now have a 50,000 premium wherein previously we had a reserve of 50,000 in the reserve fund to cover contingency. What is the basis for that change in policy, Mr. Chairman?

**MR. CRAIK:** It was, Mr. Chairman, previously charged to the Fire Insurance Reserve Fund. Now it's charged to the appropriation rather than that.

**MR. USKIW:** Oh, I see, okay.

**MR. CHAIRMAN:** 2.(c)—pass; 2.(d) — the Member for Seven Oaks.

**MR. SAUL A. MILLER:** Mr. Chairman, would the Minister tell us whether the 750,000 was in fact spent last year?

**MR. CRAIK:** Yes, that's the difference in the procedures now. The refunds show as a reduction in revenue now rather than . . .

**MR. MILLER:** I know what's going to be. I'm asking was the 750,000 spent last year? The amount indicated last year, was that spent or underspent? I know this year there's nothing. It's going to be payable through revenue — spent, underspent, or overspent? Sorry I asked the question.

**MR. CRAIK:** Mr. Chairman, the member for Seven Oaks is asking whether the estimate in fact was right, was there approximately that amount spent. I haven't got the answer directly. We can obtain that for him.

**MR. MILLER:** Okay.

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

**MR. CHERNIACK:** I'm just looking at the estimates of revenue and I don't see any reduction of anything by the refunds. Is it the intention not even to show that in the revenue estimates? My very vague impression is that it was undertaken that with the change there would be an indication in the estimates

to show what the amount of refunds were. Am I just overlooking it?

**MR. CRAIK:** Mr. Chairman, it shows as a breakout on the statements. It doesn't show as a breakout on the estimates.

**MR. CHERNIACK:** Do you mean in public accounts?

**MR. CHAIRMAN:** 2.(d)—pass; 2.(e)—pass. Resolved that there be granted to Her Majesty a sum not exceeding 574,300 for Finance — pass.

Resolution 63, 3.(a) — the Member for Lac du Bonnet.

**MR. USKIW:** Mr. Chairman, can the Minister give us a quick overview of what's taking place in this area? As I understand it, this area covers a number of federal/provincial agreements and perhaps the Minister would want to indicate just what the government's intentions are in respect to those agreements.

**MR. CRAIK:** The general development agreement with DREE is handled through the Department of Finance and comes under, in part, the Administration through the Comptroller's Division. The federal/provincial relations group are also substantially involved in the negotiation of these and, as I indicated in the opening comments, we also keep 15 percent of the total of these agreements contained in a fund that allows more flexibility during the year. If one agreement moves ahead and another one moves back, we have the flexibility of moving the funds out of the common fund, that is about 15 percent of the total of the DREE agreement appropriations.

In general, there isn't a day to day administration in terms of the programs, which is different possibly than the member may be familiar with. With their not being the same procedures that were used by either the Management Committee or the Planning Priorities Committee, the Finance Department people act as a co-ordinator and bring together departments for the regular reviews on the progress under the agreements.

**MR. CHAIRMAN:** 3.(a) — the Member for Lac du Bonnet.

**MR. USKIW:** Mr. Chairman, I raised the question in the knowledge that the Manitoba Northlands Agreement expires March 31st of next year, so that in essence my question is what is the government going to do? Secondly . . .

**MR. CHAIRMAN:** I just wonder if that comes under 3.(d), as the member — Well really, to keep it in reasonable order though, if we went down and got to (d) in the same resolution, we would stay within our

The Member for Lac du Bonnet.

**MR. USKIW:** Mr. Chairman, we have the ARDA package and the Northlands package, and that's why I'm addressing the Minister on the first item. We have the Manitoba Northlands Agreement running out in March. We have the DREE Special ARDA, which is, as I understand it, running at a very low



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level at the present time and likewise is the case with the general ARDA package. I'm not sure whether the province of Manitoba to date, has been able to handle, use, or whatever, all of the federal allocations that have been provided. My understanding is that if we don't make use of all of the funds available under these agreements, then the federal government has the option of reallocation; that is reallocating sums of money away from the province of Manitoba into other areas or other things or projects.

I would like to know from the Minister whether or not Manitoba is fully utilizing the DREE program or whether there are going to be sums of money not taken up by the province for lack of activity or lack of programming on the provincial government's part, and what are the arrangements for continuing beyond the end of the fiscal year? Because with respect to most of these items, these programs are mainly geared for areas in Manitoba of slow economic growth or regional problem areas and it would seem to me that we should have an idea of just what the government has in mind with respect to either substituting with new programs these agreements or extending these agreements or whether they are in fact utilizing these agreements to the fullest extent.

**MR. CRAIK:** Mr. Chairman, the DREE agreements seem to follow a pattern that they start off not rapidly with a smaller cash flow at the start of the agreements and a fuller cash flow towards the end and the Northlands probably, as indicated here, is a prime example of that. I think that they're up to their full rate in the last year of the agreement, and whereas some of the newer agreements do not tend to be moving as rapidly at the start but start to accelerate as they go along the period of the normal five years of the agreement. The Northlands Agreement is currently under renegotiation with DREE and will be completed sometime before, I gather, the end of the summer, some time early fall, for the next fiscal year.

There are a number of other agreements of course that are in here. The most recent is the water agreement that was signed about 10 days ago, and the largest one is the industrial sub-agreement that was signed earlier, perhaps a year or 18 months ago, and the tourism agreement, and one other, I think, in the natural resource field, but I've forgotten the exact name of it, but smaller. So there are now a total of about five or six agreements with DREE and of course there is the recent offer by DREE to enter into the three-way agreement on the core study in the city of Winnipeg, which is now being examined and which we'll have to now work with directly in resolving the terms and conditions of that agreement. The DREE agreements now amount to a very large and significant part of the government's undertakings in the economic development area. Northlands is one and is currently being renegotiated. What the terms and conditions that will finally result from it are still unknown. We just started to rediscuss it.

**MR. USKIW:** I would like to know whether there will be any lapse of funds in any of these agreements because of the lack of program development, or whether there will be in fact reallocation of funds

away from Manitoba as a result of lack of programming.

**MR. CRAIK:** Mr. Chairman, I really can't answer that. It's not a common sort of an accepted concern, I don't think, that we approach the DREE grants on the basis that if we don't get one, somebody else will get the money. There is competition for it, I don't deny that. There is a certain amount of that but we don't enter the agreements on the basis of doing it because we're concerned about somebody else getting the money.

**MR. USKIW:** But, Mr. Chairman, that poses a very interesting question. If the province is bypassing federal funds simply because it is not committed to program it, and at the same time we have massive economic problems in different regions of Manitoba, but in particular in the north, then it indicates that the government's attitude is that it is not prepared to spend even 50-cent dollars, if you like, or 40-cent dollars, in trying to deal with those problems. That indicates a certain philosophy and approach on the part of the government to that region. I hope the Minister is in a position to say that that is not the case. But that is precisely why I put the question. If federal funding is available for programming in special needs' areas, then it seems to me it's incumbent on the part of the province to make sure that it has its work done in order that these funds are utilized and that the necessary kind of assistance is provided to those communities that require it. If we are short of that, then somebody is not doing his work, or else the policy of the government is to low-key special project development in order to employ people, in order to retrain people, or whatever.

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

**MR. CHERNIACK:** Mr. Chairman, I want to know who the comptroller is.

**MR. CRAIK:** Perhaps if I can just finish that. Our usual problem has been with DREE, that they don't have the funds available to the level that we are after them for, and that has been the case. Whether it is still the case with Northlands, on the renewal, remains to be seen, because it is too early in the renegotiation to look at that. The DREE Minister has indicated that there would be a minimum amount available, as far as the federal government is concerned, for those renegotiations, which indicates that they are in recognition of the necessity to carry on with additional programming.

**MR. CHAIRMAN:** 3.(a)—pass — the Honourable Minister.

**MR. CRAIK:** I'm sorry, the Member for St. Johns had a further question. Mel Anderson left, and what has happened in the comptroller's division is that we found that the Deputy Minister was lacking in opportunity and work, so he has been filling in until we have a replacement, as such. Other personnel have been shifted in the department to bolster the operations in the comptroller's division, but there is not an ADM or Comptroller, other than the Deputy Minister, Mr. Curtis.

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**MR. CHERNIACK:** How long have we been without a comptroller, then?

**MR. CRAIK:** Since January, Mr. Chairman.

**MR. CHERNIACK:** Is the government seeking a comptroller?

**MR. CRAIK:** Yes, Mr. Chairman.

**MR. CHERNIACK:** Has it been bulletined?

**MR. CRAIK:** It hasn't been publicly advertised.

**MR. CHERNIACK:** Mr. Chairman, I always knew that the Deputy Minister had great capacity, but as I understand it, he is Deputy Minister of Finance, he is Chairman of Hydro, I believe is Secretary to the Treasury Board, and now we find that he is doing the Comptroller job as well. Does the Minister feel then, that since he has that capacity, there is any need to search out a comptroller?

**MR. CRAIK:** Mr. Chairman, we're not looking for another job for the Deputy Minister. We feel that he's pretty well at his work level now.

**MR. CHERNIACK:** Mr. Chairman, the Minister knows, I've raised questions and I've had a little correspondence dealing with Section 39 of The Financial Administration Act, and the fact that both last year and this year, in the Appropriations Bill, there has been a section exempting the government from complying with Section 39 of The Financial Administration Act. I asked the question of the Minister, who gave a reply that I didn't understand — I don't know if he did — and then I had some correspondence with the legislative counsel and with the provincial auditor, and I gather from the auditor that he was not impressed with the need for this, but rather that the legislative counsel thought it was useful, let me put it that way, I don't want to put words in his mouth.

I want the Minister to explain why it is that we have a section of the Act which restricts payment from the Consolidated Funds in certain respects, and that was brought in in 1979, and both in 1979 and in 1980, The Appropriations Act excludes Section 39. My question to the Minister is, one or the other, why maintain Section 39 if you are going to exclude yourself from the effect of it, and why not change 39, rather than every year, as has happened last year and this year, there is a special section in The Appropriations Act which exempts the government from that? Can the Minister explain why that is?

**MR. CRAIK:** Mr. Chairman, if the member would be willing to leave this until the Minister's Salary, I'll obtain Section 39. I don't have . . .

**MR. CHERNIACK:** I have it here, but I don't want . . .

**MR. CRAIK:** Let me review it.

**MR. CHERNIACK:** I'll leave it then until the Salary of the Minister. In case I'm not here, I hope the Minister will put an explanation on the record.

**MR. CHAIRMAN:** 3.(a)—pass; 3.(b)—pass; 3.(c)—pass; 3.(d)(1)—pass — the Member for Lac du Bonnet.

**MR. USKIW:** Mr. Chairman, perhaps the Minister is aware that the only Manitoba Cabinet Minister in the federal government has made some statements to the effect of perhaps diverting money towards the core area project here, from other agreements or other areas. Is the Minister aware as to just what is taking place with respect to this whole Northlands Agreement, whether that is being reduced. Is that what the reference is all about, Mr. Chairman, or does the Minister know precisely what the federal people are thinking in terms of the next DREE package, or whatever replacement they have for it with regard to the regions in Manitoba?

**MR. CRAIK:** I think the member, in his last sentence or two, made the point that in the next DREE package, there is no intention in this year's operations to divert money. It will not affect Northlands. I think the Minister of Immigration and Employment was referring to perhaps renegotiation on the DREE agreement, as to whether or not the greater force shouldn't be placed on the core area of Winnipeg, rather than in the Northlands. I don't really take exception to that general approach. I think that, as a matter of attention, these agreements don't necessarily have to go on at an ever-escalating or constant level even, and that from time to time, I think the intent was that they would be redirected into areas that were regarded jointly to be of the greatest need. I would think that, at this point in time, the core area work perhaps does take on a concern and a requirement that has to be placed very high.

I don't say that the province at this point in time agrees with the cost sharing or the administrative procedures or the programs, because we have to examine them pretty closely. But I think that whereas Northlands may have been a priority in the initial instance, there have been agreements that have gone on since then and it's probably fairly safe to say that the core area study at the present time should require a priority consideration.

**MR. USKIW:** Mr. Chairman, I don't want to take a negative attitude with respect to the core area study, because I think, if anything, that's an area that has probably demanded a lot of attention, or should have demanded a lot of attention over the years, and that the situation, in my opinion at least, is a deteriorating one. But I would hope that we're not just simply shifting our attention from problem area to another, on the basis that we have given some attention to the one area and not to the other, but rather that we continue to work on the foundation that has already been laid in northern Manitoba, and that we extend the DREE package to include the core area of Greater Winnipeg. You know, I don't believe that it should be a choice of one or the other; I believe there is a need for one to continue and the other one to be implemented.

**MR. CHAIRMAN:** 3.(d)(1)—pass; 3.(d)(2)—pass; 3.(d)(3)—pass. Resolved that there be granted to Her

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Majesty a sum not exceeding 1,719,300 for Finance—pass.

Resolution 64, 4.(a)(1) — the Member for Lac du Bonnet.

**MR. USKIW:** I would ask the Minister to give us some idea of the revenue changes that he expects from the change in the gasoline tax collection system, or that is, the new method of calculation. Surely the department must have some figure in mind, based on very reasonable assumptions. I'll leave it with that for a moment, then I want to discuss it further, Mr. Chairman.

What is the revenue item, from the change in the way in which gasoline taxes are to be applied for the balance of this year?

**MR. CRAIK:** At the present levels of prices, the change in revenues is perhaps within 1 million or so of where it is now.

**MR. USKIW:** At present prices?

**MR. CRAIK:** At present prices. Now, what happens beyond that, we've included the projection on what we know, and what we know is what the prices are now. If the federal government and the oil-producing provinces reach an agreement which puts the price up later on, the 1st of July even, or later on, then it will cause greater revenues for the province, but at this point in time, we don't know. But at the present price levels, they are very close to where they are now.

**MR. USKIW:** Mr. Chairman, perhaps the Minister and his department have worked out what the change means with respect to every 1.00 increase for a barrel of oil at the well head. Surely that is not something that hasn't been calculated. Whatever the decisions are going to be with respect to oil price increases, it wouldn't be difficult for us to determine what the impact is on a per dollar a barrel increase. Now, we can project from there.

Does the Minister have an idea or a figure of what a dollar per barrel increase means in terms of revenues to the province of Manitoba for an annual period, for a 12-month period?

**MR. CRAIK:** If consumption stays constant, if you assume that consumption stays constant, 1.00 a barrel has produced about 3 1/2 cents per gallon differential in the price of gasoline. So if you take 20 percent of that, you'd be getting pretty close.

**MR. USKIW:** Three and a half dollars?

**MR. CRAIK:** No, 3 1/2 cents per gallon.

**MR. USKIW:** Mr. Chairman, I have to raise the question of philosophy or policy here. With respect to the hydro situation, which is one form of energy that Manitobans depend on so much, the government's decision was to shelter the Hydro authority from the fluctuations in the exchange rate and the dollar on Hydro borrowings, that is to offset the negative effects on Hydro borrowings from the negative exchange situation.

What I want to find out is, what is the government's thinking in trying to stabilize Hydro

rates, while at the same time actually increasing gasoline taxes on top of increases in the price of oil. To me that is an inconsistent policy. If we are worried about energy costs, then why aren't we freezing all unnecessary added costs on energy, as opposed to freezing Hydro rates, but not freezing oil price increases to the extent that the province has power; not only not freezing, but adding injury to insult by adding taxation on top of increases. It is a compounding effect that we are imposing on the oil prices, Mr. Chairman. It is absolutely opposite to the policy on Hydro rates, and how does the government justify that contradiction with respect to different forms of energy usage in Manitoba.

**MR. CRAIK:** Mr. Chairman, about 20 percent or a little less of Manitoba's energy is electrical. A large portion of that is on individual meters in households used for domestic purposes, for heat and light, and all the basic essentials. About 50 percent of Manitoba's energy is oil, and most of it is transportation. I think around 30 percent, in very rough terms, is natural gas.

For the next period of a couple of decades, I think it reasonable to assume that Manitoba should be able to enjoy fairly stable electrical supply at reasonable prices and they ought to be encouraged to use it. The government hasn't brought out a program that advocates and tells people or asks them to shift over to a given form of energy but, on the other hand, it is the most rational thing for people to do is to rely on their electrical supply. From that point of view, the incentive offered through the pricing system is one that is, I think, probably adequate and more than justified in view of the use to which most of the Hydro supply is put. Natural gas, most of that again is used for domestic purposes, for heat, light, and other household purposes, and in the consumption of oil, as I mentioned, the majority of that is for transportation and there are economies that can still be gained in transportation. It is still probably the most elastic of the energy supplies here, as far as effects of price are concerned. It would not be a fair statement to say that energy consumption generally is really very responsive to the price system but, of those three, oil is more responsive to the pricing system than the others are. So from that point of view and in view of the fact that it is also a non-renewable resource but that there is some opportunity to bring in the gasohols and the other synthetic fuels over a period of time as a result of the pricing system, that it is in the long-term interest to, at this point in time, provide the incentives on the electrical side and the disincentives to the traditional uses of the extractive carbon fuels.

That is the rationale, Mr. Chairman, and I think it is one that will stand the test of time for the next period of Canadian history.

**MR. USKIW:** Mr. Chairman, I can't help but note that this same measure was introduced by another Conservative government in Ottawa in December or January of last year, and which was defeated in the House of Commons and which was defeated at the polls. I am wondering by what judgement the Minister believes that there has been such a change of attitude on the part of Manitobans on this issue

only since that time. The Crosbie Budget proposed a 18 cent a gallon excise tax, which was rejected by the people of Canada, in particular by those provinces which rely on imported oil; that is other than the non oil-producing provinces. Manitoba was no different; it followed that pattern in the election results. There was a definite reaction to the idea of imposing tax increases on increases in oil prices, the compounding effect was not acceptable to the Canadians, which was evident in the course of the election campaign and the results bear that out.

Here we have a provincial government that is following the same idea, but only with the hope that by sneaking it in via the oil price increases that it will not be noticed by Manitobans and that it will result in some tens of millions of dollars accruing to the province over the next few years. There is no doubt in my mind that the Department of Finance has looked at Canadian oil prices relative to world oil prices and has concluded that it is matter of time before there is a quite an evening out or a reduction in the differences of oil prices throughout the world and that Canada will be more conforming to world oil pricing mechanisms, and that the government, in essence, has calculated what that will mean to revenues if they were to change the basis of taxation on oil consumption in Manitoba. There is no doubt in my mind, Mr. Chairman, that is probably an accurate assessment that Canadians will be moving closer to world oil prices and, as a result, the government of Manitoba will receive huge windfall revenue benefits from this kind of tax system.

I don't believe that Manitobans should be subject to that, Mr. Chairman, because I believe — it is a reality, it is not a matter of belief or opinion — that Manitobans are sparsely settled, a tremendous amount of reliance on motoring to work and back. We don't have public transportation in abundance or sufficient abundance to carry people from areas outside of the major urban centres to their work place and back, nor do I think it is in the cards to put those in place. So what this is going to do is impose a real hardship on people who are commuting to work and back and an increased hardship each year as oil prices move up to world oil price levels.

The Minister says, well, but this will have a conservation effect. I think he is right, but, Mr. Chairman, it isn't that the policy will have a conservation effect as such, but rather that what he is really saying is that people on lower incomes will have to cease driving cars to work, that is what he is saying; that what we are going to do is have a means test application of his oil policy in Manitoba; that those can afford to drive will pay the increased prices and increased taxes and those that are unable to adjust their incomes will simply have to find solutions elsewhere, whether it is relocation of their residence or whatever it is, or moving closer to their jobs. These are the kinds of things that seem to be in the mind of this Minister, Mr. Chairman.

I believe it is not an equitable means of bringing about conservation measures, that if there is a need for conservation measures then there ought to be restrictions on use, and one can illustrate many many examples where energy is truly wasted in our society, Mr. Chairman, and this kind of measure will not reduce that waste.

The Minister knows that there is no authority which determines or rules on the use of energy in Canada in the sense of restricting its use or in the sense of conservation, a rationing. The Minister knows that there are tradeoffs as between different forms of energy and their uses. It seems obvious to me that where one has the wherewithal, one has the right to abuse the energy shortage; where one doesn't have the wherewithal, one hasn't the privilege to drive to work. That is the policy that is emanating from this Minister, Mr. Chairman, and I believe that is truly inequitable and I don't believe that Manitobans will want to support that kind of policy, based on the idea that somehow conservation is a motherhood thing and it will be accepted. Mr. Chairman, I can't accept it in this form. There is no doubt in my mind that this will result in somewhere in the order of 50 million or 60 million of added revenues to the province of Manitoba by about the fourth year. There is no question that is going to happen if the expectations on Canadian oil prices are met, and that is that they will move much closer to world oil prices.

I think this is what we are really looking at, Mr. Chairman, is a massive revenue thrust on the part of this Minister, slipping in a tax without calling it a new tax, based just on a change of collection and formula. Mr. Chairman, I don't believe that this is going to be accepted by the people of Manitoba.

**MR. CRAIK:** Mr. Chairman, I just want to correct one technicality. The Member earlier in his remarks claimed it was patterned after the moves of the former Conservative government in Ottawa. I want to straighten him out and point out that it is patterned after — I take no satisfaction in it — but if it patterned after anybody, it is patterned after the current government in Ottawa who moved this ad valorem type of rate. It has also been adopted by two other provinces before Manitoba looked at it as well.

I guess my final sort of comment was, after all those remarks from the Member for Lac du Bonnet, can I assume that he is going to indicate that he would change it back again?

**MR. USKIW:** Mr. Chairman, I don't know what will be changed back, but let me assure the Minister that we believe that there has to be a degree of fairness in equity with respect to the availability of transportation to all sectors in society, and what this policy does is simply remove a greater number of people from the area of the motoring public. Unless these people can adjust their incomes to afford the change in costs, they are going to be commuters by way of other means, but certainly not by way of their own vehicles. This is the kind of impact this policy will have. There is no question about that.

So what we are really talking about is it is very much akin to his other tax policy where the cigars aren't taxed but the cigarettes are, and this is really what is happening with oil prices, Mr. Chairman. The elite will drive and the rest will have to walk.

**MR. CRAIK:** Mr. Chairman, on the other hand, we are going to get more money out of Lincolns than we are out of Datsuns, and the member doesn't drive a Datsun.

**MR. CHAIRMAN:** The Member for Brandon East.

**MR. LEONARD S. EVANS:** On the matter of the possible revenue from an increase in tax on oil products, specifically gasoline, the Minister has indicated that the rate will now be 20 percent, but I gather from the Minister's earlier statement, one barrel of oil is roughly equivalent to 3 1/2 cents at the pump; in other words, 1 increase on a barrel of oil translates into 3 1/2 cents a gallon, and if you take 20 percent of that, you've got 7/10 of a cent. But then, of course, that 20 percent is applied after the federal sales tax, so it's actually a little higher than 7/10 of a cent. Surely the Minister's staff has some idea of the consumption of gasoline by Manitobans and surely they have an estimate for the Minister, and therefore the members of the Legislature, as to what revenue would accrue to the Crown from a potential increase of let's say 1 per barrel. From that, of course, then we can make our estimates as to what it will mean if we have a 4 per barrel increase by agreement between Ottawa and Alberta sometime later this year, or whatever the increase might be. But surely you must have some estimate available, some even rough estimate of what 1 increase at the wellhead will net the province of Manitoba on this new basis.

**MR. CRAIK:** The only way you can arrive at that is to make some assumptions. One of the assumptions you would have to make is that there is constant — or if you want to use that basis — constant consumption from here on in over the period of price change. If you do that, of course, you can rapidly work out what the relationship is, and you can multiply this pretty fast and find out what it is. But the assumption that you make of the constant consumption may change. There are some signs of it changing now with more use of smaller cars. Large cars are not being purchased in the same way that they were before, and you can see the trend now taking place to smaller cars where consumption in the transportation sector will, in fact, decline. And that's likely the first result you'll see of the increases: For awhile, you'll see consumption actually fall off. Now, how much it falls off, that's the part that's open to pure speculation. I don't think we know that. It is expected that it will fall off for a period and then it will probably flatten out again, as the move takes place to smaller cars. But the rest of it is fairly straightforward. You can just take roughly the formula that I have indicated here, and indicate it.

**MR. EVANS:** It would seem, Mr. Chairman, that when the staff of the Department of Finance carry out government's instructions as to, attacks policy changes, there has to be some estimate made by the staff as to what the revenue implications are, and I would say surely someone in your department must have made some estimate, assuming, let's say, take the year 1979, if you want, and as the Minister said, I suppose you could easily calculate it, how much gasoline was consumed in Manitoba in 1979, and you could multiply that by this tax. It's more than 7/10 of a cent per 1 per barrel increase, but surely there must be some estimate available.

**MR. CRAIK:** Mr. Chairman, it's open to such wide speculation that you really boil down to your own rough calculations on where you're going to end up, because you don't know exactly, but if you assume a constant consumption, at 4 per year per barrel, that would yield you, by that formula, somewhere around three cents tax, and the present tax is 18 cents a gallon. Eighteen cents a gallon yields you, what's in your revenue estimates, then three over 18 times that will give you your change. But that's as close as you can get if you want to use that . . .

**MR. EVANS:** Eighteen cents gives you 61 million revenue, I don't know whether I heard that? — (Interjection)— That's making a lot of great assumptions, I appreciate that, and the Minister is right, there is a move toward smaller cars. We don't know to what extent the cars sales are falling off, the ownership of cars are falling off. There has been quite a rapid increase over the years in automobile ownership and so on; you know the move to two cars per family and that sort of thing, so there is all that. But if I understand the Minister correctly, then 18 cent tax is giving the Crown 61 million worth of revenue. Is that right?

**MR. CRAIK:** Yes.

**MR. EVANS:** Eighteen cents gives you 61 million.

**MR. CRAIK:** Eighteen cents a gallon.

**MR. USKIW:** That's 19 million of motive fuel taxes.

**MR. EVANS:** I'm just talking about gasoline for the moment, and I presume that's only for gasoline. Another way you can do it is . . . Well, this gets it for you; the other way of doing it is to get the volume of consumption in the province and look at the trends in consumption and simply multiply that by your tax rate.

**MR. USKIW:** Mr. Chairman, I think that my analysis is fairly accurate. Eighteen cents yields, according to the Minister's estimates, some 61,500,000.00. The original target, by the Crosbie Budget and by the Clark government and not far away as far as the Trudeau government is concerned, on oil price increases, was two shots a year, July and January, of about 4 a barrel each time. Now, if that was to be followed through in the course of the next three years, the Minister would realize 36 cents a gallon, given his own figures, 18 plus a new 18. Three cents for every 4.00. It would be more than that. So that he's looking at another 60 million at least, in about three or four years time, Mr. Chairman. — (Interjection)— The Minister is shaking his head. Pardon me? Three cents each 4 increase. If you get two 4 increases in one year, you've got six cents; three years of that gives you 18 cents a gallon. Mr. Chairman. That was the blueprint for Canadian oil price increases, as envisaged by the Clark government. It will be close to that as envisaged by the Trudeau government.

Mr. Chairman, world oil prices are not remaining static. They are moving upward, and there will never be an end to the argument that we have to keep adjusting to move to some level, some relationship

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within world oil prices. We can't talk about a fixed oil price. They're talking about a relationship. The figure of 85 percent of world oil prices has been the one that's been used. Now, if we're going to follow that pattern, Mr. Chairman, there's no doubt in my mind that this Minister will realize . . . Well, this Minister won't but by the third or fourth year we're going to have, instead of 60 million of revenue, we will have 120. There's no question about that, Mr. Chairman.

Now, that doesn't say anything about motive fuel taxes. I want to ask the Minister whether this also applies on motive fuel tax. I presume it does. Can the Minister confirm whether this system of taxation is also applicable on motive fuel?

**MR. CRAIK:** I'll deal with that when you're finished.

**MR. USKIW:** If it does, Mr. Chairman, then we have to add additional amounts of revenue, as a result of the change in taxing, oil consumption or gasoline consumption. So that in essence this is, indeed, the big sleeper in the government's revenue policy, Mr. Chairman. The tax on gasoline is going to be the moneymaker for the government of Manitoba, based on the belief that there will be dramatic oil price increases every year until the catch-up or near catch-up to world oil prices, and then following that pattern, as oil prices adjust worldwide. This is sort of a bonanza deal for the Minister of Finance, Mr. Chairman, but he hasn't been willing to admit it.

**MR. CRAIK:** Mr. Chairman, a couple of things. One, that's the first I've heard any suggestion that there has been any political party, unless it's the NDP, that's been advocating two 4 jumps a year.

**MR. USKIW:** No, that's been the formula, that was the old proposal.

**MR. CRAIK:** Never.

**MR. USKIW:** Yes. July and January.

**MR. CRAIK:** I don't know where the member is coming up with his figures; nobody has been advocating that kind of an escalation. That's the first I've ever heard of it. I've seen a lot of the speculation, and I think it was put very clearly before the last federal election what had been negotiated between Ottawa and the producing provinces, and it was 4 roughly per year, not 4 twice a year, so I think we'd better straighten that out. So the member is out by 100 percent on his projection of revenues right there.

The second question was on the motive fuel tax. The current rate of taxation on motive fuels, on a percentage basis, is around 25 or 26 percent. That will shrink down to 20 if the price goes up, and it will not go up until it exceeded the absolute level that would bring the percentage level at 20 into focus. So it's a little different picture. Mr. Chairman, I point out that all of these will be in the taxation bills that will be in the House very shortly anyway, and the member can get the complete picture then.

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

**MR. A. R. (Pete) ADAM:** On that point, Mr. Chairman, about the price of oil, I just recently

received information from an oil company and in this documentation they give a breakdown of the value that they are going to place on their reserves. From year to year, as price quota goes up, they place a value on their net worth, the value of the stuff that's in the ground, in other words. I don't have it before me here because I took it home over the week-end, but they show the breakdown two years from now, four years from now and so on, and the last price they have a few years down the way is over 60 a barrel. They give you an estimate of what their reserves are going to be worth a few years down the way, and they're talking about over 60 a barrel on the value of those reserves in the ground, looking at those estimates, and this is documentation, this is the real stuff. I give the Member for Lac du Bonnet a few minutes to figure out how much money you're going to be collecting on the basis of 20 percent on those increases. The only thing is that this Minister won't be around. He won't be here that long with that policy.

**MR. CHAIRMAN:** 4.(a)(1)—pass; 4.(a)(2)—pass; 4.(b)(1)—pass; 4.(b)(2)—pass; 4.(c)(1)—pass — the Member for Brandon East.

**MR. EVANS:** Would the Minister care to comment about any trends in mine tax revenue . . . Just to repeat, I note in the preface under this division that it advises on taxation policy matters, including the Metallic Minerals Royalty Act, the Mineral Taxation Act, the Mining Royalty and Tax Act, among other things. I'm just wondering is there any indication as to what the pattern may be in additional revenue from the mining industry. I believe the production for mining is up in some areas. We know certainly the tax method has been changed, but is there any evidence of any upsurge in revenue in this area?

**MR. CRAIK:** Mr. Chairman, the revenue estimates show an increase on metallic minerals tax from 15 million to 22.5 million, so there's an increase of about 7.5 million expected this coming year on revenue from mineral taxation.

**MR. EVANS:** Could the Minister indicate, what is the basis of that estimate? How is that arrived at? What are the basic assumptions made in that estimate?

**MR. CRAIK:** Two things, Mr. Chairman. There's increased production and there have been better prices in the last while than there was a year ago, although there is some falling off in those right at the current time. But at the time the estimates of revenue were drawn, it was based on the assumptions at that time.

**MR. EVANS:** Mr. Chairman, it would seem to me that this area, and I guess it applies to many revenue estimates, but this is one area that is rather difficult to forecast, because it is very much dependent upon international markets affecting the demand for the output of the mines in Thompson, Flin Flon, Lynn Lake and so on, and also, of course, as the Minister says, the price changes. So this, to me, would seem to be very much dependent on the crystal ball that one has on the international mineral markets. That

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would be much more difficult to predict, it would seem to me, than even the gasoline tax, because while there may be some changing consumption patterns, they will change in a more stable way than the international mineral market. Similarly, with retail sales, it seems to me there is more stability to that, and much easier to predict than it would be to predict this particular item.

So this is assuming that the market is going to hold fairly strongly, I would gather, because it shows a 50 percent increase in the revenue of metallic minerals tax, from that particular tax.

What is the difference between the metallic minerals tax (e) — the Member for Lac du Bonnet has now handed me the estimates of revenue, which I didn't have — I had last year's here. What is the difference between (e) and (h)? One is called Metallic Minerals Tax; (h) is called the Minerals Tax, which is worth 9.5 million, or may be worth that amount next year.

**MR. CRAIK:** Mr. Chairman, (h) is oil.

**MR. EVANS:** Strictly oil?

**MR. CRAIK:** Yes.

**MR. EVANS:** This is a detail, a minor point, but (g) Mineral Tax, showing zero; is that some taxation that is being phased out?

**MR. CRAIK:** That's the old Royalty Tax that was phased out.

**MR. EVANS:** I see. What about (j) then, Mining Royalty Tax; that's another Royalty Tax?

**MR. CRAIK:** The one is the two-tiered tax system that was in, where it was phased out under the old Royalty Tax; the other one has been one that was rolled in with the Metallic Minerals Royalty Tax that is now in force, which is the 22 million. One is now included and the other one is phased out.

**MR. EVANS:** It looks like (j), then, is on its way out too?

**MR. CRAIK:** Yes, they are both phased out.

**MR. EVANS:** Just one other question: Regarding the 9.5 million estimate under (g) Mineral Tax, which I believe the Minister said was from oil solely, is that estimate based on the best guess we have on increased values of oil at the well head, and therefore the tax that might have come from that? Is it based on some estimate of increased production, or is there any estimate of increased volume of production?

**MR. CRAIK:** Mr. Chairman, there is no increase in production included here. They are increases that have taken place in the price of oil up to date, since last year's estimates.

**MR. EVANS:** Therefore, based on that answer, Mr. Chairman, I gather that the government doesn't feel that it can look forward to any further significant volume increases in the next year or two? That's implicit in . . .

**MR. CRAIK:** We are not looking for increased production. It could be increased well head prices if the agreement goes through with the producing provinces, which would put that up.

**MR. EVANS:** I had a couple of other questions on oil production, but I think we'll wait until the Department of Mines . . .

**MR. CHAIRMAN:** 4.(c)(1)—pass; (c)(2)—pass; 4.(d)(1)—pass; (d)(2)—pass; 4.(e)(1) — the Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, the proposal to change the minimum taxable corporations, that is, the tax employed from 500,000 to 750,000, is estimated to cost 500,000 in a full year. Would the Minister tell us whether he has statistics available for the amount of tax paid by corporations in the different categories of employed capital, or taxable capital, or whether he could make those available to us?

**MR. CRAIK:** Mr. Chairman, there is an Order for Return in the Legislature right now that has been accepted from the Member for Fort Rouge, I think, and basically all of the same questions that the Member for St. Johns is addressing here — I think that's available pretty well for tabling now, and I think may well contain that kind of information.

**MR. CHERNIACK:** I wonder, then, if the Minister could try and have it tabled before we deal with the revenue estimates, at which time it would be useful to have this information.

Could the Minister indicate now how many corporations are affected by the change that he is proposing?

**MR. CRAIK:** The information I am provided with, Mr. Chairman, is that about 400, it would be in that range, would be excluded between 500 and 750.

**MR. CHERNIACK:** Does the Minister have as readily available the number of corporations that were exempted up to the 500,000, in other words, the total corporations exempted?

**MR. CRAIK:** I don't have it offhand, Mr. Chairman. I think it is contained in that Order for Return, but I don't . . .

**MR. CHAIRMAN:** 4.(e)(1)—pass; 4.(e)(2)—pass — the Member for Brandon East.

**MR. EVANS:** . . . on that Corporation Capital Tax Branch, and I'm looking at the report that the Minister, I guess, tabled in the House, Provincial Tax Comparison July 1979. I am looking at the comparison of income tax rates as shown on Page 24. I gather that we have a two-tier corporate tax arrangement in Manitoba, as in some other provinces, where we distinguish between so-called small corporations and other corporations. I am just wondering, what is the definition of a small corporation? As I understand it from this table, we have an 11 percent tax effective for small corporations on a so-called federal basis, and 15 percent for all other corporations.

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So my question is: What is the definition of a small corporation?

**MR. CRAIK:** Mr. Chairman, it's the definition of the federal tax laws, the federal corporation tax. It's taxable income, as I recall, of 150,000 a year to a maximum accumulated of 750,000, and any company qualifying for that is defined as an exempt corporation, which is usually called a small corporation.

What you are reading in that tax book doesn't affect your capital tax; it's your corporation tax.

**MR. EVANS:** This is the capital tax. Oh, I see. The corporate capital tax is expected to go up by 800,000.00. What is the basis of that estimate? You show here in your estimates of revenue going up from 13.5 to 14.3. Is that simply inflation, or is there some change here?

**MR. CRAIK:** It's just the natural growth. The actual figure for 1979-80 is higher than the 13.5 that's printed, and the estimate for this coming year is less than the actual is from last year. The estimated for last year was 13.5; the actual turned out to be higher than 14, and the estimate for this coming year is not more than it was last year. In fact, it's less.

**MR. EVANS:** What is the basis for being less? Changing the criteria?

**MR. CRAIK:** The exemption goes up from 500,000 to 750,000.00.

**MR. CHAIRMAN:** 4.(e)(2) — the Member for St. Johns.

**MR. CHERNIACK:** Is the Minister implying that there is about 375,000 less revenue expected because of the change? Is he saying that the 1980 revenue was about 14,600,000.00?

**MR. CRAIK:** I didn't give an actual figure, but I may be able to. It is 14,350,000 is our estimate for the actual for 1979-80, and that's the normal inflation growth minus the additional exemption; we are estimating that it will be 14,300,000.

**MR. CHERNIACK:** Mr. Chairman, that implies an expectation that without a change in the exemption the revenue would be expected to be about 300,000 more than is shown, 14.6, 14.7, something like that. Does the Minister say that is inflation growth? What factor was used there? I can't calculate it rapidly, but it seems to be very low.

**MR. CRAIK:** The arithmetic, Mr. Chairman, I guess would indicate that if we had made no change that it would have been roughly 850,000 higher than what is indicated. The actual came in at 14,350.

**MR. CHERNIACK:** Yes, I see that, but the Minister said that — in the Budget Speech he said that he is giving up 375,000.00. Well, if he is giving up 375, then it would imply that the — otherwise the estimate for this current year would be 14,675,000, which seems to me to be, well, which is only 325,000 more than the 1980 year, and that really can't take into account the inflation factor.

**MR. CRAIK:** Mr. Chairman, apparently I suppose that in its rationale, the explanation is that the capital doesn't grow at the rate of inflation; it is the book value capital, I presume, and it doesn't change as rapidly. The growth of it at 350,000 is lower than the rate of inflation, but probably reflects the growth in the book value of the capital involved.

**MR. CHERNIACK:** It is not really book value, it is capital employed, which includes borrowed capital, and I would think that any business, because of inflation, would need more money to operate than it did in the previous year because of inflation, and your stock costs more, although you may not be selling more. Therefore, your —(Interjection)— The Minister of Finance says you cut back on stock, but presumably they did that last year too.

**MR. BANMAN:** Higher interest rates this last year.

**MR. CHERNIACK:** Mr. Chairman, that is the very point, that since there was higher interest rates last year they would cut back on stock last year, and yet the revenue was much greater than the estimate. This year, with interest rates being lower, I would expect that inflation at 9 percent, 10 percent, would drive up the need to invest more money into any enterprise. And I don't see how you can cut back on stock twice; you can't really do that and still maintain business. What it seems to me is a pretty pessimistic approach to the economy for the next year if this were an indication. I suppose we will discuss this at greater length when we deal with revenue, but it seems really that this being a figure which has to be calculated on the provincial level, I assume the income tax collection figure was provided by the federal government, but this is one which, much like sales tax, would be an indication of the government's expectation of the economy and the impact of inflation. Since there is hardly anything shown for inflation, then does that imply a pessimistic view on the economy for the next year?

**MR. CRAIK:** I think on the one point, Mr. Chairman, it doesn't reflect in the same way that retail sales tax growth reflects the economic activity. While it does involve borrowed capital and inventory and so on that does grow with inflation, it doesn't reflect it entirely. The rate of growth of capital is assessed under this tax, so the estimate that is shown is substantially under the inflation rate.

**MR. CHERNIACK:** Substantially what?

**MR. CRAIK:** The estimate that is shown is substantially under the inflation rate, whereas you find the retail sales tax would be closer to the inflation rate.

**MR. CHERNIACK:** Yes, still very conservative, okay.

**MR. CHAIRMAN:** 4.(c)(2)—pass — the Member for Brandon East.

**MR. EVANS:** What has been the rationale for changing the exemption limits, raising the exemption limits to 500 or 750? I know generally it is to help small business, but has there been any study done?



Why not 800,000; why not 900,000; why not a million; why not go from 500,000 to a million? What is the rationale of 750, why that limit? Was there any study done as to the possible impact on the growth of small business?

**MR. CRAIK:** I would have to say, Mr. Chairman, that the rationale is because we couldn't afford to go to the whole distance and eliminate it. It would be our desire to get rid of it completely, but it is a first order problem tax.

**MR. CHAIRMAN:** 4.(c) — the Member for Brandon East.

**MR. EVANS:** I guess it is shown in here. What you have estimated is that you lose 375,000 in the year 1980-81 with the raising of this level, and 500,000 in . . . . It is obvious that it lightens the tax burden but is there any evidence of the benefits in terms of the provincial economy? Has anyone done a cost benefit in the department?

**MR. CHAIRMAN:** One speaker at a time. When it gets late everybody seems to . . . the Member for Brandon East.

**MR. EVANS:** Thank you, Mr. Chairman. I was wondering if the department has done any cost benefit analysis. By benefit, I mean in terms of stimulus to the small business sector. Is there any evidence that this has caused more capital to be put in place? Has this caused more investment to occur than would otherwise, because of this type of move this year and previous years? Surely, that is one of the intentions. I mean it is not simply a matter of providing relief to the small business sector. Surely, included in there must be the rationale that you will have more investment hopefully take place in that sector. I am wondering whether there has been any study in that respect.

**MR. CRAIK:** Mr. Chairman, I don't think it is possible to do a cost benefit study with any regular sort of approach that would bring you a result that you could put any confidence in. It is strictly a value judgement. It is a corporation capital tax and the sales tax on production equipment are the two thorniest taxes that are levied by the province and if it were possible to do away with them both it would be a very good move, particularly in the manufacturing sector. The reason for reducing the tax is that it is the government's objective to get rid of it. What it does do is it reduces in number the smaller corporations that normally would have to get tied up with professional accounting advice on whether they had a tax payable or not, and by putting the 500,000 limit it eliminated — I've forgotten the number, but well over half of those that were subject to the tax before, and this raises it again. That is strictly the rationale behind it. It is, in the opinion of the government, a poor tax; it is not a good tax. it is a very unpopular tax. it is a very difficult tax, particularly for those that don't have professional accounting advice.

**MR. EVANS:** Mr. Chairman, I don't have the spot in the book, I imagine it in this blue book here,

comparing taxes, and I haven't studied this particular item. What other provinces have such a corporation capital tax? I guess your staff would know that. In other words, are we the only province in Canada that has a corporation capital tax item? Do all provinces have the corporation capital tax or do the significant provinces — by significant, I mean the larger provinces — have a corporation capital tax? How do we rate?

**MR. CRAIK:** No, Mr. Chairman, there are a number. It is in that book that the member has there.

**MR. EVANS:** Which page is it?

**MR. CRAIK:** Ontario, Quebec and British Columbia.

**MR. EVANS:** Ontario, Quebec . . . .

**MR. CRAIK:** And now Saskatchewan has.

**MR. EVANS:** Saskatchewan.

**MR. CRAIK:** In Saskatchewan they don't tax co-ops, credit unions or family farms.

**MR. EVANS:** Thank you, Mr. Chairman. How does our tax rate compare with these other provinces: Ontario, Quebec, B.C., Saskatchewan?

**MR. CRAIK:** Ontario is 3/10 of 1 percent; Quebec is 3/10; British Columbia is 1/5 of 1 percent, which is what ours is.

**MR. EVANS:** What is Saskatchewan?

**MR. CRAIK:** Saskatchewan is 3/10.

**MR. EVANS:** What is Manitoba?

**MR. CRAIK:** 2/10.

**MR. EVANS:** 2/10.

**MR. CRAIK:** Saskatchewan charged 4/5 to chartered banks and loan and trust companies. Does that give you some ideas?

**MR. CHAIRMAN:** The Member for St. Johns. Or is the Member for Brandon East finished? The Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, just on this point. The minimum or the exemption, of course, is a variable which is judgemental, and I suppose if one looks at inflation one should take that into mind. But just to put it in perspective, there are 400 companies apparently whose working capital is between .5 million and .75 million dollars, and the maximum that any of those would have had to pay would have been 1,500.00. That is the saving.

I am just trying to point to the Member for Brandon East that if he wants to look at any incentives, that is the disincentive of operating in Manitoba for a company of 3/4 million was 1,500.00. In Ontario, of course, it was what? 2,250.00. It still is, 2,250, but that is the impact and there are 400 companies affected and that is where this 375,000,

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actually 500,000 is estimated. What they are estimating is almost all of them as being in the upper bracket, closer to 3/4 of a million obviously, because if they were all 3/4 of a million, the tax cost would have been 600,000, so this is 5/6 of that. So that is really the impact. The fact is the Minister says that he doesn't like the tax, he would like to eliminate it, but couldn't afford to eliminate it. That is the way he put it. That is in his priorities as compared with income tax, say.

**MR. CRAIK:** Yes.

**MR. CHAIRMAN:** The Member for Brandon East.

**MR. EVANS:** Does the department have any idea of how much of this tax is received from the agricultural sector as opposed to the rest of the economy. Do you not have any idea what percentage of this estimate of 14.3 million would be contributed by the agricultural sector?

**MR. CRAIK:** Family farm corporations are exempt from it.

**MR. EVANS:** What I was getting at, Mr. Chairman, is what type of industries would be mostly affected by this tax? I can imagine a number of manufacturing concerns, but I was wondering whether you'd see more of it in one sector rather than another. So the farms are not included; they're exempt. I would imagine it's mainly manufacturing, although it could include small forestry operations . . . finance and real estate, all kinds of commercial operations in the province, I would imagine.

**MR. CHAIRMAN:** 4.(e)(2)—pass. Resolved that there be granted to Her Majesty a sum not exceeding 4,121,900 for Finance — pass. Resolution 65, 5.(a)(1)—pass; 5.(a)(2)—pass — the Member for Lac du Bonnet.

**MR. USKIW:** Mr. Chairman, I thought you would at least take a deep breath between resolutions.

**MR. CHAIRMAN:** I don't take any breaths if nobody's got his hand up.

**MR. USKIW:** Mr. Chairman, would the Minister explain what he has in mind with respect to research under this provision? What kind of research is he talking about?

**MR. CRAIK:** Primarily economic research, Mr. Chairman. Your negotiations with the federal government on all your taxes that they place every year involve this branch.

**MR. USKIW:** That's all in-house, is it?

**MR. CRAIK:** That's all in-house and done in this department. They involved any number of projects, other than the economic research studies in the pure tax sharing agreements and those sorts of things. The DREE agreements get involved here. These people become involved in really all of our agreements with the federal government at the negotiation stage, and to a certain extent in the administration stage. They've also been involved very

heavily in the development of the tax credit scheme, the white paper and so on that has been developed over the last while.

**MR. USKIW:** Mr. Chairman, perhaps the Minister is in a position now to indicate just where he is at with the federal government with respect to his budget adjustments in the tax credit field. I recall that he qualified some of his remarks with the comment that it would require federal endorsement or concurrence. Has the Minister received that, or is his department still working on that aspect of it?

**MR. CRAIK:** It's still unresolved, Mr. Chairman. There was a direct discussion with the federal Minister, who was in Winnipeg the week before last, and who I gather was in Europe all of last week. We haven't yet got a final decision from them as a result of our discussion, so it's still unresolved.

**MR. USKIW:** Mr. Chairman, just what is the nature of the impasse at the moment, or is there an impasse? Is there reluctance on the part of the government of Canada to accept the proposals from Manitoba, or is it just a matter of sitting down with them and working them out? Is there a policy difference, a difference of opinion?

**MR. CRAIK:** I presume there is somewhat of a policy problem perhaps, although it's rather unexplained from the point of view of the federal government. The concept that is in question is the use of the same definitions as they presently use in the tax forms, and on the definition of family income under the child tax credit.

**MR. USKIW:** Could the Minister indicate whether that is the only area of conflict with federal policy, or is it the whole package that's . . . ?

**MR. CRAIK:** The only matter open to some question is the use of their definition that they already use. The difficulty that has been encountered as far as we're concerned, is that there was an indication from the federal government, that anything that they used would be available for the provinces to use provided there was the same basic principle involved. But they seemed in the final analysis to have some second thoughts about it, and I guess they'll have to let us know within the next few weeks.

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

**MR. CHERNIACK:** The reason the Minister says two weeks, does that mean that there must be legislation by the province to make the change, and that the change can't be made unless you know that the federal people will agree?

**MR. CRAIK:** I said a few weeks, Mr. Chairman, because basically they need it for the purposes of getting their income tax forms printed, which is a problem every year with them, because they need to know about nine months ahead of schedule. So they require it in the very near future. We require it from an administrative point of view, and we need it to get our programs finalized.

**MR. CHERNIACK:** Does the Minister require a change in legislation?

**MR. CRAIK:** The cost of living tax credit as it stands now, is statutory, so it will require a change.

**MR. CHERNIACK:** Will the Minister be able to bring forth change unless he has federal concurrence to the change?

**MR. CRAIK:** Sorry.

**MR. CHERNIACK:** Will you be able to bring in the change in legislation without concurrence from the federal government to making the change?

**MR. CRAIK:** From a practical point of view, no, I don't think so. So it does put that stricture on it too, while this Legislature is in session.

**MR. CHERNIACK:** That means that if the Minister cannot work out the arrangements with the federal government, that he can't go ahead with the proposal in the white paper in this respect.

**MR. CRAIK:** Whatever we did will require a legislative change, I believe, whether it's this or whatever else we do.

**MR. CHERNIACK:** Is the Minister saying, whatever else we do? Does that mean there could be a different program other than as announced in the white paper?

**MR. CRAIK:** There would have to be a different program if the federal government doesn't agree to the program as indicated. Mr. Chairman, I fully believe that they will agree with it in their own sweet time, but that hasn't occurred yet.

**MR. CHERNIACK:** It is clear that if you don't get concurrence, then you can't go ahead with the legislation.

**MR. CRAIK:** Yes, that's essentially true.

**MR. CHERNIACK:** So that before the session ends we'd have to know where we're at, unless you want to call a special session just for that. But then, you say your tax forms must be printed before that, or soon.

**MR. CRAIK:** Our deadlines, from all practical purposes, are both the same, so it has to be resolved while this session is sitting, anyway.

**MR. CHERNIACK:** Mr. Chairman, I have more questions. I didn't know the Member for Lac du Bonnet was finished. Mr. Chairman, this division has been involved in the white paper. Is it also involved in the development of the programs of the other departments referred to in the white paper, that is, I suppose, the community services and the Minister of Housing? Who is working on those programs?

**MR. CRAIK:** Mr. Chairman, there is an interdepartmental committee of finance, community services and MHRC.

**MR. CHERNIACK:** When will that be completed? What is your target date for completion of the programs?

**MR. CRAIK:** The initial application of the programs is the first of October of this year.

**MR. CHERNIACK:** What is the target date for the completion of the brochure which is being advertised currently in the newspapers?

**MR. CRAIK:** Mr. Chairman, it's in the final stages at the present time.

**MR. CHERNIACK:** So the brochure will be completed fairly soon.

**MR. CRAIK:** The brochure, Mr. Chairman, yes, should be completed very soon, within a couple of weeks.

**MR. CHERNIACK:** Does that mean that the brochure will not spell out the program in specifics?

**MR. CRAIK:** Yes, Mr. Chairman, it will. Again I expect that there would be fairly minor changes required as far as the brochure is concerned, any changes we have to make with regards to negotiations with the federal government.

**MR. CHERNIACK:** Mr. Chairman, there are some programs that don't come into effect until January 1st. Will they be fleshed out in the brochure that will be distributed?

**MR. CRAIK:** Mr. Chairman, the January first ones — the major programs are not effected by the federal decision. It's the part that affects the cost of living tax credit itself that is affected.

**MR. CHERNIACK:** Mr. Chairman, I understand that, but I'm asking whether the programs themselves will be sufficiently described in the brochure so that people could start seeing how it relates to the individual person.

**MR. CRAIK:** Yes.

**MR. CHERNIACK:** I was wondering about the urgency of the advertising, but if it's going to be ready very soon — there must be a reason.

**MR. CRAIK:** As I indicated in the House, Mr. Chairman, it's an application type program. They're all new programs, and it's going to require a fair amount of public information for people to become aware of the programs. Some of them are going to have to be under way before the first of October, and be fully under way, all of them, by the first of January, so there will be a period of advertising and information to set up the administrative and public awareness mechanism in order to get them operational.

**MR. CHERNIACK:** Where will application forms be obtainable?

**MR. CRAIK:** The application forms — first of all, the brochure is available through a central

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government office. The final administrative procedure in the delivery of all of the programs is still in the process of being worked out between the three departments, and there are some final details that yet have to be ironed out.

**MR. CHERNIACK:** Will the brochure contain information as to where application forms can be obtained?

**MR. CRAIK:** I presume that it will, Mr. Chairman.

**MR. CHERNIACK:** Mr. Chairman, I raise it, because I would think that when the brochure comes out, every MLA is going to start getting calls as to where the application form is and how do you deal with it, and therefore the Minister isn't sure whether or not the brochure will contain that information. If it's practically written, surely you can find out that.

**MR. CRAIK:** Mr. Chairman, I gather that it does contain the information at the present time.

**MR. CHERNIACK:** Mr. Chairman, what is the budget for the advertising and what is the budget for the brochure and the mailing?

**MR. CRAIK:** I can't tell you that number offhand. There has been an Order for Return in the House requesting the amount that has been spent on it.

**MR. CHERNIACK:** I wonder if the Minister, having indicated that, is prepared to extend that Order for Return to take in the full cost, rather than the cost up to the date of the acceptance of the Order, which was before the advertising, I believe, and before the brochure was printed.

**MR. CRAIK:** I can only tell the member that if he wants to place his Order for Return that way, I would have no hesitation in accepting it.

**MR. CHERNIACK:** Certainly there must be people in this room who can tell the Minister what the budget is for the brochure and the advertising. It must have come right out of this department, and that's why I was looking for the amount. I don't see any room for it in here.

**MR. CHAIRMAN:** 5.(a)(1)—pass — the Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, I would like to know where is the money coming from to pay for that program that's being advertised and printed.

**MR. CRAIK:** Mr. Chairman, it comes out of the total budget for the programs.

**MR. CHERNIACK:** So that's under the item that is before us, under Other Expenditures, 112,000, which is very much the same as last year. Is that what the Minister is saying?

**MR. CRAIK:** No, Mr. Chairman, it would come under Tax Credit Payments.

**MR. CHERNIACK:** Mr. Chairman, is the Minister saying that advertising by the government will come

out of item 6. Tax Credit Payments, for a program such as the Community Services, Day Care, all that? Does that come under — I don't think he's right, Mr. Chairman. I wish he would reconsider his reply.

**MR. CRAIK:** Mr. Chairman, the amount will be contained in the 28.6 million that is contained in the Supplementary Supply.

**MR. CHERNIACK:** All right, Mr. Chairman, I accept that. I suppose we will get a breakdown of that. We did get a breakdown today of that 28.6 million and there was no indication there of the cost of advertising of the program and of the brochure. Is the Minister now saying that those costs are shown in that item, in addition to the actual expenditure to people in that Supplementary Supply; is that what he is saying?

**MR. CRAIK:** Mr. Chairman, the advertising, as well as the administrative that may be incurred in that will be contained in that figure.

**MR. CHERNIACK:** Mr. Chairman, I would leave this if the Minister would undertake that when we come to Supplementary Supply he will give us a proper breakdown of the item there, to show that the administration is separate from the advertising, is separate from the actual expenditures to individuals.

**MR. CRAIK:** We'll provide the member with as much information as we can on those items when we come to them.

**MR. CHAIRMAN:** 5.(a)(1) — the Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, I wanted to know what plans the Minister has for public discussions of the White Paper.

**MR. CRAIK:** Mr. Chairman, it wasn't intended, in indicating — I think this question was directed to the Minister of Community Services.

**MR. CHERNIACK:** No — yes. It was also directed to the First Minister, who didn't know.

**MR. CRAIK:** It wasn't the intent, in indicating that in the White Paper, that there were a series of public hearings. By public discussions, I think the Minister of Community Services indicated that he intends to have full discussion with the various interested parties, groups, the interest groups, and organizations that are already involved in the field and who have an interest in this, whether it's the school divisions or the community welfare planning council, the day care centre groups and the other interested groups in the field.

The purpose and intent of including that is that when a new program like this is brought in, there are inevitably changes in the early period of its operations that you are going to have to entertain or consider to ensure that you are getting the benefits to the areas where you think you are getting them to, and how do you change it to ensure that that happens. So the intent, by putting that in, is to indicate that we don't put it forth as being the last word in the delivery system for benefits to those for

which it is targeted, and that there will be a period of public discussion, following that, the programs instituted in the Budget, to ensure that the White Paper objectives are being reasonably met.

**MR. CHERNIACK:** Mr. Chairman, I would like to read back to the Minister his words in the White Paper, which in the last section, Part 4, dealing with the White Paper reforms conclusion, reads: Further improvements or reforms may be suggested during public discussion of this White Paper and the government is open to constructive suggestions.

Does the Minister now say that there never was an intention to hold public discussions but rather that there would be discussions by various Ministers would various vested interest groups; is that the correct interpretation of what he said this evening?

**MR. CRAIK:** First of all, there won't be further change at this session of the Legislature but, as I indicated, it is a new program and it undertakes some massive changes in present programming and there are going to be adjustments that may well have to be considered at subsequent sittings of the Legislature. It could be the next sitting of the Legislature. But in that period following the programs being developed and going into place, then it's the intent that the government would want to have as much public discussion as possible to ensure that the programs are meeting their intent, and that's the purpose of putting it in there.

I think the Member for St. Johns is probably putting the interpretation on that it's public hearings, perhaps similar to what may have been followed at the time of Unicity coming in, but it's not the intent to follow that formalized a program.

**MR. CHERNIACK:** Mr. Chairman, I am only reading what the Minister said, and the Minister said, public discussion of this White Paper. Now, how will there be public discussion of the White Paper that the government can listen to, unless it is a discussion and it is public? I didn't use the word hearings, and that's what I am asking the Minister: What does he mean by public discussion of the White Paper?

**MR. CRAIK:** It would be primarily the programs that have been instituted as a result of the White Paper, and whether or not those programs are meeting the intended targets of them.

**MR. CHERNIACK:** Mr. Chairman, where will the public discussions take place?

**MR. CRAIK:** In the community at large, Mr. Chairman, and with the organizations that are already involved in it and have formalized themselves into groups and, in general, any other type of public discussions that, principally, the Minister of Community Services may feel is necessary for the purposes of making adjustments to the programs.

**MR. CHERNIACK:** I must say I reject this phrase in this White Paper and maybe the Minister does too, because public discussion is not private discussion with vested interest groups, nor is public discussion within the community, public discussion that the

government relates to. I would rather he said he regrets this phrase than to try to justify the phrase.

I want to tell him that the First Minister, when I read this to him, said, on Page 4285 of Hansard: I will have to take a look at the particular line that my honourable friend has taken out of, or in context of the particular paragraph in which it appears. My recollection, Sir, would be that was with reference, I should say, Sir, to Education financing other things that were indicated in the report, but I will be happy to take a look at that sentence. That was June 3, Mr. Chairman. I know he has had other things on his mind.

That brings me to the next question: Is this Minister involved in the study on Education financing, which I understand is taking place and will be completed by the end of this calendar year? That was the clear statement by the Minister of Education. Is that correct?

**MR. CRAIK:** Mr. Chairman, I have no doubt that the Department of Finance will have an involvement.

**MR. CHERNIACK:** It's the other way around. I had the impression from the Minister of Education that he expects the Department of Finance to develop this entire program. I am asking the Minister whether he is working on it and whether he confirms the deadline of the end of this calendar year on that paper?

**MR. CRAIK:** Mr. Chairman, I interpreted the question as being was I, as the Minister, going to be doing this study? I can't confirm that. I expect that our department, Finance, will be very much involved with how it is structured, whether it is a commission or person or otherwise hasn't yet been determined, but the intent is to complete it by the end of this calendar year.

**MR. CHERNIACK:** The reason I thought this Minister would be the one involved is that he is the one who said that he would wash out the Property Tax Credit and the other tax credit as soon as possible, as soon as he was able to rearrange Education financing. So I don't see how any administrative group or any group of bureaucrats could develop that program without some indication and policy input by the Minister.

I assume the Minister will be giving direction.

**MR. CRAIK:** Mr. Chairman, I wondered why the member was pursuing that course of questioning and now I know. I guess that is something that will have to be taken into consideration.

**MR. CHERNIACK:** Mr. Chairman, has the Minister changed his mind about the program of Property Tax Credit and the statement he made back in, whatever it was, 1976, I think?

**MR. CRAIK:** Mr. Chairman, I am going to, one of these days, provide a clipping to the Member for St. Johns of an article in the newspaper in 1977 that had a pair of scissors taken to it, and I think I recall it was from the Winnipeg Tribune, which wrote the story up, and in part was based on what took place in the House but in part on discussions outside the House, and so on, with the reporter at the time.

Anyway, in reporting it, the Minister went on and said that I had said property taxes would be — the credits would be removed and as a result of questioning of the Member for St. Johns. In between what I said, and in fact the Member for St. Johns had raised the questions, the NDP campaign group in Riel had very cleverly taken a pair of scissors and taken out the whole paragraph and a few sentences out, pasted it back together again, Xeroxed it and put it out. It became a major campaign issue.

I think, for his own edification, if he were to read that, he would probably have some concerns about this argument about what will be done about property tax credit being taken to their ultimate in distortion. I make no bones about the fact that I was opposed, over the years, to the concept of property tax rebates. Perhaps the Member for Lac du Bonnet has given you the article and you can see where you would scissor it property to get the right impact from it.

I suppose the evidence speaks for itself, that actions speak louder than words, and that's the story.

**MR. CHERNIACK:** Mr. Chairman, I could trade newspaper clippings with the honourable member. I can show him some pretty disgraceful Tory advertising during the campaign as well, if he wants to start trading newspaper clippings.

But I was referring to Hansard —(Interjection)— I'm thinking about your church. Mr. Chairman, I am referring to Hansard and there are no scissors there. Mr. Chairman, the Hansard was very clear and for the Minister's edification, in case he cannot possibly find reference to it, it's a speech he made, 3258, on May 3, 1976, wherein he talked about wiping out the tax credit, and I asked him whether he has changed his mind about it and he has said, Page 3260, there has to be a scissor at the beginning and at the end, but I will not put a scissor in the middle of what I am reading. Well, they're preoccupied whether we'll wash it out or not. Let me tell you right now, it would be our prime objective to get rid of this sort of an inefficient program. Now if you say, will we wash it out? I say how many years do you give us, because right now you're up to 77 million, and how fast can you absorb 77 million into a grant structure? If the Foundation Program can be repaired in one year to the point where we can again establish an equitable school finance program, I assume we would do it in one year. But I tell you one thing, it will come back to a provincial government recognizing its responsibility, and I say, etc., etc.

Mr. Chairman, the program is now boosted by this government to 156 million. Of course, it wasn't 77 million when they took it over, but it has grown to 156 million. Then my question was really, does the Minister back away from the statement he made on that occasion or not? And he says, the fact speaks for itself. But the fact is that he has increased tax credit payments and at the same time is talking about a review. I was really asking him about the study. I'm really looking to see what is being done about the study. And he said it hasn't been clarified yet whether it will be a commission or whether it will be done internally. My next question would then be, if he will not answer as to his attitude and to the philosophy of this, my question then would be, if it's

a commission, then presumably there would be public discussion, or at least public hearings, or at least public briefs. But the Minister of Community Services dealing with the White Paper, as I recall it, said that he would not have public discussions with these vested interest groups. So you see, that's why I led to the education study to know where you're at with that. Are you going to have public discussions on the education study?

**MR. CRAIK:** Mr. Chairman, first of all, the fact that the tax credits have been approved doesn't indicate that there doesn't have to be something done about the overall picture of education finance; we recognize that, and I'm sure the members of the opposition probably recognize that, too. So that we don't consider the change in the tax credit system to be the solution to the problems that exist in education financing, and that still has to be addressed. So the examination of the foundation programs, the operation of the Greater Winnipeg Education Levy, all of those aspects of public schools financing have to be addressed. Rebates is only one way of partially dealing with education financing; the other has to be addressed yet, and that's what the government is attempting to indicate.

**MR. CHERNIACK:** Mr. Chairman, I agree absolutely that the whole education financing must be studied and Greater Winnipeg Education Levy and the whole Foundation Program, and I would think really a commission would be logical, although I'm not sure whether philosophy doesn't enter into it. For example, this tax credit payment which has had various names, and for which various departments have taken credit in the past, to me has one very important feature, and that is a redistribution of income, which I don't think accords to the philosophy of the Tories. I may be wrong. But that is one aspect, the redistributive aspect, that is a very important one from my standpoint, and of course it has other progressive features. I just want to say that I agree absolutely and I think that it's necessary and urgent and has been for quite awhile so that the only point I wanted to get from the Minister was an undertaking that there would be public discussion. The First Minister made some remarks that after all, you can't expect public discussion in advance of a White Paper, but I should think that there could be public discussion on education financing.

So are we likely to get a response from the Minister indicating whether or not he agrees that there should be public discussion on education financing before a decision is arrived at?

**MR. CRAIK:** Certainly, Mr. Chairman, regardless of what you do, you're going to involve a degree of public discussion, and again I think if you said public hearings, you're talking about something that's a fairly well-known public practice of holding open hearings. The government hasn't said that, when they're referring to public discussion, mainly with public bodies, public individuals and others in the course of developing a policy, the matter of reaching the recommendations for public schools financing is, as I said, the actual mechanism has not been finalized yet, but the intent is, by one way or another, to develop the government policy in time for the

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1981 calendar year, and certainly for the 1981-82 fiscal year of the government.

**MR. CHERNIACK:** Mr. Chairman, there's just the point, public hearings are formal hearings. The commission would have that, the committee on The Public Schools Act had that when The Public Schools Act bill last year was referred to a committee, those would be public hearings. But public discussion could take various forms, like public meetings, and that's what took place at Unicity. There were public meetings that took place then, as I believe when the school divisions were brought in. I think Stewart McLean was involved in many public meetings.

So all I'm asking the Minister is, will he propose to have public discussion — and I'm using that word the way he used it, and I just don't interpret it the way he seems to interpret it in relation to the White Paper — before the next White Paper is brought out, or before legislation is brought in?

**MR. CRAIK:** Mr. Chairman, I think we're going around in circles on this. By public discussion, we're talking about public discussion in the literal sense of the word, and if that involves public hearings, it involves public hearings. I would think it's quite a different question, and a question involving boundaries that effect large numbers of people, which is the case of school division adjustments and unicity adjustments. This is not quite the same size of a question. A lot of the problems involved are pretty well known, pretty well defined, and they are going to take a matter of policy decision, as the Member for St. Johns has indicated. The rest of it, probably the questions and the answers are going to probably come from those that are directly involved at the present time. But all of these techniques are public discussions in the broadest sense of the word.

**MR. CHAIRMAN:** 5.(a)(1) — the Member for Brandon East.

**MR. EVANS:** On the matter of research, I wonder whether the Minister can advise us what research has come up with in regard to the income support program for pensioners. The Minister announced a new program whereby the age limits were reduced from 65 years to 55 years, and the doubling of the income support. I have two questions, one is what is the eligibility criteria now for those under 65, and secondly, how many dollars are estimated to be spent per annum when the program is launched, when the program becomes effective. There must be some estimate somewhere of this.

**MR. CRAIK:** The supplement to pensioners, the full year costs are estimated at 4.2 million.

**MR. EVANS:** The 4.2 million figure, is that the existing program?

**MR. CRAIK:** No, that's the total program. The existing program is roughly 2 million, and so we're increasing that by 2.2.

**MR. EVANS:** So in effect, by reducing the age limit to 55 and doubling the income support, we're more

or less doubling the expenditure. How many people does that translate into? How many people, either people or couples if you wish, although there are individuals as well — I don't know how you calculate it, whether you talk in terms of couples plus individuals — but how many are affected by this program? In other words, how many people, 55 to 65, will now be estimated to be eligible in here?

**MR. CRAIK:** I think we're looking for some numbers, Mr. Chairman.

**MR. EVANS:** While the staff is looking for the numbers, can we be advised as to what is the eligibility for people under 65 for this program now? There must be some sort of income limit, parameters, that the Minister has in mind.

**MR. CRAIK:** What we're looking at, Mr. Chairman, and in the final processes of examining, I think was 4,800 for single, 7,900 married.

**MR. EVANS:** They must be earning less than 4,800 per annum in order to qualify?

**MR. CRAIK:** As a single, or 7,900 married.

**MR. EVANS:** 7,900 married, and therefore, what the program would do, just to follow this through, let's say, theoretically, a couple had 7,500.00. These are people under 65, they're at 7,500, so what the program would do would add 400 to bring them up to the 7,900 limit.

**MR. CRAIK:** They would qualify for the MSP if they're under that line.

**MR. EVANS:** If the couple is under 7,900 they qualify, but as I understand it, the income support would only bring them up to 7,900.00. Obviously, it would only bring them to 7,900.00. I was saying, if they were earning, let's say, 7,500 a year . . .

**MR. CRAIK:** Oh yes.

**MR. EVANS:** They would only get 400 of assistance. They wouldn't get the maximum of assistance.

**MR. CRAIK:** That's right. It's estimated that there are about 3,000 to 3,500 people who would be in that category.

**MR. EVANS:** 3,000 to 3,500 people under 65.

**MR. CRAIK:** That would be likely to avail themselves of this program.

**MR. EVANS:** Does that include couples? That would be two people?

**MR. CRAIK:** Yes.

**MR. EVANS:** You say, 3,000 to 3,500 people, that includes individuals and couples.

**MR. CRAIK:** And couples.

**MR. EVANS:** I noticed in the estimates of the Department of Community Services that the

Manitoba supplement for the elderly drops actually from 2.2 million to 1.9 million, which I wasn't in the Community Services estimates, I'm not sure why that dropped. I appreciate this is in addition to that, I understand that, but I found that rather peculiar.

**MR. CRAIK:** It would have to be because there would be a drop in the number getting the GIS on top of their old age security, because it's automatic.

**MR. EVANS:** I understand, as the CPP comes in, I understand from the Member for Seven Oaks that it's possible that with that additional assistance, the Manitoba supplement runs out, the GIS drops, right. On the matter of the CRISP program, what is the research found in terms of expenditure that's expected for this new program, and the second question is, how many families would be affected by this program?

**MR. CRAIK:** The amount on a yearly basis is estimated at 19.4 million.

**MR. EVANS:** 19.4 million for the CRISP Program.

**MR. CRAIK:** For a full year, yes. For the CRISP program. It's five for this current year, because it's a quarter of a year, but on a full year it would be between 19 million and 20 million.

**MR. EVANS:** Yes. And the other question was, how many families

**MR. CRAIK:** We estimate 30,000 families.

**MR. EVANS:** A similar question then, under Shelter Assistance, that too, the eligibility, as I understand it from the White Paper, is being reduced from 65 to 55. As I understand it, the original SAFER Program, as announced, has not to date at least, reached the expected level of expenditure, the applications haven't come in as expected. However, what is your best estimate on the number of people in this category, 55 to 65 now, that would be affected, and what potential additional expenditure is involved here?

**MR. CRAIK:** The additional expenditure, Mr. Chairman, is 2 million. We'll see if we can get the numbers. I wonder if on some of these, since this is under the next item, if you have questions that involve numbers, if we could take them, and since we will be back at it tomorrow, we'll be able to provide you with some more ready information.

**MR. EVANS:** All right, that's fine. Just one other question of this nature. Under the Cost-of-Living Tax Credit Program, what is the difference — and this is something you are taking as notice then — what is the difference in expenditure level between the 1979 pre-reform criteria and the White Paper proposal, that is, the bottom line; what would be the total expenditure difference with the new program as opposed to the old program, in a given year? I know that involves some . . .

**MR. CRAIK:** It's about 19 million. —(Interjection)— Yes, the difference in the definition of income

changes the Cost-of-Living Tax Credit Program by, I think around 19 million.

**MR. EVANS:** It drops by 19 million?

**MR. CRAIK:** That's right. Then the new programs take that 19 and add about 10, to bring you up to the 29 million, 28.6 million that was indicated in the Budget. Now, we're talking about a yearly amount, there was 19 difference from the redefinition of income and the effects on the Cost-of-Living Tax Credit, 19 plus roughly 10, for an annual cost of about 29 was the total package programs.

**MR. EVANS:** So of all the White Paper reforms, there are seven itemized, seven programs. Of those seven, what you are saying, in effect, is that the one, the Cost-of-Living Tax Credit Program, because of the change in your criteria, saves the government 19 million, which is then available for CRISP and — well, it will pay off CRISP, I guess, because that's about 19 million.

**MR. CRAIK:** Right.

**MR. EVANS:** You are looking at 28 million, did you say, to pay the balance?

**MR. CRAIK:** Well, the annual cost of the total program is 29.6 million.

**MR. EVANS:** 29.6. That's the annual estimated cost of the seven programs combined?

**MR. CRAIK:** Yes.

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

**MR. ADAM:** Mr. Chairman, these people, this new group that will be coming in, age 55, they will not get this automatically, because they are not getting a senior citizen's pension or the guaranteed income supplement, so what is the mechanism, and if they have to be retired, from what? Those people who are retired at age 55, how many retire? You know, there are . . .

**MR. CRAIK:** Well, as it's defined, Mr. Chairman, the main source of income would have to be from pension, under 65 pension.

**A MEMBER:** Even disability or . . .

**MR. CRAIK:** Yes.

**MR. ADAM:** Under 65, pensioned from somewhere, some company, some railroad, or something.

**MR. CRAIK:** Worker's Compensation.

**MR. ADAM:** What programs are there available for those people who are retired and not receiving a pension, except social allowance that barely allows them to exist? Do these people receive any tax credits when they are on social allowance and will this program here help them, or will that only be offset by a reduced social allowance?



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**MR. CRAIK:** No, the criteria for — it will improve the position of some of those on social allowance. The income definition for those on social allowance will have to take in ancillary incomes that haven't been included before, but the upper limit of the social allowance level will be raised accordingly. The introduction of these programs, principally the SAFER Program, may in fact reduce the number that are on the social welfare rolls because they will get a greater income as a result of this and other partial earnings that will put them above it. But they will not get less than they would get on social allowances.

**MR. ADAM:** Mr. Chairman, I have, just over the weekend, had a specific example where a person telephoned me in regard to this very program, and he was confused by reading an article, a report from the Legislature by one of the Conservative members, and wanting to know whether or not he was able to go off of welfare now and get into another kind of a pensionable scheme since he was 58 years old and unable to work and his wife was unable too. She's up in the same age bracket and they're both sick and receiving social allowance, which barely allows them an existence. He was under the impression, by reading these reports from members of the Legislative Assembly, that somehow they would be off welfare and they would be receiving more money under this program.

I had not had an opportunity to read these reports, but when I did look at it, I realized it was only the Manitoba Income Supplement that was being increased and that another group would be added. So, of course, the gentleman was pretty concerned about it, but if he can qualify for additional credits under this program, well, that's all fine and well. But, you know, there are set budgets under The Social Assistance Act, and any outside income that comes in just affects the budget that the welfare department sets up, so how is this program going to help that category of people who are in far more dire straits than senior citizens and those spouses of senior citizens who have lost their — between age 60 and 65 — that because one has passed away, a spouse has deceased and they are taken off the pension altogether, completely. There's an inequity there.

How will this program help those people?

**MR. CRAIK:** If that is the case, where they are between 55 and 65 and they had some pension income but not enough to get by on and were receiving welfare, then this program may supplement that, as it stands now. If they are in that age group and don't have any pension income, then the MSE part of the program, as it stands now, would not assist them.

So that may be one of the areas where you are looking for your public discussion or public input over a period of time, to in fact determine whether in fact the real problem areas have been covered off. We are going on the basis, at this point in time, that the problem areas are those that are on one pension for one reason or another, between 55 and 65, and this will provide them some additional assistance. They are reasonably easy to recognize and identify in relation to the others.

There may be a remaining problem in that area and that's one of the areas that will have to be looked at as we go along.

**MR. ADAM:** Yes, because, you know, we are missing this group of people, I'm sure, and I mentioned some of them. I mentioned two examples. The example of a pensioner receiving the senior citizen's pension and the guaranteed income supplement with a spouse that's between 60 and 65 receiving a spouse's allowance and the senior citizen passing away and with the spouse, who is not 65, automatically loses that spouse's allowance; no more pension.

**MR. CRAIK:** That's covered off here.

**MR. ADAM:** So that means that there's no way that you can get . . .

**MR. CRAIK:** Yes, if the over 65 spouse dies and the widow, as the case may be, is under 65, they qualify under the support program.

**MR. ADAM:** But no longer receiving a pension, Mr. Chairman. This is the point I'm trying to make.

**MR. CRAIK:** They still qualify.

**MR. ADAM:** They still qualify whether they receive a pension or not?

**MR. CRAIK:** Yes.

**MR. ADAM:** And therefore the person who is receiving slightly over 200.00 from social allowance, would that party receive that assistance?

**MR. CRAIK:** The surviving spouse under 65, under the new federal regulations, does get a continuing pension, even though the pensioned spouse dies.

**MR. USKIW:** As long as she was getting it at the time he dies.

**MR. CRAIK:** It was changed as of last October.

**MR. CHAIRMAN:** 5.(a)(1) — the Member for Brandon East.

**MR. EVANS:** Mr. Chairman, I have a different type of question, on research. I wondered whether this branch is involved in preparing the economic review that appears in the Budget.

**MR. CRAIK:** Yes.

**MR. EVANS:** All I can say is whoever did it has put our best foot forward because what bothers me in this economic review is that it does lead . . . I had a friend, who is an economist in British Columbia, who wanted to get a copy of this report, I am sending him one, but the problem with the review is while generally it is factually correct, it leaves one with an impression that I don't think is a correct impression as to what's happening to our Manitoba economy, whether you look at investment or whether you're looking at population. Nowhere in here can you find that the population dropped by 5,000 people last

year. There is some reference to the population level but there is very little analytical material on the population trend in the province of Manitoba. And I don't want to belabor it, but I'm using that as an example.

Likewise, when it comes to investment, the discussion of private investment, if you look at this chart on Page 7, you think that all of a sudden we had some huge upsurge in private investment in Manitoba and, Mr. Chairman, that's misleading. That was misleading because while it is true that private sector is a bigger percentage of total investment the reason for it is that public investment has dropped very very drastically. Now reference is made to it in here, I must say that, but nevertheless that chart, if you look at it, if you glance at it, and to those who don't take too much time to study this, would get a wrong impression as to what's happening. There is no recognition that the investment in the private sector is lagging in Manitoba. There's reference to seven percent increase in private investment in 1980, that's expected, and indeed the Stats Canada has just come out with a report that does predict a seven percent increase, but that seven percent increase for Manitoba is only half of the Canadian increase. Canada's increase is expected to be 14 percent this year in the private sector. So we are only half of the national average and unfortunately that seven percent is less than the rate of inflation, so that if we have seven percent increase in private investment expenditures it means that in the real world out there, when you count the machines that are being put in place and the number of buildings put up, we'll expect less action in 1980 than we had in 1979. So the seven percent is simply not adequate. Not only is it not adequate but as I said it's less than half, it is about half of the Canadian average and we're about the third lowest in Canada in terms of private investment spending.

The other point I would like to draw to the Minister's attention, when reference is made here to a more healthy balance between private and public, I'd like him and perhaps his staff would like to look back through the years, go back beyond the years of New Democratic Party administration and look what happened in the Roblin years and I think you'll find that just about the — I have to look at this again because it's been some time since I looked at these figures, but I think that in the Roblin days the percentage of public investment, of total investment, was about as high as it was under the Schreyer administration.

Now the public investment may not have gone to the same extent as the Hydro but it went some place and it was public investment not private. So that Manitoba for some decades therefore has — well since Premier Campbell's time — has had a high level of public investment. One of the reasons we've dropped in total investment spending in Manitoba is simply because we've cut back on public investment expenditures. And I maintain categorically whether they're public or private investment expenditures they have the same positive impact on the economic growth in the province.

The other point I would like to make, perhaps your staff would like to look at this and see what percentage of private investment spending has occurred in Manitoba as a percent of all of Canada.

In other words, how much private investment spending occurs in Manitoba as a percent of the total spending in Canada? What is happening now and what happened in years gone by?

In the period 1970-79 it was a little over three and a half percent, and the period 1977-79 or 1980, the last three years, it's about the same amount. In fact it is slightly less. In other words, the amount of private investment that's occurring in this province the last three years is slightly, just fractionally less, minutely less than it was in the period 1970-77, as a percentage of Canada. If you take all the private investment dollars that are being spent in this country and say where are they being spent and you'll see that Manitoba's is about 3.5, 3.6, somewhere in there, and this hasn't really substantially changed. If anything it's a little weaker now than it was in the period 1970-77. So really we should recognize this and that's not recognized in this review. When you look at total investment in the private sector there's been no great turn around. There's been no upsurge in the private sector. I appreciate that there's been an increase in manufacturing investment expenditures and we welcome that but this is still unfortunately a very very minor part of investment spending in this province, only 6 percent. I believe if I recall properly only 6 percent of all investment expenditures goes into the manufacturing sector. You can have a 25 percent, a 40 percent, a 50 percent increase in manufacturing investment expenditures and you're still doing very little to the total value of investment spending in the province.

There are other examples in this review which one could take some many hours in debating and pointing out that in some places at least it tends to be more of a PR job than a real honest to goodness analysis of what's happening to the Manitoba economy. Maybe it's been always thus, I don't know. I haven't studied them that carefully in years gone by but I do think that . . . and while there's a lot of useful information — I am not saying that it doesn't have useful information, I'm not saying that the statistics are inaccurate. It's just the way, as usual, the way you interpret the data, the way you interpret the statistics. I say that one would get a wrong impression as to what's occurring in the province. I zeroed in on population and investment because to my way of thinking those are two very important elements in our economic life.

**MR. CHAIRMAN:** 5.(a)(1)—pass; 5.(a)(2)—pass; 5.(b)(1)—pass — the Member for St. Johns.

**MR. CHERNIACK:** I'd sooner leave my question for tomorrow which could come under the tax credit, but I'd like the Minister to know that I would like to hear an up-to-date report on the prosecution of that tax discounter that we discussed. I wonder if by tomorrow he would have that information. I'd appreciate it.

**MR. CHAIRMAN:** (b)(1)—pass; (b)(2)—pass. Be it resolved that there be granted to Her Majesty a sum not exceeding 650,600 for Finance. The Member for Rock Lake.

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**MR. EINARSON:** Mr. Chairman, I move that committee rise.

**MR. CHAIRMAN:** Committee rise.

### SUPPLY — EDUCATION

**MR. DEPUTY CHAIRMAN, J. Wally McKenzie (Roblin):** Resolution 53, 4. Program Development and Support Services, (b) Curriculum Development — the Honourable Minister on Salaries, (b)(1).

**HON. KEITH COSENS (Gimli):** Yes, Mr. Chairman, I wanted to respond to the remarks of the Member for Churchill. He touched on two or three topics at some length. He requested certain materials from my department and I said I would supply them and he made some reference to biased materials that he had encountered in a particular school. I say to him, Mr. Chairman, I would appreciate having the titles, authors, and publishers of those particular materials brought to my attention so that I could refer them to my department. I know he made some reference last year to such material. My people checked and it certainly was not material that had been authorized by the department.

I might also say that in regard to safety in shops, safety in labs, we have had committees the past few months working on these two topics and have revised safety manuals that will be available, hopefully this fall, in regard to safety in shops and safety in school labs.

The honourable member's experience is different than mine. My experience with people who teach shops in particular is that they are most emphatic in the safety aspects of the operation of the shops and do spend a great deal of time discussing this with their students and impressing on their students how important it actually is, also the use of safety equipment. So I can assure the honourable member that in that regard my department not only will be providing this updated material in the form of these manuals, but also will be conducting workshops with teachers during the year, not only those science teachers involved with laboratory work throughout the province, but also with shops teachers, who are involved with the vocational aspect in the schools of this province.

**MR. DEPUTY CHAIRMAN:** The Honourable Member for Churchill.

**MR. JAY COWAN:** Thank you, Mr. Chairperson. I thank the Minister for his answer and I want to correct an impression that was left. I am not certain if it was left with the Minister alone or with those that were listening in general to my comments. And that is, if there was an impression that I did not believe that the teachers were stressing the safety aspect of shop work enough, I would prefer to correct the record and say that I in fact talked to the teachers on that same day that I had discussions with the students at the school, and they assured me that in fact they were stressing safety. As a matter of fact, one teacher put it in these terms: he said that if they have a student who loses an arm or a finger or an eye because of their work in the school shop, it

would not matter how good a crafts person they became, they would never be able to perform 100 percent as that worker if they indeed were disabled because of an injury, so they try to stress safety first and foremost.

I did not want to leave the impression that the teachers were not doing a job that had been assigned to them, but the fact is that they can always use support mechanisms, and that is what I was talking about, the types of support mechanisms that would be provided by more materials, that would be provided by some direction from the Department, that would be provided by the Workplace Safety and Health Division if committees were in place.

I happened to go into a number of the shops on that day to look at different activities that were taking place. It was interesting. I walked by one shop and as I walked by with the teacher who was hosting the classes that day, we saw one of the students working on a drill suddenly lift his arm up in the air and vigorously shake it, the same thing you or I would do when we got burned or got cut or had in some way injured our hand, and so we walked in to talk to that student, at that point he was holding his hand under a water faucet, running cold water on it. We looked at his hand and sure enough there was a burn area and there was a sliver in his hand, fairly large steel sliver that he had gotten off of the material he was working on as he was drilling it.

So we talked to him, we said, what do you about this, and he said, well, I don't know, I guess I report that to the teacher. Well, don't you have any mechanisms put in place to report these sorts of injuries, we asked him. He said, well, not really, there aren't that many injuries, and that is in fact the case, and we haven't really developed that sort of a mechanism. Which points out, even though the teachers are attempting to do their work, that in some areas they can use some support from the province. That student should have known exactly what procedures to follow in case of an accident, because when that student gets out into the workforce they are going to have know exactly what procedures to follow in case of an accident there, or they may lose out on a compensation claim or they may run into difficulties down the road.

So there is areas where the teachers can, I am certain, use support manuals plus support programs and support curriculum guides from the Minister's department, and I would hope that he would expand upon the work that the department seems to have done in the last couple of years in regard to safety manuals for shops in schools and also in school laboratories.

The Minister indicated last year that I had mentioned some of these materials, and I had in regard to materials having bias that were in the school system, and he said that they were not authorized by the department. Well, I will provide him with titles and authors and publishers, as he has requested, because those books that I had requested from the West Lynne Heights School a number of years ago, were in fact those books that were on the recommended reading list, so I would assume by that fact alone that they did have authorization.

I would also like the Minister, if he would, to take just a moment to put on the record his reaction to

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the concept of designating workplaces, or work shops in schools as places that should have a mandatory Workplace Safety and Health Committee. I would like to hear him expound upon how he feels that could be put in place, if he believes it could be put in place, and also if he is in favour of such a suggestion.

**MR. CHAIRMAN, Abe Kovnats (Radisson):** The Honourable Minister.

**MR. COSENS:** Mr. Chairman, I would be quite prepared to discuss that particular topic with the Minister of Labour and give it my consideration.

**MR. COWAN:** I thank the Minister for the answer, Mr. Chairperson, and would hope that he would report back after having that discussion as to the viability of such a plan, because I think it is indeed overdue and can be a positive force.

In the annual report it mentions that this particular Curriculum Review Policy Committee undertook a series of projects, defined them as Task Forces, Committee Meetings, Policy Statements, etc. I would ask the Minister if he could table, in specific, the one that applies to Native studies in regard to — table the work that was done by the Committee in specific reference to that one area which is listed in the annual report?

**MR. CHAIRMAN:** Order please. Could we discuss this under Item 10, Native Education.

The Honourable Member for Churchill on a point of order?

**MR. COWAN:** Yes, to that point of order, Mr. Chairperson. Is listed in the annual report as one of the activities of that Curriculum Review Committee, so I would just ask the Minister if he could table that, so that we then can, when we get to the Native Education portion of the estimates, have that material before us to discuss.

I don't actually intend to get into discussion of native education per se as part of the Minister's department, but would like to see that particular study that is listed in the annual report under this particular portion of the Minister's department.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. COSENS:** Mr. Chairman, I certainly can make that available but if the honourable member has to have it before we can consider Native Education, we are only one item, really, away from Native Education, but I can make it available to him, certainly.

**MR. COWAN:** Thank you, Mr. Chairperson. I appreciate the Minister's commitment to table it and if we don't get it by the time we do get to Native Education, then perhaps we can discuss it under Minister's Salary, but I would in fact appreciate having that particular report sometime during the estimates.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for St. Vital.

**MR. D. JAMES WALDING:** Thank you, Mr. Chairman. At a previous meeting of the committee, the Minister had given an undertaking that he would provide me with some information, one of them being a copy of the summary sheets of the school board budgets. I believe he indicated that he could provide that, and I can also tell him that I don't think that I would still require copies of the actual budgets themselves.

I believe the Minister was also going to provide the committee with an explanation of what taxable assessment, equalized assessment, and balanced assessment was. I wonder if his staff is still working on this.

Would he care to answer those two points first, Mr. Chairman.

**MR. COSENS:** Mr. Chairman, I'll have that information for the honourable member sometime during our estimates. Perhaps I can provide it during the discussion on Salaries, because we have gone by the applicable items now in the estimates, but certainly I can provide it for him before we get to Salaries.

**MR. WALDING:** Mr. Chairman, I don't know where I should bring this up, under which lines it comes, so perhaps I can just enquire of the Minister now, that under the Education Department Advisory Board listed on Page 45 of the annual report, it says, Subsequently the Minister has authorized the hiring of a person or persons to prepare a program of patriotic observances for Grades K to 6.

Can the Minister inform the committee which line this comes under, please.

**MR. COSENS:** That would be under Administration, Mr. Chairman. We have gone beyond that item at this time.

**MR. WALDING:** I am not clear, Mr. Chairman, whether the Minister is referring to 1.(b) General Administration under Departmental Administrative Support Services, or the 4.(a) Division Administration under Program Development and Support Services.

**MR. COSENS:** Mr. Chairman, this would fall under 1.(b)(2) under Departmental Administrative Support Services.

**MR. CHAIRMAN:** (1)—pass; (2)—pass; (3)—pass; (b)—pass. (c) Curriculum Services (1)—Salaries—pass — the Honourable Member for St. Vital.

**MR. WALDING:** Thank you, Mr. Chairman. I'll perhaps get back to Patriotic Observances at a later date, maybe under the Minister's Salary. But under this section, Curriculum Services, the committee had some discussion last year on small schools. There was the problem of definition between members on this side and members on the other side. I wonder if the Minister can give us an indication on schools generally but with particular reference to small schools as to how many schools were closed in the province last year. If I can ask the question either on a calendar year basis or a fiscal year basis, whichever is most convenient for the Minister.

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**MR. CHAIRMAN:** Excuse me, to the Honourable Minister. This is on closing of schools under Curriculum Services? Is that the question?

I rushed in and tried to pick up the pieces from where I came in. I'm not quite able to follow it. Maybe it's just out of frustration that I'm speaking, but . . .

The Honourable Member for St. Vital.

**MR. WALDING:** Mr. Chairman, the committee, in its deliberations last year, got into a discussion under 4.(c) Curriculum Services, on the matter of small schools and the benefits of them and the disadvantages of them. I wanted to raise again under small schools, again under this section, because I wasn't sure where else to bring it up, the matter of actual school closures, with particular reference to small schools.

**MR. COSENS:** Mr. Chairman, I would have to check the exact figure. Off the top of my head, without checking, I believe it's four or five in total across the province that are being closed for one reason or another. But I will have to check that particular figure, I could be out one, I would suggest, at the most, but again, I would reserve the answer to that question until I've had a chance to check exactly.

**MR. WALDING:** For clarification, was the Minister referring, when he said last year, to the calendar year or the fiscal year?

**MR. COSENS:** I was referring to the school year, Mr. Chairman.

**MR. WALDING:** When the Minister says the school year, is he referring to the school year 1978-79 — I assume that that's the last complete school year — and if so, I wonder if the Minister can give us an estimate of the corresponding number of schools to be closed for the school year in which we are in now? I realize it's not yet over, but I would assume that the Minister has some indication of schools that are to be closed.

**MR. COSENS:** Mr. Chairman, I have no indication at all in that regard, and at this time, I can identify none. However, there may be one or two across the province that have not been brought to our attention. This, again, falls under the jurisdiction of a local school division board, who may in fact have made that particular decision. We are not advised, when a school division board does make that particular decision, they can allocate classrooms and students as they see fit within the boundaries of their school division.

**MR. WALDING:** Further to that point, Mr. Chairman, does the Minister have any information regarding the closing of Argyle School, and are the students in that school to be transferred to Aberdeen School? I wonder if the Minister is in a position to confirm this, and if that is the case, then what happens to the Argyle School property? I wonder if he could advise the committee on that.

**MR. COSENS:** Mr. Chairman, I repeat, these decisions are made by local school boards as to schools that will be opened, schools that will be closed, parts of schools that will be closed, and they do not inform us as to these decisions at all. So I would have some problem, I would have to resort to the same sort of information searching as the honourable member to find out the answer to that particular question.

**MR. WALDING:** Mr. Chairman, the Minister has explained to the committee that it's the responsibility of the school board for the closing of schools, and that they take full responsibility for it. I want to question with him whether that is really in the best public interest that the Minister wash his hands of these things.

I'm told that in Ontario, which also has a Conservative government, that the Minister of Education down there takes a much more serious, or perhaps I should say a responsible view of such things. It's my information, Mr. Chairman, that there are regulations laid down by the Minister of Education in Ontario, that there is a set of specified proceedings that have to be taken before a school is closed, and that these are laid down by provincial regulation. In other words, Queen's Park has an interest and a concern and a responsibility for education totally, which it does not abdicate in its entirety to the local school boards. My information is that there is a three year period laid down before any school can be closed in Ontario, and that there are certain designated steps to be taken, one of which is that there must be a review in the local community itself, that there is a process of consultation of the people involved, I'm sure the local school board, the teachers themselves, the parents, and that there are specific steps in this review process that have to be done. Included in this procedure is an assessment of the catchment area of the school, and I suppose that could be extended to indicate the catchment area of the complete division, so that rather than concentrating simply on that one area around that one school, that the population of the school division, as spread through the division, is taken into account, and that this is one of the things that must be done within that three-year period.

Given that there must be a three-year waiting period during which these steps must be taken, it obviously gives the people involved some indication of planning for that time. There are obviously residential considerations to be taken by people living in the area; there are teachers whose jobs would be lost in that area; there are a number of other factors, too, that would come into the closing of a school.

I further understand that is not the end of it, that, again, the Minister himself or herself, in Ontario, must be persuaded that such a closing is really in the best interests of the people concerned and that he has to be satisfied that these local steps have in fact been taken. I assume that since there is a requirement that the Minister must be satisfied, that it would still be possible for the Minister not to be satisfied, and hence could hold back permission for that school to close.

That would appear, to me, to be a very responsible type of attitude and one that should be expected by

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a Minister of the Crown, as opposed to simply sloughing off the whole problem and saying, well, it's a school board's responsibility and they can do whatever they want and whatever detrimental effects it might have on the community, that's too bad, that the Minister doesn't have any responsibility for it.

So that is intended to be a little bit of a criticism of the remarks of the Minister. Perhaps I can end it with a question and ask him if he is perhaps more conversant with this three-year time period than I am, and what consideration he has given to adopting a similar type of requirement for this province, given of course, that this pressure to close schools is going to mount quite considerably this year, next year? I quoted an example of one school, Argyle, to the Minister already. I am told that there are a number of parents in the Sir Sam Steele School, one that my colleague from Elmwood is quite concerned about, the parents in that area are very much concerned that that particular school is to be closed. They are waiting for some definite word from the school board.

The Minister is well aware that declining enrolment is increasing the pressure on local school boards to close even more schools. So the question stands as I posed it to the Minister: Is he prepared to take the same sort of forward responsible position as his colleague in Ontario?

**MR. COSENS:** Mr. Chairman, even though this is getting somewhat afield from the topic under consideration, Curriculum Services, I would say a long way afield, I find the point of the honourable member rather interesting. He belonged to a government that espoused the theory of local control, local autonomy, to get away from centralization of power, to move it out to the local people. Now, if I hear him correctly, he is advocating just the opposite and saying, No, those decisions shouldn't be made in the local area, they shouldn't be made by the locally-elected officials, they now should be decided by a centralized source. In fact, the Minister should decide, even though he may be 400 or 500 or 600 miles removed from the situation, he should make the decision.

I say to the honourable member, I'm not aware in entirety what is happening in the province of Ontario in this regard, nor is it necessarily the best thing that is happening there. In most cases, our school division boards are attempting to follow that three-year pattern. In some cases, they find that they can't wait three years or they would find themselves in what would approach a ridiculous situation. But certainly I do agree that there must be lead time; there must be time for consultation and discussion with the parents and ratepayers of a particular school division before this type of move is made. I think, on the whole in this province, we are seeing that happening, as to this point we haven't seen a large number of school closings, in fact, across the province.

I mentioned earlier that as a result of declining enrolment that will continue well into the mid-1980s, and perhaps beyond, that we will in all probability be faced with more school closings as the school plants no longer become viable from the viewpoint of the numbers of students in the program that can be offered and are viable from the viewpoint of physical

operation. But the idea that we must legislate when schools will be closed, when they will remain open, and take that judgement away from the locally-elected officials, at this point I'm not prepared to adopt at all. I still have considerable faith, Mr. Chairman, that the people closest to the scene, the people who live in the community, are in the best place to make that decision.

**MR. WALDING:** Mr. Chairman, I hope the Minister didn't deliberately misunderstand what I said to him. In starting off his remarks there, he pointed out to us that the previous government had a particular policy. I would tell him that I personally wasn't a member of that Cabinet and so wasn't involved in those particular policy decisions.

I did not say to him that I was advocating that the Minister make the decision. The whole point that I was stressing with him is that the Minister should be offering some form of guaranteed review in the particular area. He is aware, if only by reading the newspapers, of the uproar that can be caused in an area when a particular arm of government or level of government makes a suddenly-announced policy decision and the local citizenry gets up in arms and they write petitions, send letters, and appear as big delegations to somewhere. They feel disappointed and let down when something as major as a school closing is simply sprung on them out of the blue.

What I am suggesting, Mr. Chairman, is that there be a clearly laid-down procedure that has to take place, that the residents in the area should be notified of what is to be planned and that there should be a local review, that there should be meetings held or some other method of allowing the parents, the teachers, the community in general to make its input known into what is happening. It should also be stated that the school board should review the catchment area for the school and the possibilities of the use or non-use of other schools.

That is the point that I am making. I understand, as I said before, that in Ontario the Minister of Education there has recognized that as a responsibility, not as a power that has been collected unto the Minister, but simply that the Minister has recognized the responsibility of the Department of Education and laid these things down so that they will proceed in an orderly, responsible, clearly identified manner. I suggest it's in the Minister's own interest to have such a recognized procedure instituted. Once that is done, then people will be less likely to be lining up at the Minister's door asking the Minister to intervene in something that they have not been able to influence at the local level.

That's the only point that I was making, Mr. Chairman. The Minister did seem to indicate later on in his remarks that he had some sympathy with this procedure and that he felt it was being implemented. But I question from that whether it is being implemented on a systematic basis or it's just the best judgement of the local school boards that are instituting something along these lines. So if the Minister has not reviewed what different school boards are doing with a view to laying down some guidelines, I would recommend that he look most seriously at it and give it his consideration.

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**MR. CHAIRMAN:** (1)—pass; (2)—pass; (3)—pass; (4)—pass; (c)—pass.  
(d) Native Education.

**MR. WALDING:** No, Mr. Chairman.

**MR. CHAIRMAN:** On the previous item, on (c)?

**MR. WALDING:** I stood up under (c)(4), Mr. Chairman.

**MR. CHAIRMAN:** (c)(4) Computer Services — the Honourable Member for St. Vital.

**MR. WALDING:** Mr. Chairman, I understand that this is the computer course within high schools that is connected up with the Cybershare computer operation. I wonder if the Minister can inform the committee how many schools are now connected to it. He mentioned last year that there was a five-year contract with Cybershare to provide these services. Perhaps he could also indicate when this five-year contract is due to expire.

**MR. COSENS:** Mr. Chairman, the number of high schools that have terminals as of 1979-80, 25 urban and 11 rural, for a total of 36, and there may be one more in the process of joining.

The contract with Cybershare was signed in 1977 and will expire in 1982. It was a five-year contract, Mr. Chairman.

**MR. WALDING:** Mr. Chairman, since there are the same number of dollars this year as last year, can the Minister confirm that it is a flat rate amount in the contract itself, or is it dependent on the number of terminals connected and the amount of time used?

**MR. COSENS:** It is a flat rate, Mr. Chairman.

**MR. WALDING:** Still on this topic, the Minister indicated to the committee last year that there were 36 schools connected up to the Cybershare computer, and that it could go to 40 within the budget from last year. I would like to ask him whether that in fact happened, and if not, what happened to the other four schools that he anticipated being in the program?

He also indicated last year that there were to be four new terminals in what was called the Handicapped Project. I'm not sure what the Handicapped Project is, perhaps the Minister could explain that, and whether the four new terminals in that project were the same four new ones that he anticipated could be in the Budget last year.

**MR. COSENS:** Mr. Chairman, I don't quite recollect what our discussion was last year in this regard nor the member's question, but I understand that there was some consideration by four additional schools that apparently did not follow through in their original or tentative inquiries with solid requests and as a result we have not expanded to 40; we remain at 36.

In regard to the program for the handicapped children, those with learning problems, we have 10 interactive dial it terminals, Mr. Chairman, that are used by students to improve their basic skills in math, spelling, reading and language structure.

These exist within particular schools within the city of Winnipeg.

**MR. WALDING:** Mr. Chairman, if this is in fact a fixed cost contract that will cost the same this year as last year, I wonder if the Minister can explain why there was some 22,000 not spent in this appropriation last year?

**MR. COSENS:** I understand, Mr. Chairman, that transmission costs are not fixed and as a result this would explain the discrepancy there.

**MR. WALDING:** Would the Minister explain his use of the expression, transmission costs?

**MR. COSENS:** Mr. Chairman, I am not an expert in the area of computer technology but I understand these are the lines and the link-up between the schools and the terminals, the telephone lines, etc., where there is some charge for that particular service. The 22,000 comes in under that particular area.

**MR. WALDING:** Thank you, Mr. Chairman. I wasn't aware that there were two payees under computer services. In other words the telephone or the transmission system itself and Cybershare. That being the case, I wonder if the Minister could give us a breakdown perhaps for the amount being sought permission for this year? Of the 378,000 how much of that goes under the contract to Cybershare and how much to the telecommunications?

**MR. WALDING:** Mr. Chairman, the computer services amount to a sum of 235,000; the transmission lines and data sets, 125,000; the Handicapped Project some 12,000 and computer feeder schools, 6,000, for a total of 378,000.00.

**MR. WALDING:** Mr. Chairman, I didn't catch the last item that the Minister mentioned there.

**MR. COSENS:** Feeder schools, Mr. Chairman, 6,000.00.

**MR. WALDING:** I'm sorry, Mr. Chairman, I still didn't catch it. The microphone wasn't on quickly enough.

**MR. COSENS:** Mr. Chairman, the last item is computer feeder schools, 6,000.00.

**MR. WALDING:** Mr. Chairman, I'll have to ask for an explanation of what the last amount was.

**MR. COSENS:** Mr. Chairman, computer feeder schools are those that do not have a computer link-up but are in close proximity to schools that do and they utilize the facilities of those schools and send in their particular cards, programs to be used in the nearby schools that have those facilities.

**MR. WALDING:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Item 4—pass; (c)—pass. Item (d) Native Education, (1) Salaries—pass — the Honourable Member for St. Vital.

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**MR. WALDING:** Mr. Chairman, we note that there is quite a hefty drop in the number of staff man years under this particular appropriation, in fact, it's been reduced by one third. We also find in the annual report that project Headstart was cancelled or terminated in June of 1979. The Minister told the committee last year that Headstart was to be phased out and that there was to be a one-year notice given and that notice was given as of December which would indicate to us that the program would then terminate as of December of 1979, and yet the report indicates that Headstart was terminated after only six months. I wonder if the Minister could give us an explanation of this and also an explanation of why Native Education Services is so low on his priorities that (a) they've deleted one third of the positions from that and not only that had not spent some 81,000 of the appropriation voted for last year?

**MR. COSENS:** Mr. Chairman, I think we were involved in quite a lengthy discussion on this matter last year and I did announce that particular program would be terminating. I can say to the honourable member that it doesn't indicate any downgrading of the native education segment within our department. The six people who are no longer with the department were not involved in curriculum or in particular instructional thrusts within the department, in fact, we have strengthened that particular area. They were involved, Mr. Chairman, as aides in the particular Headstart centres that existed; some six of them in northern Manitoba. When the member suggests that we have in some way desimated the Native Education branch with the loss of six people, these were part-time or contract people who were not working in the branch as such but were out in the field administering a particular program for young children.

**MR. WALDING:** Mr. Chairman, I didn't say that the particular branch had been desimated, I said that it had been reduced by one third and that's according to the Minister's own figures when he said that there were 18 SMYs approved last year, and he's seeking approval for 12 this year. I would like to ask him why this particular program has ended? Does he not see that there is some merit in having Headstart aides in those particular communities? If that is the case, what is left for this particular branch to do. The Minister says that it is not a low priority for him but let me just review for you, Mr. Chairman, and for other members what has happened to the budget of this particular branch in the last three or four years. In 1977-78 over half a million dollars, 534,200 was approved by the committee. The next year, 1978-79, 522,300; 1979-80, which was last year, it was down again, 407,700; 1980-81, we see a further drop this year, 372,200.00. So not only is it a drop in current dollars, it is a drop in constant dollars as well.

**MR. COSENS:** Mr. Chairman, first of all answering the honourable member's question in regard to the 81,600 underspent. This has resulted due to a late start on some program development, and is a result of branch reorganization. That reorganization has now taken place and I am sure we won't have that

particular problem this year at all in the utilization of the funds that are available.

The honourable member says, what in fact has taken place in this branch, and I would say to him, some rather useful activities are being carried on in this branch, and I can outline some of them for him at this time, and take some pleasure in doing so.

I mentioned that it has a strong curriculum and instructional thrust, as opposed to the field approach that may have characterized that particular branch some four or five years ago. It provides consultative services, workshops, in-services in areas of early childhood education, in the area of native awareness, it provides career guidance, social studies, science, language arts, ESL, all of these areas are provided with consultative services by this department, particularly as they apply to native students. They are responsible for the assistance and the development of curriculum materials and social studies, language arts, again ESL and native languages, and not only development, Mr. Chairman, but also assistance to those in the field, those teaching in the schools with these particular areas; in other words, development and implementation.

They have several specific accomplishments that I would bring to the attention of the honourable member. A native languages Cree and Ojibway Kindergarten to Grade 3 instructional manual has been completed and is being used in several schools throughout the province. They have completed several kits and they are now in circulation, one of them Music of the Metis, Churchill, Inuit, the Grey Owl, and Building a Quin Zee. They have conducted Grade 7 Science Teachers Workshop in Cranberry Portage, February 28th and 29th of 1980; they were involved in the Small Schools Workshop in Brandon; they were involved in the English As A Second Language Conference at the University of Manitoba, February 11th and 12th, 1980; they have been involved in a Professional Development Workshop for Native Education Personnel in Winnipeg, March 10th to 12th of this year, and the purpose of that particular workshop was to formulate long-range plans for the branch; and of course they have also been involved in a Native Languages Conference in Winnipeg on March 24th and 25th of 1980.

In their projected plans for 1980-81, they hope to have completed and available to the schools by September of this year a Cree Language Instructional Manual for Grades 4 to 6, a Dakota Language Instructional Manual K to 3, Moose Lake Cree Kit, a Chippewan Kit, Indian Literature Material, a bibliography of Native Books, resource material and films. They have been working in co-operation with the Native Studies Department of the University of Manitoba to plan methods courses in the teaching of Native languages, to be offered by the University of Manitoba beginning in the spring of this year. They plan a Native Languages Conference to be held in October of this year, a Native Studies Program in Grades 7 to 9 to be completed and piloted by September of this particular year, and a follow-up on the results of the Professional Development Workshop of March 10th to 12th, 1980.

They have also formed a Native Studies Committee to ensure that the Social Studies pilot units adequately and accurately portray native people and adapt and/or develop additional units and materials



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to support the Social Studies Program K to 6 where appropriate.

They also developed Native Studies Programs in Grades 7 to 9 to be available as a source of material to all students, Mr. Chairman.

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

**MR. WALDING:** Mr. Chairman, I hear the Minister read off a long list of what could be termed support services, programs that would be of assistance to teachers and people involved in education. I would like to ask the Minister what programs there are for directly assisting and educating native children? The other program that we discussed at some length last year was the TIE Program, which I understand was discontinued. Now we find Headstart discontinued and those were both direct very down-to-earth programs that affected native children directly.

Further, I would like to ask him under the references that he made to ESL, as how those programs are being directed to native children in Winnipeg, what is the direct input to assist those?

**MR. COSENS:** Mr. Chairman, the direct input, of course, is through consultative services that are provided by this branch to those working in the ESL level. As well, Frontier School Division has hired particular people, I believe it is three staff members, to handle the teaching of ESL and provide support to other teachers.

I can also tell the honourable member that this branch also has an early childhood consultant, who has been available to support local initiatives and has focused particular efforts on increasing parent awareness, promoting parent involvement in early childhood education. Of information I have received over the last few years, this was one of the weaknesses of the Headstart Program, that there was not enough parental involvement in the program, and I think we are all quite aware that if that involvement is not there, the program is going to be a little more than a babysitting agency.

**MR. WALDING:** Mr. Chairman, I listened with interest to those things that the Minister has just recited to us, and certainly those support and consultant services are important, but is this enough? The Minister is aware, no doubt, of the high dropout rate of native children in our schools, this is a very big concern with the education community. He is aware, I am sure, of the pressure that is coming from Indian Bands to take over more control of education themselves. I realize this is a contentious point and different people have differing views on the matter, but I wonder if the Minister could tell me of his particular preference in that regard. Does he approve of turning over education of native children, particularly in the more remote areas, to native bands themselves, or is he resisting this pressure?

**MR. COSENS:** Mr. Chairman, on two points. I might mention to the honourable member that one of the programs being promoted by the Native Education branch is a Native Awareness Program, which is primarily a program to, if I may use the word, sensitize teachers and school administrators to

the needs of native students, and as a follow-up to assist schools to design more appropriate programs for native and non-native students. One of the reasons often cited for dropouts among native students is that the programs are not appropriate; they do not fit their particular needs. So I suggest to the honourable member that this particular type of program, we call a Native Awareness Program that this particular branch is offering to schools across the province is, in part, an answer to that particular problem.

The problem goes beyond the school program, Mr. Chairman, and I think the honourable member is well aware of that in discussions I have had with native leaders on this particular topic. They informed me, and they are as concerned as I am about parental involvement. They feel that this is basic to doing something about the dropout rate, that there has to be sometimes a change in attitude on the part of parents, and a realization of the importance of education for their child or children before we are going to see a marked change in that regard. As I say, I get this type of feedback from native people as well, who say, this has to happen if we are going to see a dramatic change in this regard. It doesn't matter how appropriate the programs may be if, in fact, you don't have that home support, that home realization — and I'm not being critical of people who may not realize how important education is. But the native leaders tell me that this is something that they are working on at this time and trying to urge young parents within their communities to become more involved with education, more involved with the school, and as a result to overcome this malaise that sometimes exists when the child reaches junior high age.

On the second question the member asked for my reaction to the fact that Indian bands themselves are taking over the education of their students. This is, of course, a matter between the federal government and the Indian bands. The federal government has been responsible and is responsible for the education of Indian children in this province, and what has happened here is a different arrangement now where the federal government has given to the band the authority and the jurisdiction for the provision of that particular educational service in their community; before the federal government retained that authority and that jurisdiction. The member asked for my reaction to it, I think it's something that had to take place, I think it will have some growing pains, there are always problems when you have people take over something that is new to them. After all we haven't, in our country, given native people that particular responsibility in the past. It is now being given to them by the federal government, and they no doubt will make some mistakes, as anyone would, taking over something that is new. But I still feel this is the right way to go, that it's a recognition of their right as Canadians to have the same say that any other Canadian has in the education of their child, through electing boards who represent them and who have a great deal of say as to what type of education and where it's located for their children.

So the member says, am I resisting it or — I forget his exact term, Mr. Chairman — not at all, although it is not within my jurisdiction, it is a federal matter. I

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am following it with interest, realizing that when any people take over something that they have not been working with, that they will have some difficulties. I am sympathetic to those difficulties, I would expect that the federal people work closely with those bands who have taken over the education of their children, and help them through that transition period. I think it's a natural evolution of responsibility and authority that these people should have.

**MR. WALDING:** I listened with great interest to the Minister's reply. I must say I was a little bit surprised that he welcomes this change so well. The two points that I had raised, Mr. Chairman were, I believe, closely linked together. One point that the Minister made, and I believe is accurate, one reason given for the high dropout rate of natives in the high school area is that they feel somehow that the education that they are receiving is not appropriate or meaningful, or whatever the appropriate word is, for them. And he went on from that to welcome the turning over of the education system of natives to the bands themselves. If that's going to cure the first problem, then, Mr. Chairman, it is to be welcomed.

But on the other hand, these children are being educated to live and work and survive in Manitoba in the '80s. The Minister himself is quite concerned about standards in education and evaluation and saying that there should be certain steps that the students should reach. I wonder if he is not concerned that if there are two education systems in the province, one native and one for everybody else, that in the public school system for everyone else, that there are, again, these certain standards and certain evaluations to be done in order to prepare children to make their way in life and earn a living; yet on the other hand, there is a separate standard for native children who are not being given the same preparation to compete on equal terms with all the rest of the children. Now, it bothers me, this thought that we are having two different education systems that would be turning out two different classes or grades of students. I'm not sure whether it's a concern to the Minister or whether it's a concern, but he feels that is the right way to go anyway. I would appreciate his comments on that problem, Mr. Chairman.

**MR. COSENS:** Mr. Chairman, I have a little bit of a problem just catching the main thrust of what the honourable member is saying here. If he is inferring that native students are being exposed to a second-class education, I would invite him to travel through Frontier School Division when he has some time and visit schools and see the type of work that is being done in those classrooms and see the classrooms, he would find them no different from a classroom, I would suggest, in the suburbs of Winnipeg.

I realize that there is some adaption of curriculum in these schools to try to fit the needs of these children who certainly are not aware of some of the terminology and the topics that appear in say, the social studies curriculum of children in the southern part of the province, for instance, they were rather foreign and alien to them. But at the same time, standards of education that I saw being offered and the type of teaching and the type of books that were

being used, I would suggest, were on a par with what we have in the southern part of the province.

I don't quite associate with his concern in this regard, although I may tell him quite frankly that if I thought that one group of citizens in this province were being offered a second-class education, regardless what government was responsible, I would be rather concerned. I think the native child should be entitled to exactly the same curriculum and that they should graduate from school with the same skills and the same developed abilities and so on as any other child in the province. I don't think the fact that they are native necessarily implies that they should be exposed to some lesser system. I don't subscribe to that at all, Mr. Chairman.

**MR. WALDING:** Mr. Chairman, I'm not sure that I made my concerns absolutely clear to the Minister. I was not referring to those schools that he is running in Frontier School Division. My concern is with those schools that are proposed or have been turned over to band councils to run, presumably on the basis that they will make education more relevant or meaningful, or whatever the term is, to those students at that particular school.

Can the Minister give me an assurance that where that happens, that there will not be a different standard or a different class of education, and that the children graduating from those band-run schools will be of a comparable and competitive standard to all the rest of the children in the province.

**MR. COSENS:** Mr. Chairman, I would be rather foolhardy if I attempted to give the honourable member any assurance of schools over which we have no jurisdiction. These are, again, federally funded and federally operated. However, in this case, they will come under the administration of the local band. I have a certain amount of faith that the Indian people are rather proud of their heritage and they are also proud enough that they are not going to see their educational system deteriorate as a result of them taking over the system. I would suggest just the opposite will be true; they will be most anxious to try to improve it in any way that they can. I think they would be the first people to be rather proud of the fact that five or six years from now they can point to six years of responsibility on their part, resulting in a better retention rate in the schools, more native young people staying in class, getting an education and moving through the system. I can anticipate that will happen in most cases. At the same time, as I mentioned earlier, I am prepared to see people who are taking something over that is new to them make a few mistakes initially, but I would suggest that those will be rather minor. I don't share the same apprehension that my honourable friend seems to share.

**MR. CHAIRMAN:** The Honourable Member for Rossmere.

**MR. VIC SCHROEDER:** Thank you, Mr. Chairman. Could the Minister advise as to the number of native children in the school system, both inside Winnipeg and outside.

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**MR. COSENS:** No, Mr. Chairman, I don't have those particular figures. We have the figures, of course, in Frontier School Division, which is under our jurisdiction, but as far as the figures from Winnipeg are concerned, that would be rather difficult to ascertain. Once people are away from the reservation for, I believe it's 12 months, they are no longer considered as Treaty people and no longer, I believe, considered as status people, is the proper term. It would be rather difficult, then, to divide them into those particular categories of status, non-status, that type of thing. We don't have those exact figures.

**MR. SCHROEDER:** The Minister had indicated that what he was attempting to do was to provide a similar education to all students in the province. What I would suggest is that may well not be good enough. When we started off the estimates I read off a list of proposed objectives of education and one of them was to adopt positive educational measures to promote equality for underserved groups, and another was to allow each pupil to develop his or her full intellectual and personal potential.

I would submit, Mr. Chairman, that in certain instances, that means spending a lot more money, or becoming a lot more intensively involved in education than in others. It may well be that many of our middle-class children need not have all of the facilities available to them that some of the socially-disadvantaged children in the province have. I'm not speaking here specifically only of native children, there are also a lot of other children who are disadvantaged.

In this particular area, this government, rather than, for instance, expanding upon the Headstart Program, didn't only shrink the program down, they have eliminated it. They haven't really come to grips with the fact that it is going to take some imagination and initiative, not only out in northern Manitoba but also in the city of Winnipeg, to provide that equal education, and that is a pupil who is really capable of developing his or her full intellectual and personal capacity.

I think we have to go back again to parents' groups, and funding of them; we have to go back to things like providing lunch care programs and that kind of thing in the school, well, both in the city and in rural areas and I would hope that something will be done soon. As the Member for St. Vital has pointed out, we have now decreased the spending on native education in each of the last three years and it's going downhill rather than uphill. I would submit that although the Minister doesn't know the population of the native students in the province that, in fact, percentage-wise, it is rising. While that percentage is rising his department is downgrading the Native Education Branch and I would suggest that we should be going precisely in the opposite direction.

**MR. COSENS:** Mr. Chairman, we are always considering new directions and thrusts in that regard and I'm quite confident that we will move ahead with new directions. In this particular branch we have just undergone some reorganization. When the honourable member seems to imply that we are not doing anything in this regard in Manitoba — I just happened to find some figures the other day — on a

comparative basis with our sister province to the west, Saskatchewan, who spend 1.6 million in total on native education programs in that province, Mr. Chairman, in Manitoba, we spend 3.6 million on our native education programs. I am not saying, Mr. Chairman, that we are doing everything that can be done or necessarily should be done but I merely give you that comparison because I thought it was rather interesting that Saskatchewan should be spending, in total, on their native education programs for 1980-81, 1.6 million, and we will be spending 3.6 million, Mr. Chairman.

**MR. CHAIRMAN:** The Honourable Member for Winnipeg Centre.

**MR. J. R. (Bud) BOYCE:** Mr. Chairman, I just wonder if the Minister's information reflects the comparability of the two situations. As I understand it, in Alberta, because of oil revenues which accrue to the individual reserves, that many of the bands and councils are in an entirely different financial situation. I wonder if the Minister could provide that information for us and compare apples to apples, not apples to oranges.

**MR. COSENS:** That may well be true, Mr. Chairman. That may well be true in Alberta. I don't think it's true in Saskatchewan.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for Churchill.

**MR. COWAN:** Thank you, Mr. Chairperson. I'd just like to address my remarks to some discussion that was taking place between the Member for St. Vital and the Minister a moment ago, to put on the record what will not be a conflicting viewpoint with my colleague but what might be a clarification in some respects, so that there be no misunderstanding as to the position of some colleagues on this side in regard to the taking over of educational facilities and programs by bands themselves. I've just had the opportunity last week to travel into Gardenhill for a day and to discuss with some of the individuals who live on that reserve who are very involved in trying to incorporate into their own community a community in control of their particular school. And as the Minister has indicated there are problems from time to time because it is, in many respects, a new experience and it takes time to develop the skills and to develop the patterns and also to put in place mechanisms that will deal with that new experience. But overall as time progresses these schools become very efficient and also, I believe, serve the community as well as any other school in the province does. I say that because other schools in the province have the advantage, right from the start, of being controlled at the local level, and what we have had in fact, in regard to reserve situation, is schools that had the disadvantage of being controlled from afar and for many years the individuals on those reserves wanted to bring that local control home to their own community, where the parents in the community could play an active role in developing an educational system that meets the needs of that particular community. And I am certain that the

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Minister will agree that each community is a different community.

So, I believe what the Member for St. Vital was suggesting was not that we don't have that local control but that in fact we do have that sort of local control but the remarks may have been misinterpreted and I don't want to put words in the mouth of the Member for St. Vital, but I do fear somewhat the impression left by the Minister that may in fact be a misinterpretation. I have also had the opportunity to talk to many communities that are attempting to bring local control to their own community. In other words, to put in place mechanisms within that community to take advantage of the skills and resources of the parents and the leadership of that community in regard to developing educational programs that reflect the needs and the desires of the individuals. Many times they have run up against substantial roadblocks at both the bureaucratic and at the political level and so I am pleased to hear that the Minister is supporting these persons in their endeavours and that the Minister is now on the record as stating that he is in favour of such a system being incorporated more fully throughout the province.

I would just ask the Minister if he could expand upon his comments and clarify where he would stand in a situation such as the one that just occurred recently, I believe with the Long Plains Reserve, where the students were in the regular school system and were being paid for by grants from the Department of Indian Affairs to attend that system, grants which were going to the school and were supporting that school, and the band members, after doing extensive research which I believe was landmark research in this province and very clearly indicated the need to bring a school home to that reserve, encouraged and eventually persuaded the Minister of Indian Affairs to, in fact, start development of a school on that reserve thereby withdrawing the students from the other schools in the surrounding area that they had been attending and thereby, I would imagine, removing from those schools grants which they were being paid for the attendance of those students. This in fact would have some financial impact on the provincial school system.

I would ask the Minister first for a philosophical statement in regard to that situation and other situations that may be developing that are alike; and I would also ask the Minister to inform us as to what support mechanisms he will be putting in place for the effected schools that are under provincial concern, that may have lost a substantial share of their revenue over a very short period of time and thereby would have to make some extreme changes? What support is he putting in place to help them through that transitory phase and to ensure that the students in that system are not being negatively impacted upon.

**MR. COSENS:** Mr. Chairman, let me say to the honourable member that my position is exactly this, that I don't think one stands in the way of progress and local determination or self determination, if you wish in this case. If that is the wish of the native people in that area and they have carried out negotiations with the federal government in that

regard, then so be it, that is their wish, that is their desire and that is the way they wish to go. It is all part, I mentioned earlier, of the evolving responsibility that they are determined to take and certainly I would hope that the results will be very positive. I think they identified some extreme drop-out problems in that particular situation that the honourable member mentions; they feel that with their own local situation that they can overcome those problems. Certainly if that is correct, and we have every reason to be optimistic that it may be so, then I can take no other stance than that this the right way for them to be moving.

In most cases where this has happened the number of students that are removed from the provincial public system in a particular center is rather small, taken on the overall total, and I don't think it has created any severe problems for the public school board in that regard. They would again of course qualify for declining enrolment grants in the year that occurred but to this point I have not heard any serious problems that have resulted in that regard.

**MR. COWAN:** Thank you, Mr. Chairperson. Again, I'm pleased to hear that the Minister is quite supportive of this process which is taking place throughout the province and I, too, anticipate positive results from it. The Minister indicated that in this particular instance, and that is the instance of the Long Plains Reserve, that the reserve and the leadership of the reserve was able to convince the federal government of the need for a school on the reserve itself because of some, as he put it, extreme drop-out problems. We know that in that particular instance, I believe, they showed that if any at all, a very small percentage of reserve children attending the provincial public school system lasted until graduation. I think, although I don't have the figures before me, it would be not in that particular survey for a number of years and that, of course, is what alarmed them and that is what, of course, alarmed the federal government, and that, I believe, is the reason why they now have a school or developing school system on their own reserve.

I would ask the Minister now if he has been approached by any other communities that might be experiencing a similar problem in regard to children from nearby reserves not completing their education, dropping out in large number and dropping out in large number and large percentages before they reached graduation and in many instances, before they reached the higher levels. If he has been informed of any, or if he knows of any instances where that may be the case, where reserves had made application to the federal government to have their own school system on reserve land.

**MR. COSENS:** Mr. Chairman, I would answer, without really have given that careful thought, but I think I can be explicit and say, no, I have not been contacted. I am trying to think back over the last year or so. I can't think of a particular instance. There are certain communities where there are still negotiations being carried out that involve not only the status students but also the Metis students who live in that community and there are still negotiations that fluctuate towards one central school and at

other times they will move towards the idea of two separate schools, one for the status students, one for the Metis students, and they have some problem in getting together on that particular decision. I would hope that the final decision would be one that would take in the best interests of all the children in the community. But in answer to his question as to any particular proposal from a community in the last year or so, I cannot remember any, Mr. Chairman.

I should mention to the Member for Rossmere, who was playing with figures and said that as he looked at the Native Education appropriation that there wasn't as much money there as last year and so on, it would be very easy, Mr. Chairman, if we wanted to play the dollar game, I suppose, to increase those figures very simply, because the amount of dollars that are given in grants to native students and so on that fall under other parts of the department I suppose could be placed in this area, could be administered by this department, and then we could show a million, two million, whatever, Mr. Chairman, existing in this particular appropriation, whether that would make the honourable member feel better or not.

There are many of the services that are provided to native students that are provided by other branches of the department other than the Native Education Branch. The Special Needs services, in fact, are provided to native children in the same way as they are provided to any other child in the province. We have not counted those in, in this particular appropriation.

**MR. SCHROEDER:** Yes, Mr. Chairman, just in response to the Minister's last few comments. I think we should be comparing apples to apples. We had a particular appropriation here which has been in existence in the department since before the change of government. Based on that, the appropriation for Native Education has gone down in every year. Now it is true that there are other areas where there is funding for native students. It is also true that before this tight-fisted government came into power, there were appropriations for Native Education other than under this particular item. So, if we were going to use the Minister's calculations, then we should start off back, say, in 1977 with total appropriations throughout and go on into 1980-81, and I would suggest that even if we did that, the figures would be lower, and certainly they would be lower if we used a constant dollar.

That is the problem here. We have eliminated programs like Headstart. Could the Minister tell us what he has put in place to replace that program? Could he tell us what he has put in place, just on that program?

**MR. COSENS:** Mr. Chairman, I have to advise the honourable member that in each one of those communities where that particular program existed, there are kindergarten programs in place, lest he infer that there are no programs for young children at all in those communities. In each one of those communities, there is a kindergarten program.

**MR. SCHROEDER:** Yes, Mr. Chairman. I have done some calculations here with respect to native education, which indicates that in 1977, there was

708,300 spent; now it is down to 372,000, I believe, but in constant dollars, it is down to 187,035, and that's certainly not something that the Minister should be very proud of. To suggest that it has been replaced in some way by considerable expanded expenditure in other areas, well, if that's the case, then I would like the Minister to enumerate those areas where it has gone up faster than the increase in inflation.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for Fort Rouge.

**MRS. JUNE WESTBURY:** Thank you, Mr. Chairperson. Under another item in the estimates, I asked why Headstart was terminated and I was told that I should be asking it under this item. The Honourable Member for Rossmere has just referred to it, so perhaps the Minister has answered the question.

I also asked, at the same time, why the Special Opportunity Medical and Dental Programs for native children ended and, of course, was given the same answer.

While the Minister is answering those questions, perhaps he could also tell me about the Munro Study on Textbooks, which I am told was making headway four years ago in identifying racial stereotypes in our school texts and which has been — the study has been dropped since 1977. I wonder if the Minister can explain to me why that has been dropped, as well as giving me the first two answers, Mr. Chairperson. Thank you.

**MR. COSENS:** Mr. Chairman, I did answer this particular question last year and we came back to it again this year. The particular Headstart Program was a program for very young children that operated in some six communities. On the evaluations that were received to the point where we made the decision to opt out of this program, there was no indication that the children had really gained by this particular experience. I'm sure that it was popular with mothers, as any babysitting service is popular with mothers in most situations anywhere in the province. But it had operated in six centres, and six centres only. It had not been expanded beyond those centres.

We certainly did not terminate the program, but we did terminate the funding that had been provided for the aides who looked after the program. — (Interjection)— Well, the honourable gentlemen find that humorous, but of course they believe that there is nothing that can operate unless the government pours great sums of dollars into it, and they also believe that if the government pours piles of dollars into it, that it will operate.

Mr. Chairman, I have a little more faith in people than some of the honourable members opposite, who really feel that if government imposes a program on people, and they do not value it or do not think highly enough of it to make some attempt to continue it, that it must have been a great thing. I suggest to the honourable gentlemen opposite that the evaluations that I have received suggested there was very little parental involvement with the programs. In all of these communities, we do have kindergarten programs in place for young children.

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On the second point that the honourable member asks about, Special Opportunity Medical Bursaries for native students — I'm not sure what her reference is to these particular bursaries. We have a special pre-med program that we started a year ago for native people at the University of Manitoba. The reference to bursaries that were terminated, I'm not at all aware of what her reference is at this point. We have terminated no particular bursaries to native people but she seems to have some reference here, I'm not aware of what it is, Mr. Chairman. We have terminated no particular special opportunity bursaries for native students.

The Munro Study, I have not seen the Munro Study, nor am I aware of it, Mr. Chairman.

**MRS. WESTBURY:** Mr. Chairperson, I was disappointed to hear the Minister say that mothers will accept, I believe he said, like any kind of a babysitting service. I'm a mother and, frankly, that just is not true. Mothers want good care for their children and if they are not able to provide the best care themselves, they merely ask for the best kind of care provided by the taxes that they helped to pay and by the government and they helped to elect. I just want, on behalf of mothers, to take exception to that rather patronizing remark.

Mr. Chairperson, the Minister said he didn't know what native bursaries I was talking about. Well, I refer him to the annual report of the Minister of Education, 1979, page 21, 3.(d) under a heading, Native P.W.P.A. Bursary. (d) says: Assistance under the Special Opportunity Medical and Dental programs ended in the spring of 1979 and no new applications are being accepted. However, these students continue to be eligible for assistance from the regular post-secondary program. My question was, why are no new applications being accepted, Mr. Chairperson?

I don't know anything about the Munro Study either. It was referred to me by experts in the field who asked me to ask the Minister why this government had terminated it. I didn't use those words in my first question because I expected the Minister to know about it and to give me an answer. The information I have been given was it was dropped by the PCs.

**MR. COSENS:** Mr. Chairman, I am quite prepared to check into the Munro Study, wherever it is. I must tell the member, in all frankness, that I have never heard of it and the officials sitting with me have not heard of it. We will check into what happened to that particular study.

I would refer the honourable member to Page 21 of that particular annual report that she refers to. She has misread the sections, Mr. Chairman. Section (c) is the Native Prince of Wales Bursary. As it states, the program is open to Manitoba residents of Indian or Metis origin. It goes on, describing that particular bursary.

Then in (d), which has no relation whatsoever — no relation whatsoever to (c) and has nothing to do with native people — it says, Assistance under the Special Opportunity Medical and Dental Programs ended in the spring of 1979. These were never native programs or native assistance programs as such. They were open to all Manitobans and they did

terminate in the spring of 1979, but certainly these are not native programs whatsoever.

**MRS. WESTBURY:** That's a strange way to put it. It has a subheading here: Native PWPA Bursary, in darker print, then underneath it, it has, although that's a subheading, it has, (c) and (d), and following paragraphs. I would suggest that if you are going to use subheadings, that you continue to use them all the way through and don't just suddenly end them without any explanation, because that just doesn't make sense the way it's printed up.

**MR. COSENS:** Mr. Chairman, I must apologize if we have confused the honourable member, and I can see where she would be possibly confused by the heading and then underneath the same heading, the reference to those particular programs, but that's merely the way that it came out in the printing.

**MR. CHAIRMAN:** The Honourable Member for Churchill.

**MR. COWAN:** Thank you, Mr. Chairperson. I would just briefly ask the Minister, first, under which item would one discuss the Special Opportunity Medical and Dental Programs in the estimates proceedings?

**MR. COSENS:** That particular item would be properly dealt with, Mr. Chairman, under 4.(m) Student Aid.

**MR. CHAIRMAN:** The Honourable Member for Churchill.

**MR. COWAN:** I thank the Minister for that information. I would like to go back to the discussion that we were having just before the Member for Rossmere discussed the items that he wanted to clarify with the Minister, and that is in regard to the tendency among reserve communities and leadership of reserve communities to seek to bring their education home, to bring it to the reserve itself, to start to put in place on-reserve schools that will facilitate education of the reserve children of school age and will also encourage development of skills among parents who wish to deal with local control of education.

I would ask the Minister if he would agree with me that trend is an increasing trend and that he would expect to see, as time goes on, more and more pressure from the leadership of the Indian community in regard to bringing the school system home to the reserve with local control over such a system?

**MR. COSENS:** Mr. Chairman, if we are speaking of Frontier School Division in this regard, and it is the largest school division in northern Manitoba, of course, dealing with native people, in most cases certainly the elementary, other than the high school program, is located in the home community. The problem that has existed over a number of years is that there are such a small number of students who are interested in going on to high school education that the communities have not felt that it was necessary to have a particular high school in their community. They looked at the numbers available for

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that high school and felt it was not justifiable. As more and more students determine to stay in school, and parents are anxious that they stay in school, I would anticipate that there will be some growth in demand.

**MR. COWAN:** Thank you, Mr. Chairman. Well, I was not speaking specifically, and not even in general, to the northern situation in this regard, because that is a situation that is somewhat different than what is happening in the Long Plains Reserve instance, to use one example; and that is, in the north in a reserve community there is usually a school within that community and oftentimes is under local control. The reason for that is that community is many times isolated unto itself and there would be no way to transport students from that community to a provincial school and, in fact, there is usually not a provincial school in the area that they could be transported to unless it is in the case of a reserve with a large Metis community. But what I am talking about in particular is the instance that we found in Long Plains, where the students were going to a public school system, to the provincial public school system, and the leadership of the reserve community asked the federal government to put a school on the reserve in order to deal with some problems that their student population was facing.

I would ask the Minister if he would anticipate situations of that sort to be increasing in the near future as more reserves pressure the government to have schools in their own communities under community control? Is that an anticipation that the Minister feels is a justifiable one and in fact is based on recent experience?

**MR. COSENS:** Mr. Chairman, based on recent experience, the obvious answer to the question is yes, certainly we have seen more instances of this in the last few years than have occurred before.

**MR. COWAN:** Thank you, Mr. Chairperson. I would ask the Minister then why, in his opinion, it was that so many of the students from the Long Plains Reserve, and also so many students from other reserves, who are attending the provincial school system, do not make it all the way through the school system but in fact do drop out in very significant numbers before reaching the higher grades?

**MR. COSENS:** Mr. Chairman, I think I have addressed some of those problems earlier. There are a whole host of problems that account for that particular state or condition as far as those students are concerned. I mentioned one of them before, the fact that the system is not always relevant to these students. That, I think, is one of the problems that often exists. The other problem being that in many cases, as native leaders have told me in discussion, that they have not, to this point, in some situations been able to persuade parents that it is a valuable thing for their children to go on and pursue high school education; that particular parental motivation for the student has not existed. As I have said before they are as concerned about that particular aspect as I am or I am sure the honourable member is. It has been a bit of a stumbling block to this point in

the education of native young people, and I have had some native young people tell me that they also, on occasion, have suffered some disdainful remarks from their own people for having gone on to take their Grade XI or their Grade XII, their senior high school in fact.

So we have a variety of factors that work together and work against that native young person who we would like to see go on to take secondary education and go on beyond that to some type of post-secondary training. They are not all part of the school system itself; some of them are due to factors that operate outside the system.

**MR. COWAN:** Thank you, Mr. Chairperson. The Minister mentioned two points or actually three points, but two pertinent points. One is that there is a high drop-out rate many times because the system does not always appear, is not perceived as being relevant; and the other is that the reserve leadership has been unable to persuade parents to encourage their children to continue on; and supplementary to that is other elements in the reserve, they have been unable to persuade them also to continue on.

I want to deal with the first point, and he says that the system is not always relevant. That is in fact the major stumbling block, because the Minister will agree with me, I am certain, that most of the students from the reserves who drop out, drop out before XI and XII. They drop out sometimes as early as VI, V and start to drop out in large numbers at that particular time. I would be surprised if the parents weren't trying to persuade their children to at least go up to those grades and continue on. In other words, we are not talking about the benefit of a Grade XI and XII education, we are talking about the benefit of a very basic education, and the parents would wish to persuade their children to have that, I am certain the Minister would agree with that, which boils down to the problem of the system is not always relevant. That is one of the functions that this particular department or branch within the department can perform; it can make the system more relevant; it can provide the support systems and the support services that build into our provincial school system relevancy for the Indian and Metis children. That is why we are particularly concerned that there has not been increases in this particular section, and we are concerned that there has in fact been, both in constant dollars and in absolute dollars, reductions, because we believe it to be an area of pressing need; we believe it to be an area where action is overdue and where action of an immediate nature can have immediate results and immediate benefits. It is this particular section that can go into the school system, that can provide the curriculum materials, that can provide the workshops, that can provide the training, all points which the Minister made before that this section is performing. Those are all activities that this section is undertaking, but the fact is, having done what they have done it is not enough. We still see the leadership of the Long Plains argue very strongly and also very effectively for schools on their own communities, because the schools in the communities surrounding them, part of the provincial school system, are not providing relevancy to their students.

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So we insist, I was going to say we encourage, but we insist that more money be spent in this area. I agree with the Minister that those communities that seek local control should be encouraged in seeking local control, but I also agree with the Member for St. Vital that we don't want to see one system in place that is not dealing adequately with the needs of a very large portion of our population. I believe that it is incumbent upon the Minister to develop this particular branch and to support this particular branch, and enlarge this particular branch so that they are able to deal with some very significant problems that face us as a society; so that when a community such as Long Plains makes a decision on whether or not to press the federal government to have a school on their reserve, they are making it for reasons other than the failure of public school system. Because I believe what we have been able to determine with the Minister this evening is in this instance the public school system was failing those students from the Long Plains Reserve, and that is why they needed that school on the reserve. I would far more have preferred to have seen them have that school on their own reserve because they wanted control, they wanted to be more active. They felt that for some very positive reasons they could use a school on their own reserve, not because of the high dropout rate, not because none of their students were making it through the system, but because of more positive reasons, not the negative reasons that forced them and in eventuality won the argument for them in regard to bringing a school to their own community.

What we see by recent example, and it is a problem again that I am not going to attribute to this Minister or his government because it is a problem that is a longstanding problem, it is a problem that has been in effect for quite some time, but it is a problem, I believe, that is not getting better under that administration, but is in fact getting worse. It is getting worse because of cutbacks such as we see under this particular branch.

The Minister said that we can expect more and more of this sort of pressure to take place, and he said we can expect it because the system is not always relevant. Well, if the Minister listens to himself, then he will have to agree that this branch has a much more vital and a much more important role to play, that it must make the system relevant, and the Minister has a responsibility to support it in its efforts to make the system relevant and that takes money, there are no two ways about that.

The Minister can argue about the validity of the Headstart Program, but he can't argue about the validity of this branch; he can argue about whether or not we need a Headstart Program, but he can't argue whether or not we need the activities that are performed under this particular section. The fact is that we do and the fact is that we are failing to meet that need, and therefore we demand that the Minister, when he comes before us in next year's estimates, and he can even do it by supplementary estimates, recognize the need that he outlined here this evening and put more money into this particular section so that it can develop those materials quicker and better, and in greater quantities. Without going into the details, I would suggest that is not being done and that is why we are seeing the trend,

one of the reasons we are seeing the trend for reserve communities and the leadership of the those communities to call for schools within their own communities.

I would just like to make one point on the Headstart Program. The Minister said that they have not terminated the program, they are just terminating the money, which I must admit that I found a somewhat curious statement and was momentarily amused by it, not amused by the concept behind it, not amused by what is actually happening, but amused by the way in which the Minister phrased it, as many on this side did. The fact is that they are, by terminating the money, terminating the program.

I would ask the Minister if he can indicate whether this program is continuing on in the same manner and to the same degree that it was when it was being funded by the province, and I would suggest that he cannot point out any specific areas? There may be conjecture —(Interjection)— We hear the Member for Roblin yelling pass, and I assure him that this item will pass, but it is a matter of trying to make some points which we believe are pertinent and we will take the opportunity under this item to make those points, so he can perhaps be a bit more patient in regard to what we consider to be a very serious problem.

The Minister seems to have taken the concept that was put forward by the Minister of Health in regard to what we, as Manitobans, are just going to have to get used to being overworked and underpaid to its infinite degree seems to have expanded it into the concept now in regard to those people who want to pursue the Headstart Program, that they are going to have to get used to being overworked and not paid at all. That is not the fact, that if the program is valuable it will continue, and if the program is valuable, then the funding should be coming from the government to enable it to continue. So again we make a plea for that particular program and would hope that the Minister would review his decision to entirely disband that particular program, which he has not suggested did not perform a valuable role.

**MR. COSENS:** Mr. Chairman, I can't very well sit here and let some of the statements made by the honourable member go by, because they're not true, in fact. He is trying to draw the inference that the reason that certain Indian bands wish to take over their own education is solely, in fact, he implies that the major reason is because the public school system, the provincial school system, has failed them. And that is the sole major reason, and of course he is fair enough to say that it's not just this government that has failed, but other governments. But I say that he is missing the point, and I would suggest that very well could be part of the problem as it's perceived by the native people.

The other, more dominant reason is a feeling among those people that they would like to have the control, the jurisdiction, the responsibility, the authority to run their own particular schools, and that is merely an involvement of a people who feel that if they are to be full-fledged citizens, that they should have that same right that other citizens have in this country. And I do not accept, and I will not accept, the association that the honourable member is trying to make, and the inference that the reason this is



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happening is solely the fault of provincial governments. I don't accept that at all. Certainly, there may well be some fault that lies on the shoulders of provincial governments as well as federal, but I will not accept that that is the main problem in this regard, or the main reason for this happening.

**MR. COWAN:** It seems as if the Minister and I are standing up clarifying each other's statements. The fact is that I did not say that it was the sole reason. The fact is that I had, through a fairly long discourse with the Minister, determined jointly that one of the reasons is that the system is not always relevant, and if the Minister will take the opportunity to peruse the Hansard when he can, he will in fact find that that is the case. And he will also, in fact, find that I have very strongly supported the concept of local control by band communities over their own educational system, and have done so for the very positive reason of them wanting to play a more active role in developing a school system that is more relevant to them, and that is a positive cause for them to ask for this sort of control, to demand this sort of control, and quite justifiably do so.

But the fact is that there are some negative reasons that they do it also, and I would suggest that if the Minister reviews his own remarks in Hansard, he will find that he, in fact did agree that the reason, in the Long Plains system and other instances where similar occurrences are taking place was one, and it was his first reason, is that the system is not always relevant and the second reason was that the local leadership had not been able to persuade parents to encourage their students to stay in school, and in fact, other elements in the community sometimes did not encourage students to do so. And we agreed that that would be a factor in Grades 11 and 12 and 10, perhaps, but not a factor in Grades 5 and 6, where the dropout rate starts to increase dramatically. And when I say we agreed, I have to put on the record that as I was making those statements, the Minister was nodding his head in affirmative, and I can only interpret that as agreement, while in fact it may not have been and the Minister will have, of course, an opportunity to clear the record up in that respect, if he so wishes. But I had taken that to be agreement that in grades 5 and 6 that would have not been a major factor.

So to be quite succinct in my remarks, I believe that there is a failing of the government at both levels, that there has been a failing for many many years, and I don't attribute it to any one Minister, government, province or jurisdiction, whether it be federal, provincial, or municipal. I believe that to be the case. But I also believe that there's a very positive and beneficial aspect of the leadership of band communities and leadership in general of the Indian organizations wanting to play a more active role in developing an educational system that more fully suits their expectations and meets their needs. So having said that, I believe the record is clear in that respect and I would not want to allow any misinterpretation, either justifiable or unjustifiable, to remain.

**MR. CHAIRMAN:** (1)—pass; (2)—pass — the Honourable Member for Churchill.

**MR. COWAN:** Thank you, Mr. Chairman. On Other Expenditures I would just ask the Minister if there are any grants involved in this particular line item of the estimates?

**MR. COSENS:** No, Mr. Chairman.

**MR. CHAIRMAN:** (2)—pass; (d)—pass. Item (e) Vocational Education (1) Salaries—pass; — the Honourable Member for St. Vital.

**MR. WALDING:** No, not so fast, Mr. Chairman. Mr. Chairman, we see an amount under this section (e) of some 133,000 and I'm rather puzzled to see on Page 13 of the annual report under Vocational Education Branch that the branch processed approximately 4,800,000 in claims for calendar 1979. I wonder if the Minister could explain that, please?

**MR. COSENS:** Yes, this branch is responsible for processing the vocational grants that go out to all the schools in the province, Mr. Chairman. The money of course is not located in the branch, but this branch because of its expertise and familiarity with this particular area does the processing of grants and of course is very much involved in new vocational facility planning and that type of provision of equipment and anything to do with the vocational area.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for St. Vital.

**MR. WALDING:** I'd just like to ask the Minister whether English as a second language is normally classed as a vocational subject?

**MR. COSENS:** Not normally, Mr. Chairman, and it does seem out of place in this particular appropriation, but I understand that historically this is where it has resided. If the honourable member would like to suggest a more logical place for it, it could be well placed somewhere else, but historically it's resided here and I suppose that we are victims of habit as much as anyone else.

**MR. WALDING:** Mr. Chairman, when I occupy the Minister's chair over there I'm sure I can find another place for it, but I used it just as an introduction into the next question that I have and I wonder if the Minister could tell me if we leave aside evening school courses and English as a second language and just refer to vocational education as being vocational, business education, home ec. and that sort of thing, could the Minister tell me how many new vocational educational programs were set up in the last year, perhaps the last calendar year, 1979?

**MR. COSENS:** Mr. Chairman, I don't have that particular information readily available; I can get it for the honourable member. We are seeing an increase in the number of students involved in vocational programs in the province, but I don't have the exact information for him.

**MR. WALDING:** Mr. Chairman, I wanted to follow that up with another question and ask the Minister how many vocational programs in the same categories were dropped in the last year. It's been

my impression that the squeeze on education financing that has been facing so many boards has resulted in a number of these programs being dropped. They tend to be more expensive than purely academic programs and information coming to me has indicated that in a number of school boards, especially some of the smaller rural ones, that this is where the axe has fallen most savagely and that many of the students finding themselves half-way through and having the course cut out have little choice but to contact the correspondence branch of the Minister's department and seek to follow the courses in that manner. When we get down to that particular branch, the correspondence branch, I believe that we will find that there has been quite a substantial increase in the number of students taking correspondence courses and the number of actual courses themselves. I wonder if the Minister could undertake then for me to find out the number of programs that have been dropped in our high schools under vocational education over the last year?

**MR. COSENS:** I have some figures here, Mr. Chairman, that I can give the honourable member. I haven't had an opportunity to peruse these myself lately. Programs established during the 1979-80 school year, 36 programs or courses in 16 schools in 10 school divisions and programs scheduled to be established during the 1980-81 school year, 60 programs or courses in 26 schools and 19 school divisions. As I mentioned to the honourable member earlier, we have seen an increase in the number of students involved in vocational programs in our high schools across the province.

**MR. WALDING:** Mr. Chairman, the Minister spoke too quickly for me to get down the first figure that he read out. I wonder if he would repeat that for me please and also indicate whether he has the corresponding figures for the number of courses dropped in the last year.

**MR. COSENS:** I'll repeat, Mr. Chairman, programs established during the 1979-80 school year, vocational, practical arts programs we are referring to at this time, 36 programs or courses in 16 schools in 10 school divisions. The figures regarding school divisions that may have dropped a vocational course or courses I do not have at this time. I'm aware of one rural school division that did terminate its offering of industrial arts, for students that had to be transported some distance. Beyond that particular situation, Mr. Chairman, I'm not aware of any others. There may well have been others, although it is not reflected in the total number of students involved in these programs, which over the last two or three years have been showing an increase.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for Fort Rouge.

**MRS. WESTBURY:** Thank you, Mr. Chairperson. I wonder if the Honourable Minister can tell us if any decision has been made or if any further discussion has taken place on the possibility of providing a vocational education facility in the south area of the city of Winnipeg? I know that for some years this has

been a matter under discussion under the previous government, there were plans at one point to have Churchill High School become a joint facility, I believe, and the Member for St. Vital no doubt knows about that and perhaps can help me later.

I'm also wondering if he could tell me if in evaluating programs, needs are decided, educational needs, employment needs, where skilled labourers in a particular skill are being imported from outside the province because they are not available in the province, if the government gives serious consideration to providing training in that particular trade or skill and if there is a continuing evaluation in that way of the courses that are being provided?

**MR. COSENS:** First of all, Mr. Chairman, in reference to the vocational facility that the honourable member refers to in south Winnipeg, that matter is still under consideration and under study and it has been going on, I understand, for some time and I would be optimistic that we will see something happen in that regard in the ensuing months.

In regard to the honourable member's second question, which is certainly pertinent today, one of the problems that we do face in this province is a lack of skilled, trained young people. We are not meeting the demands of industry. The solution that some people see to this particular problem is that the schools would start training these young people and I have no problem with that particular solution in part, as long as we can provide that vocational training along with a good sound academic training that will enable the student to move after graduation from high school either into further skills training in the particular trade they have chosen or technology, or in fact they may choose to go to university. In other words I am quite adamant that students not have to make a choice so early in their lives that should they change their mind at age 18 or 19 and wish to go to university or into some technological area that requires a particular academic training that they would have the doors closed so to speak as a result of lacking the proper academic qualifications.

Mr. Chairman, we face a real problem in this regard. We have comprehensive high schools across the province that offer a number of vocational courses. These schools have been equipped with rather sophisticated and expensive equipment. We now are finding that industry is telling us that they require additional trades, additional types of skilled workers, and we do not have the facilities or the equipment in place to handle that type of training. To provide those facilities and to provide that equipment would be a rather expensive item; a very expensive item. What we are looking at as an alternative at this point, Mr. Chairman, is a concept for a new program that we would call co-operative work education, and we are going to move into that particular concept this year and develop it.

We know that in the community, across the province in fact, industry and business do have facilities. Industry and business do have the machinery in place, the equipment in place, and what we are contemplating and looking at quite seriously as a new type of concept for vocational training for young people within the school system is a co-operative work education project where the student

would spend part of their time in the academic school and go into the workplace in either business or industry and receive training in that particular workplace that would be the equivalent of what they would receive in the vocational school. This in part solves some of the problem of dealing with new skilled areas that we don't presently treat within the school system; new areas where we don't have the equipment in place; new areas where we don't have the facilities. This is something that we will be developing this year and hopefully piloting one year from now.

I think the concept has all sorts of possibilities. I know that industry and business are enthusiastic about the concept and it will require some further planning on our part, some further development, but we think this in part is a sensible type of solution to the dilemma we find ourselves in at this time. It is almost impossible for the school system to keep the machinery and the equipment and the facilities in place to keep up to date with what industry and business are requiring today in the way of new skills and new trades, and as a result we are looking at the co-operative work education project as a partial answer to that problem.

**MR. CHAIRMAN:** The Honourable Member for Rossmere.

**MR. SCHROEDER:** Thank you, Mr. Chairman. The department's education research division had released a document back in October entitled Counselling and Guidance Services in Junior High Schools Utilization and Identified Needs. There were several interesting items in that report. First of all, it appeared that students were making decisions regarding their future career patterns by as early as Grade 7 and certainly prior to Grade 9, and at that time there appeared to be very little information available. That is, it seems that most information becomes available to students in the high schools after they have already decided where they are heading.

There was another interesting finding and that was that the question of cost on any program was one that was very important to those students who were poor. That is, it was not a concern of the upper-middle-class student; it was a serious concern of the poor student.

Another interesting question was that of how does it pay, how does a job pay, and that was again very important to those with not very much in the way of financial assistance at home. I point that out to the Minister. I am sure he is aware of it; I am sure he has read the report. But he is also aware that as we are getting closer to vocational training subjects that the matter of funding, the matter of the financial wherewithall to remain in the system, becomes a little more important. I noted with interest the concept of work experience which the Minister has indicated will now become a part of the high school system. I take it that will be on a pilot project basis. I'm just wondering in what type of area that will be. What kind of trade does the Minister see this as being started in?

**MR. COSENS:** Mr. Chairman, we have not designated those particular areas as yet, but I would

suggest to the honourable member that it be certainly in those areas that we cannot service within the present vocational programs that are offered in the schools today. In other words, trades that are not in place, trades training that is not in place within the vocational schools that we presently have in place.

**MR. SCHROEDER:** Could the Minister explain why it is that funding in this department has decreased so drastically in the last several years. From 1978 it was 167,700; it's down to 133,000 now, and in constant dollars it's down from 103,000 to 66,935.00. Why is it that this department has taken this kind of a bath?

**MR. COSENS:** Mr. Chairman, I understand that a vocational alternatives program that had existed under this appropriation was placed into the school grants section of that particular appropriation and as a result that money that used to appear in this appropriation now appears under the school grants area.

**MR. SCHROEDER:** Could the Minister advise as to how much that was or how much it is in this year, for instance, that's been transferred somewhere else?

**MR. COSENS:** Mr. Chairman, I don't have that information readily available. I can check and get it for the honourable member if he so desires.

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

**MR. WALDING:** Mr. Chairman, further to the questions I was asking of the Minister earlier, I didn't have this particular document immediately to hand and that's the reason I didn't get up again. The Minister said he was aware of one program that was dropped last year. Perhaps for his information I can read him a quotation from a letter from the Turtle Mountain Teachers Association to their board and this is part of a brief that was given to their board last year. The Member for Souris-Killarney might find this of some interest.

They say, and I quote, Last year there were six teachers cut in the division, two in each of the high schools. In Boissevain, courses dropped: Geography 300, History 202 was combined with a modified 201, Geography 102 was modified with a 101, Biology 201. Resource time was reduced by approximately 25 percent. Grades 6 and 7 had a combined class. More people were involved in delivery of the music program. Staff members had an increased work load. School and extracurricular supervision time increased for all staff members. The career counselling program was eliminated.

In Cartwright, the school secretary dropped from a full-time to a half-time position. One-and-a-half teachers were lost with a resulting loss of four courses and an increase in correspondence students, because options formerly available were no longer offered.

Let me just repeat that again for the Minister's benefit, An increase in correspondence students because options formerly available were no longer

offered. Some classes in the elementary school were combined.

In Killarney, one-and-a-half teachers and a full-time secretary were released. As a result, Grade 9 German and a Grade 12 teaching practicum were abolished. French 200 and 300, which had been offered each semester, were only offered once during the year and the History 100 class was dropped. In addition, the Shorthand program was cut. If the proposed reductions take place this year, it is obvious that programs will be dropped in all the schools affected.

In Cartwright, further combinations of classes will be necessary at the elementary level and at least four courses will have to be dropped from the high school program. In the Killarney School, a strict adherence to the staffing formula will result in the complete elimination of the French and German programs and a resulting increase in class size to 35 to 40 students as they are absorbed into other classes. Native studies courses will increase in size from 23 to 46 students per class. In Grades 7 and 8 Industrial Arts, that is, Shops and Home Economics, will be eliminated entirely and partially at the senior high level.

Now I just give those few examples there of courses that were cut, dropped, abolished, eliminated, at merely one school division. I have no reason to believe that the Turtle Mountain Division is particularly unique in this regard and I look forward to the Minister providing us with information from all of the other divisions and districts of courses that were dropped there. I suspect, Mr. Chairman, that since the government's budget cutbacks and its acute protractive restraint program has affected all school divisions to a greater or lesser extent, that we will find a similar tale of woe coming from all of the divisions. If the Minister is interested in receiving a copy of this, I'll be very pleased to let him have it and I am sure that the Member for Souris-Killarney will take due note of the damage that his colleague has done in Souris-Killarney. Perhaps it will provoke a few other members on that side, particularly the rural members, to enquire with their own school divisions as to what is happening to the quality of education and particularly these vocational courses that we believe are being dropped in increasing numbers, forcing the students there to rely on the correspondence courses, which again I suggest would put them at a considerable disadvantage to those perhaps more fortunate divisions that are able to keep their vocational education courses.

**MR. COSENS:** Mr. Chairman, I think if I may suggest to the Member for St. Vital, he is perhaps showing, and I use the word advisedly because it's not a personal reference, he is showing lack of knowledge of what occurs in small communities in rural Manitoba. Having worked for some 25 years as a school teacher and administrator, I can tell him that I could have given him similar figures to that some eight years ago, in a particular community that I was in, where we had to combine Grade XI and XII French in one class, where we had to cut out certain other options because we didn't have enough students, in fact, Mr. Chairman, to offer those particular options. It is rather difficult to justify tying up one teacher's time for three students in a

particular class for a whole year. That sort of thing does happen in any smaller system throughout this province and, in fact, I can tell the honourable member that as much as six or eight years ago, that we did have a considerable number of students who were taking correspondence courses because they couldn't get that particular option in their high school at the time. These are not new things that he is stating, at all. They have been happening for some years and are really characteristic of what has to happen in small towns as populations change and students' interest in particular options change.

So if he is trying to build a great case about quality here, I suggest to him that we have been trying to contend with this business of quantity of options and number of options with small high school populations in many of the rural areas, for many years, and it will continue and of course it will perhaps be increased to some extent by declining enrolments and the very problems that he suggests in one particular school division are found in a number of others where they have had to drop certain options because there weren't enough students to offer that particular option. It is very hard to justify, as I say, having a teacher's time taken teaching three or four students for a whole year in a particular option subject, Mr. Chairman.

This doesn't mean that the core subjects, those that the students are required to have for their basic program, are suffering. But certainly in the option area, there is a limit to what can be offered in a smaller facility and this is something that rural people have learned to live with. There is no easy solution to that particular problem.

**MR. WALDING:** Mr. Chairman, the Minister is suggesting here that there are classes of three to four students and that is the reason that they are being amalgamated with others, but if he had listened closely to what I had read out, I gave him one instance where a course had been increased to 46 students per class. Now, this really doesn't square with his suggestion that the number of students in a class was eroding and it was down to a mere handful and that was the reason for the combining of the class.

In another instance, French and German programs in a resulting increasing class size to 35 to 40 — now, that's not a mere handful, Mr. Chairman, of some three or four. It may well be that he is right, that school divisions over the past have been faced with a problem of insufficient numbers to justify a class size, but is that what he is contending happened in Turtle Mountain? If so, he should say so and give us some facts to back that up. I don't doubt that knowing declining enrolment has been in effect provincially, that it will affect a number of school divisions, some worse than others and some not at all because not all divisions are suffering from declining enrolment. I could probably give the Minister indeed some figures if he wants but he has all of those figures himself.

So my suggestion here, Mr. Chairman, is that these courses that are dropped and classes that are amalgamated and other positions that have been reduced, have been due to the government's cutbacks and not to the mere handful of three or four students as he suggests.

**MR. CHAIRMAN:** The Honourable Member for Rossmere.

**MR. SCHROEDER:** Yes, Mr. Chairman. I have several questions here. I wanted to make a comment but I don't seem to be able to find the document I had in my hand here a minute ago. Here is it. The Minister will recall, just pursuant to the conversation he's had with the Member for St. Vital, a presentation made to him by the Manitoba Association of School Trustees fairly recently and in that presentation on Page 3 they stated, During the past two years boards have been exercising economic restraint and have eliminated any fat which might have existed in their budgets. There is a danger that further restraint could result in program cuts which could have a detrimental effect on the quality of education. I understand that report was given to the Minister about three weeks ago. In our meeting with the trustees we asked them what they were talking about in terms of fat, what was it that the government has forced them to cut? They referred specifically to sports programs; they referred to the industrial arts; they referred to home economics; they referred to arts programs; they referred to music; they referred to things like transportation of kids to kindergarten. What they're doing now is taking the kids every other day for a full day to save some bus money rather than taking them every day for a half day and those are six-year-old kids, five-year-old kids, spending a whole day in school rather than the half day that traditionally has been spent and that is because of the restraint programs of this particular government. To suggest that it has something to do purely with declining enrolments, I would suggest, is simply incorrect.

Here in this particular field that we're talking about, in vocational education, this government in absolute dollars has cut the funding down practically in half, in constant dollars, practically in half at a time when I suggest that there are increasing numbers of students in the vocational field in this province. I would suggest that in this province there are probably more students in vocational training in high school than there were three years ago — that seems to be the area in which we are moving — and not much is happening. In my home division, River East, we've got people practically on the rafters, the school is just totally jammed and I am told that that is the way it is in other parts of the province.

The Member for Fort Rouge, I believe it was, was asking what is happening with the regional high school for south Winnipeg and the Minister answered, well, that's under consideration, like everything else is in his department. I would ask the Minister how about the regional school at Ile des Chenes, the one that has been requested by the school board in that area, what's happening with that one?

**MR. CHAIRMAN:** The Honourable Minister.

**MR. COSENS:** There has been no regional vocational school requested for Ile des Chenes, Mr. Chairman.

**MR. SCHROEDER:** There's been a regional school requested for Ile des Chenes and I'm just wondering

whether there's been approval of that school in Ile des Chenes.

**MR. COSENS:** Not to this point, Mr. Chairman.

**MR. SCHROEDER:** Could the Minister advise as to the number of students in vocational courses, as opposed to the regular system, both in vocational and in regular in 1980-81 and also those same figures for 1977-78?

**MR. COSENS:** Mr. Chairman, I don't have those particular figures but the honourable member has been talking about the lack of money and so on. In 1979 the vocational grant per pupil paid out was some 3.3 million and the vocational for 1980 estimated is some 3.4 million. As he can see there is some increase in that regard. In 1979 we provided some three-quarters of a million dollars in the vocational equipment area; in 1980 we will be providing 1 million in that particular area.

**MR. SCHROEDER:** I'm not sure I understood the Minister. Did he say that it was 3.3 million as opposed to 3.4 million the next year and three-quarters of a million for the sports capital equipment as opposed to 1 million? —(Interjection)— Vocational? I see, I'm sorry I misunderstood.

So there was a 100,000 increase in per pupil grants in vocational schools. Was there an increase per pupil or was this an overall increase?

**MR. COSENS:** No, the size of the grant was not increased, Mr. Chairman. Because the total amount has been increased it indicates to the honourable member that there is an increase in the number of students in this regard.

**MR. SCHROEDER:** Yes and I would assume that is at a time when the other high school population is on a decline, is that correct? Could the Minister advise as to exactly what the people who are in the Vocational Education Branch are doing?

**MR. COSENS:** The Vocational Branch, Mr. Chairman, performs a number of functions. Their objective of course is to coordinate the ongoing development and delivery and monitoring of vocational and practical arts programs and services through the provision of consultative and support services to school districts and school divisions. It provides these services to the department itself, other government departments, in matters relating to the planning, the delivery system, the establishment, the operation, the funding and evaluation of practical arts, evening school, vocational and work education programs.

Specifically, Mr. Chairman, they review and process grant claims re vocational students, and I've just referred to those sums of money earlier, to the honourable member. They review and process grant claims for vocational, practical arts shop establishment and replacement equipment; the grants pertaining to evening schools; ESL grants and textbooks related to the vocational area and of course to the ESL area as well. They advise the school building projects committee and/or the public schools finance board re school division requests for vocational and practical arts facilities and budget

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estimates and policies related to vocational or practical arts in evening school programs. They also assist school divisions re facilities planning, program delivery, and monitoring and shop safety. They advise the department and teacher-training institutions concerning programs and certification for vocational practical arts teachers in training and they establish guidelines for implementing the various systems of delivering practical arts and vocational education programs. They carry out these and other tasks and of course co-operate very closely with the manpower area, the labour area, industry, commerce, school divisions, school business. They also coordinate, as I mentioned earlier, in this coming year what will be some 5.3 million in total in grant claims. As I mentioned, they coordinate the review of facility and equipment requests for approximately 60 vocational practical arts programs in 38 schools in 35 school divisions.

Of course, they participate in the development of safety guides for vocational and industrial arts shops, procedural manuals for programs, facilities and equipment, grant claims and guidelines for industrial arts facilities as to requirements and construction. These, I would suggest, Mr. Chairman, are the major tasks and functions of that department.

**MR. SCHROEDER:** Yes. The Minister mentioned part of their function is being involved with ESL. I'm just wondering how much of their function in dollar-terms would be dealing with English as a second language.

**MR. COSENS:** We are dealing here with the ESL as it applies to adults, Mr. Chairman, and they are involved with the paying out of grants to school divisions offering adult ESL programs. I'll have that total amount for the honourable member in a minute.

**MR. SCHROEDER:** Several other questions. First of all, there was an indication that these people do some advising on shop safety, so I take it that they are field people. I'm just wondering whether that couldn't be a job that could be combined with the field officers or administrative supporters or whatever, the other, the 17 individuals and the inspectors — that's number one.

Number two, there is an indication that these people advise the public schools finance board as to the advisability of approving or not approving of applications for funds for equipment and I'm just wondering whether the public schools finance board would not be capable of making those decisions without the intervention of this group.

**MR. COSENS:** Mr. Chairman, I think the honourable member has to realize that we are talking about an area that requires a certain amount of training and expertise in itself. The people who work in this particular area within the vocational unit have that type of expertise and training that is not found among the average person or those trained in some other aspect of education. As a result they are the people who can advise, who can provide consultation, who can conduct workshops for shop teachers across the province in regard to shop safety, who can give expert opinions and expert consultation on the best types of equipment to be

utilized. To suggest that other people who have not had a background or training in this particular area could provide that, Mr. Chairman, I would suggest is just a wee bit naive.

**MR. SCHROEDER:** In reading last year's estimates I noticed that the Minister indicated to the committee the number of students or the percentage of students who obtained employment, I believe, from the various community colleges. I'm just wondering what the Minister is doing in terms of follow-up to determine what the success rate or employment rate is of the students who graduate from the vocational high school. Is there any program to monitor their success as they leave high school?

**MR. COSENS:** Mr. Chairman, I am pleased that the honourable member asked that question, because that very type of follow-up survey is going to take place. It will be a co-operative undertaking of the vocational education branch and the research branch of the Department of Education, as well as the Department of Labour and Manpower. The objectives of that study will be to obtain information on the labour market experiences of former vocational education students and it also will set out to obtain information on the continuing education plans of vocational education students in our high schools to obtain information on the degree of utilization and satisfaction with school services such as Career Counselling. It will also attempt to obtain information on the students' degree of satisfaction with their present job. It will attempt to determine the students' perceptions of general education skills obtained through the vocational education program and also to determine the students' perceptions of the quality of their vocational education program, and also to develop an instrument in the methodology that can be replicated in the future. This has not been done to my knowledge, Mr. Chairman, to this point. The particular sample of students will consist of all 1978-79 high school industrial and vocational business education graduates with six or more credits in vocational education.

**MR. SCHROEDER:** Back to that co-operative work experience program, has this program been developed to the extent that the Minister can advise as to whether the students who would be involved in this would be doing this on a paid basis? Would it be a half-day or what kind of structure does the Minister see?

**MR. COSENS:** Mr. Chairman, the program is in the concept stage at this point, but I think I can assure the honourable member that for training and experience gained during what we would recognize as school hours in the workplace, they would not be paid, Mr. Chairman.

**MR. SCHROEDER:** If the students wouldn't be paid for the work being done at the workplace, would the employers pay the school?

**MR. COSENS:** Mr. Chairman, we have had a number of work education programs in place in the system for a number of years. This is not an entirely new concept at all. Students involved in business

education, for instance, for perhaps 10 or 12 years have been going out into business establishments throughout the province and spending a matter of as much as six weeks perhaps working in those businesses. In that regard, it has never been the practice to have students paid for that particular experience. The particular business or industry is required to provide certain services and certain training to the student that I imagine places a bit of an imposition on that particular establishment. I think the reaction has always been that, out of realization, that there is some imposition put on the training place, the workplace, in this instance, that the requirement to also pay the people who are training has not been necessary nor has it been practised in years past, Mr. Chairman.

**MR. SCHROEDER:** The Member for Churchill had indicated to me when the Minister started on this before that this could be a dangerous concept and I didn't tend to agree with him at the time. I thought it was a good idea to get going on something like this and I agree with the Minister that when you have people going out for a couple of weeks into the workplace that frequently there is absolutely no benefit to an employer and it is done purely on the basis that the employer will assist the individual to get some training, to get some concept of what is happening away from the school. I am sure the Member for Minnedosa has probably taken in students in his bank for a couple of weeks and they haven't done an awful lot of good, they haven't done too much harm, and hopefully they've learned something. I think it's a valuable experience.

But what the Minister is now talking about is somewhat different. The idea of the school system providing people over a lengthy period of time into the workplace for free, that goes back many years, and I for one would be rather appalled at the idea that we would have, for instance, carpenter trainees going out into the field and working half-days or for weeks at a time or what have you, for free. I think that we should be very careful in terms of that type of a program. I would welcome a program of co-operative work experience. I think that it would be a good idea, but I don't think that it should be something that will subsidize employers at the same time as it takes employment away from other adult individuals and it seems to me it would be too easy to be open for abuse.

**MR. CHAIRMAN:** The Honourable Member for Churchill.

**MR. COWAN:** Thank you, Mr. Chairperson. Now I have to stand up and clarify remarks that I made offhand to the Member for Rossmere. In general what he said was an accurate reflection except for I believe one word, and that was, he indicated I said it would be a dangerous concept and I think at the time I suggested that it could be a dangerous concept, and that's what I would like to discuss. There is a need for vocational training and work experience programs and co-operative work education, as the Minister has termed this program, can in some instances fill that need. But there is a danger in the process and one has to be very careful that a process such as this is not open to abuse. The

Minister said in his remarks that this concept has all sorts of possibilities and I agree. This concept has some very positive possibilities. This concept has some potentially negative possibilities and that is what I suggest when I say this could be a dangerous concept. I do not mean to imply that it is or that it has to be and on the basis of the information that the Minister has given us this evening, I would not wish to make such a categorical statement other than to suggest that one should review it carefully and be very open to the potential abuses.

I had the opportunity, as I mentioned earlier, of being in Lynn Lake two weekends ago with the Minister. At that meeting we talked to a personnel director of Sherritt-Gordon Mines Limited who was also quoted in the paper recently in regard to vocational education opportunities in that community. While we didn't talk with that person at the same time, I am certain that the message that person related to both the Minister and I were in fact much the same message, as he feels that he has a very important case to make and he believes that some of his ideas can have a positive impact on some of the problems that community faces, problems that face the school children in that community and problems that face industry in that community.

I would like to discuss that, in not a great deal of detail at the moment, because there will be other opportunities, but in some detail as to feel the Minister out in regard as to what he is doing in that specific instance and from that draw some conclusions as to what his department is doing generally. The person involved from the community indicated that he had presented a brief to the government and that the Minister should have had that brief. I would ask the Minister if he has received the brief in fact from Sherritt-Gordon Mines Limited, and if so, if he has gone over it and if he can relate to us his opinion in regard to the concepts involved and also some of the details involved in that brief.

**MR. COSENS:** Mr. Chairman, I have received that particular brief. I have examined it with my colleague, the Minister of Labour. Some of the basic concepts contained within that brief, of course, come very close to what we have been talking about in the work experience program. And again, where in any particular industry or business, there are identified skills where we have people in short supply, where in fact Manitobans are not available to fill those positions, where after discussions with labour and management, we find that everyone concerned is interested in seeing young people receive that type of training, then I would suggest that if there is a useful workplace with the proper type of training facilities available in the community within the industry, then it is quite possible that the concept that I have been referring to this evening, of the student going from his particular high school into the workplace to receive training in that skill, could take place. It could apply in this specific instance.

Now, as I say, the whole plan and the whole concept is very much in its infancy, but we will be examining all types of workplaces. It will necessitate setting up advisory committees of people from industry, people from labour and looking at all of the

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aspects. Of course the first year we would intend to pilot this in several different types of workplaces to find out what problems might exist, but it is not a program that we would jump into, Mr. Chairman, so to speak, without having very carefully tested it out in a few workplaces to make sure that the concept does not contain some aspects that would not be useful to the student and would in fact mitigate against the program. The member has asked about a specific instance. I think he would agree that it is quite possible that this is a place where that type of program could work.

**MR. CHAIRMAN:** The Honourable Member for Churchill.

**MR. COWAN:** Thank you, Mr. Chairperson. I certainly will agree that in this particular instance this type of program could and might possibly provide a valuable service and I would hope, if the Minister is giving consideration to the implementation of this work education program in pilot situations, that he would give some consideration to that community. I'm certain that it would serve both the students in the community and the industry well. But I would ask the Minister, before he does so, to take the time to develop an advisory committee with labour and industry and departmental representatives on it, because in the specific instance that we're talking about, I would believe that labour might have some concerns — I don't want to go into the details of why they would — but it would, to put it very briefly, they would be concerned that it might take away from some of their older members the possibility to move from underground into a trades area. That has always been an escape route that they have protected very jealously and for a good cause.

I would not want to see the program be put in place over the objections of labour, but I would certainly want to see the program developed in consultation and in a co-operative manner, not even in consultation because that implies that a consensus may not be necessary, but I would hope that the program would not go forward without a consensus being developed by the department, by representatives of industry and by representatives of Labour. That is not to take away from the brief that is presented to the Minister but only, I believe, to support the concept and to provide my suggestion as to how we might go about implementing it in the most efficient way. And by most efficient I'm not talking in the short term, but I'm talking in the long term. The program will be most efficient if it is accepted by the unions, if it is accepted by industry and if the departmental people accept it and feel that they have all had some part of developing the program and it meets with their requirements.

I believe that is an attainable goal, so it may take a bit longer on the front end but it will certainly save a great deal of grief on the tail end. So I encourage and support the Minister to make certain that Labour, in all of these areas, is involved in one way or another. If there is not a specific union in the industry or the specific worksite where this program may be implemented on a pilot project, I'd ask the Minister to go to perhaps the umbrella organization, the Manitoba Federation of Labour, and talk to them about this if he hasn't already because I believe they

have experience in the field and can provide valuable insight into this type of a program. I also believe that the Labour unions, knowing the value and recognizing the value of their work and their skills, will support the development of such work and such skills. So having said that about the program I do look forward in working with the Minister in developing a pilot project in Lynn Lake along with the other parties that are going to be most affected by such a project, and will offer him whatever encouragement, support and assistance that I can in that regard, of course, with the caveat in place, that there must be a consensus and it must be acceptable to all parties involved.

I would ask the Minister if he can explain exactly how this particular branch is interfacing with industry in regard to determining where those critical shortages are in reference to specific skills that are in short supply and how they are developing a time framework in regard to when those skills should come on line. The problem being that there has to be a certain amount of forecasting done and as the Minister knows there is a certain time lag. So when you start to talk about skills being in short supply, then mechanisms are put in place to develop those skills and then people start to enter that particular area and then a while down the road so many people have entered that area that they are full but it's hard to turn off the machine once it gets going and, therefore, we find ourselves going from situations of abundance to situations of total depletion of our skilled labour in a specific area. So I would ask the Minister if there is any specific program of interfacing between this branch and the industry as a whole?

**MR. COSENS:** Mr. Chairman, that particular function is fulfilled by the Department of Labour and Manpower who do have specific staff assigned to labour forecasts, the identification of areas of skill shortages and so on within our society and they do certainly interface very closely with industry and with Labour in that regard. I would just like to make one remark, Mr. Chairman, to the statement that the Member for Churchill has said. I think it's taken for granted by myself, certainly all of those things have to happen for the work experience project to be a successful one and I mentioned earlier, prior to his remarks, that advisory committee is composed of all the components in the workplace and would have to be set in place before this particular program could go into operation. I would just caution the member when he seems to have accepted the idea that Lynn Lake will be one of the pilot courses and I cannot confirm that at this point. There will be certain pilot courses put into place, certainly Lynn Lake and the Sherritt-Gordon Mining Company have shown a particular interest and they will be considered, but I cannot assure him that Lynn Lake will be one of those pilot courses at this point.

**MR. CHAIRMAN:** (1) — the Honourable Member for Churchill.

**MR. COWAN:** Well, as we would like, Mr. Chairperson, to have the assurance that they will be, we will in fact accept the assurance of the Minister that he will be looking at them very specifically and determining if they cannot be incorporated into the



program at a pilot level. We will encourage him in that and I have great faith that the justice of the situation will win out in the long run and they will be a part of the pilot project. I think it's a good place to start. The reason I had mentioned that there should be those advisory committees and I made a special point of saying that Labour should be taken into account and also should have a strong role to play in this, is when the Minister first mentioned the concept, he said the concept has all sorts of possibilities and then he said that Industry and Commerce are enthusiastic about the particular project which would mean that he has in fact talked to Industry and Commerce but he did not at any point say that Labour or labour organizations are enthusiastic about the project. So maybe I would ask the Minister now if he has approached the Manitoba Federation of Labour or the Canadian Labour Congress or any bodies of that sort in regard to their opinions on this particular project?

**MR. COSENS:** No, Mr. Chairman, we have not really reached that stage of consulting with different groups as to the specifics. We are waiting till we really have the program brought into a little firmer position as far as proposals are concerned. Some tentative discussions have been held, but I don't think anything of a formal nature in this regard. We have had that type of communication from individuals both within industry and labour, but I'm not aware of official meetings in this regard.

**MR. COWAN:** Talking about a constituency matter again, in specific reference to vocational education, there has been some problem in the past in developing sites for vocational education in northern schools and I'm speaking in specific again to Lynn Lake where the requirements for a shop were such that there was an extreme problem in putting in place a Vocational Education Program for lack of facilities. I believe that they've experience a similar problem in Thompson in that regard. I'd ask the Minister what his department is doing to meet that very specific problem of smaller communities, but communities of an industrial nature and could probably benefit very largely from an active Vocational Education Program.

**MR. COSENS:** Mr. Chairman, I would suggest to the honourable member that the type of program that we are proposing at this time can in part meet that particular need. When he speaks of Thompson, of course, he is speaking of a larger centre where there is a possibility that if we can identify major needs that something beyond this particular concept can be considered.

**MR. COWAN:** I hope, Mr. Chairperson, that this concept is not being developed as a replacement for the shop within the school because I believe that, while work experience can provide insight and provide experience in certain areas, that also the vocational shop within the school, where you have professional teachers who can develop certain skills better than non-professional teachers, although that is not meant to take away from the worker who is being used to teach his or her particular skill to a student, it does take note of the fact that teachers

have undergone a long educational process, have been taught how to teach and those are skills that the worker in the shop may, or may not, but usually will not have had opportunity to develop and to enlarge upon as a teacher has. So I would ask the Minister to indicate if he believes, or if he is intending to use his work education or co-operative work education program as a replacement for shops in schools.

**MR. COSENS:** Mr. Chairman, we would view this as in addition to that particular aspect of vocational training, in view of all the particular factors that I've mentioned earlier that mitigate against us offering specific trades training and updated trades training and all of the other factors that almost make it impossible for us to keep an updated supply of appropriate machinery and equipment in the workplace within schools.

**MR. COWAN:** That, Mr. Chairperson, leads us back to my question a few moments ago. What is the Minister doing about the lack of shop facilities in the smaller communities, specifically in northern Manitoba, and even in the larger industrial communities in Manitoba where students are not having the same opportunity to develop those skills within the school as students are within other areas of the province?

**MR. COSENS:** Mr. Chairman, I think if the honourable member looks at a map of Manitoba he will find that we do have comprehensive vocational schools located across the province in geographic locations that enable most students to attend a vocational school if they so desire. It means, in some cases, that some have to be bussed a considerable distance to accommodate their particular desire for vocational training, but where sparsity of population and distance require this to be so it would appear to be the only answer. It is almost impossible, I would suggest to the honourable member, to supply the type of equipment that is used today by industry in small locations to a very small number of students. The only alternative at this point would seem to be to bus students to those centres that have reasonably up-to-date equipment and adequate facilities.

**MR. COWAN:** Of course, bussing will not work in Lynn Lake, or Thompson, or Snow Lake, or Leaf Rapids, or Gillam, or Churchill or any of those areas. But in Lynn Lake and in Thompson and in the industrial communities in the north, there is usually an employer of some significance and some size, that could provide space for a shop. And we talked about sending the students into the employer's facility to learn from workers at that worksite and that is a positive idea in many respects. I would ask the Minister if he has given any consideration to also sending teachers into those facilities so that they can use those facilities, equipment that is not available to them in the school, to hold classroom activities that will enable the students to get, not only practical experience but theoretical experience, as well as the other types of activities that they may not be asked to do in the course of a normal work day.

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**MR. COSENS:** Well, Mr. Chairman, I have to assure the honourable member that we have been looking at all of the alternatives and we could pursue each one of them separately if he so desired. I can only assure him that we've been looking what is feasible and what is possible in relation to costs and in relation to the number of students who would be serviced and so on and we are attempting to come up with the most possible alternatives.

**MR. COWAN:** Mr. Chairperson, not wishing to belabour the point any more than necessary, I do feel it has been necessary at this point to put a few comments on the record and also to seek out from the Minister some policy statements in this regard. We look forward to watching this program develop, we believe that this program can perform a valuable function, can play an important role in the educational system, but at the same time we have certain fears which we are certain the Minister shares in regard to the actual implementation of this program and will watch very carefully in both senses, in both to support the program where it is in our opinion playing a positive role and to criticise the program in a constructive way when we believe that it is not playing such a positive role; so we of course reserve that option.

Speaking generally to the subject, and very briefly, we hope that the Minister has developed a good working relationship with the Ministry of Labour so that we are not resulting in a sort of ups and downs of the supply market for certain skills. We hope that the Minister has and will develop a good relationship with the labour organizations and their representatives as well as industry organizations and their representatives, so that both partners or both actors in this situation can have the same and equal input into developing programs that will benefit both of them to a certain degree and we can encourage him in that regard.

We hope that the co-operative work education program is not used as a method of replacing classroom and theoretical learning, that it is used in a supplementary way and that it is not intended to take away opportunities and options that already exist. So we will be watching very very carefully, we recognize the problems that face the Minister, we recognize the problems that face us as a society, we know that they have to be dealt with and they have to be dealt with in a comprehensive way, but we do not wish to see programs put in place that will result in problems down the road. We wish to see those programs developed fully right from the start and that they be as comprehensive and as well thought out as possible. And of course if the Minister ever feels his support wavering for that pilot project in Lynn Lake, I only ask him to contact me immediately and I'll do whatever I can to encourage him to continue on with this development.

**MR. CHAIRMAN:** (1)—pass; (2)—pass; (3)—pass — the Honourable Member for St. Vital.

**MR. WALDING:** Mr. Chairman, on (e)(3) can the Minister give us an accounting of the 7,500 in assistance and can he also explain the 11,000 recoverable from Canada?

**MR. COSENS:** The 11,000, Mr. Chairman, refers to the citizenship training aspect, the textbooks that are provided for adults taking ESL, and that's recoverable from the federal government. The 7,500 I'm told is made out to a vocational alternatives program that is operating in a particular school division. I believe it's a program where they use trailers that are moved from one particular school to another.

**MR. CHAIRMAN:** (3)—pass; (e)—pass; (f) Measurement and Evaluation (1) Salaries—pass — the Honourable Member for St. Vital.

**MR. WALDING:** Just a couple of questions on this section, Mr. Chairman. I understand the major project of this branch last year was in setting up and administering a writing test. The Minister did give us a number of details on it last year. It was to test on a random basis, Grades 3, 6, 9 and 12, if I'm not mistaken, and I would presume also that a fair amount of time was taken in the analysis of the results. I would just like to ask the Minister for his impression of that testing process and can he indicate to us what was learnt from the program and how this might affect programming or curriculum in the schools in the future?

**MR. COSENS:** Mr. Chairman, without going into great detail on this, probably the honourable member has received the report that was issued that does give a great deal of detail. I see one of the main values of this type of assessment as giving, not only the department, but people in the field, the educators, an indication of the strengths and the weaknesses of a particular program, and in the case of the writing assessment program it did just this. It pointed out areas where as far as the total program is concerned, there were strengths. It also pointed out areas of weakness, overall, that had to be addressed and as a result of that, meetings have been held, workshops, in-services with teachers of English to discuss these particular weaknesses and look at ways to approach remedying them. It also of course has the advantage to the department and to the curriculum people in the department of pointing out certain areas that they must address in curriculum that is being developed at this particular time.

So, I see it, Mr. Chairman, as having a tremendous advantage in the improvement of the particular subject area that is being tested, because it does point out those particular strengths and weaknesses that can exist across the province and it enables us to then do something about them.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for St. Vital.

**MR. WALDING:** Mr. Chairman, I note from the annual report that measurement and evaluation branch was due to conduct a similar test in May on the subject of reading. I assume that since we are now in June that this has now been carried out, and I further assume that this area also took up a good deal of time of the branch. In view of the fact that the writing assessment program last year was the first time and it could well be expected that a

number of problems to occur, or perhaps it was a learning process in itself for those involved in the program, can the Minister tell us whether any particular difficulties were found either with the setting up of the test, the matter of selection of students to be tested, or in the evaluation or analysis of the results afterwards?

**MR. COSENS:** I wouldn't be able to point out any specific problems that we hadn't anticipated, Mr. Chairman. The particular items used on the test were tested and retested themselves by groups of teachers who are specialists in that particular area, to make sure that they would be valid. From that viewpoint perhaps I could only say that one of the things that surprised us, to the greatest extent, was the number of schools that wanted to use the test beyond the particular provincial sample. I believe there were some, and I could be corrected, but I believe there were 50,000 students who wrote the test beyond the 10 percent sample that was originally intended. The teachers had requested the tests on a voluntarily basis. Now as I say I could stand corrected on that 50,000 figure but I believe that —(Interjection)— yes, I'm correct in that. That surprised me somewhat that that many teachers would in fact request the test to be used with 50,000 students across the province. Again I'm told that's close to 80 percent of the total number of students in the province in those grades.

**MR. WALDING:** Mr. Chairman, I'm surprised by those figures too. Just a couple of other questions on this, Mr. Chairman. The Minister I'm sure has been informed by the Association of School Trustees that they would like information as to how each particular division — let me rephrase that — that each division would like the results as it applied to their division so that they could compare that with the provincial norms. I'd like to ask the Minister for his reaction to that request?

**MR. COSENS:** Mr. Chairman, I should inform the honourable member that there is an advisory committee that has been set up to advise on these particular tests, composed of members of the Trustees Association, school superintendents, the teachers' association, and this committee has recommended at this point that we not follow that particular procedure, realizing that the test is based only on a 10 percent sample and the committee, at this point, does not see that that would be a particular valuable piece of information and in fact might result in some distortion in the interpretation as far as a particular school was concerned, if it was being compared with another school.

**MR. WALDING:** Thank you, Mr. Chairman. The Minister has told us what his advisory committee has advised him. I didn't ask that question. I wanted to know what the Minister's reaction was. Is he going along with his advisory committee or is he going to make the information available to the school divisions?

**MR. COSENS:** The information, Mr. Chairman, has been made available to the school divisions, but not specific to each particular location and to this point

yes, I am following the recommendation of that advisory committee.

**MR. WALDING:** Mr. Chairman, the Minister is probably wise in taking that advice. I could see it happening that next year, had he given those results to the school divisions, that the school divisions would then want a further breakdown by school. If that were given to them they would then want a breakdown by grade and by class, and after that what is there left than to give the results of each individual student.

I note, Mr. Chairman, that there was quite a fair amount of money not spent in this department last year, some 27,000 in salaries and 33,000 in other expenditures. Perhaps the Minister could give an explanation to the committee on that.

**MR. COSENS:** Mr. Chairman, I think this is something that one encounters when they are starting out on what is basically a new assignment. This is the first time that we had approached a writing assessment program of this type in the province and we had anticipated that it would cost more than it actually did.

**MR. WALDING:** Mr. Chairman, that's a reasonable explanation of it, but given that it was a first time procedure, a pilot procedure and a certain amount of experimentation, I suppose, in setting up a new program, the branch is presumably somewhat experienced now in carrying out these sorts of problems, we might well expect to see a drop in the amount requested under this particular branch, but I notice that the Minister is seeking approval for almost exactly the same amount in Salaries and exactly the same amount in Other Expenditures. Does the branch have some other programs that it is working on or is there some other reason why the Minister expects to spend 155,000 in Other Expenditures this coming year when last year this line disposed of 120,000.00?

**MR. COSENS:** In addition to the problems I've just mentioned, Mr. Chairman, we did have some staff turnover and delay in filling some spaces that accounted for a considerable amount of underspending in this regard. In fact, I am informed, a major portion of that underspending, and that will not take place this year. We have those positions filled now and in place and we don't expect that will occur.

**MR. WALDING:** Mr. Chairman, that explains the Salaries portion of it. I also asked on (f)(2) on the Other Expenditures.

**MR. COSENS:** That is explained, Mr. Chairman, by the fact that this year we have actually two assessments under way, the reading test that's just been completed and we also will be having a science test in the fall of this year, followed by a specific test, a high school chemistry assessment program next February or March, I'm not sure of the exact date but it will be following this coming Christmas. So, in fact, Mr. Chairman, we have two assessment programs going on this year as opposed to one last year.

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**MR. WALDING:** Mr. Chairman, the second program or assessment that the Minister mentioned, is that to be a comparable evaluation to the writing and reading program, in other words, entailing a random selection of some 10 percent?

**MR. COSENS:** Yes, the same approach, Mr. Chairman.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for Rossmere.

**MR. SCHROEDER:** Mr. Chairman, I understand that the Manitoba Association of School Trustees has requested of the Minister that results for their individual school divisions on these assessments be made available to them, that is, that the result for the individual division be made available as well as the general result. —(Interjection)— You did? I missed it. What was the answer?

**MR. COSENS:** The answer, Mr. Chairman, in brief, was that we do not contemplate releasing that type of information, mainly, I suppose, because we have been basing this evaluation on a 10 percent sampling, random sampling, and the advice of the Advisory Committee, that advises me on these particular tests, is that it would not be in fact a useful type of comparison to be used and would be open to misinterpretation and perhaps even some distortion.

**MR. CHAIRMAN:** (1)—pass; (2)—pass; (f)—pass. (g) Bureau de l'Education Franciase. Item (1) Salaries—pass — the Honourable Member for Rossmere.

**MR. SCHROEDER:** Could the Minister advise as to the numbers of students in the various French programs in Manitoba this year as compared to last?

**MR. COSENS:** Mr. Chairman, I have this year's figures readily available and I'll get it for the honourable member. At such time as my officials are present I can supply him with the other figures. We have some 82,000 English-speaking students in 46 school divisions enrolled in total or partial Immersion programs. There are some 3,086 students in the Immersion or partial Immersion and the balance of 79,000, we're using round figures, Mr. Chairman, would be enrolled in what we would think of as core French or basic French programs where they take French as a second language, one of their options in their school program. We have 7,088 French-speaking pupils in 11 school divisions enrolled in Francaise programs. The honourable member wanted the figure for last year and as soon as that is available I will give it to him. Perhaps he can pursue some further questions or information that he might be interested in.

**MR. SCHROEDER:** Could the Minister advise as to, in terms of the Immersion programs, whether the province has a net cost per pupil as compared to net cost per pupil in the regular English courses after taking into consideration federal funds available for these programs?

**MR. COSENS:** Perhaps I could ask the member for a little further clarification, Mr. Chairman. Is he asking what is the actual provincial cost beyond the standard grants that accrue to pupils in the school system across the province for those who are in Immersion?

**MR. SCHROEDER:** I notice that there is 1,400,700 Recoverable from Canada with respect to the program and I am wondering whether there is a cost to the province for education in French Immersion, over and above the cost there would be for other children, once the federal funds are taken into account.

**MR. COSENS:** Mr. Chairman, I should advise the honourable member that if he is referring to (g)(3), the Bilingual Agreements, that particular amount of money, some 1,013,000, does not cover the grants that go towards school divisions that have Immersion students, Francaise students, or in fact English-speaking students who are taking French as a second language. Those grants are covered under 3.(a), under Bilingual Grants, so the (g)(3), if that is the particular line that he is looking at, covers other bilingual agreements, such things as Curriculum Development, where we are reimbursed by the federal government for Curriculum Development in French as a first language, Immersion, and the core French program.

For programs of studies that we in fact develop and the particular costs that are incurred in that development, the costs that are incurred in program implementation, program evaluation, adaption and pilot classes, we receive some moneys for teaching materials that are used in these courses. Some moneys are provided for professional development that covers costs of in-service sessions, work shops, teacher training activities, attendance at conferences by teachers. I have a rather long list of things that apply under that area but they are not pertaining, I might tell the honourable member, to his question. Those things were dealt with in 3.(a), under Bilingual Grants. These are the grants that are paid out to school divisions on the basis of the number of students that they have in each of the three categories, either basic French or core French. That's where the English-speaking student takes French as a second language as an option in their school program or to students who are in Immersion or to students who are taking Francaise.

**MR. SCHROEDER:** I'll start over again. The 12,858,900 referred to in 3.(a), is that sufficient money to put the province in a position where it pays out no more funds of its own for the education in French of students in Manitoba?

**MR. COSENS:** Mr. Chairman, I think I'll try to remove some of the confusion that may exist here. In bilingualism grants, we will be paying out in 1980 an estimated 2,003,000 to school divisions in this province for the students that I mentioned earlier, I believe some 7,000 students involved in that program as well as the Immersion students. For students who are taking core French again, we will be paying out some 388,425 in grants to the school divisions. The member is asking how does this

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compare to the amount of money that will be recovered from the federal government? I'd have to do a fast calculation, Mr. Chairman, to give him that particular answer and we'll do that if he would like to pursue some other questions, in the meantime, we can give him that particular breakdown.

**MR. SCHROEDER:** Does the Minister have any projections as to the growth or lack of growth in numbers of students taking French Immersion for the next year?

**MR. COSENS:** Yes, Mr. Chairman, I believe that the growth in Immersion has been something like 25 percent in the past year and I am informed by my officials that we recovered 1.8 million from the federal government in 1979-80 and we paid out in total in French grants some 2.2 million plus 377,000 in the two categories, Francaise and Immersion, and the other category being core French.

**MR. SCHROEDER:** The difference between those two figures; is that an additional cost that the provincial government paid out for those children or would there have been another cost incurred had they been in a straight English program which was not required to be paid out by the province as a result of their being in the French programs?

**MR. COSENS:** Yes, Mr. Chairman, that's an additional grant on top of the per pupil grants that go out to all schools in the province.

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

**MR. WALDING:** Thank you, Mr. Chairman, I just have a couple of questions for the Minister. He was good enough to provide me earlier on with a projection for enrolment in the public school system for which I thank him. I understand that a report was completed and given to the Minister last year about similar projections in the Francaise and Immersion classes. I wonder if the Minister can confirm this report and advise the committee whether it's a public document.

**MR. COSENS:** Mr. Chairman, I don't remember a specific report on this particular aspect. My officials in the French Bureau provide me with projections at different times of the year but I don't remember a particular report. However, I receive so many of them it's quite possible that I may have received that type of report, but certainly that particular division of my department does have projections as any other. If the member is referring to some specific report I can check with my officials to see if such a report was produced but no doubt projections are produced and are produced annually and updated, Mr. Chairman.

**MR. WALDING:** Thank you, Mr. Chairman, while the Minister is checking with his officials, it is my understanding that this report was an indication of projections in enrolment by division for both the Francaise and Immersion classes. Now it might be one of a whole series but it was my impression that it was more in line with a specific report, very much

in the manner that the former report was that the Minister made available to us, I believe, on Thursday. Perhaps the Minister now has confirmed or at least verified the position in regard to this report.

**MR. COSENS:** Mr. Chairman, unless the honourable member can give me a name of a report or something, I am not familiar with a particular report in that regard and I can ask my officials to check through in their department. If it exists, I certainly will provide it to the member. I have projection sheets in front of me such as are produced by the French Bureau during the year for the coming years and it is updated. The honourable member may be interested that, as I've mentioned, in Immersion the total for 1979-80 is some 3,086. It's projected that the figure for 1980-81 will be 4,250, which is a rather dramatic increase, Mr. Chairman, of some 37.7 percent.

The figures in Francaise are not as dramatic, of course. In 1979-80 the figure as I have mentioned was some 7,088 and the projected for 1980-81 is some 7,047. In the area of the core French or basic French we would expect that the figure would remain at the same level as this year, slightly over 79,000 students.

**MR. WALDING:** Mr. Chairman, I believe that there are some students in a 50-50 French-English program and not the 80 percent Immersion as is usually spoken of. I wanted to know whether the Minister, in giving us the figures that he has done over the last five or ten minutes or so, classifies those 50-50 students in the group with the Immersion category.

**MR. COSENS:** No. The Immersion figures, Mr. Chairman, include both types of Immersion, whether it be 50-50 or the 80 percent. In fact, there are some schools, I'm informed, where it's 70 percent; they aren't all at the absolute level.

**MR. WALDING:** One further question, Mr. Chairman. Can the Minister advise us as to the status of Le Plaen Ensemble?

**MR. COSENS:** Yes, Mr. Chairman, that particular study is on my desk. I've had the opportunity to just peruse it very briefly prior to approaching my estimates. I haven't had the opportunity to study it at any great length.

**MR. CHAIRMAN:** (1)—pass; (2)—pass — the Honourable Member for Rossmere.

**MR. SCHROEDER:** I'd just like to make one further comment and that has to do with the subject of transportation within school divisions for children attending French Immersion programs. I'm sure the Minister is familiar with a petition from the Fort Garry School Division with respect to this matter. I've talked about this before and I won't be long. I just want to point out that in that particular case there are parents paying monthly for a private bus service and as the petition indicates, not every family who would like to have a child attend that program can afford to do that. Thus, as it exists today, French Immersion is primarily for those who can pay. It's a

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two-tier setup. Those who can afford it can go, those who can't afford it can't go. And that submission indicates that the program should be equally accessible to all children, whether rich or poor, whether far away from that school or close to that school. I would certainly urge the Minister to reconsider the transportation policy he recently announced to include transportation within divisions.

**MR. CHAIRMAN:** (g)—pass; (h) Manitoba School for the Deaf (1) Salaries—pass — the Honourable Member for St. Vital.

**MR. WALDING:** Mr. Chairman, I'd received the impression earlier that the committee would probably be rising once we had reached the bottom of the page. I'm not sure whether that's the Minister's intention or whether he intends to go on further.

**MR. CHAIRMAN:** All those in favour, please say aye. Contrary, please say nay. I believe that the nays have it.

The item is (h) Manitoba School for the Deaf (1) Salaries—pass — the Honourable Member for St. Vital.

**MR. WALDING:** I wonder if I might ask for ayes and nays on the last vote.

**MR. CHAIRMAN:** I'm sorry.

**MR. WALDING:** I wanted to ask for ayes and nays on the last vote.

**MR. CHAIRMAN:** Vote at the next time that the committee meets. The Honourable Minister.

**MR. COSENS:** Mr. Chairman, I don't have my officials here if we are to proceed beyond this point. I certainly would be agreeable stopping at this particular juncture.

**MR. CHAIRMAN:** I'm in a little bit of a difficult position. By unanimous agreement I can take a vote on committee rise again. Do I have the unanimous agreement? (Agreed) Committee rise.