

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 5 August, 1986.

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - EDUCATION

MR. CHAIRMAN, M. Dolin: We are on Item No. 7., Resolution 52, Bureau de L'Education Française. The Member for Kirkfield Park.

MRS. G. HAMMOND: Mr. Chairman, could the Minister tell us the grants per pupil for the different areas, the française, Immersion, Basic and Conversational? I saw it somewhere, but I can't remember where.

MR. CHAIRMAN: The Honourable Minister of Education.

HON. J. STORIE: Mr. Chairperson, the grants are as follows for each full-time equivalent: \$250 for each Immersion student; \$100 for the Core Basic French; and \$50 for the Conversational.

MRS. G. HAMMOND: Has there been an increase since last year in the Immersion?

HON. J. STORIE: Not in the grant, no.

MRS. G. HAMMOND: Have there been any increases in the Immersion and in the Basic in any other area?

HON. J. STORIE: No, the only increase that would be reflected, I suppose, in the categorical grants would be as a result of volume, in other words, more students.

MRS. G. HAMMOND: Looking at the Basic French, exposure and re-entry, the exposure I take it, is that the Conversational? Is that what they're calling it? It's on Page . . .

HON. J. STORIE: Mr. Chairperson, the exposure package is actually the K-3, it's called the exposure package, and I guess is actually the forerunner of the Basic Program.

MRS. G. HAMMOND: Is that the same as the Conversational, or is the Conversational something different again?

HON. J. STORIE: The Basic is replacing the Conversational. Some school divisions are still offering a conversational program, but I'd indicated earlier I had some . . .

MRS. G. HAMMOND: From K to 3.

HON. J. STORIE: Pardon me?

MRS. G. HAMMOND: From K to 3.

HON. J. STORIE: Oh, the Conversational Program is offered by varying divisions at a variety of levels. Essentially the Basic Program is the one that we see starting at Level 4 or Grade 4.

MRS. G. HAMMOND: Will the department be starting the Basic? Are they aiming to start it at the Grade 1 level?

HON. J. STORIE: No, the program generally is from Grades 4 to 12, although some divisions do offer, again, Conversational or the exposure package at the level K to 3.

MRS. G. HAMMOND: Is there any reason that it won't be started? I ask this question every year.

HON. J. STORIE: It's a good question.

MRS. G. HAMMOND: It's a good question, but it keeps getting answered the same way. I was hoping with the new Minister that we could get it down to - at least they were looking at starting it at the Grade 1 level.

HON. J. STORIE: If you could just indicate what answer you'd expect, I could certainly give it to you.

MRS. G. HAMMOND: I'm expecting a yes, and if you'd like to give it to me, I'd hold you to it. What is it, a promise made is a promise kept?

HON. J. STORIE: Yes, Mr. Chairman. The reason it is a promise made and a promise kept is because we don't make foolish promises. I can certainly indicate that the answer is yes, but - and there are at least a number of serious buts - and that is that the research that is available to both the bureau and to the department and which is supported, essentially, I guess across the province and across Canada is that it is most effective at being introduced about the Grade 4 level. Now, I suppose one could argue about whether it should be 3.5 or 5, but there is some research to indicate that it is most effective at that period and that introducing it earlier does not bring about corresponding increases in quality levels of understanding capability, I guess, that one would anticipate by introducing it three or four years earlier. So there is some rationale and perhaps you've been getting a consistent answer over the years because the facts consistently support that position.

MRS. G. HAMMOND: I guess as a lay person I find it difficult to understand how in the Immersion Program, 75-25 is more sound than 50-50, and yet Basic French is better started at the Grade 4 level, rather than the Grade 1.

The other point I would like to make is that the Basic French Program is a program that allows parents to feel that their children are getting a good grading in French without having to put them in the Immersion

Program. I have said this time and time again, that there is a lot of pressure on parents to go to the Immersion Program because they see it as the only way that their children are going to attain French. Now, while I know that Basic French is not going to make them bilingual when they finish, they have got, if they start in Grade 1, or even at the Grade 4 level, but if they start at Grade 1, you've got kids who have had 40 minutes a day right through school and they're going to have a very sound basis in French, if the program is kept at a level that it started out at, which I know is good. I would ask the Minister if he wouldn't consider starting to move that program back, so that it does start at the Grade 1 level.

HON. J. STORIE: I can only indicate, I suppose, advice - if we are asked, if the Bureau is asked, the government is asked, the department is asked - that we provide the best advice we can in terms of when it is appropriate to start what programming.

Certainly the Basic French Program is considered, I am told by staff, one of the best in Canada, that it's a well thought-out comprehensive program. I think if the member will recall that prior to 1972, I guess or perhaps even later, I guess it was pre-1970 when French was part of the curriculum for Grades 7 to 12 - that it did provide the same kind of basic instruction.

It wasn't as well thought out as the current curriculum, but the principles were still the same.

The member acknowledged that the goals of the Basic French and Immersion are substantially different and I think that's reflected in the instructional approach that's taken.

I point out as well that if a division includes K-3 in its programming, the program support that's offered by way of categorical grant is also provided, so there is no penalty or there is no disincentive, if you will, not to provide it; that while we feel the decision to support it from 4 to 12 is based on sound research and appropriate instructional practices, that if divisions choose to do otherwise, that there is nonetheless support available for those years as well.

MRS. G. HAMMOND: I notice that there are 47 divisions now participating in - it says - "Basic French exposure and re-entry." How many divisions are starting it at the Grade 4 level, the first level?

HON. J. STORIE: I'm told that it's close to 80 to 90 percent start Basic instruction at the Grade 4 level.

MRS. G. HAMMOND: Are the other levels of entry just there to accommodate the schools that didn't come in at the beginning or are they planning to continue that or discontinue?

HON. J. STORIE: A combination of both. It is also believed that there are appropriate entry points in terms of what you can accomplish in that period of time. But certainly there is some recognition that some divisions chose later than others to get involved. I guess the entry points are perceived to be educationally sound, but also practical.

MRS. G. HAMMOND: Perhaps the Minister can refresh my memory. I didn't write it down and I haven't got a

long retention right now. How many divisions did he say were starting at the Grade 4?

HON. J. STORIE: I said 80 to 90 percent of them start at 4.

MRS. G. HAMMOND: 80 to 90 percent. Well, then, how many divisions would be starting at the late re-entry, the grade - what is it? - ten that they start?

HON. J. STORIE: The re-entry point would be at 10, I guess; and, while we don't have the number of divisions, I guess we could give you the number of students - 226 students, six divisions, I'm told, have that as a re-entry point.

MRS. G. HAMMOND: Then what I want to ask the Minister, I guess, is: are they planning then, when everyone gets into the Grade 4, when it works its way through - in other words, will they plan to drop those re-entry points?

HON. J. STORIE: I would assume that the re-entry point will become redundant if the majority of the students are enrolled at the K to 4, which most divisions seem to be assuming.

MRS. G. HAMMOND: I want the Minister to know that I wasn't pushing to keep them open because I think that it's better that more of the money goes into the whole program as it goes through and hopefully that most of the students will stay with it right through.

When the Member for River Heights was asking about the little booklet for Immersion parents and mentioned that there was something that could be supplied by the department that came through for French. Is there anything similar for the Basic French Program?

HON. J. STORIE: No, I didn't indicate that brochure that was produced by the Canadian Parents for French was available through the department. I simply indicated that was one brochure, one source of material, for parents wanting to look at the options and what factors to consider and whether they wanted to enroll their students, in particular, in Immersion Programs. The department has no parallel offering.

We do produce a number of brochures, I suppose, one of them being, I guess it was "In Conjunction with Canada," basically cataloguing, if you will, all of the programs that are available, areas where support is available, etc., etc.

MRS. G. HAMMOND: Would the department consider putting out a brochure on the merits of the Basic French Program? The reason I ask that, I must say I'm not usually in favour of brochures and a lot of advertising, but I think in this instance, what we have are parents whose children are starting school, who are very nervous that their children are going to miss out if they don't go into an immersion program. If they knew that there was something of quality in French - because I think most parents want their children to learn another language and a good many of them want them to learn French, so I think it would be of great benefit to divisions and certainly to parents who have pre-schoolers, to

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know that there is something there for their children that is worthwhile. I would ask the Minister to consider using his office to give a little push for the Basic French Program, to get it the kind of publicity that the Immersion Program gets.

HON. J. STORIE: Yes, I appreciate the comments and I don't think it's out of the question that the department could produce that kind of brochure, perhaps outlining the various programs and what they're designed to do and their benefits and then their limitations, I suppose. I'm not a big fan of producing glossy publications, because I find that they're not always the most effective means of communicating.

I want to indicate, as I did before, that representatives from the Bureau, as with the rest of the department, are available for public meetings, parent meetings, to discuss these kinds of issues in an informal kind of way, which sometimes provides more information and gets questions answered. But the member raises a good question and perhaps it would be timely. I think the programs are better established now than they were, and perhaps some publication would review the programs and their merits might be useful.

Just by way of statistics, certainly the Basic French Program has increased fairly dramatically since it was introduced, I guess in 1983-84. It's gone from some 14,000 students to some 41,000 in 1985-86 and we're anticipating I suppose an increase again in 1986-87. So it has been very well received and it is receiving the approval, I guess, of both teachers and parents.

MRS. G. HAMMOND: Isn't the Basic French Program, where you mentioned in 1983-84, isn't that the Core Program that was started in the late Seventies?

HON. J. STORIE: It is to some extent a follow-up on the Core Program which started in the early Eighties but the Basic French was introduced as an identifiable program, I guess, in 1983-84.

MRS. G. HAMMOND: The department used to pay for substitutes for professional development in Basic French and I understand that's been cut out. Can you explain the reason?

HON. J. STORIE: Yes, I understand that it was some years ago when that was a practice and it had been originally funded out of the Canada-Manitoba Agreement that I spoke of earlier but that has subsequently been dropped. So we have not in fact for a number of years now provided substitute fees in those kinds of situations.

MRS. G. HAMMOND: How many in-services does the province hold on a province-wide basis for teachers for Basic French?

HON. J. STORIE: I'm not sure whether the member was referring strictly to the Basic French Program, or generally.

MRS. G. HAMMOND: Well, Basic French.

HON. J. STORIE: I understand there are six in-service days per teacher provided for those involved in the instruction in Basic French.

MRS. G. HAMMOND: Are these put on by the province, the in-service days?

HON. J. STORIE: Yes.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. L. DERKACH: Thank you.

With respect to moving the Basic French Program back to Kindergarten or Grade 1, are there any plans at the present to start the program back in Kindergarten or Grade 1 in the future? I didn't hear the Minister respond to that.

HON. J. STORIE: No, I said that generally it's viewed that the 4-12 Program is viewed as adequate. Some divisions do provide it earlier and I pointed out there is no disincentive divisions. If they are asked advice in terms of the educational soundness of providing it at Level 4 and beyond, we'd certainly provide that information. But if a division provides the Basic French from K-3, they are still eligible for the provincial support grants.

MR. L. DERKACH: What is the long-term plan in terms of expanding the French Immersion area?

HON. J. STORIE: I think the member is aware of what generates the decision of a school board to create an Immersion class. It's generated by the interests of parents throughout Manitoba. Certainly given, I guess, the past few years and the proliferation of Immersion classes, one could expect that there is a continuing interest in Immersion on the part of parents. As long as that continues, I suppose divisions will be faced with the prospect of providing that service to students.

MR. L. DERKACH: Should that French Immersion area expand greatly in the near future, has the department the resources to provide the necessary facilities, teachers, etc., for the French Immersion Program?

HON. J. STORIE: Mr. Chairperson, most of those questions were asked this afternoon. I appreciate you can't be in two places at once.

The answer essentially is that right now the province, through its universities, really has the capability or very near to the capability of providing adequate teaching staff to meet the need. It's estimated that we're going to need approximately 100 teachers per year to fill the need for French language instruction, and that we are meeting that need.

So on the level of providing the teaching staff, the answer is yes. In terms of the grant, obviously the grant system is in place and the need will be met. We have experienced significant growth, and we anticipate that continuing for some time. So the only question that remains to be answered is the question of whether school boards are going to be able to facilitate the classroom space, etc., provide the classroom space for the instruction. Certainly our experience to date is that, yes, they will be able to. It requires sometimes some fast action, but they have been able to meet the demand.

MR. L. DERKACH: According to the number of students who are enrolled in the Basic French Program, we see

that the numbers have increased dramatically from 1984-85 to 1985-86. We see some increase in the French Immersion as well.

Now, is there an emphasis to encourage more school divisions right at the present time to get into the French Immersion Program, as compared to the Basic French Program?

HON. J. STORIE: Both of these programs are really demand-driven, if you will. In some areas of the province, there is a continuing high level of interest on the part of parents. If that's so in a division, then I would expect that the division is feeling pressure. It is not up to the department to indicate to a division that they should or shouldn't be providing those services. The Public Schools Act says that, where 23 parents indicate that is their preference, the school board is obliged to do so.

The increase in Immersion is entirely driven by the interest in French language instruction by parents. I think the Member for Kirkfield Park has indicated that's an understandable desire on the part of parents. I think it is, and I think it's something that has tremendous value for young people. I expect that's why we're seeing increasing parental interest in it.

MR. L. DERKACH: What kind of money does the department allow for a student who has to take up residence in a different area in order to be able to get the French Immersion Program?

HON. J. STORIE: We've gone through that a number of times as well. No, I had indicated previously that there is a grant available which is in lieu of transportation. In the event that the individual had to move from his primary residence or her primary residence, the student had to move from their primary residence to another residence, a grant is available of up to \$4,000.00. Now that would be true in the case where the programming desired was français or vocational education or in the case of remote students such as Frontier. That grant is available in those instances. I think I indicated as well that some 20 students in the entire province are currently receiving that grant.

MR. L. DERKACH: You indicated that it's available to students from the Frontier Division as well as - who else?

HON. J. STORIE: Essentially it's available for primary programming where that is not available in the division in which the student attends. It's available as a grant if there's no school at all. It's available if the student wishes to have a vocational education program, and there is none available, but recognizing that it means really a residential situation for the student.

MR. L. DERKACH: Okay, let's suppose a student has to move more than 80 kilometres away from his home in order to take the French Immersion Program. Does he then qualify for the assistance, or does the division qualify for the assistance?

HON. J. STORIE: I think this question has been answered before as well. Assuming that the requirement

is, in terms of making available the grant, that they be beyond the 80 kilometre guideline. However, the division is free to negotiate with the parent. If the parent chooses to change the place of residence, in other words, board their student in another location, that grant is made available beyond the 80-kilometre line. That's correct.

MR. L. DERKACH: Is that grant for \$4,000.00?

HON. J. STORIE: Yes it is, up to \$4,000 or the actual costs, I guess.

MR. L. DERKACH: Does the division get a grant then to help in the transportation of these students below the 80 kilometres? If the distance is not enough for that student to move to another location and if that student is transported on a daily basis, does that division get a grant from the government, from the department, to help offset the costs that are incurred in the transportation of that child?

HON. J. STORIE: Yes, they're eligible for the per pupil grant of \$410, yes.

MR. L. DERKACH: Nothing beyond the regular?

HON. J. STORIE: Nothing beyond that, no.

MR. L. DERKACH: Okay, thank you very much.

MR. CHAIRMAN: 7.(a)(1) to 7.(e)(2) were each read and passed.

Resolution No. 52: Resolved that there be granted to Her Majesty a sum not exceeding \$3,499,700 for Education, Bureau de L'Education Française, for the fiscal year ending the 31st day of March, 1987—pass.

We are now on Resolution 51, No. 6., Universities Grants Commission - the Member for Fort Garry.

MR. C BIRT: Mr. Chairman, I have a question to the Minister.

Some three or four years ago his government imposed a health and education tax on the Province of Manitoba and I'm wondering if the Minister can advise us what portion is allocated to his departmental funds for education?

HON. J. STORIE: There is no specific allocation within the funding provided to the UGC; it is simply a dollar figure.

MR. C. BIRT: But the financing for UGC comes through the departmental Estimates which is allocated by the Provincial Cabinet, is that not correct?

HON. J. STORIE: That's the process.

MR. C. BIRT: It is estimated that some \$123 million are being raised this year in the education and health tax, and I'm curious to know what portion, if any, is being allocated to the Department of Education for its expenditures.

HON. J. STORIE: I can only indicate what kind of grants were allocated to the universities. I think the member has the numbers before him.

MR. C. BIRT: Mr. Chairman, the increase in the health and education tax over last year is projected from growing from \$116 million to \$123.5 million this year - a 6.5 percent increase - and I'd like to know why there is only a 3.5 percent allocation to the UGC considering that the tax is supposed to be financing education in the Province of Manitoba.

HON. J. STORIE: I can't tell you what the proportion of that increase would be for the university. There may be upwards of 5,000 people employed by the university in varying capacities. That represents the fairly small fraction of the total employment in the province which is, I believe, over 500,000 for the first time in history; and recognizing within that the increase on that would be fairly marginal because the staffing has not increased significantly at the universities over the past few years, and if anything, there may have been a reduction.

So I don't think it's safe to assume that there is a tremendous amount of money built in, in terms of cost. Those costs were incurred some years ago now when the Health and Post-Secondary education levy was introduced, part of the costs of operating the university.

MR. C. BIRT: Some \$6 million additional were granted to the universities which represent some 3.5 percent increase over last year. What it really boils down to, it's slightly less than 3 percent of an operating fund. But I'm curious to know why the Minister was not able to get additional funds for the universities when you consider that the tax generated some 6.5 percent increase in additional education and health monies, which increase on \$7 million, if the allocation to the universities was only \$6 million out of the total budget.

Why the department, at least the universities are getting short shrift in the education portfolio?

HON. J. STORIE: I think you have to recognize where most of that increase in payroll levy, or Health and Post-Secondary Education Levy was received and, of course, that is because of the tremendous growth in employment in the province, not from anything specific.

The overall contribution of the province to help in post-secondary education was some \$81 million and that, of course, comes from general revenue to support both health and post-secondary education.

I had mentioned previously that post-secondary education from the province's point of view, entails more than the operation of our three universities.

There are community colleges; there are many other programs, funding that was allocated, for example, to the Limestone Training Program which is, in effect, post-secondary adult and continuing education training, post-secondary training. So the actual increase in funding to post-secondary and adult training will substantially be on the amounts that are shown to the universities themselves.

The universities received some 3.8 percent increase. They received an approximate 1 percent increase in terms of additional tuition fees, something which they govern; and an additional 1 percent increase by way of increasing grant in lieu of property taxes.

That's not to mention the capital grants, the debenture that was made available to the University of Manitoba for some of their ongoing needs as well.

When you total that, the overall increase if you're going to roll in all of the different aspects and areas in which funding assistance is provided, you're more likely talking about 6 percent; and if you roll in the \$10 million you're talking again more like 10 or 11 percent.

MR. C. BIRT: The Minister can't have it both ways. When he and his colleague, the Minister of Health, were making a great hue and cry about the amount of funds that were being transferred, or not being transferred, to the Province of Manitoba, they always lumped education in the same area as health.

But when you look at the monies for education in this province, especially as it applies to the post-secondary field - and I'm talking now universities and colleges although we have discussed colleges - the amount of funds that this government has allocated to the universities has been declining over the last several years; and I would like to ask the Minister, what percentage of the cash and tax portion of the EPF transfers coming from Ottawa to Manitoba, are allocated to the Department of Education?

HON. J. STORIE: Mr. Chairperson, there is no specific breakdown. The member references the EPF transfers and we have debated ad nauseam, I suppose, to some people's point of view.

The fact is that in cash transfers the Federal Government increased the cash transfers to the province by \$7.5 million. That is less than 10 percent of the increase that this government provided to health and post-secondary education.

The discrepancy in the figures that is reported and continues to be reported by representatives of the Federal Government is an absolute distortion of the reality and it is partially based on the continuing notion that the province's post-secondary education costs are limited to certain items.

The Leader of the Opposition raised in the House, some time ago, inaccuracies which he felt the province was perpetrating or perpetuating. He indicated that he felt his information was that the province spent some \$220 million - I can't remember the exact figure - but roughly \$200 million on post-secondary education. I'm sure that he received those figures from the Federal Government. In fact, the province spends more like \$360 million on post-secondary education.

So the arbitrary breakdown division that the Federal Government makes with respect to health and post-secondary education is not the way the province does it. The arbitrary way in which the figures are calculated in terms of post-secondary spending are not the way this province, or to my knowledge, any other province arranges those figures.

The fact is that it has been pointed out to the Federal Government and I'm sure has not been missed by the Federal Minister of Health that the federal estimates of post-secondary education spending in Canada is underestimated by \$1.8 billion, and those are not my figures. This is not my argument to substantiate the province's case. This case has been made by each of the Ministers of Education in each of the provinces, and through our council, the Council of Ministers of Education for Canada, it has been made by the Finance Ministers. That isn't even dealing with the question of

the impact of Bill C-96, which is a further erosion of the federal support to those two important areas of programming.

So I acknowledge that the universities have received less in the last two years than they did previously. The overall record, however, supports our contention that universities need to be funded at inflation and not 2 percent minus inflation; and our support to universities over the last four years, five years, has amounted to some 40.6 percent, and inflation, the five-year average, has been 32.9 percent. So we're at inflation plus 2. The Federal Government's C-96 is saying inflation or GNP minus 2.

MR. C. BIRT: What the Minister is missing in all of this is the priority that his government is placing on post-secondary education in this province. It's a diminishing priority. His predecessor allowed it to slip as far as budgetary allocation is concerned, as part of the total budget, and is continuing to do that, notwithstanding the amount of funds flowing into this province either in direct taxation, or transfers from the Federal Government have been increasing at a faster rate than what share of funds the Minister and his colleagues are allocating to post-secondary education.

For example, in 1985-86, there was \$190 million transferred to the province for post-secondary education. The province contributed 156 million for universities and \$59 million for colleges, for a total of \$215 million. This year the 1986-87 post-secondary transfer is \$202 million and a total for universities and colleges, according to the Estimates, is \$162 million, plus \$61 million, for a total of \$223.5 million.

So the amount of money is increasing to the province. It increased some 6.5 percent on the federal transfer payments for education, yet the amount of funds being transferred are allocated within a budgetary allocation of the Province of Manitoba have been going down. In other words, the gap has been narrowing. The Minister can argue all he wants that, well, we've got it in other pockets and over here and over there and everything else, and when you look at the total scheme of things, using their Estimates, his actual numbers, his percentage of support to the post-secondary education, in particular the universities, is declining and declining dramatically.

HON. J. STORIE: Well — (Interjection) —

MR. CHAIRMAN: Excuse me one second. Could we have a little order in the back, please.

The Minister of Education.

HON. J. STORIE: I'm pleased to see that the Member for Fort Garry continues to be an apologist for the Federal Government. I have indicated to him that the figures that he just quoted are inaccurate, totally inaccurate, have been refuted not only by myself but by the Minister of Finance. I would be more than happy to sit down with the Member for Fort Garry and edify him as to the facts. I want to indicate very clearly that the Province of Manitoba does not accept any arbitrary distinction set upon us by the Federal Government and in fact the transfers do not occur in that fashion whatsoever, that the real facts are that the Federal

Government has increased their cash transfers. Their budgetary cost has been \$7.5 million in the current fiscal year. The rest of the transfers are a representation of the fact that Manitoba's economy has been doing better and the Federal Government increased some taxes. But there is no such breakdown as the Member for Fort Garry would have everyone believe. That is a figment of the imagination of the Federal Government. That was pointed out at the parliamentary hearings and I point it out again.

In terms of the university funding, it is true that we have seen a decrease in percentage terms of fundings to the university. I point out again that our contributions to the University of Manitoba, the three universities, has been in excess of 40 percent increase over the five years in which this government has had control. I want to indicate that inflation has been some 32 percent.

The member referenced the fact that there has been a decrease in percentage terms of the allocation to the university. That is quite true. If the member will refresh his memory at what inflation was in 1981, he will understand the reason for the 13 percent increase that went to the University of Manitoba, much beyond inflation. I'm preparing some figures to indicate what happened during the previous administration when inflation was rampant and funding was much, much below the rate of inflation. If the universities have experienced any difficulty, certainly the first three years of increases that came by way of this government, in terms of the University of Manitoba of 13 percent increase in 1981-82, a 15.8 percent increase in 1982-83, and an 11 percent increase in 1983-84. Subsequent to that, obviously, inflation is eased, and this year we are seeing increases to the university in excess of inflation if you consider all of the factors and in terms of operating close to inflation.

MR. C. BIRT: I would like to read a copy of a letter sent to Mr. Tim Sale of the Federal-Provincial Relations in Research, Department of Finance, on February 20, 1986, that doesn't seem to support the Minister's contention. It goes on to the effect that: "The effect is to yield a surprisingly low and misleading figure for the increases between 1983-84 and 1984-85." It's relating to some figures that Mr. Sale used in a letter to the President Farquhar, at the University of Manitoba, dated January 17, 1986. It says: "Using '81-82 as your base year ignores substantial increases in some sectors between '80-81, '81-82, the first year of your current government's mandate." It then goes on to say: "Please note that a five-year percentage increase for public schools is significantly greater than for the universities, rather than being less as your analysis indicated. Moreover the percentage of total provincial appropriations allocated to the universities has declined progressively since '80-81."

Going to the bottom of the page: "However, the universities are also faced, and continue to face, increasing demand for services and pressure of advances in technology. The phenomenon are, in themselves, insufficient as explanations for a differential treatment of health care and higher education. I believe it would be more appropriate to state that Provincial Government places a higher priority on responding to

the demands of health care in public school sectors than it does in responding to the demands for and the needs of higher education."

It goes on, on Page 3 it states: "I am concerned about the tendency in your analysis and in the statements by provincial officials to link Manitoba's financing of its universities to EPF transfers in a pro rata fashion. It would be highly inconsistent for the Minister to tie its support of the universities to a Federal Government transfer and, at the same time, contend that it has exclusive jurisdiction over and responsibility for higher education.

"The support of the universities in Manitoba should depend on the total resources available to the province and its policies and priorities with respect to higher education. The fact that the percentage of provincial appropriation allocated to universities has been declining steadily, despite growing responsibilities, must be a matter of serious concern for all Manitobans." That's signed Arnold Naimark, President of the University of Manitoba. A copy of that can be obtained from Mr. Sale in the Federal-Provincial Research Office.

The head of the University of Manitoba has just refuted what the Minister has stated. He has underfunded the university. The percentage of educational funding since he and his colleagues took over office in 1981 in this province has declined from 20 percent of the gross budget down to 18 percent of the budget, and the issue before us today is the priority that this Minister and his colleagues place on post-secondary education and the funding of same, and it has gone down steadily since they have been in office since 1981-82.

So the Minister can try and tie his argument all he wants to some federal argument, but it's the amount of monies coming into this province, the amount of taxes he's raising, yet the allocation to the post-secondary schools is not there.

HON. J. STORIE: I can only indicate that Mr. Naimark and I have discussed part of his contention, and I can indicate that the factual presentation that was made to members of the Legislative Assembly gives you an idea of Manitoba's position, factual representation.

There has been no question that there have been attempts to distort the facts, to put a good face on the Federal Government's unwillingness to participate in post-secondary education. I point out as well that the universities are not the sole body responsible for post-secondary education.

The member and perhaps the president of the university, the one in question, chooses to ignore the fact that there is some \$10 million of provincial funding or funding going in - not just solely provincial - but \$10 million worth of funding going into Limestone training, which is post-secondary training; some \$8 million into post-secondary programming such as the ACCESS programs that we were talking about. If that is thrown into the mix, it totally refutes the figures that were quoted, and I think puts a different connotation on the question of post-secondary funding.

I can indicate to the member now that from 1977-81 in which this member's colleagues were in government, inflation was approximately 34 percent, and the universities' funding was 30 percent. If you

compare that to 40 percent funding increase versus 32 percent inflation, I think it gives some indication of where the commitment lies.

The second argument is again rather specious, because of the fact that the percentage of money that is allocated to post-secondary institutions, of course, is very much related to the general funding of the government. Over the last few years, there have been significant deficits. This government has chosen to fund, for example, \$200 million on the Jobs Fund to create employment. Of course, it reduces the percentage of allocations to universities or to other institutions simply by virtue of the fact that the base is that much larger, and other priorities have been assumed.

So the arguments have to be made on the basis of whether the university is receiving adequate funding, not whether it's receiving the funding that they would like. I believe that the government, even in its relatively restrained period over the last few years, has provided funding at inflation levels.

We're still amongst the lowest tuitions in the country. Certainly, amongst other Canadian provinces we have been rich funders of our post-secondary institutions including universities. I think that, if you ranked us in terms of Canada, you would find we ranked in the upper percentile rather than the lower.

So I'm not sure what the member's point is in defending the Federal Government. He only has to go across this province and look at the devastation. Go and wander through the empty National Research Council. Go and talk to the universities about the new funding for Social Science research. The devastation is everywhere, and it cannot be laid on the shoulders of the Provincial Government.

MR. C. BIRT: While the Minister is checking his funding requirements, I think for the same period he indicated that the funding to the universities went up 40 percent. He'd also find that the funding increases on expenditures for the same period of time went up 48 percent. So it just confirms the fact that the funding for post-secondary education and, in particular, the universities and colleges has been declining under his period in office.

A question to the Minister, does he believe that the funding to the universities should be tied to the amount of transfer, either tax or cash equivalents, under the EPF that the Province of Manitoba gets? In other words, if they get a 6 percent raise, then the universities should get a 6 percent raise in their funding?

HON. J. STORIE: Let me answer that question with a rhetorical question. Does the member believe that funding universities at more than 8 percent above inflation is acceptable? Or would he rather buy the federal formula of 2 percent less than inflation into the foreseeable future?

MR. C. BIRT: Mr. Chairman, if the Minister can't handle any questions dealing with education, then perhaps we could just adjourn and get someone who can because, quite frankly, I've asked a question on whether or not the funding for universities should be tied to transfer payments to this province.

HON. J. STORIE: No, Mr. Chairperson, and no one has ever suggested that it should. What we have

suggested is that the Federal Government has, by history and in some respects statutory obligation if not constitutional, an obligation to provide an adequate funding to post-secondary and health institutions in the province.

While certainly the province has, as you can see by the figures, attempted to provide adequate funding to the universities, we want people to be aware of the fact that there has been a withdrawal and there is continuing to be a withdrawal of federal participation in health and post-secondary funding. That drop has been from a high of 51 percent or 52 percent to the current 43 percent, and it is projected to drop to 36 percent by 1991. That is not by accident, but by willful design.

That reduction in funding is inevitably going to have one of two impacts. It is going to put the province in a position where the current level of support to universities is not going to be possible; or that other services that are provided, other obligations that a government has are not going to be able to be met in order to maintain the level of funding for universities. That is the problem, and that is why this question has been raised.

I indicate again, if you think that I am the only Minister who is raising these questions and has raised this issue, then the member is dead wrong.

MR. C. BIRT: I just remind the Minister of the letter that I quoted from from A. Naimark, head of the University of Manitoba, who seems to totally and absolutely reject the position that the Minister has been putting forward and, quite frankly, his attempt to cover up his inadequacy as far as funding the universities in this province are concerned, because he can't escape the fact that under his regime and his predecessor's funding is a percentage of total budget has gone down from 20 percent to 18 percent of the budget in this province, and that's long before this red herring of the so-called federal debate and transfer payments took over.

To see how adequately the Minister is funding the universities, one only has to quote from the latest Faculty Association Newsletter of July 9 of 1986. It states: "In the wake of the 2.76 percent increase to the university's operating grant, budget cuts across the units in the university have been swift and brutal." Hardly what you'd call a generous response to a large increase to funding to the university.

It says: "86 courses have been eliminated, 50 full and part-time seasonal and one-term lecture in the Faculty of Arts have lost their jobs." It goes on to state: "Students will suffer larger classes. There will be loss of laboratory sections in the first-year science courses."

I'd ask the Minister, has he or his staff had a chance to assess what the total impact will be on the University of Manitoba and the other universities as a result of the small increase in funding that he's granted to the university through the Grants Commission?

HON. J. STORIE: I point out again to the member the facts of the matter. The facts of the matter are that we have funded beyond inflation. If that isn't acceptable in the Member for Fort Garry's mind, then he should seriously have a talk with his federal colleagues who

don't seem to accept that principle at all. So we have the Liberal left of the Tory party talking on one hand and we have the reactionary right actions of the Federal Government on the other.

Secondly, I point out that Dr. Naimark has also been involved in the coalition on health and higher education funding where he has also expressed and written to the Federal Government expressing his concern about the level of funding.

In terms of the letter that the member referenced, in terms of his continual quoting of the fact that as a percentage of overall government spending, less financial resources have been allocated to the universities. I point out that the base of the provincial budget has expanded substantially and that was done on an intentional basis and it reflects some other priorities that the government has and probably the No. 1 concern of Manitobans and that was jobs. So the fact that it's reduced marginally in terms of the overall allocation of financial resources is a reflection of those other priorities.

I point out, as well, that the University of Manitoba, while acknowledging, albeit not with a great deal of enthusiasm, the 2.7 percent increase in operating those not to acknowledge the increases in other areas which they were obtaining, namely the support for other specific programs the university felt were important, the tuition increase which would give them an additional 1 percent. They were not acknowledging the contribution, the action of the government in making available the \$10 million debenture for their purposes. So we haven't seen all of the facts placed on the table in terms of how the government has dealt generally with the universities.

I put on the table the fact as well that the University of Manitoba, unlike the University of Winnipeg, for example, chose to make some statements about potential reductions. I can only speculate as to how those announcements were made or what their purposes were. I can indicate that the president of the University of Winnipeg indicated that they had appreciated the circumstances the government was in and by prudent management over the last few years have enabled them to maintain their operations and not provide any course reductions.

The fact of the matter is, as well, the reductions which were talked about and appeared, the scenarios which appeared in the press, have not come to fruition; in fact 17 courses out of the hundreds that are offered, if not thousands, were cut. About half of the 17 courses had less than six students in them and the original talk of 250 sections, or whatever it is being cut, the actual case is that 54 now are tentatively scheduled to be reduced in terms of sections and certainly students will have alternate sections available to them so that the programming changes which come about have not at all been as dramatic as originally suggested. I acknowledge that the University of Manitoba is a large institution. They do have difficulty in controlling their costs.

The government has recognized that and, despite the fact of modest funding, I think it is certainly unfair to suggest that they have not received the appropriate attention. I know they, like any other institution, would want more and certainly the Provincial Government would like to be in a position to offer them more. But

the fact of the matter is that, while they are certainly a priority, they are not the only priority.

MR. C. BIRT: Mr. Chairman, the Minister spoke of giving funding above the inflation level, but if you look at either his figures of 3.8 percent or the university's of 2.78 percent, that falls below the inflation rate for the year which is approximately 4 percent.

I would draw the Minister's attention to a letter dated June 26 issued by D. Naimark. I presume that he has received a copy of it, but in it he talks about the so-called extra funding that the university is supposed to have received from the Minister, one of them was a new nursing program, one was the Earth Sciences Program and there was some miscellaneous capital. But, basically, when he adds it all in and it works through onto the computer, it shows a 2.81 percent increase which is awfully close to that 2.76 percent that we've talked about and still is dealing with the reduction of services, the loss of teaching positions at the university and no matter how the Minister cuts it, it would appear that there is a reduction of service being carried on at the University of Manitoba. I'd like to know what steps, if any, the Minister will be taking to remedy this problem.

HON. J. STORIE: I've indicated what the result of the earlier announcement has been. To my knowledge, there have been no layoffs as the result of any of the changes that have been made; that in fact without wanting to overstate the situation, whether there was some posturing or some initial reaction which was not as well informed as it should have been I guess is a question, but the negative consequences which were originally predicted have not come to fruition.

So all I can tell the member is that the funding that has been provided and that will be provided in the next fiscal year, will be in line with the needs of the university and the capability of the province to provide those dollars.

MR. C. BIRT: Is the Minister saying that there will be no staff layoffs or termination of teaching employments at the university now?

HON. J. STORIE: Mr. Chairperson, as the member knows, I do not control that. I have indicated that another president of another university has indicated that with prudent management this crisis has not been precipitated by the funding levels provided by the province.

I have indicated that I recognized that there are some special circumstances in the University of Manitoba. However, given the scope of a budget that is in the neighbourhood of \$165 million in total, they should be able to find resources to make sure that their priorities are maintained, whether it be Women's Studies courses or maintaining the accreditation of the Engineering Faculty.

MR. C. BIRT: Has the Minister or his staff met with representatives of the universities, in particular of the University of Manitoba to see if there are going to be staff layoffs?

HON. J. STORIE: Certainly staff of the Universities Grants Commission have made inquiries about the

specifics of the changes. I can indicate that the latest information that we have has just been provided, and there has been no indication from the university to date that there are, in fact, going to be layoffs.

As well, I have met with the university presidents and certainly intend to increase my contact and my consultation with them, because I think it's important that they understand the government's position, not only with respect to their institutions but with respect to the provincial financial situation and our ability to meet all of their needs.

MR. C. BIRT: Does the Minister know the number of faculties that are presently being reviewed or on sort of almost a credit watch type of situation for accreditation, how many faculties may be in potential of losing their accreditation?

HON. J. STORIE: Mr. Chairperson, it may come as a surprise. That kind of information is not reported to the government. In fact, we had no knowledge of a question even being raised about the accreditation of the University Faculty of Engineering. Those are matters within the university's jurisdiction and, although I guess they're made public from time to time, what sometimes seems inappropriate at inopportune moments, those decisions and those concerns are first addressed in the university community and, I presume, at the board of governor's level, although I have no knowledge that in fact occurs.

But those would be questions, it would seem to me, would be in the rightful domain of the University Board of Governors. It seems to me that is their role in fact, to ensure that the university's priorities are consistent with the best interests of not only the university but the community and the province as a whole.

The fact that the province isn't informed or the Minister or the Universities Grants Commission, I guess, raises alarm bells in my mind in that we certainly anticipate that our universities are going to be accountable, that they are expenders of huge sums, large sums of public funds, and yet certainly at the political level, at the legislative level, there is sometimes a feeling that the Minister isn't in charge. That's probably an accurate perception. Our control results, by and large, through funding that's allocated and any conditional funding which may be attached to that, but that's rather a limited role in terms of providing overall assurance that there is accountability and so forth at our universities.

MR. C. BIRT: Mr. Chairman, surely the department and government must be concerned as to the types of universities that we have, the types of programs that we're offering. I don't think the Minister lives in a vacuum, and I don't think he's trying to convey the idea that he does, because there are all kinds of interprovincial agreements where you don't duplicate services, where one university will develop an expertise and, for cost considerations, there are agreements made and entered into where you can transfer people and resources back and forth. But certain basic things, if they're essential to the training of young Manitobans, have to be there, whether it be the Faculty of Agriculture which is the area that the province or the University

of Manitoba first got its expertise and world reknown in, whether it be the Faculty of Medicine or divisions in that faculty, whether it be the Engineering Faculty or any others, I can't believe that the Minister would just say that it isn't our responsibility, it's the responsibility of the university.

Now, I could appreciate that the allocation of resources within the jurisdiction of the university is one thing, but the province has to set priorities. It has to make determinations, and it has to set certain standards for its educational institutions. The province has played a very active role in the community colleges, and I find it surprising that there wouldn't be some sort of watch or review kept on the universities to ensure that some of the basic programming that's been there has always been there.

If it's a problem of accreditation, why is that? Maybe there isn't enough money being entered into. Maybe some special agreements have to be entered into. There's a whole host of things when you try to solve some of these problems.

So I take it from the closing comments that the Minister made that he would like to become more informed and know what is going on and what is happening there, especially as it affects accreditation of faculties, because they may very well be on the Minister's doorstep with cap in hand, saying please bail us out or give us extra funding for this particular project. How do you say no when the university Engineering Faculty is going to lose its accreditation? I mean, that's just not something you argue politics over. If it's going down the drain, you take steps to try and solve the problem.

So I would just like to have the Minister's assurance that he will keep a watch on it. Whether the amount of funding that one gets is adequate or not, the important thing is the basic structure of the university being sound and continuing to give good education to young Manitobans.

HON. J. STORIE: Well, certainly I think our universities do excel, and the member referenced the fact that universities, by accident or by design, across the country have become reknowned for certain specialties. Certainly, there is exactly the same phenomenon developed in Manitoba where the University of Manitoba is well-known for its Faculty of Agriculture, its Faculty of Medicine. Brandon is well-known for its Music and Education, and CUSB is known for its French language studies. It is true.

The problem that I raise is one that I'm reasonably certain other Ministers of Education have felt. The Member for Fort Garry raised an interesting phenomena in the 1980's in that he said the government has to set its own priorities. Certainly in terms of post-secondary education, we have. Not all of those priorities have been reflected directly by the wishes of the university. I have indicated that we have spent tens of millions of dollars in post-secondary education outside of the university community, something that did not happen from the years 1977-88, reflecting this government's priorities.

In addition, over the course of the last four or five years, there have been programs implemented on the basis of conditional funding. In other words, the

governments had said, yes, here are the priorities. Here's what we're going to do. Here's the money to do them. I shouldn't make that sound as if the government established those without the interest of the university community. By and large, there was interest expressed, and those priorities were established in consultation with, in cooperation with the universities, whether it's the nursing program or Native studies or whatever.

So the government has done that, but the unfortunate and the difficult part of that is that has been done by additional funding. In fact, I am sure most Ministers of Education have felt somewhat at a loss in terms of re-establishing the priorities of existing funding. Within the universities, the priorities are established by the administration and board of governors. That's as a result of long-standing tradition that universities are seen as autonomous bodies.

It is easy to be, I guess, innovative and imaginative when the resources of the government are unlimited. It's easy to add programs. It's much more difficult to redefine priorities within constrained financial resources, and that's what makes the current situation so challenging. It's not only a challenge for me. I am very well aware of the fact that it's also a challenge for the university presidents themselves and the university communities.

All I can assure the member is that the board of governors and the presidents of the university, their goals are no different from this government's. We want to provide quality university education. We want the universities to be accessible and at the same time we have to be aware, both of us, all of us have to be aware of the constraints that we face in terms of resources. I'm not copping out; I'm not blaming any other level of government. It's simply a fact of life, and we have to deal with it.

MR. DEPUTY CHAIRMAN, D. Scott: The Member for Fort Garry.

MR. C. BIRT: The Minister made reference to this earlier, and I'd like to deal with it for a moment. There is an indication under The Loan Act that the University of Manitoba is going to be able to borrow \$10 million. Is this the first time the university has borrowed money?

HON. J. STORIE: No, Mr. Chairperson.

MR. C. BIRT: Is this something that they do on an annual basis?

HON. J. STORIE: In the mid-Seventies, the university had a large debenture for renovations previously.

MR. C. BIRT: Why is the university borrowing 10 million through this route? Why is it not coming as a capital grant or miscellaneous grant through the Province of Manitoba?

HON. J. STORIE: I understand the university requested that.

MR. C. BIRT: Mr. Chairman, when one looks at the annual report for the university and also in the report

for Universities Grants Commission - I think I'm reading it right - that the province then gives the university both capital and interest to pay off this debenture or loan over a period of time.

HON. J. STORIE: Yes, that's correct.

MR. C. BIRT: Is there a limitation on the amount that the university can borrow imposed by the province?

HON. J. STORIE: There is no limit per se, other than the amount that's negotiated.

MR. C. BIRT: The Minister indicated that it was a similar loan back in the Seventies. Does that mean it took from then to now to pay it off, so they're now reborrowing? Is this what they're doing?

HON. J. STORIE: No, they are not related, but it was paid off.

MR. C. BIRT: Mr. Chairman, what does the university intend to do with this borrowing authority? I mean, did they have to come to the UGG or the Minister to provide a basis on what they intended to do for it and how they were going to finance it?

HON. J. STORIE: I understand it's for a variety of purposes, the upgrading of the plant, purchase of major pieces of equipment, those kinds of capital projects.

MR. C. BIRT: In allocating the amount of funds or the monies that will go to the university next year, certain items are taken care of and not dealt with in sort of operating. You know, specific salary increases, things like that, I believe, are covered by the province. There is a certain increase in discretionary funding. Will the amount of monies allocated by the province for principal and interest be fixed, or will that be included in their discretionary funding allocation for next year?

HON. J. STORIE: No, that would be an allocation apart from the base.

MR. C. BIRT: Mr. Chairman, are the other universities able to borrow capital like this for local improvements or renovations, repairs, etc.?

HON. J. STORIE: Yes, they could.

MR. C. BIRT: The Minister also indicated that there was an increase, I believe, in the amount of monies paid to the university as grant in lieu of taxes. Does that money just not flow right through then to the municipality? Is that amount not determined then by the Provincial Government as how much money the public institutions in Manitoba are going to pay to the various municipalities? Once that is made, then is that money not just allocated into the budget?

HON. J. STORIE: Yes, it does flow back to them.

MR. C. BIRT: So actually the amount of money then allocated for grant in lieu of taxes paid by the university

is really not money in their budget. It's just a flow-through mechanism.

HON. J. STORIE: It would have to be paid by them obviously.

MR. C. BIRT: But it's put in specifically by government policy to flow through to the municipalities.

HON. J. STORIE: Yes.

MR. C. BIRT: Okay.

I think it was in 1985, a draft of The Brandon University Act surfaced and was circulated to the University of Brandon and also to, I think, people in the community. Can the Minister advise what the status is of that draft bill for Brandon University?

HON. J. STORIE: It is one of two, I guess, that are under consideration. The University of Winnipeg is also considering the possibility, I guess, or are interested in having their own act to establish themselves in a formal way. It will be considered; they will be considered quite seriously.

I indicated that it wasn't going to be possible to do that in this current legislative Session, but that it is something that I think I want to raise as a possibility for the next Session.

I should point out that the four universities in the province are quite disparate in their history and their current status in relationship to the Provincial Government. The University of Manitoba, for example, has 23 members on their board, 12 of which are appointed by the Minister, the Government of Manitoba. The University of Winnipeg has some 32 board members, 10 of which are appointed by the Provincial Government. The College Universitaire de St. Boniface has no appointments from the Provincial Government. The infamous Board of Governors from Brandon University have 10 appointees out of 17.

So they are quite a diverse group, and I have been contemplating the advisability of producing a universities act which would establish them, provide some semblance of order to the institutions. They're all publicly funded. They are treated identically in terms of their ability to receive public funding. It's something that certainly raises some interesting questions about why that divergence. There is, I think, a rationale for reviewing them in their entirety. I think there are a number of questions that could be answered by a review of that kind of legislation.

MR. C. BIRT: The University of Manitoba has its own act or charter, I guess it was, when it was first incorporated and there is a Universities Act which I believe both Brandon and the University of Winnipeg operate under.

Is the Minister attempting to say that you're going to create one major universities act legislation, so that the same rules would apply to all of the institutions?

HON. J. STORIE: No, the University of Winnipeg and Brandon University actually operate under O/C, Order-in-Council.

MR. C. BIRT: Under The Universities Act though. Where do you get the authority to give the Order-in-Council?

HON. J. STORIE: The Universities Establishment Act.

MR. C. BIRT: Okay, that's The Universities Act. All right.

HON. J. STORIE: But they want their own act; and two universities do have it and two don't.

So the point I'm making is that they all receive the same kind of provincial funding and it would make sense it seems to me, superficially, to have them structured in a similar fashion and to have them accountable in similar fashions and it's simply a question that's raised when we start talking about the Universities of Brandon and Winnipeg wishing to establish their own act.

Like I said, given that they are receiving large sums of public money, I think it makes sense to review that whole question and see if you can't bring some uniformity to the way they're established, the way they operate and it's something I will be reviewing over the coming months.

MR. C. BIRT: If the Minister or his staff could turn to Page 20 of the Annual Report, 1984-85 of the Universities Grants Commission, and it's the explanatory notes, when you see academic staff full time, there are the four colleges mentioned and then there's a Roman numeral I under St. Boniface College and it says, "An additional 109 full-time academic staff are paid from non-operating funds. Now does that apply to the total staff complement of the four universities mentioned there or is it just to the St. Boniface College?"

HON. J. STORIE: I'm told that it's for the total.

MR. C. BIRT: So the other two explanatory notes then would also be for the four colleges, not the . . .

HON. J. STORIE: Yes.

MR. C. BIRT: Mr. Chairman, in the grants to the universities, you gave me a breakout as to the sum of money that is going to the various universities and the University of Manitoba got \$129 million, which is an increase of 3.2 percent; The University of Winnipeg, 17.3, which was an increase of 4.9 percent; Brandon University at 11.4, which gives you a 6.1 percent; and St. Boniface College at 2.9, giving you a 5.5 percent increase.

The general formula, and I think the figures used by the Minister or at least during the Budget Debate, was that some 3.8 percent increase in funding was going to the universities.

Why do you have different amounts and different percentages going to the universities and what was the criteria for giving them different amounts?

HON. J. STORIE: The difference can be accounted for in terms of the targeted funding, \$100,000 for a targeted program. A conditional grant to a small university obviously means a much larger percentage increase. There were also some ongoing or previous commitments.

The Earth Sciences Building is one for the University of Manitoba; the University of Winnipeg, a catch-up

grant because of some inequities that were related to funding at the University of Winnipeg.

There was some community programming as well, additional dollars for some community programming at the University of Winnipeg. The University of Brandon received some additional operating dollars for the Music Building, so there are some specific dollars attached to either previous commitments or additional commitments that the universities made.

MR. C. BIRT: Mr. Chairman, the Annual Report shown by the University of Manitoba, - and I don't have the other ones available - they've shown their operating status over a number of years and it would appear that they try to come in with surpluses. What happens to those surpluses? Are they taken into consideration for the next year or is that refunded to the university? Are they free to spend it within their own milieu? What happens? If they make a surplus, what happens to it?

HON. J. STORIE: I understand that surpluses are not uncommon. In fact, in the previous year, I understand there was a small surplus.

Again, that is within the domain of the university themselves to rearrange funding within the budget or to allocate additional funding to specific programs as they see fit. So once the allocation is made, there is no attempt to recoup surpluses. I guess some would find it surprising there would be surpluses in these so-called tight times.

MR. C. BIRT: But if there is a surplus or a deemed surplus - and I can appreciate often it's just a paper figure it's not a real surplus because you may not have filled staff roles completely or whatever - then is the Minister saying that for the next year's budgeting any surplus is not taken into consideration in allocating an operating grant?

HON. J. STORIE: That's correct.

MR. C. BIRT: Mr. Chairman. That's all my questions.

MR. CHAIRMAN: The Member for River Heights.

MRS. S. CARSTAIRS: Yes, there's a number of things that I'd like to discuss, but the first one I'd like to discuss is the basic statement of the minimum amount needed to maintain the existing level of program activities at the universities that will require an additional 5.7 percent or 8.890.1 to the operating base.

Why did the universities take such a beating in the overall Estimates process, if in fact it started off with a 5.7 percent increase and ended up with a 3.6 percent increase?

HON. J. STORIE: I'm certainly shocked and quite taken aback by the Member for River Heights' excessive use of a motive language with respect to this issue. I think clearly the government has been most judicious and fair in their allocation - as they are wont to be, I understand - in their allocation to the universities.

I think if you actually look at all of the sources of revenue, the conditional grants, the miscellaneous capital, capital grants that are provided to the

universities, actually the figure is very much like 6 percent. I had given the Member for Fort Garry a breakdown of the different sources of revenue that the universities had and I would just review those, if I can find them.

There was a 2.76 percent increase in base funding, which applied to all of the universities; then there was additional funding offered to each of the universities for specific projects, which brought it up to approximately 3.8 percent. The universities, by virtue of the fact that another major source of revenue is tuition fees, obviously received approximately another 1 percent increase as a result of increasing tuition fees; an increase in provincial support by way of a grant in lieu of taxes to offset increasing taxes of approximately 1 percent; and I've already mentioned the specific categorical grants. So you come to a figure that's close to 5.76 percent or 6 percent, the 5.8 percent that's mentioned or the 5.5 percent.

In addition to that, the University of Manitoba which is the largest, and obviously budget-wise significantly the largest, also received authority for a \$10 million capital debenture. The cost to the province in meeting the interest, and the principal and interest of that, will be an additional sum of money which will be the responsibility of the province.

So, I think while certainly perhaps from the university's perspective we have not provided enough, I think provided essentially what we believed was necessary, recognizing as well the Universities Grants Commission received substantially more requests than what were included in their recommendations. Requests from the university foresaw the need of an increase in the magnitude of 10 percent to 11 percent. I suppose if you include the \$10 million that has been provided by way of debenture, that we're almost there, but in terms of straight grant, obviously, the recommendations of Universities Grants Commissions are tempered, if you will, by the resources of the province and our ability to fund the university's needs along with the very real needs of our health system and the needs of post-secondary training in other parts of the province through other institutions and other venues. If that's an explanation, I guess that's it.

MRS. S. CARSTAIRS: With all due respect, Mr. Chairman, to the Minister, I'm really not interested in all the other kinds of funding. I'm interested in the grants received through the commission for the universities.

The Minister in his answers to the Member for Fort Garry threw out things like we have one of the lowest tuition fees in Canada, while in fact that's not entirely true; McGill has a lower one than the University of Manitoba. We throw out things about the money we give to education and, quite frankly, the provincial Tories are equally guilty of having badly funded our universities - as you are unfortunately becoming, as this government - but Nova Scotia provides far more per capita to education than we do in this province, simply because they place an extremely high value on the education process.

If you, in fact, deal with the reality of the situation, our universities in Manitoba - not this year - but in the very near future are going to be in serious difficulties

at maintaining a high level of academic excellence. One only has to go through the number of faculties that have been in danger of losing accreditation and funding had to be found rapidly in order for them not to lose their accreditation.

Architecture, dentistry - now we're looking at internal medicine - engineering - we lost ophthalmology. It goes on and on. That may well be the purview of the Board of Governors, but since the vast majority of the monies that go to the Board of Governors come from the Province of Manitoba and the government of this province, then we must do something to either make a decision that we're going to have excellence at our universities or we're going to make the decision that they are going to be less than excellent.

I maintain if we continue this level of funding that was provided last year and this year, we're going to have a serious excellence crisis in this province.

HON. J. STORIE: I guess two points, one, I think the universities and certainly the government are concerned with excellence. I think it's recognized that for a small province, really, we have three fairly large university communities, four universities, and certainly I think a sizable responsibility for a province of a million people.

It is true and I've indicated we have reduced the level of funding over the past couple of years, but I think it should be recognized it was on a fairly substantial base where increasing was substantially beyond inflation, and over the five years our record is pretty fair. I don't think we need to feel any shame in funding universities at 8 percent beyond, 9 percent beyond inflation over the past few years. Clearly, that should be enough for them to maintain their mandate and provide excellence.

I think our funding of universities has been comparable to the public school system and I recognize there are many school boards out there who would also, as the University Board of Governors, want more funding. But I think if you compare our level of funding to other provinces, we have done a better job in terms of clearly establishing universities and post-secondary funding as a priority than other provinces, that we have tried to maintain our system.

Clearly, the government, by virtue of its relationship with the university, cannot establish the priorities, cannot - and I've indicated to the member previously - does not have the kind of the information that would allow it to intervene in perhaps a more timely way to prevent the loss of accreditation. Those decisions are within the purview of the university and have been, I guess, guarded rather jealously by the universities for some time. If the member is suggesting the university's autonomy should be jeopardized in some way, then obviously that's another ball game entirely.

The universities, I suppose like other institutions, have had a difficult time over the last few years coming to grips with the fact that they needed to reprioritize; that no institution however important, however based on tradition can remain static forever, and there have been significant changes at the universities, and some of them brought on by the fact that funding was at a premium and new ways, better ways of doing things had to be found. Some universities have been able to accommodate the current reality better than others.

Although it has been painful, I'm only aware of the possibility of the loss of accreditation for one faculty

and, again, something that was brought to my attention through the media and indicates, to my way of thinking, a lack of planning, a lack of foresight at some other level. While I share the responsibility and certainly will do, as has been indicated, will work cooperatively with the universities prevent those kinds of things from happening, perhaps it can only be prevented in the future by a closer cooperation and more sharing of information and I think that's desirable.

MRS. S. CARSTAIRS: Quite frankly, Mr. Chairman, I'm appalled the Minister of Education would say he learns about accreditation problems at his major universities through the media. I don't think it is any threat whatever to the autonomy of the university for the Universities Grants Commission to ask for a report on the status of faculties and any difficulty those faculties may be encountering because of a lack of funding. I would think that would be an obvious question to ask prior to budgeting for the Grants Commission.

HON. J. STORIE: Certainly, the universities have within their budgets the ability to deal with, for example, the accreditation problems that may or may not face the Faculty of Engineering. They may choose, for their own reasons, to deal with it without acknowledging there has been a problem, and I presume that has happened in the past.

The member does raise a good question about our ability to ask questions, but it also raises other legitimate questions about the need, if you will, for the university community to share that kind of information in a more timely fashion. It is a problem; I agree that it needs addressing. As I've indicated previously, I will be meeting with the university presidents and do intend to work much more closely with the university presidents so that I can understand their needs better and so that they can appreciate our position as well.

MRS. S. CARSTAIRS: I don't like to pit one university president against another university president; however, since the Minister in fact brought them both into the conversation, I think it would be very appropriate for the University of Winnipeg to be less unhappy with his grant of 4.9 percent than it would be for the University of Manitoba to be happy with his grant of 3.2 percent. I think it's also fair to say that the University of Winnipeg, several years ago - and I think one of the reasons why they're now getting catch-up grants, was that they made massive cuts in courses three years ago. That was the same period of time in which we were dealing with closing libraries a year or so later and limited hours and access of students to those library hours. I think that there are many students at the University of Winnipeg who are still complaining about the lack of availability of courses that used to be available in the calendar of that university.

HON. J. STORIE: Just for the record, they didn't close the university library but there were in fact some reduction of courses. I don't see that as an entirely negative phenomenon. I think that universities have to revamp the courses they offer from time-to-time as well; that they in fact have to reflect more broadly the needs of the students and that if that means reducing

sections, changing the ratio of one faculty's offerings versus another, that that's an appropriate thing to do.

I can only indicate what I've heard from the university president and that is that they saw the necessity for changing in a rather dramatic way some of the things that they were doing; and they did them. That may be necessary. Again I don't see that as all-negative; that change is sometimes a positive force and it can be at the universities as well. Whether that means that we can expect fall-out, I guess, from a process at the University of Manitoba or other universities, is open to question.

MRS. S. CARSTAIRS: Has the government and the Grants Commission in particular ever thought in terms of long-range planning for our university institutions because it appears to me that this is where the real difficulty occurs. I mean the first two years of your government being in office, no question, gave substantial increases of money to the university community. They expanded in courses; they built new buildings; they introduced new faculties; and then all of a sudden when they have been used to that level of funding, the crunch hits. They are then left with the dilemma of having hired more staff; having put programs into place. Would it not be more advisable to put them on some kind of a five-year plan so that they had some knowledge of where they were going over the years of a government?

HON. J. STORIE: Yes, I think the member raises an excellent idea, not only for the universities, for the public school system, in fact for our other major institutions which are funded by government. Although that is a desirable thing - and I believe that the First Minister and the Minister of Finance have indicated that we will in fact be moving in that direction - that we would like to table a longer-term perspective of the problems and the opportunities that we face in terms of our fiscal financial picture, it does pose some problems.

I'm reminded of the initial term, the initial year of the NDP Government in 1981-'82, when we had as a matter of course, invited several experts in to discuss the future economy of Manitoba, the directions that the Canadian economy, world economy was going to take and received assurance from many quarters that the recession was in fact over, that the prospects were thus and so. These were recognized economic experts from other parts of the country that in fact many of the leading economic forecasters were predicting the same kind of thing and it never came to pass. In fact we went through a severe recession. So it leaves one with a very difficult scenario where in fact while it's desirable, it has some potential pitfalls in that if you indicate that this is going to be the scenario and the economic circumstances of the province, the country turnaround, you may have set in place some planning and the implementation of some programs that will be negatively affected.

I think the benefits outweigh the disadvantages and I think in fact that kind of planning should be taking place and what we've got to do is make sure that the planning isn't carved in stone. But it's an excellent idea and if we're really going to get some priority-setting, I believe particularly for the university community, they need to have that kind of assurance.

MRS. S. CARSTAIRS: Mr. Chairman, the Minister indicated earlier that there was not going to be the kinds of staff cuts that had appeared the faculty association felt there were going to be. Did his Grants Commission also look into other types of staff because I understand that in fact it will end up being a support staff that will be cut? Quite frankly, I'll give you my own bias there in that if I had to cut a secretary rather than a lecturer in one of the sections of the course, I'd cut the secretary and no questions asked. I still believe that a library and a good teacher can create a degree of excellence.

HON. J. STORIE: I can only indicate that we have had no indication that there are going to be any layoffs, whether they would be staff, teaching staff or support staff. Those priorities have to be determined by the university in the event that layoffs are necessary of any kind. It wouldn't be unusual to see support staff laid off where that was possible and wouldn't jeopardize the longevity, the safety security of the buildings, I suppose.

MRS. S. CARSTAIRS: I was amazed when we first discussed the University of Brandon and again tonight, quite frankly, that the government would have 10 appointees out of 17 and I would hope that while he's looking at new acts, he would not use Brandon as his guide. I think that if we are really serious about the autonomy of universities that in fact the government, while it should have representation, should certainly have less than 50 percent.

HON. J. STORIE: I appreciate the member's candid comments. I'm sure that the current Board of Governors at Brandon University will take no offence at that thought; it was the concept I think that's important. I guess that is a question that needs to be reviewed fairly carefully. In my own mind, it is a question of accountability and how does one best achieve that. I can only indicate that I had not thought of Brandon University as a model necessarily.

MRS. S. CARSTAIRS: If we're talking about accountability, I don't think that there's anywhere been proven that Collège St. Boniface is any less accountable than any other of our universities, yet they have no appointees. I don't recommend that as, quite frankly, the model either, but I do think that autonomy at universities is extremely important, and I think that a 40 percent government participation is perhaps a more reflective and realistic goal for university participation from the government.

HON. J. STORIE: I appreciate the comments.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Thank you, Mr. Chairman.

I wanted to deal with this question of long-term planning for the university, because I think that's extremely important. The Universities Grants Commission Annual Report on Page 32 refers to, with respect to the University of Manitoba, a multi-year plan to 1989-90 which was to be presented in June of 1985.

Does the Minister and the Universities Grants Commission have that multi-year plan?

HON. J. STORIE: The university, as with many I guess agencies, has a five-year rotating plan. It is not something that is tabled with the Universities Grants Commission. It is simply an internal plan and a rotating one. It's part of their budgeting sequence, I presume relates more to the capital and operating projects.

MR. G. MERCIER: Mr. Chairman, this reference in the commission report is contained under "Financial Planning." Why would the Universities Grants Commission be commenting on a multi-year plan that is internal to the University of Manitoba if they do not have access to it or have knowledge of it or be aware of it?

HON. J. STORIE: It is referenced merely to indicate that the university is doing longer-term planning. In fact, the five-year rotating plan is a relatively new phenomenon for the University of Manitoba. I gather all of the universities now have some form of longer-term planning, the five-year rotating plan or whatever. The University of Manitoba has been at it for several years now, and it's again a device that assists them in preparing in a longer time frame.

MR. G. MERCIER: Mr. Chairman, is the Minister saying that the Universities Grants Commission does not have access to or is not aware of the contents of that, what he refers to as an internal five-year plan for the university?

HON. J. STORIE: I understand that there is no formal plan that is tabled with the Universities Grants Commission. Some portions of the plan are discussed, I gather, in detail with the commission, but there is no overview by the Universities Grants Commission of the full plan. As I indicated, basically the Universities Grants Commission encourages the universities to undertake this kind of planning just for their own purposes, so that they could have a better appreciation for what was on the horizon and what kind of costs were anticipated.

MR. G. MERCIER: Mr. Chairman, the Minister has just acknowledged the Member for River Heights, and I agree with her concern about the benefits of some longer-term planning. We have a situation where apparently the University of Manitoba, for example, has prepared a multi-year plan, a five-year plan which obviously would express some objectives and some ideas about where the university would like to go over the next five years. The Minister is telling me the Universities Grants Commission does not have that plan presented to them. You know, I find that very difficult to accept that if the university has gone to that extent to prepare a long-term plan, why the Universities Grants Commission would not be reviewing that and, through the Minister at least, be giving some advice to the university on the objectives and the projected funding, etc., and making some determination as to whether government will, through the Universities Grants Commission, be agreeing with the long-term planning of the university.

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HON. J. STORIE: I think we're talking about two different plans here. This is really a fiscal financial plan of the university, which outlines in a rather logical way what costs are anticipated to do in each of the categories of their budget. It doesn't deal with the planning issue of policy priorities. It doesn't deal with the whole range of planning possibilities for the university, and certainly doesn't deal with the funding policy of the government over the next number of years.

So when I was talking about planning and encouraging that kind of planning and indicating that I felt that it was useful and something that we should be doing, I was talking about the more all-encompassing kind of planning, not just saying here's our secretarial costs and we calculate that by five years they're going to be this. That's the kind of five-year rotating plan that they have, but it isn't a setting of priorities for the university. It isn't saying, here's where our costs are going in terms of this particular area of this faculty. How can we control them? So it isn't the kind of detailed policy planning, the detailed kind of budgetary planning in terms of funding that's needed to support the activities at the university. It's much more basic than that.

MR. G. MERCIER: If it's a fiscal plan, I believe the Minister referred to, can he indicate what the projected increases in expenditure at the University of Manitoba are for the next five years then on the basis of that?

MR. CHAIRMAN: I would just point out, for voting purposes, it is now 10:00 p.m. I assume we wish to continue.

The Minister of Education.

HON. J. STORIE: I understand that the projections are now that the universities would need somewhere in the neighbourhood of 4 percent over the next five years. Now that again, as I have indicated with any five-year plan, even though we're talking about strictly the financial planning of the university, there are a whole bunch of "ifs" built into that plan. If the winters are short, the costs are lower. If student enrolment drops, costs are lower. If liability insurance continues to escalate, costs are higher, many of those costs. But that's the kind of financial planning we're talking about. It's at the very specific level, and deals with the costs of staffing in each of the categories, costs of operating maintenance projections, but it isn't the kind of policy planning that immediately springs to mind when you talk about a university's five-year plan.

MR. G. MERCIER: Does the Minister have any long-term plans or objectives for universities in Manitoba?

HON. J. STORIE: Well, it would be a little bit premature to tell you my goals. I've indicated generally, broadly what I feel the universities are about. I feel that there needs to be a greater degree of public accountability. I believe that we need to increase the accessibility of universities. I don't believe that we should react to the crisis, the difficulty that we have funding the universities, by limiting access. I believe that many of the concerns of the university have to be addressed in much more

detail between the government and the university body themselves by dialogue and consultation.

I'm not in a position after being Minister of Education for three months to say in detail all of the things that do or don't need changing. They're important institutions, and they very much reflect the quality of life in Manitoba. So having said that, they are going to continue to be a priority. There's no question about that.

MR. G. MERCIER: Having said that, does the Minister agree that first-year Science students should not have labs available to them?

HON. J. STORIE: Again, I'm not a science professor, so I can't say categorically whether they should or shouldn't. I think there is probably an argument that can be made that the quality of education would not suffer unduly without them in some instances. I know that there are science courses offered with and without labs. I think you probably would find a difference of practices between the universities, and difference of practice between universities amongst the provinces.

So, you know, I don't think there's any easy answer to that. It depends on the objectives of the course. I certainly do believe that there is room for change in the way that some of those things have happened. Changes occur in the classroom and I'm sure changes can be brought into effect at the university level.

MR. G. MERCIER: Has the Universities Grants Commission during the past year approved any courses which are duplications of courses in other universities in Manitoba?

HON. J. STORIE: Staff say they can't recall any. The member raises a good point though. Certainly, if there are going to be any efficiencies had in a relatively small province, that is one of the areas that you would want to make sure there isn't duplication.

MR. G. MERCIER: Are there any discussions being held with, say, other western provinces with respect to, along this line of efficiencies, perhaps it would be, I suppose, similar to the Veterinary School which is in Saskatoon where they have that course. Are there any similar discussions being held now with respect to a specialization by one province in one field in lieu of another province specializing in another field? Would those kinds of discussions be held firstly by the universities, or are they handled by the Universities Grants Commission?

HON. J. STORIE: I understand that there are, and increasingly have been over the last few years discussions at the Deputy Minister's level and the Council of Ministers of Education. So the same issue has been raised at the Council where Ministers are discussing those kinds of issues.

I had indicated to the member for - I can't remember which member - one of the members opposite earlier, that discussions were now taking place with respect to the establishment of an institute for training teachers of hearing impaired on an interprovincial basis. It's a significant specialty, and obviously wouldn't be a viable

enterprise if one province were to go it alone, but it may be if it was done on a Western Canada basis. So those kinds of discussions do go on from time to time.

MR. G. MERCIER: Have there been any discussions with respect to speech therapy, which I understood at present they attend school in North Dakota?

HON. J. STORIE: Yes, I recall some year ago, year-and-a-half ago, that one of the items - in fact, I attended a meeting with Governor Sinner where the whole question of sharing of expertise and establishment of centres of excellence would be a possibility. I don't know that those kinds of discussions have gone on interprovincially. The one area that has been raised by staff is the question of training of Native medical students.

MR. G. MERCIER: Just a few more questions. Could the Minister indicate, through the Universities Grants Commission, how many courses did students drop out of during the past year and request a refund of tuition? I raise the issue because it's being presented to me and the suggestion has been that a significant number of students drop out of courses prior to the eligibility date and then receive a refund of tuition, and it's becoming somewhat of a problem. There's no question that no one would dispute dropping out for health reasons or medical reasons, but with university being so competitive, the suggestion has been that a number drop out because they feel they're not going to do well enough, and pick it up in summer school or the next year.

The Minister may not have that figure but I wonder if he would take the question as notice and advise me perhaps of the number of courses that students have dropped out of during the past two academic years and received a refund of tuition, and what that amounts to in terms of dollars for each academic year.

HON. J. STORIE: Staff have noted the questions and I'll respond back to the Member for St. Norbert.

MR. G. MERCIER: The last area, Mr. Chairman, that I raise in regard to the Canadian Nazarene College, which is one of four church colleges that the Minister will be familiar with. They are constituents of mine. Certainly, the president is. The school may be on the boundary.

The Minister may well be aware that they've been making a number of requests to governments over the years that do involve the Minister of Municipal Affairs in their assessment but, as well, they have pointed out that a major part of their curriculum coincides with that of the universities and that religious studies have now become a part of the universities' program and they're funded through the Universities Grants Commission. They have pointed out to me and, I believe, to perhaps the previous Minister that courses from these church-related colleges are transferable to university departments.

I know mostly about the Canadian Nazarene College because they're located on, I believe, Lee Boulevard in my constituency. There are a number of students who attend university who also attend their college and

receive a credit for the religious education courses that they offer. Yet the college itself, as I understand it, receives no financing through the Universities Grants Commission. I wonder if the Minister could tell me what he is prepared to do about it.

HON. J. STORIE: I am aware of their request. There are a number of options that have been raised with myself and the Minister responsible for Municipal Affairs. We are looking at that issue and I understand we'll be meeting with representatives of the four colleges in the very near future.

Certainly I will be made aware of the issue and will be discussing potential solutions, I suppose, to some of the problems.

MR. G. MERCIER: I take it from that answer the Minister has no positive response that he can give at this particular time?

HON. J. STORIE: I may have a positive suggestion. I guess positive is sometimes in the eyes of the beholder. But I certainly am aware of their problem and I believe we'll be discussing the issue and may have a suggestion that may be worth consideration.

MR. G. MERCIER: Does the Minister not, specifically within his portfolio, agree with the legitimacy of the argument that if they're providing the course of which students attending the University of Manitoba will receive a credit, that they should be entitled to some financial support for the operation of their facility?

HON. J. STORIE: I'm not as familiar maybe as I should be with the background and the rationale for the establishment of the college. Clearly, that college is not the only one in the province.

I should indicate that the Universities Grants Commission does not offer support to theological faculties; and the Religious Studies, of course, are of a variety, non-sectarian I guess in some respects. So there are some differences as well in the orientation of the Religious Studies offered at universities and those offered at some of the colleges.

MR. G. MERCIER: I'll defer to the Member for Fort Garry.

MR. C. BIRT: Mr. Chairman, during the course of discussions, on the Canadian Nazarene College and the other three colleges, raised by the Member for St. Norbert, I think I must put it on the record that the Canadian Nazarene College is a client of mine in my professional capacity as a lawyer, and though I did not absent myself this was a debate and I did not participate in the debate.

I just want the record to show that I wasn't involved in any way, shape or form promoting or supporting their cause. I deliberately abstained from it, and I felt out of abundance of caution I should put my interest, as far as my client is concerned, on the record and trust that it doesn't cause anyone any concerns.

MR. CHAIRMAN: So it has been stated, so it shall be written.

The Member for Fort Garry.

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

I believe these are all of the questions on the Universities Grants Commission?

MR. CHAIRMAN: Item 6.(a)—pass; 6.(b)—pass; 6.(c)—pass.

Resolution 51: Be it Resolved that there be granted to Her Majesty a sum not exceeding \$162,161,300 for Education, Universities Grants Commission for the fiscal year ending the 31st day of March, 1987—pass.

Now, we return to Item 1.(a) Minister's Salary - the Member for Fort Garry.

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

I don't have any additional questions or topics that I wish to raise at this particular time.

Some several days ago, when we entered into the debate on educational policies of this government and the funding of same and where they were going or not going, I had set out a number of concerns that I and my caucus had on the record. I would just like to briefly touch on four areas that are of concern to me. I was hopeful as the Minister and I went through our Estimates that he showed promise of opening up, in fact, not being trapped by his predecessor's perceptions or positions because, quite frankly, I think some of them were not very well thought out or very positive as far as the educational field was concerned in the Province of Manitoba. However, the Minister seems to be somewhat trapped by some of his predecessor's actions in this area and for that I'm a little disappointed that he was not able to swing a new broom and perhaps bring some new light into the areas.

The one in particular I looked forward for mostly on was the quality of education. The previous Minister, in fact, set the parameters and I had hoped during the interim with the new Minister arriving on the scene, that the scenario would not be as it is now unfolded.

Quite frankly, I think the public wants a review of the high school curriculum. The students should be assured that they are going to be given a quality education to take them into the work force or into post-secondary education. That entails and challenges the perceptions in which the department provides the various services, the criteria, the course program, the funding, all of this.

I do not think you can get a fair and valid review, and I don't take any umbrage with the professionals who are from the department on it. They bring a legitimate point of view and I don't challenge their competence or capacity. It's the question of a review, that if it's to be meaningful because it's such a long time in coming - I think the Minister had indicated some two decades have passed since any major review of the high school area had taken place - that we would get what I would call a more independent arm's-length review of the whole system.

Unfortunately, by structuring the committee the way it has with an acting deputy minister as chairman and two assistant deputy ministers on the board and having the department prepare the material for the position paper that this committee is going to develop, sort of closes many options. It's all well and good for the Minister to say they'll come out in a public debate, but

I know very well that once you stake a position or set a positional paper out, it almost by itself precludes other debate.

The time frame on it, quite frankly, I think is a little too short to anticipate that they are going to develop something within two or three months and then go to the public and be able to report to the Minister in any meaningful way within a year, quite frankly, puts too much of a rush on the whole process. I've indicated in the House and I've indicated to the Minister on previous occasions that I think he's going about the wrong way, and for that I'm a little disappointed.

The other area of concern to me was the priority of funding for post-secondary education in this province, and in particular the university area, and I'm still not convinced that the Minister has given the priority it deserves because as the Minister talked on one hand, yet when probed in other areas, he would contradict himself. Quite frankly, I don't think the universities are being developed so that their spheres of excellence are being added to, that their future as sound educational institutions are being assured and guaranteed. I think the area of additional funding and some long-range planning is long overdue.

As I indicated in my opening remarks, I did not believe this government had a long-range future or plan for post-secondary education and to this point and time they've given no evidence they, in fact, do have a formula or a plan, and that I am also disappointed with.

The other troubling area of concern is the funding formula, or three types of funding formula as far as grants to the municipalities and the school boards are concerned, and this is causing some extreme problems.

The Minister may agree that it is or advocate that it is an insoluble problem. But it seems surprising that you would have three formulas working within this province, and each receiving a different funding base. I was a little disappointed to find that the Minister is not prepared to review this whole area or move in this area, and to say, it's an impossible problem and we can't solve it. I don't think problems like that are insoluble. I think if you spend enough effort, time and energy that they can be resolved. I would urge that the Minister get moving in this particular area.

The other area of concern was the Educational Review or quality of education review that I thought had some meaning, but in going through the earlier parts of the Estimates it seemed every time we raised a good question the Minister said it would be covered under that review. It seems to me it's become sort of the catch-all or defensive phrase for inactivity or reasons for not doing things, and it might be studied in this area.

Again, I find it a little disappointing. However, the Minister was frank and open in some of the suggestions being offered by myself and other members around the table, and I think there is some hope. I would hope that he could convince his colleagues in Cabinet that education is a higher priority than they seem prepared to give it at the moment. I was intending to make a motion to lower the Minister's salary to \$2.78 to reflect the true purchasing power of his salary as it relates to the amount of increase in funding that the university is trying to cope with. But feeling that the Minister might feel that it was a too generous offer and that it was in excess of the inflation level, that I couldn't without

a calculator, get a true and correct value on the amount of money we should pay the Minister for the next year, I've decided because of the lack of technical tools, I can't accurately define what he is really worth. So I will not be making such a motion. We may be talking in pennies but I think quite frankly it's something substantially less.

Anyway, Mr. Chairman, I enjoyed the debate, I enjoyed going through the Estimates and I just hope that the Minister can promote some of the ideas that were presented forward and some of the suggestions I think he took in a positive frame. As I say, I enjoyed the debate.

HON. J. STORIE: Just a few brief comments.

After those very gracious remarks do you think I'm going to let this opportunity go to give a few shots? I do appreciate the comments that have been made by all members opposite. Clearly, this has been as much a learning process for me as for some members opposite despite the fact that I have been involved now for two or three months. I have not pretended that I know it all. I have, I think, been quite open to suggestion and will be, not only from members opposite but from the university community, from other organizations involved in education. I appreciate some of the comments that the Member for Fort Garry has made. I'm not in agreement with many of them but I appreciate that they're made sincerely in the interests of improving the quality of education in Manitoba and in the concern for the continuation of quality education being available.

So with those few remarks I'd like to thank all members opposite, the Member for River Heights for her patience and understanding and cooperation in many respects, and to the Member for Fort Garry, the Education critic, for his thoughtful comments and moderate tone throughout. I look forward to being in a position to answer some of your concerns when we meet again with respect to our ability to meet the challenges that are out there.

MRS. S. CARSTAIRS: Mr. Chairman, I will be very brief.

I want to thank the Minister for the cooperation that he showed throughout the Estimates process. I will probably not be able to go through with him again next year simply because my time has to be spread around, and that will disappoint me, because I think that everyone is aware of my long and abiding love for education as a professional teacher and as a parent.

I would just ask the Minister as he's putting together a budget for his department next year that the area of Curriculum Development, which is so very important if we're going to have quality teachers, which means we're going to have good education, is one which must be emphasized, and must not lose its primary position of focus within the Department of Education. I know it is not the department that gets the most money and it shouldn't be the one that gets the most money for obvious reasons, the funding of the public schools must be that. But it is an area upon which quite frankly the ship will sail or it won't.

I would hope that within the quality initiative area, particularly with regard to gifted children and very bright children, and my bias is showing; my Master's Degree

is in Special Education for the Gifted - that I feel that it is imperative that those children, if we want to have future leaders in our society, not be ignored and allowed to waste their talent.

MR. CHAIRMAN: Item 1.(a)—pass.

Resolution No. 46: Resolved that there be granted to Her Majesty a sum not exceeding \$5,197,100 for Education, Administration and Finance for the fiscal year ending the 31st day of March 1987—pass.

Thank you all.

Committee rise.

SUPPLY - ENERGY AND MINES

MR. CHAIRMAN, C. Santos: Committee, please come to order.

We are now considering Item No. 4.(a) Expenditures Related to Capital, Acquisition/Construction of Physical Assets - the Honourable Minister of Energy and Mines.

HON. V. SCHROEDER: Thank you, Mr. Chairman.

This afternoon, we had been discussing the ERDA Agreement and how good news seldom gets out. I've got a mittful of documents here which are public which we do our best to circulate, and which I'd like to present to the Member for Lakeside for his perusal and approval.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: Mr. Chairman, I thank the Minister for that information. I appreciate that among the voluminous material that we receive, I may well have received some of those documents in the past, but then again maybe not. I appreciate the Minister's consideration in making us apprised of this information.

Mr. Chairman, we're dealing with the last item, and then we'll return to the Minister's Salary, but perhaps just a brief explanation of the capital requirements of \$145,000, Acquisition of \$70,000.00. Is the Minister planning to acquire a new Volvo or a BMW, or what does the current Minister intend to do with the capital requests before us?

HON. V. SCHROEDER: Mr. Chairman, obviously the member has seen my car. I am in need of a different one possibly.

It's a purchase of field equipment for summertime exploratory surveys in the province, and simply a maintenance and improvement of drill core storage facilities.

MR. H. ENNS: Well, Mr. Chairman, we're prepared to pass this item, and return to the Minister's Salary. Some of my colleagues who have been involved in other committees and have had other responsibilities may wish to take up with the Minister a few more issues before we approve his salary. That's an important part of these Estimates as well, Mr. Chairman. With that, Mr. Chairman, let's approve this last item in the regular Estimates.

MR. CHAIRMAN: 4.(a) Expenditures Related to Capital, Acquisition/Construction of Physical Assets—pass; 4.(b) Capital Grants—pass.

Resolution No. . . .

MR. H. ENNS: Mr. Chairman, just prior to doing that, I regret that I didn't make a point of asking this of the Minister before. Some of the Ministers have, in their Estimates, followed a practice which I appreciate and those members in the Opposition appreciate, that is introducing senior staff before them. Neither of these gentlemen are acquainted to me, either one of them, and it would be helpful, I think, for all of us to know some of the senior people . . .

HON. V. SCHROEDER: Charles Kang is my Deputy Minister of Energy and Mines and Henryk Mordarski is with him as well.

MR. CHAIRMAN: Resolution No. 61: Resolved that there be granted to Her Majesty a sum not exceeding \$215,400 for Energy and Mines, Expenditures Related to Capital, for the fiscal year ending the 31st day of March, 1987—pass.

The committee is now reverting to budget Item No. 1.(a), relating to the Minister's Salary - the Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I want to ask of the Minister what input or what concern he has had for the policy that is certainly of concern to the majority of landowners in the southwest area of the province dealing with a hearing that will take place on Thursday in Virden dealing with the reduced spacing of oil well sites in that area of the province.

I'm in receipt of a letter from the Minister dated June 19, in which he's made reference to specific sections of the mines, not really the act, but the regulations; and I want to get into some area of policy discussion with the Minister on this particular area because - and, as well, I'm prepared to table a letter which came from some individuals from the Virden area dealing with their concerns.

My colleague, the Member for Virden, met with the Surface Rights Association sometime earlier this year, in May, discussing the proposed request by Chevron to reduce the numbers of acres in which an oil well site could be placed on a farm. I think, Mr. Chairman, to be fair, that the reason that such a protest came forward is because of the historical actions or the inactions by the Surface Rights Board in giving the kind of protection to the surface rights owner that I think and they think they deserve.

If, in fact, there had been fairness applied and decisions made that were, I think, more compensatory to those individuals, then in fact there wouldn't have been the kind of protest that we're now seeing. But there have been some decisions made, there have been some judgments made by the Surface Rights Board which have not been in the best interests of those individuals.

For example, judgmental settlements made by the Surface Rights Board, less than what had been some of the traditional negotiated settlements - and remember that it's either the landowner or the oil company that can put it before the Surface Rights Association. So what, in fact, has taken place, where in some cases negotiated settlements have taken place,

there have been requests to go to the board and the board has come back giving less settlement than some of the area settlements or area negotiated agreements that are place. It's cost the farm community a considerable amount of money.

Mr. Chairman, we're now seeing what I would consider a major policy change. I'm not satisfied with the letter the Minister sent to me, saying that it's under the regulations of The Mines Act, that the board can now, after a hearing process, can make any reference to the hearing process as to whether or not they reduce the acreages from 40 to 20 acres per site. That's really what the question is: is it going to be a general government policy - and I don't expect the Minister to make any reference to the hearing process as it's coming up on Thursday - but I want to alarm the Minister and I want to be on the record as speaking clearly on behalf of the Surface Rights Association and the landowners, that the hearing that's proposed for Thursday has major policy implications; it is a major policy change where you reduce the numbers of acres from 40 to 20 in which one oil well site can be put on a farm.

That virtually says on a quarter section of land, you can go from four oil well sites to eight oil well sites. In the days of modern agriculture when you have some of the larger equipment, when you have some of the kinds of difficulties experienced by previous drilling experiences; whether it be salt water spills; whether it be hydro poles; whether it be roadways; whether it be all those things necessary to provide the infrastructure for the drilling of oil wells when you now have it on every 20 acre site as opposed to 40 acres, it does become a major problem.

There are two sides of the coin, and I'll talk a little bit about the other side of the coin. If, in fact, there were or there had been satisfactory settlements with the Surface Rights Board and if, in fact, the landowners had been satisfied with some of the judgmental cases that had come down previous to this - and satisfactory land payments - then probably an oil well on every 20 acres would be more productive than trying to farm it under the economic conditions of which farmers are trying to produce grain. There are two sides to the story and I'm not trying to say there isn't. What I'm concerned about is farmers have the opportunity to be heard and treated fairly. That, to this point, Mr. Chairman, hasn't taken place.

I would suggest the Minister - and I'm saying he's certainly not going to get involved prior to the hearing, but after the hearing on Thursday - take into account particularly, No. 1, the concern of those individuals who have previously not been treated fairly under The Surface Rights Act and some of the previous hearings. If he's to impose an additional four oil wells per quarter section, if they're going to have to live with the kinds of decisions they've lived with, just really doubling the complications of which they've now been trying to have corrected. So it is - and I can't emphasize this enough, Mr. Chairman - a major policy change and I would hope, as I understand what Chevron's request is and the application is for testing in the daily field, the testing could well expand to a normal procedure.

I would hope before that were to take place though, the Minister would be able to lay before the Legislature, lay before the public, who are going to be affected, what other jurisdictions have; what the benefits would

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be to the No. 1, the industry, to the people of Manitoba; and at what costs those benefits would be to those individuals who are affected, and make sure that his colleague, the Minister of Municipal Affairs, gets off of his duff and makes sure that the Surface Rights Board is going to act in the best interests of those people that it was established to before.

To his point, his experience isn't very good, with the experience that they've had with the Minister responsible for the Surface Rights is not very good. They're waiting for someone to take a hold of them. The last Minister - who we all know who is now on the government payola - was a disaster, a complete disaster in the administration of the act.

This Minister has a chance, and has had a chance in the last few weeks to somewhat improve the record from the previous Minister. — (Interjection) — I would hope that he doesn't, but I'm saying this to the Minister of Energy and Mines, when this decision is made by his board - and this is where farmers get caught in-between government bureaucracies - that the Natural Gas Petroleum Board make the decision as to whether there's a reduction in the spacings for oil wells.

The Minister of Municipal Affairs has the authority, under his board, to make sure they're treated fairly. It is a double whammy; in fact, if his board makes a decision to allow the doubling of oil wells per quarter section and if the Minister of Municipal Affairs Board is not treating the farm community fairly, then they're in a double whammy situation. Let's make sure before we double the problems, we get the board and the Minister of Municipal Affairs fully engaged in what's going on.

As well, Mr. Chairman, there's a third ministry that is kind of dragging their feet - not kind of dragging - is dragging his feet, but that's not unusual because in this particular case there are no marks to be made by bashing the Federal Government - that's the Minister of Agriculture and the Deputy Minister, who we were just introduced to, has indicated in his response to a letter to Mr. Perrin in the Viriden area, that in fact the Minister of Agriculture is expected to carry out an impact study as to what impact it will have on the agricultural community.

I'll just quote one line and this is to Mr. Perrin, "I note, by copy of your letter to the Minister of Agriculture, you've already raised the suggestion of having an impartial study carried out by that department. The board would fully support such a study." Well, now, I haven't heard the Minister of Agriculture make a public announcement that he's going to have the Department of Agriculture carry out a study dealing with the impact of surface rights or the oil drilling activity on the farm community.

There are three ministries, Mr. Chairman, that are involved: the Minister of Energy and Mines, who has definitely a vested interest in seeing the development of the oil industry in Manitoba; the Department of Municipal Affairs, who I think should have - and I know he hasn't - have very close communication with the municipalities; and the Minister of Agriculture, who should be defending the farmers who are having the major impact on them.

There are three ministries involved and I would hope that before this progresses too far, after the hearing on Thursday, before anything is done, that those three

ministries comes together with their staff and say here's where we're at to date. The Surface Rights Board hasn't been working properly. We have now have a decision before us, one way or the other, as to whether we're going to reduce the numbers of acres per oil well and we have the Minister of Agriculture who has been dragging his feet, Mr. Chairman, as far as doing an impact study of the oil industry on farming. I don't think I could lay it out any better than what I've said here tonight. Mr. Chairman, it's not a criticism and I don't want the Minister of Mines and Energy to go into a tantrum like he did the other day. I want him to give me the response as to whether or not he, the Minister of Agriculture and the Minister of Municipal Affairs, following the hearing on Thursday, that they'll sit down and bring this to one meeting of their ministries and let the farm community know where they're at.

Mr. Chairman, I'm going to table a letter, as I said earlier, from Catherine Angell and Don Angell of the Viriden area. This was a letter to the Deputy Minister of Mines and Energy. Here are some of the things, and I'll read them into the record because it's important. This is for the application. It's so important that I want to read it into the record.

This is dealing with the daily unit three and four. I'll just quote some of their concerns and they are, I think, very legitimate. "This is in response to a letter of April 23, 1986, in response to our original objection to the reduced spacings in daily unit three was received. Your last sentence is somewhat vague and leaves us wondering what the next step will be. We were unable to reach you by telephone, but spoke with Mr. Moster. We need to know what the procedures for objection is. Mr. Moster did not provide a clear answer." That's the first problem, Mr. Chairman, that we've had.

I spoke to a municipal reeve on Sunday and, again, they are concerned at the short period of time in which they've had to prepare an objection brief for this hearing on Thursday. The notices apparently were too short in term to do an appropriate job, and that was the reeve of the Brandon municipality who indicated the council did not have a lot of time to prepare their objections.

Here are some of the objections that came from the Angells in the Viriden community. "Some of the grounds we base our objections are: 20-acre spacings would destroy the viable agricultural use of our land." That's correct. I put it on the record that when you reduce the acres between an oil-well site from 40 to 20, it virtually makes the farming of a quarter section impractical if not impossible with the kind of machinery that is now farming the lands.

Here's another major concern, and I want these on the record, Mr. Chairman. "Our farm is a century farm, over 100 years in the same family, and we feel the necessity of preserving the heritage for future generations." Now that's, I think, a pretty commendable concern, that they want to maintain for their future generations the farm as they have had it left to them. It's entrusted to them and they want to continue on with the kind of passage onto their family.

"We, as landowners, need to know the procedure for objections. What, in the mind of the board, constitutes a valid objection?" They've been told they have to have a valid objection. Well, in their minds, I would think, and in most people's minds, that any objection would be valid, that there is somewhat a

vagueness. The timing of these applications to coincide with busy spring planting is inappropriate. Well, we've gone from spring planting to now full harvest in the southwest corner of the province. So we're now dealing with the problem of spring seeding and now we're into the harvest and I hope that people take the time to go and be heard even though they have the harvest at hand.

Again, "The extremely short time frame is inadequate and Chevron Resources is not an honourable company." They make that comment; they've had some bad experiences; and I'm reading and quoting from a letter that went to the Deputy Minister and this is absolutely a quote: "They've had some previous dealings with them; they've had some bad experiences in our opinion." That's in brackets in the letter from which I'm reading.

There are several other comments made dealing with that. I'm not saying, as did the Member for Arthur, that Chevron aren't, but I've certainly had a lot of people who have had concerns about some of the activities and I will reserve my judgment on that particular case until after the hearing is completed.

Here's one of the final concerns and requests by this letter to the Deputy: "We request that a decision on both Daily Unit No. 3 and Daily Unit proposed No. 4 be withheld until surface owners are provided with more information and had an opportunity to meet with the board representatives. We request that the Department of Agriculture invest the implications of reduced spacing on a farming unit." A valid request that the Department of Agriculture give an implication study or have an implication study done on the reduced spacings. It's not the first time that the Minister has heard of this. The Deputy Minister, in his letter which I quoted from, supports the Department of Agriculture carrying out such activity.

So it's a matter of the rights of these individuals and I indicated, Mr. Chairman, this letter did go to the Deputy Minister of Resources and I do want to table a copy of it so that all members have it available to them.

Mr. Chairman, I would like the Minister's response. As I indicated earlier, I do not expect him to interfere with the hearing that is going to be carried out on Thursday, but I would expect him to clearly assess what the board's decision is because I would think that the Minister will have the opportunity to say, yes, we will go ahead and do it, or no, we won't. We'll allow that to happen.

But on the broader situation, I'm saying this, in total, I think before anything happens, No. 1, the Minister of Municipal Affairs and the Minister of Agriculture should sit down and give the farming public and the people of southwest Manitoba some indication as to what they plan in the future.

No. 2, that if, in fact, there is a decision to reduce the spacings on these two test units, that the Minister strike some form of a hearing mechanism, whether it be a legislative committee or a form of a task force, that they have hearings as we did when we were in government.

We had the Nugent Report. We had the Nugent Study which went out to the community affected. It made recommendations dealing with surface rights and the surface rights legislation that was to be proposed. Mind you, there were some things that went astray and the

farmers have ended up with something that they're extremely unhappy with, but it's probably more the administrative procedures and the board activities, than it has in fact been the legislation. Of course, they continually indicate that there are a lack of regulations and guidelines that would be helpful.

So I'm asking the Minister for his thoughts. I'm asking him if he would consider doing those two things and I would hope that he's prepared to respond at this time.

HON. V. SCHROEDER: I'm not sure whether the member received back a copy of the letter to the Angell's sent by the Oil and Natural Gas Conservation Board, but I should possibly just set that into context with what he said. We all do recognize the seriousness of the issue. I think the member has put it well, in terms of both what happens for the oil company if they can do that, and what happens to the farmers if they do it.

"Your letter dated May 2, 1986, regarding your objections to the recent application by Chevron Canada Resources Limited for reduced spacing in the subject unit is acknowledged. The procedure for registering an objection against an application is basically as you have followed in this case. As stated in the notice, any objection must be in writing. The more fully the objection is explained and supported, the better understanding the board will have of the grounds on which the objection is based.

"Upon receipt of an objection, an acknowledgement may be sent if necessary requesting additional information regarding the basis of the objection. When sufficient information regarding the objection is available, a decision is made on the validity of the objection. If an objection is determined to be valid, it will be considered in the disposition of the application.

"In determining the validity of an objection, the board assesses the possibility of the objector's rights being adversely affected by the application. In the case of this application, your objection would be considered valid due to your royalty interest in the subject unit as well as your surface ownership in the area.

"In reaching a decision on an application, the board is guided by its mandate under The Mines Act to maximize the recovery of the resource for the benefit of all Manitobans, while endeavouring to minimize any adverse effect on individuals or the environment. I hope this helps to clarify the operation and mandate of the board.

"I will now attempt to address a number of your individual concerns. You state that '20 acre spacings would destroy the viable agricultural use of our land.' If the surface ownership information we have is correct, probably only one additional well would be drilled on your land if the unit were to be fully developed on 20-acre spacing.

"With respect to the time frame for filing objections to the application, I note you received a copy of the notice April 14, and the expiry date for objections was May 7, 14 days after its latest date of publication in The Virden Empire-Advance of April 23, resulting in an elapsed time of some 23 days. I feel this to be an adequate time in which to voice an objection.

"The board has no control over the timing of these applications, but is bound under its mandate as

discussed above to consider and decide on an application in the most expeditious manner possible. In considering the final disposition of this application, the board is considering a number of options including the holding of a public hearing, restricting approval to a pilot area, and directional drilling.

"I reiterate that the board is bound by its mandate to encourage maximum economic recovery of the petroleum resources of the province with due regard to individual rights and the environment. Should you feel that the board's final decision in this matter jeopardizes your rights as a surface owner, you would have recourse under The Surface Rights Act. Yours sincerely, Charles Kang, Chairman of the Oil and Natural Gas Conservation Board."

As the member is probably also aware, the date for giving notice of interventions, I believe it was July 30 or July 31. We've had some internal discussions, and the Planning Branch of the Department of Municipal Affairs has indicated formally that it intends to present a submission at that hearing. I'm not sure that it has actually filed that submission, but I know that the indication is that they have.

Of course, as the member is aware, we can't interfere in the hearing process, but the Planning Branch is there on behalf of and takes into account the concerns of the Department of Agriculture. If one put it in context with different kinds of provincial board hearings, I think it would be somewhat similar to the hearings with respect to zoning matters, when you have the Municipal Board holding hearings or other bodies up to that point and you have the Municipal Planning Branch generally makes the appearance on behalf of the variety of provincial departments, be it Water or Natural Resources or Agriculture or Hydro or whoever whom they have all approached to determine whether there's a difficulty with an application. So there will be that kind of representation.

As indicated, the process must be completed in accordance with the act. I think we all must have some faith in that process working.

MR. J. DOWNEY: Mr. Chairman, that will be interesting to hear and, seeing as the Minister of Municipal Affairs is paying attention, I would hope that we would be given the opportunity to hear in the next few days what the Minister will be presenting from his department from the Planning Board. I would hope we'd have a copy of that submission, so that we could make our own judgment and understand where they're coming from.

But I do seriously think that the Minister should consider the three Ministers' departments getting together after this decision is made or whatever takes place on Thursday to let the public know in some official manner as to what the future holds as far as, No. 1, the long-term implications dealing with agriculture and the oil industry. That's part of the concern that I have, that the farmers are dealing with the Energy Board, who are anxious I'm sure to see the maximization of the recovery of oil. That's the proper position in which that Minister has to come from. It's his responsibility.

The appeal to the Surface Rights Board is the point I tried to make earlier. They're not overly anxious to go back to that system, because it isn't working very

well. They're unhappy with it, and the Minister of Municipal Affairs, I hope, was going to prepare to deal with some of the concerns of the farmers and the Surface Rights Board. That's the point that I again want to emphasize.

I will ask the Minister who's on the Energy Board. Who will be sitting on the hearing?

As well, just to give you an idea as to what some of the concerns of the farmers are, I have been on sites and, initially when the oil industry started to develop in the southwest, where if there was a surplus of salt water, rather than digging a pit and putting it in a proper holding facility, they would dump the salt water into a slough and that slough would drain into another slough. Now, if you're to drive over that quarter-section of land, you'd see some of the tallest summer cypress in the country. It is a terrible mess. So there have been some problems created that have to be avoided in the future.

As well, my colleague from Virren was at the site of an oil spill, but we're into the situation where there's been an oil spill or a salt water spill for several days, and it has caused the loss of considerable numbers of acreages of valuable farm land. The concern is, to my knowledge, there isn't the mechanism for the farmer to go to to say, here I have considered a substantial loss. Now, I guess the courts are the only place that he can go or she can go to get justice if, in fact, that takes place on their land. I would hope that the Minister is well aware of the fact that, when you see this development, there is a mechanism put in place that, if a farmer has a major loss due to the oil industry, they can go and receive fair and equitable compensation because of long-term losses. That's the kind of mechanism that I would like to see put in place, if it is in fact not there. I'm not satisfied that it is.

So we're not without problems. I think that, treated fairly, the farm community could be quite, and has been over the past, understanding and reasonable. They don't mind seeing the development of another industry, and I'm sure that, if done in proper perspective and proper compensation paid for the loss of what they'd have to give up, they would be prepared to move on it. But there have been far too many injustices in the past to just say they're going to give you a blank agreement to go ahead and deal with their land.

As I say, the other side of the argument is, and I'm sure it has been used before, and that is that if you're paid fairly for an oil well every 20 acres, it probably would beat the heck out of the agricultural returns that one is taking in these times. But we're not in it for the short term; we're in it for the long term. That's what we have to look at it with, and that's why I've requested the Minister to make sure that, following this hearing, he gives a careful assessment and the Minister of Municipal Affairs is brought fully on stream with the Surface Rights Board and, as well, the Minister of Agriculture get off his duff and represent the farmers as he should.

HON. V. SCHROEDER: The members of the board are: Charles Kang, who is the Chairman, Bill McDonald, and Bruce Ball. All are departmental staff, which has always been the case; it's always been members of the department.

MR. J. DOWNEY: They're all department staff?

HON. V. SCHROEDER: Yes, they are, three.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNESS: Thank you, Mr. Chairman.

My colleague says I'm angry because I can't find any oil on my property and yes, that is difficult. Only oil that comes from flax — (Interjection) — that's right. I think there are some mineral rights left, Mr. Chairman.

Mr. Chairman, I rise at this time only for a brief moment, to register with the Minister my criticism because I feel if I don't do it at this time, he'll remind me that I missed my opportunity. I register my criticism with the manner in which he chose to release some information dealing with Hydro matters on Friday of last week. Indeed, some portion of it just reached us, I understand, today.

Mr. Chairman, I have been asking myself, and certainly my colleague from Lakeside has been asking for much more extensive information, but I can tell you I have been asking for a period of almost two, a full month-and-a-half, about specific information related to the profitability presumed or forecasted with respect to the NSP sale. Mr. Chairman, the information that has been provided in answer to that, to my viewpoint, is not complete, is totally unsatisfactory. I had asked for a computer run, a printout of the material provided and the forecasted benefits of the NSP sale under various assumptions, specifically those that would exist today.

Mr. Chairman, I'm not going to move into a long discussion at this time because the Minister's staff is not here but I feel, it's my belief, that the Minister has had this information for some period of time, has chosen deliberately not to place it before the House until we basically completed Energy Estimates. Therefore, I would add only this, that by my understanding of the information placed before me, the forecast indicates that if interest rates continue at the present 10.5 percent or 11 percent that they are now at, and if inflation stays at a figure of 3 percent or 3.5 percent, that the revenue associated with the NSP sale, the net revenue, indeed will be less than half than was forecasted in 1984 dollars.

Mr. Chairman, I sort of give notice to the Minister that that will begin to be my theme in additional questioning at another time. But I feel that it is incumbent that I rise at this time to tell the Minister that I think his department, Manitoba Hydro, and the Manitoba Energy Authority, over whose signature this material has been released, has not been completely fair and open with respect to this matter. Of course, all that does is cause those of us in Opposition to want to pose more questions in the future.

HON. V. SCHROEDER: I would say you can do anything you want with numbers up to a certain point of reasonableness, but if the member is suggesting for the next 10 years we are going to have real interest rates which are in the range of 7.5 percent, which is something that we have never experienced before in history, real interest rates of 7.5 percent for a decade. That is something that has never happened in Canada's history. Real interest rates tend, in the long run, to be in the range of 3 percent or less. I think there has to be some realism in terms of what you put into the system.

I had the numbers for somewhere in the range of a week when I released them. I wanted to go over them very carefully so that I could say to myself that I understand what it is that the numbers show. In fact, I took home the Moses material and tried to understand it. Quite frankly, I found it was somewhat easy to fall asleep reading it.

But it comes back down to the question of attempting in the middle of the game to replay the decision. The decision point was taken after the NEB made its finding. I didn't say that we should advance Limestone; didn't say we shouldn't. What it said was, it found nothing wrong with Hydro's calculation that if we did advance Limestone by two years and make the NSP sale, then they expected that the profit from that decision, beyond what we would have if we had no NSP sale and no advancement, would be \$385 million in 1984 dollars. Then there was the one-year advancement similarly, except that it was \$365 million.

It's at that point that we had to make a decision. There were only three decisions: We could say we'll be a little more careful. We'd take the one-year advancement and not go for the interruptible sales that are in the meantime. Or we will say no, we're not going to take the chance of the advancement, which means that next year we would have had to start with Limestone anyway but we wouldn't have that 500 megawatts sold of the 1,200 for the first period of time and we would know that we would then be held hostage by purchasers who would come along and nail us for it on the spot market, so we would know that over that 12-year period where we would otherwise have had the NSP sale, what we would have had was interruptible sales at historically lower costs. That's something that history demonstrates. We knew that. So the time we had to make the decision was then. The best knowledge we had was precisely that. Once the decision is made, it's too late to be coming along and saying every few months, well, let's look at the numbers now.

I think now we sit back and we do the work, make sure that we bring it in at the best possible price with the most Manitoba content, with the most advantage to our economy, and that's the best we can do. If there is other information members want in terms of numbers, I'm prepared to take those things as notice. I don't even have the material with me right now. I acknowledge that it may well not have required the length of time that it did but I also know that the people involved - and there are half-a-dozen to a dozen people working fairly intensely in this area - have been busy with other things and there have been holidays and so on. These kinds of things happen in the summertime. Not everybody manages to figure out a way of spending their summer in the way we have figured out how to spend a summer this year.

MR. H. ENNS: Mr. Chairman, those last comments by the Minister really are far from acceptable. Manitoba Hydro officials appeared before a committee of this Legislature - as it their statute responsibility to do so - in late May and they only do so once a year.

Mr. Chairman, I'm sure many of the Minister's own departmental officials would have sooner been on holidays at about this time, but they were here to respond to questioning of their Estimates, as is their

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responsibility to do so. To suggest for a moment that Manitoba Hydro officials will only have to go through this process once a year, and who were served notice in late May, could not have provided that information before us, begs some question.

I raised earlier on this afternoon the question that does concern me about the future energy policy creation role in the province, in the diffused manner and way in which energy questions are being handled in this province. Mr. Chairman, I cast no particular specific responsibility on this Minister, or indeed on this government. There were certainly actions taken by previous administrations, such as the creation of the Manitoba Energy Authority, that played a responsibility in part of the problem as I see it.

I am troubled by the fact that we don't have one source, one agency, one institution, one department that is guiding formation of energy policy in this province. It becomes convenient therefore then to have off different responsibilities in different areas. It's not totally fair, Mr. Chairman, for us to have charged this Minister under discussion of these Estimates, with all the concerns that we have about Manitoba Hydro. We spent a considerable amount of time at it but we, ourselves, felt constrained about it, recognizing that our structure is such that Manitoba Hydro, as a separate Crown agency, does appear before a Standing Committee of this Legislature and therefore affords that opportunity for that kind of questioning.

We also recognize, Mr. Chairman, that not even Manitoba Hydro today has the only lever and the only policy decisions to make about future decisions with respect to energy production in this province, energy sales in this province. We have another agency called the Manitoba Energy Authority that does that. Then because the Minister is a little bit more convenient to us, a little handier to us, we of course take every opportunity that we have to discuss with the Minister these concerns that we have about the formation of energy policy in this province.

Mr. Chairman, I would like to see the Department of Energy and Mines a new department, strengthened. I happen to believe, Mr. Chairman, I say this without any authorization from my leader, certainly not of my party, that the time of Manitoba Hydro is past. Manitoba Hydro should be absorbed by the department. I have believed that since 1969, since major policy decisions with respect to Hydro development in this province have been taken in this Chamber or around the Cabinet room, and not at Manitoba Hydro.

Once you accept that basic fact then you should have the courage to challenge tradition and the reasons for the maintenance of that tradition if it's not, in fact, working anymore. I don't say, Mr. Chairman, that it is particularly wrong. I may want to cast back to good old days when Manitoba Telephone System did their thing, Manitoba Hydro did their thing; but life, I suppose, has become more complex or the corporations have involved themselves in more complex matters.

We now are debating in this Chamber the involvements of certain activities by these corporations, but in no other field than in Energy is that debate more keen and are those decisions more pivotal that are being made in this Chamber as part of public policy, than in energy matters.

We have a situation where, at least in three major areas, responsibility for those decisions diffused in the

department, currently under discussion, the Manitoba Energy Authority and of course at Manitoba Hydro.

Mr. Chairman, earlier this afternoon I spent some time in one particular aspect of this diffusion of authority and was able to glean from the Minister and from his department officials, that despite the fact the Manitoba Energy Authority has its own act, has its own authority, it nonetheless processes all its work through the department.

Mr. Chairman, I was aware of that a month ago, or at least three or four weeks ago, when I had some rather harsh observations to make about the chairman of the Manitoba Energy Authority. I have no problems about taking this opportunity, having had the opportunity to have discussions this afternoon with the Minister and with the staff at present, to confirm what I believe to be the case; namely, that the Department of Energy and Mines processed all financial matters of the Manitoba Energy Authority.

So, Mr. Chairman, that information led me to believe, and leads me to believe to this day; that as such, the chairman of the Manitoba Energy Authority was in error when he suggested that the department knew nothing of a particular contract.

I was in error, Mr. Chairman - I'm prepared to put on public record - to use the word, "perjury" in that connection. Perjury has a particular legal definition, that of not speaking the truth under oath, and that was clearly wrong. I withdraw and apologize for that remark with respect to having attributed that to the chairman of the Manitoba Energy Authority.

But, Mr. Chairman, what I don't withdraw and what firm conviction I hold today, as I did then, was that the Department of Energy and Mines was totally aware of a particular contract being awarded to a particular person. It had to be, because this afternoon it was informed that they were doing the paying and they were processing the papers and they had to be satisfied that what they were doing was right.

Mr. Chairman, I take it one step further. In my experience as a Cabinet Minister, whether I was personally aware of it or not, I certainly accepted the responsibility of anything in a department I've had responsibility for, had legal jurisdiction over, that becomes and is my responsibility. And that is called Cabinet responsibility.

A MEMBER: Especially your executive assistant.

MR. H. ENNS: Well, as my colleague comments, particularly if your politically-appointed executive assistant is in attendance at some of these meetings, who has really only one function to do, that is to report, to aide at these meetings on behalf of the Minister, and to report back to the Minister as to the purpose of a particular meeting.

But, Mr. Chairman, that's neither here nor there. I simply wanted it put on the record. I was pleased that the record will show very clearly that the Department of Energy and Mines is responsible for and is aware of all financial transactions undertaken by the Manitoba Energy Authority. That was clearly established this afternoon.

I took an occasion to indicate that that information has prompted me, at an earlier time, to make a

statement that was not correct and I let the public record show that I withdrew that statement.

Mr. Chairman, we will continue to argue with this Minister and with this government about the energy direction policies that this government is pursuing, whether or not they have taken into full account what kind of a volatile age we live in, and with the fact that, when we commit ourselves to multi-billion dollar construction projects that have built into them 60, 67 years I believe it is, 64, 67 years of repayment terms, amortization terms, on the strength of 12-year contracts with a foreign jurisdiction, of hopeful contracts that have yet to be concluded, although that didn't prevent this administration from making references to them in the Throne Speech.

The Throne Speech talked of three other major power projects. There was a time, Mr. Chairman, when even with the licence that politicians exercise, authors of Throne Speeches exercise but nonetheless, when one alluded to something in the Throne Speech, it was a major document. When you alluded to legislation in the Throne Speech, in due course that legislation would be there. When you alluded to certain other actions by government in a Throne Speech, that was a given signal. That was a clear indication, a commitment of the Government of the Day that they wished to pursue during their term of office. Mr. Chairman, this Throne Speech alluded to three additional export power sales arrangements. We're still waiting. The Session is drawing to its inevitable conclusion, although not yet, but we have seen nothing of them yet.

We are voting huge amounts of money to give to this government. We have just tabled with us Friday figures that slash by one-half, 50 percent the \$1.7 billion that the former Minister of Energy talked about profits on the sale with NSP - yes, by one-half. That's just by simply us asking a question, those profits have frittered away by 50 percent.

MR. D. BLAKE: There goes the heritage fund.

MR. H. ENNS: In the meantime, Mr. Chairman - thank you, Mr. Blake from Minnedosa - we are passing legislation to set aside, to establish a heritage fund of money that won't start to come to us to begin with until the year 1993 and, under the best, under the most optimum terms - I even hate to put it on the record to acknowledge that there will be a profit but, using their figures now cut by one-half, maybe by the year 2000 we'll have one wooden nickel to put into that heritage fund. But we're bamboozling the people of Manitoba with a lot of wind and rabbit tracks, smoke and mirrors. We're passing legislation talking about a heritage fund.

When will the first \$1 million, when will the first \$1,000, when will the first \$100 be deposited in the act, Mr. Minister, that you're asking us to pass? When will that first \$100 go into that heritage fund that you are asking this Legislature now, approaching the middle of August, to pass in 1986? We talk about smoke and mirrors, wind and rabbit tracks.

My only regret, Mr. Chairman, is that my comments will be, by and large, regarded as political rhetoric which is, I suppose, part of our profession and part of our trade, except the last time I made a speech like this,

four years later, Manitobans woke up to paying 140 percent, 150 percent more for their Hydro bill, four short years, 140 percent more for the Hydro bills, and we're still paying them. The fact that the Minister says that we still enjoy reasonable rates, of course we should, but action unplanned and imprudent decisions made in this area are of such consequence that thousands of ordinary Manitobans today are paying more every month than they ought to for hydro, a basic service that's required in this province.

I see nothing in the actions of this government. In fact, information that we just fully began to appreciate this morning indicates that we're on that same path again and that, far, far from having any benefits of a heritage fund or an Energy Foundation, Manitobans will pay the price of having used Hydro once again for political reasons, rather than for the sound, economic reasons that are written into Hydro's act. That is to produce energy at cost for Manitobans and for Manitobans first and, if there is surplus, then - for goodness sakes! - sell it, but don't use Hydro as an employment agency. Don't use Hydro as a means to try to encourage an aura of economic development when, in fact, it's artificial.

That's what Messrs. Schreyer and company did in the mid-Seventies, and we have paid the price for it and are paying it ever since. You look at your Hydro bill. You are paying at least 67 percent more than it ought to be today, and have been doing so for the last 10 years. I have no reason to believe, no encouragement at all to believe, in fact, less as of this morning that we are embarked on any different course.

HON. V. SCHROEDER: Mr. Chairman, fortunately we'll be around four years from now. The prediction is that four years from now, we'll have this hugely increased Hydro bill. Chances are, about four years from now, there'll be another election. If that's the case, then obviously we're going to have a problem, because we don't believe that those numbers are accurate. Of course, what the Opposition is doing is exactly what they've been doing with Hydro all along.

They get the numbers. They get the numbers from us; they get the numbers from the NEB. Then they stick their heads in the sand and pretend they haven't heard. That's basically what you're doing again. You're doing it again. I think it's about time that you put forward alternatives of your own, if you don't accept the numbers the National Energy Board is giving you and others are giving you.

The Member for Morris asked a particular question giving a whole number of circumstances. Hydro came back with a number that indicated that the profit would go up by something like 20 percent based on those numbers, but that's not something that the members talk about tonight. They talk about worst-case scenarios. The worst-case scenario still provides us with a significant profit.

Given that, even with that worst-case scenario, we made an offer years ago to Saskatchewan, several years ago. They could purchase power, not at that cost but 5 percent less. We're not like Saskatchewan and Alberta which say that they will not sell oil and gas to us at below world prices. We're saying: well, you're Canadian, we'll give it to you for 5 percent less. But

they say: oh, no, that's far more than the Tories were prepared to sell it to us for. They were prepared to sell it to us for cost for 17 years. And you say we can only talk about arrangements that are coming up once everything has been totally finalized.

Do you recall 1981 and all of those ads on radio, on television and the newspapers, you are sitting on a gold mine. Thousands of dollars spent on: you're sitting on a gold mine, when Sterling Lyon was sitting on a land mine and was defeated several months later and you people are telling us that we can't talk about, in reasonable terms, in a Throne Speech, that we have some arrangements that we have entered into and we're proceeding to finalize them, and we still are. We're still working on it. We expect that there will be a finalization before the end of 1986, but I will not put myself onto that date, because it may well be that there will be snags and I'm not going to put myself in the box of saying that it has to be done by a particular date. Because anyone who knows anything about negotiations knows that's a pretty fool way to work on negotiations. We will not do that. We've gone through all the arguments about the numbers.

There were some interesting comments made by the member in terms of the politicization of Hydro. I think Hydro has always been political. I don't believe that in 1966 decisions were taken in terms of construction decisions without the Cabinet being informed and without the Cabinet putting its seal of approval on. I see nothing wrong with that. I think there is a little bit of a pretense, that somehow this all started with the NDP. I think that's a pile of nonsense. The Premier of the province, as the Member for Lakeside said the other day, D.L. Campbell, said, "We are going to electrify Manitoba." That wasn't something that Hydro's policy set up. It was the Government of Manitoba. It was a political organization. Then, in the 1950's, and it is true that there is politics involved now as there was under the Liberals, under the Conservatives and now under the NDP. The only difference being that it's good politics now, as the Member for Emerson suggests.

SOME HONOURABLE MEMBERS: Oh, oh!

HON. V. SCHROEDER: Just one point, one final area, and that is on the issue of the MEA and the financial administration for them by the departmental administration.

To suggest for one second that, because administrators were paying out on a bill to an outside consultant, WMC, there should be knowledge attributed to the department of a contract with someone who was a business partner of someone when we found later that was not true, of course that only came out in the Free Press, and one shouldn't pay too much attention to that, that there was some kind of knowledge to be attributed to members of the department about something that had never happened, is incredible. It is purely, totally incredible and just unacceptable that people can stand up and make those kinds of accusations against civil servants in this kind of a forum where they can't protect themselves, where they can't answer back, and I think that's about the lowest kind of politics. I really think it is terrible politics to come into - attacking a civil servant. I'll attack any one of you . . .

SOME HONOURABLE MEMBERS: Oh, oh!

HON. V. SCHROEDER: Mr. Chairman, I don't recall attacking civil servants — (Interjection) — well, I'll just let it go at that.

MR. H. ENNS: I simply want to put on the record, the Minister is telling me that staff that is responsible for the pay out of a particular contract, that a Minister's politically appointed executive assistant who attends meetings with respect to arrangements for a contract, that if the Minister is telling me that for sure, then of course the Minister would know nothing about it, then I'd have to accept that. That's obviously the way NDP Ministers operate.

MR. CHAIRMAN: Are we ready to pass 1.(a)? 1.(a)—pass.

Resolution No. 58: Resolved that there be granted to Her Majesty a sum not exceeding \$1,120,700 for Energy and Mines, Administration and Finance, for the fiscal year ending the 31st day of March, 1987—pass.

That completes the Estimates for the Department of Energy and Mines.

SUPPLY - CROWN INVESTMENTS

MR. CHAIRMAN: The Honourable Minister responsible.

HON. V. SCHROEDER: I don't have an opening statement.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, the Minister catches me a little unaware. I was fully expecting an opening statement. Maybe there was one prepared and he doesn't happen to have a copy of it.

Mr. Chairman, I'd ask the Minister at this time why there is such a considerable decrease in the appropriation of the funds directed towards Crown Investments for this year?

HON. V. SCHROEDER: Mr. Chairman, there is a substantial decrease; a large proportion of that basically has to do with the significant amount of work we put in in the Flyer divestiture and, of course, we had anticipated that it would come to an end during this year.

MR. C. MANNES: Mr. Chairman, perusing the Estimates of years previous when the Minister has always had a long opening statement, he indicated that his department - and I'm talking now about the Department of Crown Investments - was working on the establishment of a conflict-of-interest policy and guidelines for directors. I would ask him whether he now has these conflict-of-interest guidelines for directors? Do they also exist for senior personnel and senior management in the Crown corporation, and if they exist on paper, could he provide them for the House?

HON. V. SCHROEDER: Mr. Chairman, I'm prepared to provide all of those documents, that is the conflict-of-

interest guidelines for boards of directors and employees of Crown corporations. Also, we have several other policy documents in terms of export policies and so on. We'll provide the works.

MR. C. MANNES: Mr. Chairman, can the Minister tell us why we have to ask for them in this manner? Why would these not - or maybe they are public. If so, why has he not provided copies for members of the House previously? Certainly I would think that the government and the Minister would want to share them with the public at large.

HON. V. SCHROEDER: Mr. Chairman, we don't have the guidelines here, but we certainly will provide them. What we had was some information, some updates on them, but not the actual . . . I'm sorry, I should say that all of the Crown corporations under the purview of Crown Investments, except for Venture Tours, have conflict-of-interest policies for both the boards of directors and employees. I have a schedule detailing the dates of approval by the boards.

There was a draft suggested policy, which is what I will get to the member, which was distributed to all of the Crown corporations in 1983. In terms of what we got back from the Crowns, who had these reviewed and had them adapted to the individual Crowns, some of them approved them in a virtually identical form to what was proposed; some are very similar; and some are expanded from what we had originally proposed. Some corporations have incorporated the policy into the corporate by-laws. All of the corporations have procedures in place for advising present and new employees of conflict-of-interest policies. In some cases, employees are asked to sign an acknowledgment that they have seen and read the policy; some are also looking at ways in which they can obtain disclosure statements, including nil statements from employees on a regular, probably I'm told, an annual basis.

I have the schedule here as to when the various Crowns have approved their own conflict-of-interest policies, which I'll present to the member now. The member will understand that each Crown would have its own specific policy but, as I indicated, most would be very similar to the draft.

MR. C. MANNES: Mr. Chairman, yes, if the Minister would share that schedule with me. I don't have to have it tonight but, in due course, if he could send a copy of that over to me, that would be sufficient.

Mr. Chairman, I read in the Supplementary Information for Legislative Review that has been presented, provided to us by the Minister, under the overall responsibilities, it says in 1985-86, and I quote: ". . . Manitoba Crown Investments," meaning the department, "was responsible for providing an overview of the financial and operational activities with the following 19 provincial Crown corporations."

Mr. Chairman, I ask the Minister, has that overview been committed to paper and, if it has, can that be shared publicly with members of the Opposition?

HON. V. SCHROEDER: Mr. Chairman, these documents are written to a large extent as variance reports, as advice to Ministers, and have been written with the

assumption that they would not be made public. I think one could liken them to some of the initial statements an auditor makes to a corporation with respect to anything that the auditor feels ought to be changed and, usually, as long as something happens in terms of in response to it fairly quickly and it's cleared up, the matter doesn't appear on a public report.

I would think that this basically would fit into that category. I don't think it would be appropriate to be filing a document which wasn't anticipated to be made public, especially after, on many occasions certainly, companies would have responded by clearing up any difficulties which may have been noted in the reports.

Members should appreciate as well that staff from this particular department are on the boards of directors of the Crown corporations and it's a bit of a delicate balance between being actively involved in the overview of a corporation from that perspective and also being involved from a central perspective in providing advice to government as to what it is that is happening out there.

MR. C. MANNES: Mr. Chairman, I'm having difficulty in determining the chain of command when I look at this department. Using the Minister's explanation, I suppose I can understand why those documents or those reports would want to be maintained in some form of secrecy.

I take it from the Minister's answer, they will then be excluded under The Freedom of Information Act, whenever that's proclaimed but, Mr. Chairman, the reason I asked the question, because I can see where the Minister's staff, within this department, may have some concerns with respect to a certain activity in a specific Crown corporation. There's probably no better example than the one that's been before the public in Manitoba over the last three weeks, Manitoba Telephone System and its subsidiary, MTX.

Mr. Chairman, what I would like to know is how the chain of command works, because all of a sudden we would have officials and departmental staff within Crown Investments maybe doing a report with respect to activities within the Manitoba Telephone System and, no doubt, obviously giving that report to the Crown corporation, using my example, the Manitoba Telephone System; probably also giving a copy of that report to the Minister in charge of the Manitoba Telephone System and, quite obviously, a copy to the Minister of Crown Investments, the present Minister of Energy.

Mr. Chairman, my question is: Who decides whether that report, if it makes some type of recommendation suggesting that some action be taken, who decides and ultimately makes a decision whether or not that decision is enacted? Is it the Minister of Crown Investments? Is it the Minister responsible for the Telephone System? What is the chain of command? What does the Crown Investments Department do, Mr. Chairman?

HON. V. SCHROEDER: Ultimately, of course, it is the Cabinet. It is the Cabinet, as a group, which is entitled to ask a Crown corporation to make changes if necessary. That is something I don't recall specifically having happened but obviously if Cabinet was not appreciative of a decision of a Crown corporation board

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of directors, it has the ultimate authority to remove that board of directors and replace it with a board of directors who would be prepared to follow Cabinet's directives, just as any shareholder ultimately has that right with respect to its corporation. — (Interjection) — Pardon me?

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: I asked the Minister, I didn't hear him. I was reading this and turned the other way. Did the Minister say that the Crown corporations, the structure can get rid of the board of directors of Crown corporations if they so desire?

HON. V. SCHROEDER: The Cabinet appoints members of Crown corporations and Cabinet can remove members of boards of directors.

MR. F. JOHNSTON: I didn't hear you say Cabinet.

HON. V. SCHROEDER: I was saying that the ultimate authority is Cabinet.

But in our structure, basically we have the Economic Resources Investment Committee of Cabinet, which reviews any problem areas and makes recommendations to the Minister responsible. The Minister responsible would then have the discussions with the Crown corporation.

The Minister of Crown Investments is involved to the extent of ensuring that staff is on to problem areas, has been involved with the overall issues of the day, as an example, conflict of interest policy where the department would prepare policy or, as I have before me and I'll give the member a copy, the Manitoba Crown Corporations Export Policy, which is a statement of export policy and guidelines on business conduct, planning, investment, purchasing and procurement, etc.

MR. C. MANNES: The Minister seems to indicate, and I don't want to put words in his mouth, that this is a watchdog agency, one that sort of sets the standard for Crown corporations within a whole host of deals, and yet when decisive action is to be taken really it's the Cabinet who, after being alerted either by way of report from the departmental staff of Crown Investments or any other source, decides to act.

Mr. Chairman, I said I may be putting words in the Minister's mouth and he may want to change or say specifically what he believes to be the case for the record on his own. But I can understand why there is need for a watchdog agency. I believe there are 19 Crown corps that fall within this area. I understand there's a new one, this Manitoba Energy Authority is now part of the group. It came aboard in July 1986, Mr. Chairman, and when I think of the Energy Authority it reminds me of a lost star that's just sort of floating around out there, and sort of bouncing from the department to another section and all of a sudden now it comes under the full gravitational pull of Crown Investments.

Mr. Chairman, that begs another question but I guess I was wanting to know how it is, what role this particular department has? I was interested also in the chain of command, which department was in a sense superior

when, in fact, one of them is an umbrella department, sort of watches, observes from above or at least from afar, the activities of the various Crown corporations.

It also begs another question, Mr. Chairman - I can't help but notice, I believe it was the former deputy of this department who recently was the liaison between the government and MPIC, Manitoba Public Insurance Corporation, is now in an acting executive officer, chief executive officer position of that company. I guess I question how it is that somebody that's been watching an organization and then having some other individual find some alleged wrongdoing would then find - and I'm talking about Mr. Silver - find himself in a position where he could run that organization. I don't really want to belabour that, Mr. Chairman, but I'm trying to in my own mind determine the working relationships between this department and the various Crown corporations.

So maybe the Minister wants again to try and clarify how this department fits in and again tell me, sell me on its role and its worthiness in the government structure.

MR. CHAIRMAN: Before the Minister clarifies - since there is a Minister's Salary also in this item I'd like to focus our discussion on (b)(1) first as usual. Crown Corporation Support: Salaries; and (b)(2) Other Expenditures.

HON. V. SCHROEDER: First, I said previously that Cabinet was the ultimate authority. Cabinet is not the organization which basically does the decision making, that is done at the Economic Resources Investment Committee of Cabinet, of which I am the Chairman.

The department is not in any sense superior to people they're dealing with. They are not in a position to order a Crown corporation to do or not do anything. They're entitled to ask for information. If the Crown corporation has any difficulty with it they may say they're not prepared to give it. In that instance there are procedures obviously to be followed; the department might come to me and say they need the information, in which case we might go to the Minister in charge and say this is why we need it, is there a problem. Sometimes there have been problems that have been worked out and so on.

If there are recommendations, the recommendations would go to the Economic Resources Investment Committee of Cabinet. The department is very much involved with supporting and reviewing and addressing the problems of the Crown corporations. Slowly, we have in one way or another gotten out of some of the worst problems we have been in, things like McKenzie Seeds as an example. The department spent a fair bit of time going over any assistance they could provide in terms of numbers, in terms of suggestions, for better operations and so on.

The Flyer involvement was very extensive. We had staff working there to a large extent last year, both in terms of attempting to keep the operations going during some very difficult times and in assisting to evaluate sale and purchase proposals, the various suggestions that came forward from all over the place, as always do, with that kind of situation.

MR. C. MANNES: Mr. Chairman, in 1984 when the present Minister, who was also then the Minister of

Crown Investments, indicated that there were preparations being made with respect to business conduct and the way the Crown corporations acted in the business sense and other countries, foreign countries, and the Minister said this - and this is from Page 2050 and I quote: "The preparation of guidelines of business conduct, which among other things, say that Crown corporations must operate on obedience to the laws of Manitoba, of Canada, and the laws of the jurisdiction in which they are operating, even if that jurisdiction is a foreign country."

I would ask, Mr. Chairman, the Minister whether MTX, the subsidiary of MTS, has either followed that guideline, or indeed has broken it?

HON. V. SCHROEDER: Mr. Chairman, that quotation is from the document which I just forwarded. I took it from that document which I had forwarded to the member. I am not aware of any circumstance where the MTS has violated the laws of Manitoba or of Canada. There may have been an instance, as I understand it now from the discussions in this House, where MTX may have violated the laws of the jurisdiction in which it was doing business, and that's something to be examined. I really don't have any comment on that other than to say that in the last few weeks certainly is the first that I was aware of that issue.

MR. C. MANNES: Mr. Chairman, that begs the question then, how closely is the Department of Crown Investments watching the activities, the day-to-day activities, and the policies of the Crown corporations which they're supposed to monitor? Is it just when it's reported from a third party that this department becomes aware of non-compliance under the policies in effect, or are there other circumstances or issues, such as this that, the Department of Crown Investments has uncovered and at this time is not public?

HON. V. SCHROEDER: Mr. Chairman, we have a fairly small staff of eight people, and we do not pretend to be worldwide policemen who are going to go into Saudi Arabia to determine whether MTX is or is not maintaining the religious laws of that country. I don't think anybody would expect us to have that kind of intimate, detailed knowledge. We are not in a position with some 19 or 20 Crowns involved with a number of local issues here to be doing that policing. We expect the Crown corporations to do that themselves. We expect that when the guidelines are put out and approved by the Crown corporations that they will be followed by the Crown corporations, and there should be no doubt that we are not an agency that's going to go around looking at activities in foreign countries to determine violations. Obviously, if we come across areas where people are violating laws, we will bring it to the attention of that Crown corporation very quickly to ensure that that is stopped.

MR. C. MANNES: Mr. Chairman, changing the subject, the Minister also a year or two ago indicated that part of the function of the Crown Investments was to keep the public more informed about important developments in the Crown corporations. What has been done in this respect, Mr. Chairman? All I've really

seen by way of press release coming from this department over the last few months is the press release that dealt with remuneration to senior management.

Can the Minister tell me over the last year or two what the department has done in an attempt to keep informed the public of Manitoba in a more comprehensive fashion dealings with Crown corporations and activities of Crown corporations?

HON. V. SCHROEDER: The member makes a very good point. I think that the public in the province ought to be provided with far more information with respect to the roles of the Crown corporations, what is expected of them, what they're achieving, their importance in the economy of the province, their costs and so on, and I have to admit we haven't delivered. Basically in the area of providing information to the public, we simply have not had the resources available to do that; we just simply had to make decisions in terms of priorities. Obviously, the first priorities are as previously explained. This is not an area that we've been able to achieve. With the budget reduction this year, although I've explained that the basic reason for the budget reduction is the elimination of Flyer, it will not be achieved this year either.

MR. C. MANNES: Mr. Chairman, the Minister says that the reason that some of these objectives have not been met is because there's been more emphasis or higher priority given to issues of the moment, and I can understand why a fair amount of time would be directed toward Flyer and Manfor; it represented massive hemorrhages of public funding. But, Mr. Chairman, Manfor supposedly is just about maybe, hopefully behind us. Manfor, we've been told by the Minister responsible for Manfor, that losses this year will only be in the area of \$5 million . . .

A MEMBER: Cash.

MR. C. MANNES: Those are cash losses. — (Interjection) — Net operating losses of 5 million, Mr. Chairman, so obviously the Minister and his staff will have some more time available to them to do this, Or are there some other Crown corporations that are experiencing some major difficulties over the last few months that we're not aware of, maybe the Minister would like to indicate that staff are having to direct a greater percentage of their time toward?

HON. V. SCHROEDER: Mr. Chairman, there's nothing out there the members aren't aware of. There's no emergency we're working on or anything like that, but at the same time we are attempting to get more corporate planning done. We are attempting to initiate and have been initiating over the last year some fairly sharp discussions with the Crowns who present plans in terms of revenues, expenditures, sales projections and so on to try to ensure that goals are met.

The point the member makes with respect to Manfor is well taken, that sometimes people like to present a better picture than is really there. I think that for some time some of our management have liked to think that depreciation is something that they shouldn't be concerned with, even though at the same time we're

buying equipment possibly or other capital goods for them which don't show up on the one side. On the other side, if they don't want to show the depreciation either, then we've got ourselves a problem in terms of reality, because depreciation is certainly a reality.

MR. C. MANNESS: Mr. Chairman, I can become a complete supporter of this department if they do nothing more than go to senior management of Crown corporations and convince them of the facts of life in some of these economic matters, and how some of the costs should be more truly accounted.

I'd like to get a little better understanding of the staff. The Minister says "we," and yet I refer to Page 9 of Supplementary Information provided, Schedule 3, and I see that there are basically five managerial staff year positions consuming some \$306,000 or roughly an average salary of \$60,000.00. Mr. Chairman, could the Minister tell me the qualifications of these five individuals, such that all five of them could command a salary in that area? Maybe the Minister can tell me specifically who they are.

HON. V. SCHROEDER: Mr. Chairman, I'm not sure that I have C.V.'s on these - well, I've got the Deputy Minister, Mr. Wilson with me here. He has an MBA, a CMA with extensive experience in public sector financial management, consulting and Crown corporation activity, including rescues and divestitures, an MBA from the University of Windsor, a Bachelor of Commerce from the University of Windsor, a Bachelor of Science, University of Calgary and, as I indicated, a CMA, Certified Management Accountant.

There are three executive directors, one Deputy and one analyst for those five positions. Mr. Broughton, who is the Executive Director of Policy Coordination and Management Services, an MBA with extensive experience in public sector administration and program management in Crown corporation activities. His MBA is from the University of Manitoba. His Bachelor of Commerce is from Lakehead University.

Those are the only two that I have here, but the other people are qualified people, and that's what it works out to.

MR. C. MANNESS: Mr. Chairman, I'm glad to hear that the staff indeed are qualified and from now on, of course, we will hold the Minister fully responsible because, quite obviously, with his competent staff they will keep him in tune whenever there is any new problem evolve under any of the Crown corporations.

Mr. Chairman, the remuneration list that was provided covering the chief executive officers of all the Crown corporations was somewhat revealing but, under the salary aspect of it, is there or will there be any attempt by this department to direct specific guidelines to the salary determination or, specifically, is it just information that's been provided, bearing in mind that different chief executive officer positions, of course, require some different type of people, and the market may or may not have an abundance of that type of person once an opening does develop. So, Mr. Chairman, I'm wondering if there is any attempt by government to bring these salaries and these additional benefits into any degree of commonality at all.

HON. V. SCHROEDER: Mr. Chairman, it would be the Compensation Committee of Cabinet which would be responsible for that. Crown Investments would provide advice and, yes, we would like to see more logic in the salaries as between each other, but there are sometimes anomalies.

You have, as an example, the highest-paid executive is at Manfor. In that industry, it's a fact of life that salaries for management people are very high. We have been attempting, as I've indicated previously, to compare with other provinces. The Federal Government has put out numbers in terms of minimum and maximum for different positions, which gives some rough idea as to what kind of executive salaries they're paying, but we're the only province in the country which has put these numbers out there so people can see and compare and see whether it makes sense or doesn't make sense. There will always be some extra pay, I presume, for more difficult assignments, assignments that are viewed as more remote, or whatever, or more difficult. But it is Compensation Committee that would deal with that.

MR. C. MANNESS: Mr. Chairman, that begs the question, and it's not based on the fact that Manfor has had such miserable losses, but are we receiving fair value - I won't say, in all cases - but in some of these Crown corporations that have undergone tremendous losses? Mr. Chairman, there have been management changes, several of them, over the last six or eight years.

Would it not be better or has the government ever considered promoting from within? Maybe somebody from within who knows some of the problems, yet doesn't bring with himself or herself the industry acknowledgment and the industry wherewithal that can be spelled out on a piece of paper, but nevertheless may be the proper person under that set of circumstances. I gather that this government particularly, when it sees a problem in a certain area, believes that it can withstand criticism if it goes out and hires somebody that has supposedly a name in the industry. I question whether or not there aren't people within various Crown corporations who can field the chief position, the highest management position quite well.

HON. V. SCHROEDER: That sometimes happens. The President of Hydro recently retired. Mr. Arnason came from within. The MTS President is from within. There are a number of them. Some possibly might be viewed as lateral transfers, as for example the acting chairman of MPIC coming from government, coming from the Crown Investments Department.

I just wanted to add on that Mr. Silver was here on an executive exchange with the Federal Government. That exchange actually was to have terminated in the spring, I believe, of 1986; it was a three-year secondment. So he was basically looking. Certainly, we would have been quite happy to see him here but this came up and I think he's, in a sense, from within. Of course, it's a temporary placement.

There are others from outside. McKenzie Seeds, I think, had unique circumstances where we really should have gone outside, and we did. There were all kinds

of questions raised about what was going on there and it would have been very difficult to bring in anybody who had been working under former management, at that time, to take control.

Similarly, Manfor, the individual who was promoted there was promoted from within. Manitoba Oil and Gas, well we didn't have a "within," so we went outside. The Liquor Commission was someone who worked out exceedingly well from the outside. I don't know whether there was anyone available.

So there is a mixture, but it's certainly well taken that people in an organization should be entitled to feel that they have a decent chance to make it up the ladder and they're not going to be precluded from that. At the same time, we do have to look to ensure that we have the best people possible, in charge.

MR. F. JOHNSTON: Mr. Chairman, I'd like the Minister to clarify something. It says, "Overall Responsibilities," on Page 5, "The Minister of Crown Investments, through the Department, is responsible for the overall administration of Manitoba's commercial Crown corporations to ensure the most effective utilization of public investments."

The complete administration, yet I wonder if he could just, as examples, Moose Lake Loggers and Channel Area Loggers came to the Economic Development Committee, answering with the Community Economic Development Fund Report, I found nobody there from this Crown Investments Department. The Minister answering for it was the Minister of Northern Affairs at that time. Just what role does this organization play with those particular companies?

Then again, here you have the Manitoba Development Corporation comes before the committee as the Manitoba Development Corporation with you as the Minister attending. The Manitoba Development Corporation has some responsibilities as you mentioned. Flyer is in there, and yet again, we don't see anybody from the Crown Investments Corporation.

When you read this over, you see Manitoba Telephones, which is having a problem, Manfor having a problem, Flyer having a problem, A.E. McKenzie Seeds is just coming out of them, but owe \$7 million or better, ManOil is losing money, Moose Lake Loggers have a problem, Channel Area is not bad - it might be the other way around - Public Insurance is losing money on the commercial side.

I might ask on the Public Insurance, on Monday, June 23, in question period, the Minister in charge of the MPIC, the Public Insurance Company said that Mr. Silver was ex officio on the board of MPIC, very knowledgeable, very close to what has been going at MPIC for two or three years. Under that circumstance, he obviously wasn't aware of what was going on with the executive of that board.

Again we have the Agricultural Credit Corporation and the Co-op Insurance Corporation under the Department of Agriculture. I've never heard anybody but the Minister of Agriculture answer for those. We seem to have here an organization which is basically structured, but not really here to give answers tonight, but the Minister, because it's his responsibility, doesn't seem to be available when we discuss any of these corporations in committee at all. Could the Minister enlighten us on that?

MR. DEPUTY CHAIRMAN, D. Scott: Mr. Minister.

HON. V. SCHROEDER: Obviously, Mr. Deputy Chairman, as I indicated previously, Crown Investments does not have line authority over the Crowns, and I'm not sure that the particular statement the member quoted is well written by us. But I should possibly just go over some of the things we've done in the past year, so the member gets a better feeling for what I'm getting at.

We've initiated a number of actions, improving operational and financial information pertaining to the performance of our Crown corporations, which have resulted, from our perspective, in a more informed decision-making environment. Those measures include participation, as the member has indicated, of departmental officials on various boards, both as full board members, and on some boards as officio members; coordination of financial reporting respecting the performance and capital requirements of all the corporations; that is, all of them submit their capital requirements to Crown Investments and there's an application which has, to date, always gone jointly by the Minister responsible for a particular Crown corporation and a Crown Investments Minister to the Economic Resources Investment Committee of Cabinet to determine whether those capital requirements fit within the overall amount of capital government is prepared to put out; and, as indicated previously, there's been significant staff assistance for Flyer but also for Manfor and Channel Area Loggers by departmental officials. In terms of Channel Area, we've provided significant advice on budgeting and financial management to that corporation over the past year.

We've reviewed the requirements for internal audit and capital budgeting for Crown corporations; consideration of compensation provisions, as indicated previously; coordination of compliance with government-stated objectives of affirmative action; development of a corporate planning capability in selected corporations - one must appreciate that with eight staff people, we are not going to do everything at once - as well as presentation of seminars for members of boards of directors, the seminars being, we believe, a fairly important item in terms of making people familiar with their roles, as directors, keeping in mind that we also now have on most Crown corporations, two people from the workforce on the boards who we've spent some time in developing their knowledge as to the role of a board of directors, what their rights and obligations are, and so on.

We've attempted to establish an information base for the Crown corporation sector and a system of quarterly financial and operational monitoring, which is presented by the various Crown corporations to the Economic Resource and Investment Committee. So those are things we do but not with any right of line authority over anybody.

MR. F. JOHNSTON: Can I ask the Minister, did he say or let me ask the question: do these Crown corporations have to submit their budget to the Department of Crown Corporations?

HON. V. SCHROEDER: Yes, Mr. Chairman, they must provide their capital budget to the Economic Resources Investment Committee.

MR. F. JOHNSTON: That's a committee of Cabinet. They don't present them to the Department of Crown Investments?

HON. V. SCHROEDER: No, Mr. Chairman, they are analyzed by the Department of Crown Investments, but they go to the committee.

MR. F. JOHNSTON: Does the Provincial Auditor not have, within his department at the present time, people set up to work with each of the departments and the Crown corporations and report to the Minister. It seems to me that the Provincial Auditor's Department or the Finance Department had people within them that made regular reviews and would bring to your attention many things, to a Minister and I just wonder, is this Department of Crown Investments taking over that particular role of the Finance Department?

HON. V. SCHROEDER: No, Mr. Chairman. Anything the Finance Department would have done, or the Auditor's Department, for that matter, would have been on an after-the-fact basis.

MR. F. JOHNSTON: I don't know whether this government has changed that, but the chairman of a board of a corporation is technically a deputy of the Minister, responsible to the Minister, representing that board of that Crown corporation. Does that chairman of the board not have that status anymore, or do chairmen of boards not have that status anymore? I know that the chairman of the board of the Manitoba Housing and Renewal Corporation was regarded as a Deputy Minister representing that board to the Minister.

HON. V. SCHROEDER: I think it's fair to say that's still correct, but a Deputy Minister in government would not be able to pass any kind of a capital budget without having approval within Cabinet for that kind of a budget. Basically, in that sense, they are being put in a position somewhat similar to a deputy minister.

MR. F. JOHNSTON: That's quite true. Just let me say this, does your Deputy Minister administrate - the Deputy Minister within your department - who is responsible to you and you are responsible for the Crown Investments? Does that particular Deputy Minister have authority over Crown Investments or work with them? Or is it Mr. Wilson, I believe you mentioned, who is responsible to you for Crown Investments?

HON. V. SCHROEDER: I'm not sure I quite understand. But my Deputy Minister would present a capital budget to me for approval to go to Cabinet. Cabinet would review that and only on approval in the Estimates Review would a decision be taken after which my Deputy Minister would be in charge of that capital budget.

In the case of a Crown corporation, rather than going to the Estimates Review of Cabinet, the Capital budget is examined by Crown Investments and goes to the Economic Resources Investment Committee of Cabinet where it is approved or amended; then, of course, Cabinet sees the minutes of the meetings and would have an opportunity to change things at that stage, but I don't recall them ever having done it.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Thank you, Mr. Chairman.

I find the comments quite interesting and I don't plan to take a long time, but I do just want to get a little bit more information from the Minister.

He indicated to my colleague from Sturgeon Creek that, unlike the Auditor, the Department of Crown Investments would have a chance prior to decision-making process, that they'd have input and recommendations on certain decisions taken; whereas the Auditor was looking into decisions afterward or that type of process. If I understood him correctly, I think that's the way he alluded to the responsibility, because I'm having a hard time really seeing what the purpose of the Crown Investment organization is. It's not a line department. It can't veto or stop the expenditure of money. It's more or less a watchdog or a financial body which has a chance to review the Estimates of a Crown corp.

Were there recommendations, for example, from Crown Investments dealing with the sale of Flyer? Were there recommendations dealing with, for example, the investment that Manitoba Telephone System made on MTX? Were there recommendations to continue to expand and put money into the money-losing ManOil? What were the recommendations of Crown Investments when it came to the continuation of Manfor and steps that should be taken?

There must be some documentation, some firm recommendations that are available, because we're asking for money to be spent for this department. If there aren't, then I have a hard time supporting the expenditure that goes into Crown Investments.

My colleague from Morris may have asked that question and I wasn't here or listening, if I was, I'm somewhat puzzled. Maybe the Minister could provide us with some more information, some background that has been worked out by the staff of Crown Investments to give us some background information as to some of the decisions that were taken.

HON. V. SCHROEDER: Yes, we received advice on Manfor from Crown Investments. Crown Investments has pushed and pulled and so on to ensure that information be made available to Cabinet and has made recommendations and given us advice in terms of its view of numbers coming forward which has given us an opportunity to re-evaluate statements made by any particular Crown corporation.

On Flyer, when we were discussing sale proposals, we had people from Crown Investments, as well as obviously MDC, to discuss the issue. But, as I indicated previously, advice given under the circumstances in which it was given is not advice which we could readily make public. It is advice given to Ministers. Sometimes there are differences of opinion between this department and the Crown corporations and there can be very easily - and sometimes Crown Investments is wrong - although very often I think that they've been quite sharp in terms of detecting problems possibly before the Crown corporation might admit that there was one and so on. But in the role that they're playing, with the understanding staff has had up until now, I would really have great difficulty in providing specifics.

MR. J. DOWNEY: Let me make this case, Mr. Chairman.

We, as members of the Legislature have the opportunity, and I'll use Manfor which is the responsibility which I have, to have the board of directors of Manfor come before the committee. They're spending taxpayers' money in the carrying out of their operations of Manfor.

We have Crown Investments who are as well responsible for the overall umbrella and the overall activities and financial advice. Would it not be productive - and I say this in the best interests of the expenditure of taxpayers' money - and maybe we could proceed to ask some of the questions now - however, I don't have my file dealing with Manfor - but would it not be productive if we were able to ask the same questions of some of the decisions taken by Crown corps and by those chief executive officers and the boards of directors of the Crown Investments? Would that not be productive?

I put it to the Committee. I put it to the Minister, that in fact it would be. That's what they're there for, apparently as a watchdog financial organization to oversee the expenditures and make recommendations to the Ministers. He's laid out a fair role for them, that possibly some of the decisions taken, as the Minister indicated in his comments previous to my speaking, that Crown Investments aren't always right, but he thinks in the majority of cases that they maybe are and a little sharper.

I think it would be productive and helpful for those taxpayers who have got money in telephone systems in Saudi Arabia that maybe we should have and maybe this is the time to have the Minister comment and the government comment as to whether or not in the future we couldn't make this a more meaningful tool to really get at some of the basic decisions that are made with taxpayers' money.

I think a case can be made, if you're going to have the organization there. We're going to have the staff involved and, granted, the Minister has made a fair comment, that possibly - I don't think we need to see the bureaucracy expand within it, but if there are certain specific areas within a Crown corporation that should be looked at and questions arise from that, let's hear the other side of the picture from an organization or people who are hired by the taxpayers who are supposed to be the overseeing body. I think it would be an opportunity to have them come before committee. That's what we're doing now, as I understand it, is before a committee; but I think that probably it's been a lack of understanding in my situation that now is a chance that we could ask the other side of the question.

I think, for example, when we deal with Manfor - my colleague alluded to it a few minutes ago - the kind of losses, the cash loss that was talked about and the target in which they have set before them is to bring the losses in Manfor down to something like \$5 million. The bottom line is that they're trying to bring it down with depreciation to something like \$12.7 million. A fair question to the staff in Crown Investments, what do they see as an acceptable accounting mechanism or acceptable to them? Are they satisfied with the \$5 million objective, come within \$5 million of the cash loss, or should in fact the public be told openly and straightforwardly that they are in fact going to have a \$12.7 million loss?

That's what it is and the target should be to get it down to zero; — (Interjection) — and my colleague reminds me from his seat that it should be shown accordingly in the annual report.

What is the side of it as far as Crown Investments are concerned? I think those are the kinds of bottom-line questions that we should be able to ask of Crown Investments. I can see, Mr. Chairman, without expanding the staff, without expanding the need for building up of individuals, that we would want to have in the future the opportunity to ask Crown Investments some of these kinds of questions. We'll be prepared to deal with it a little more extensively in the near future.

MR. C. MANNES: Mr. Chairman, I would ask the Minister, and I referred to this before, why did the Manitoba Energy Authority, how was it able to escape - I'm using the word, being placed under the aegis of the Department of Crown Investments until July of 1986?

HON. V. SCHROEDER: Mr. Chairman, the short answer is that I wasn't aware that they weren't under the aegis of Crown Investments.

MR. C. MANNES: Mr. Chairman, the Minister has been in charge of this department, I believe, since 1983. Can the Minister indicate whether this oversight was ever brought to his attention previously and, if so, why it may have been ignored?

HON. V. SCHROEDER: Mr. Chairman, I don't recall ever having been informed of it, but apparently it seems that the original rationale of Crown Investments, excluding MEA, had to do with the proposition that Crown Investments involved a commercial orientation and somehow the notion that MEA wasn't commercial at the time. I don't know exactly when it became operative.

Crown Investments became operative in 1982. MEA came along - it had been incorporated back in 1980 but never became active until 1984. I'm told that there were several Crown corporation organizations which weren't under the aegis of the Crown Investments.

MR. C. MANNES: Mr. Chairman, I suppose I could accept that, except I'm going through this list very quickly and I notice two things, that Lotteries Commission is part of this, and I would ask why. But what about the Crown corporations that are involved in Manitoba Properties Inc.? I don't see them either, and yet they may or may not be covered by this; again, I'd ask why.

I should also indicate to the Minister, and I would serve notice at this time that we may want to, on another day, ask some specific questions, very detailed questions, as to why the Energy Authority has escaped up to this point in time.

HON. V. SCHROEDER: Mr. Chairman, MEA has actually been reporting on a more regular basis to government than any other Crown corporation.

Because of the negotiating role that it's had, the fact that it hasn't been under the aegis of Crown Investments, has in no way meant that its activities

which - and its activities have not been in the area of spending money, its activities have been basically out there negotiating. Those activities have been more closely monitored than the activities of any other Crown corporation, from the Premier on down through the Cabinet.

The other entities that the member mentions, I don't have an explanation for him.

MR. C. MANNESS: Mr. Chairman, I find it odd that the Manitoba Lotteries Commission, which I believe last year did upwards somewhere between \$250 million and \$300 million of activities somehow could escape this, and yet Venture Manitoba Tours Ltd. is shown as one of the Crown Investments, Crown corporations.

Again I would ask the Minister if he could, for another day, indicate how it is that some direct government controlled organizations are not part of this and some are, because there seems to be some major inconsistencies with respect to how one of the corporations falls under the control of Crown Investments or how it might miss falling under that control.

Mr. Chairman, how much money did the Crown corporations in Manitoba lose in 1985-86, accumulative?

HON. V. SCHROEDER: Overall, they would have made a net profit of \$80.2 million.

MR. C. MANNESS: Mr. Chairman, I'm not terribly upset with the answer. I'm glad to hear that the numbers are being collected in a fashion.

Could the Minister indicate, if we remove Manitoba Hydro and the Manitoba Telephone System and MPIC, what the loss may then be in the other corporations?

HON. V. SCHROEDER: Mr. Chairman, the member still hasn't hit the jackpot. Hydro was \$11.1 million net income; Telephones, \$15.2 million; and MPIC, \$4.5 million. The really big one was the Liquor Commission at \$136 million, so for ease of calculation I can provide the member with a list of the incomes of the various organizations.

MR. C. MANNESS: Mr. Chairman, I thank the Minister.

I would ask him, with respect to the capital commitments of the Crown corporations - no doubt we will be debating them once we move into Loan Act (2) - whether or not there are capital commitments out as far as five years which he could share with us at this time, of the various Crown corporations?

HON. V. SCHROEDER: I should say, first of all, that not all of the capital budgets will be debated in this Chamber this year. There are some instances where there is internally-generated capital so there's no need for loan authority in which case those Crowns don't have to come to the Legislature, and that's one of the reasons we did want to look at what these people were doing; Liquor Commission is an example. Although a very profitable corporation, some people in government felt that the additional expenses they were going to in terms of building newer and fancier stores were something that one should assess, and so on. In each

area, there is certainly some responsibility on government for whatever the Crown corporations do.

Capital budgets of the commercial Crowns over the past three years have been 1984, 373 million; 1985, 423 million; 1986, 524 million, and that includes the Limestone for 1986; and with the exclusion of Limestone we're anticipating that probably the funding to be approved by government over the next four years will average in the range of \$400 million per year.

MR. C. MANNESS: The Minister says excluding Limestone. I would think then that would add roughly another 800 million over those four years, or \$200 million a year. I don't know if that would be somewhere in the ballpark, but the Minister says it may be.

Mr. Chairman, I'm curious as to whether the Department of Crown Investments themselves come up with some capital plan after they've weighed the various Crown corps and put priorities, or is that all done within the capital?

I'm curious to what degree this department ends up trying to be totally objective and trying somehow to indicate to government by way of recommendation which area should receive the highest priority for further or additional capital supply? Or, does that not happen and is that decision made totally and completely within, first of all, the Committee of Cabinet that looks at investments and then ratified by Cabinet as a whole?

HON. V. SCHROEDER: Mr. Chairman, the decision basically is made in terms of the overall with the Economic Resources Investment Committee which would look at overall requirements and would attempt to keep overall capital within an overall number. Crown Investments would give advice as to where there's some give and that would be the basic procedure. It wouldn't be done in the Cabinet room.

MR. C. MANNESS: Mr. Chairman, I'd ask the Minister why this department does not put out an annual report - at least I'm not aware if it does - that would give some very brief financial and economic overviews of all the Crown corporations? Basically a 20-page booklet - one page on each Crown corporation - but included in that information the total amount of monies received by government up to that date in time; the amount of interest or the going rate of interest if any is paid or should be paid, because I think the Minister has indicated in other answers that this is only being fairer to the public of Manitoba. I could see where a compendium of very basic and brief financial statistics directed towards each of the 19 or 20 or 24 Crown corporations would be a document I'm sure all of us would keep close to us, because it would be a handy reference piece of material.

Mr. Chairman, I can't understand and, hopefully, the Minister would see fit to direct his department to consider issuing such a report next year; and if he does not see fit to do that I'm wondering why or what his reasons may be for not supporting such a report.

HON. V. SCHROEDER: Mr. Chairman, the member has absolutely convinced me, I think we should do it. My Deputy Minister tells me we are in the process of preparing an annual report for 1985-86 which will be ready in about two months approximately.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: My colleague from Morris asked earlier what was an oversight or why the MEA or half of Energy Authority was not overseen by Crown Investments? Does the Minister plan to include the Manitoba Energy Authority in the future under the purview of the Crown Investments? Will that be brought under the review by the Crown Investments? Does he have any intention to make changes so there is an ability for Crown Investments to have the overview, that they now have of other Crown Investments, of the Manitoba Energy Authority?

HON. V. SCHROEDER: Yes, we will have that but as I've indicated, they've probably done more reporting than anyone.

I should say there's just a whole host of organizations which don't come under the purview of this particular department and there's no way we can get a handle on all of them with the staffing we have. As you can see, rather than adding, we're cutting staff because we've cut down some of the assignments. But things like the Workers Compensation Board which goes through a fair bit of money are not included here; the Surface Rights Board which we discussed earlier and just a whole host of boards, commissions, agencies, and so on.

MR. J. DOWNEY: The Minister I know is aware that something like the Surface Rights Board is not really a Crown Investment. It's the investment side of it that I'm concerned about.

Just one further question on one item. Is the Minister under Crown Investments carrying on the review of any proposed or intended investment combination by Manitoba Hydro and the Manitoba Energy Authority? Is their Crown Investment taking a look at that? What stage is that at?

HON. V. SCHROEDER: No, we haven't reviewed that at this stage and there's nothing before us to review.

MR. J. DOWNEY: The Minister said he has repeated this. Is there any undertaking in progress at this particular time between MEA and Manitoba Hydro in this regard?

HON. V. SCHROEDER: MEA is in the process, together with Hydro officials, of discussions with respect to the three entities that were previously referred to with respect to three different sets of agreements for the sale of power. Two of them are Diversity Exchange Agreements and one is a long-term power export. Certainly, there are ongoing discussions between MEA and Hydro on those issues.

MR. J. DOWNEY: Is there anything further dealing with a joint corporation of some kind to work as a Crown investment or to work as a financial organization to put financing together for Hydro or for a combination of the two.

HON. V. SCHROEDER: Financing proposals are - as the member knows, the Department of Finance has in

the past done all of the financing for all Crown agencies. At this particular time we are putting out a proposal call for people who might be interested in the financing of a portion of the Limestone Project off the books of the province. This is in accordance with suggestions made by our financial advisors, Wood Gundy, Bank of Montreal and I believe it's Merrill Lynch. But it's only gotten to that stage. We'll see what we get back and take it from there.

MR. J. DOWNEY: Mr. Chairman, just one final question. I hope the Minister is prepared to provide the kind of information that we will be requesting from Crown Investments without having to use The Freedom of Information Act. There may be some information that would be helpful to the public and to the Committee and I would hope that the Minister isn't too reluctant to provide it without having to take the route of The Freedom of Information once it's proclaimed.

HON. V. SCHROEDER: I will do my best to provide any information to members which they would be entitled to under the Freedom of Information Act.

MR. C. MANNESS: Mr. Chairman, the Minister, of course, is being coy and he loves to think he's put one over on us.

I would ask the Minister whether this department is involved in any of the Manitoba Hydro dealings, any of the negotiated contracts with energy authorities in the United States, any involvement in monitoring the Northern States Power Agreement sale at all?

HON. V. SCHROEDER: No.

MR. C. MANNESS: Mr. Chairman, can the Minister tell us why then, and by whose direction is this department, which is to review and be monitoring the processes and the procedures and I believe the activities of all Crown corporations, or certainly those 19 or 20 that have been listed; whose decision? Does that department decide that it will be actively involved, closely monitoring contracts, etc., of certain Crown corporations and yet totally making itself or becoming unfamiliar with other activities of other Crown corporations?

HON. V. SCHROEDER: We don't get involved in the day-to-day operations of the Crowns.

MR. C. MANNESS: Mr. Chairman, I'm not talking about day-to-day operations; I'm talking about entering into major contractual agreements and arrangements covering, in some cases, hundreds of millions of dollars with out-of-province, out-of-country companies. I would ask on whose decision is it that the department, Crown Investments, does not familiarize itself with those activities.

HON. V. SCHROEDER: Mr. Chairman, there are no activities which receive as much scrutiny from government as the activities of the Manitoba Energy Authority. Any potential agreements which they enter into must, before being finalized, be approved by Cabinet. They are given the very strictest of scrutiny

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before there is any kind of approval. We have a team of people involved with that. Certainly there is no organization which receives more scrutiny.

MR. C. MANNES: Mr. Chairman, I'm just trying to point out the inconsistency by which this department - this department has its marching instructions. That's all I'm trying to point out.

I believe the Manitoba Energy Authority was created to look after details of sales of exportable power and matters of energy within the province; it was sort of a watchdog of Manitoba Hydro. Yet, Mr. Chairman, we have Crown Investments, which was to look at another side, which was to look at all Crown corporations, one of them now the Manitoba Energy Authority. Yet somebody has decreed that this group not look, that this department not look at the goings-on or the activities associated with the Energy Authority. Mr. Chairman, that's all I'm trying to do, is point out that inconsistency.

I don't have an awful lot more to put on the record with respect to the department. I hope that the Minister will be successful in causing to be laid before Members of the Opposition, within the space of a year, an annual report. Well, the Minister has indicated there will be an annual report in the next two months, but one shortly thereafter that will bring forward in a financial sense an overview of all the Crown corporations, detailing the debt associated, the public investment.

Hopefully the Minister will also be able to better explain in due course how it is that some Crown

corporations fall under the purview of this department and others are missed, because I think that there is one thing Members of the Opposition and, indeed, members of the public like to see government practice, and that's consistency.

Mr. Chairman, I sense that within this area, even though this department isn't that old, there are still some major growing pains associated with what type of Crown corporations, what type of activities it should find itself doing. Mr. Chairman, with that I am prepared to pass this department.

MR. CHAIRMAN: 1.(b)(1) Crown Corporation Support: Salaries—pass; 1.(b)(2) Other Expenditures—pass; 1.(a) Minister's Salary—pass.

Resolution No. 40: Resolved that there be granted to Her Majesty a sum not exceeding \$614,800 for Crown Investments, Crown Investments Administration, for the fiscal year ending the 31st day of March, 1987—pass.

Committee rise.

Call in the Speaker.

IN SESSION

HON. V. SCHROEDER: Mr. Deputy Speaker, I move, seconded by the Member for Morris, that the House be now adjourned.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. tomorrow (Wednesday).