

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 31 July, 1986.

Time — 2:00 p.m.

**MR. CLERK, W. Remnant:** It is my duty to inform the House that Madam Speaker is unavoidably absent and would ask the Deputy Speaker to take the Chair, in accordance with the Statutes.

**OPENING PRAYER by Mr. Deputy Speaker.**

### PRESENTING PETITIONS

**MR. DEPUTY SPEAKER, C. Santos:** The Honourable Member for Inkster.

**MR. D. SCOTT:** Mr. Deputy Speaker, I beg to present a petition of the Manitoba Municipal Secretary-Treasurers' Association, praying for the passage of An Act to amend The Manitoba Secretary-Treasurers' Association Act.

### READING AND RECEIVING PETITIONS

**MR. DEPUTY SPEAKER:** The Honourable Member for Portage la Prairie.

Is it the will of the House that the petition be read?

**MR. E CONNERY:** The petition of Gloria Valdine Keeling, Donald Athol Stewart, David Burton Cameron, James Alexander Knight and William Watson Devine, praying for the passing of An Act to incorporate The Portage District General Hospital Foundation.

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

**MR. DEPUTY SPEAKER:** The Member for Thompson.

**MR. S. ASHTON:** Mr. Deputy Speaker, I beg to present the Second Report of the Committee on Public Utilities and Natural Resources.

**MR. CLERK:** Your committee met on Tuesday, July 29, 1986, at 10:00 a.m. in Room 255 of the Legislative Building to consider the Annual Report of The Manitoba Public Insurance Corporation. As Mr. Santos was no longer a member of the committee, your committee elected Mr. Ashton as Chairman.

Your committee received all information requested with respect to the business and to the Annual Report of The Manitoba Public Insurance Corporation from the Minister responsible.

Your committee examined the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1985, and adopted the same as presented.

**MR. DEPUTY SPEAKER:** The Member for Thompson.

**MR. S. ASHTON:** I move, seconded by the Honourable Member for Kildonan, that the Report of the Committee be received.

**MOTION presented and carried.**

### MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MR. DEPUTY SPEAKER:** The Honourable Minister of Finance.

**HON. E. KOSTYRA:** Thank you, Mr. Deputy Speaker. I wish to table a Report to the Legislature pursuant to Section 54.4(3) of The Financial Administration Act relating to Supplementary Loan and Guarantee Authority.

**MR. DEPUTY SPEAKER:** The Honourable Minister of Labour.

**HON. A. MACKLING:** Mr. Deputy Speaker, I wish to table a Supplementary Information on the 1986-87 Estimates of the Department of Consumer and Corporate Affairs.

**MR. DEPUTY SPEAKER:** Notices of Motion . . . Introduction of Bills . . .

### ORAL QUESTIONS

#### Telecommunications equipment returned from Saudi Arabia

**MR. DEPUTY SPEAKER:** The Honourable Leader of the Opposition.

**MR. G. FILMON:** Thank you, Mr. Deputy Speaker. My question is to the Minister responsible for the Manitoba Telephone System.

Yesterday, we were informed of \$270,000 worth of high tech equipment being held in a bonded warehouse as a result of a cancelled order in Saudi Arabia. Earlier, in committee, we were informed of a large loss having been taken as a result of IBM equipment which had to be recouped and resold as a result of a rejected order or cancellation, something of that nature, at a major loss to the corporation, I might add.

I wonder if the Minister can indicate whether or not there is any other equipment being held in bond or having been accepted back from Saudi Arabia having been rejected because of non-fulfillment of an order and non-acceptance of an order.

**MR. DEPUTY SPEAKER:** The Honourable Minister of Labour.

**HON. A. MACKLING:** Mr. Deputy Speaker, I thank the Honourable Leader of the Opposition for the question. I will take that question as notice.

I would like, however, to indicate to the Honourable Leader of the Opposition and members of the House that I erred the other day, and I apologize for that in indicating in answer to questions that were put to me, I believe by the media, that I indicated that the contract for the equipment with the Saudi Arabian bank was

cancelled as a result of the bank's change in ownership. That was the information that I had. That appears to be incorrect and I apologize for that. There was a change in the consultants that the bank employed and they determined that they didn't want to continue with the installation of the particular equipment that MTX, through the arrangements in Saudi Arabia was supplying, and that was the cause for the cancellation of the contract.

While I'm in an apologetic frame of mind, and I am, Mr. Deputy Speaker, I would like to indicate my concern for perhaps my overstatement in respect to - and I use the term "grandstanding" in respect to people on the issue. I apologize to the extent that I'm indicating some degree of frustration that people appear to be overzealous in pressing this Minister for information before I have it ready. I'm not referring to the questions by the Leader of the Opposition.

There was a misunderstanding with the groups that sought apparently another meeting with me. I did not believe there was another meeting arranged, there was some misunderstanding with them about that obviously, and for that I apologize. In respect to this whole matter, I had a meeting this morning with the chairperson of the Manitoba Telephone System, the chief executive officer of the Manitoba Telephone System, the chief executive officer of MTX, and I placed questions to them, some of which I anticipated that perhaps the Leader of the Opposition, the Member for Pembina, who's the critic, might well want to have information on. They are obtaining information for me; I've put an extensive number of questions to them because I feel that I want to be in a position, when we meet in committee, to give as much detail to the operations there and as much answer as I can.

I would appreciate, then, if honourable members have any further questions to put them on the record, either in the House or to me, and I will ensure that when we meet we have the fullest disclosure we can in respect to all of those concerns.

**MR. G. FILMON:** Mr. Deputy Speaker, I appreciate the attitude that the Minister is taking toward this, but I believe that the response that he gives of course raises the question as to who provided the initial information that was incorrect. I might say, Mr. Deputy Speaker, and I don't think I'm being unfair when I say that much of the information that has been provided by senior officials of MTX is contradictory and is now being contradicted in further media reports, and further interviews, and further statements by the Minister, and there is a great deal of contradiction in much of what's gone on.

Having said that I will ask a further series of questions which I would hope that the Minister is capable of responding to. But the first one is: Who provided him with the initial information with respect to the bank, the change in ownership of the bank?

**HON. A. MACKLING:** Mr. Deputy Speaker, I thank the honourable member for that question. Out of a concern to be able to respond quickly to questions that are put in the House, I sought that information; it was sought by telephone, obtained by telephone, relayed to me and I instructed that henceforth that kind of information

be provided in writing so that there may be no misunderstanding about it. The information was taken by telephone and there may have been some misunderstanding in the communication before it was given to me. But, in any event, that's the way it was communicated, by telephone, and I repeated it here.

**MR. G. FILMON:** Mr. Deputy Speaker, is the Minister now indicating that we can't rely upon the president of MTS, or the president of MTX, to give us straightforward information, factual information in response to a straightforward question by telephone?

**HON. A. MACKLING:** I'm sorry, I didn't quite get the question. If the honourable member would repeat.

**MR. DEPUTY SPEAKER:** Will the Honourable Leader of the Opposition repeat the question, please.

**MR. G. FILMON:** The question basically is: Can we not trust the president of MTS and MTX to give us straight, factual, correct answers verbally, that we now have to have it in writing? That's the only way in which we can trust them to provide us with the right information.

**MR. D. ORCHARD:** Is that the way you work?

**MR. DEPUTY SPEAKER:** Is the question seeking some information?

The Honourable Minister.

**HON. A. MACKLING:** Thank you, Mr. Deputy Speaker. I'm sorry if the Honourable Leader of the Opposition had some misunderstanding of my earlier remarks. I indicated that out of a concern to have that information so I could provide it to the House quickly.

I spoke - I didn't put it in writing - I spoke to my special assistant and told him to communicate quickly with the Telephone System, get me that information. He did so; he spoke to the official in MTX by telephone, got the information, transcribed it to paper and sent that in to me. When I provided that information, it was on the strength of the information that had been relayed to my special assistant. I've instructed my special assistant now, not to take things by phone where there might be a misunderstanding, but get it in writing from MTX to me so that then I'm sure there is no misunderstanding by telephone, by oral communication.

**MR. G. FILMON:** Mr. Deputy Speaker, I want to know further about the equipment orders and the apparent repetition of orders not being accepted in Saudi Arabia or being cancelled, and very, very expensive equipment being returned here to us at MTS or MTX and having to be disposed of it at a considerable loss. I want to know how often major orders of equipment have been cancelled and what security we have on these equipment orders that we place and then are held accountable for and responsible for and accept the losses for.

**HON. A. MACKLING:** Again, I thank the honourable member for asking that question. I have asked those questions, and subsequent questions would arise from

all of that to staff. I will be getting, as I indicated, hopefully a comprehensive basis of information, not only on those questions but questions that may flow from the answers to those questions so that I will be in a position - staff will be in a position to fully answer those concerns.

**MR. G. FILMON:** Mr. Deputy Speaker, does the Saudi Arabian partner accept responsibility for 50 percent of the loss on these equipment orders that are rejected or not fulfilled?

**HON. A. MACKLING:** I'd rather, again, take that as notice and the specifics of that question will be put to staff and we'll have a comprehensive answer for it.

**MR. G. FILMON:** I wonder if the Minister could indicate, as well, whether or not it is the policy of the corporation that equipment purchase decisions of greater than \$50,000 have to be approved by the Executive Committee of MTS/MTX.

**HON. A. MACKLING:** I will include that in the questions that will be taken as notice.

**MR. G. FILMON:** I wonder if further, Mr. Deputy Speaker, it's my understanding that all equipment purchase arrangements signed by MTX are guaranteed by MTS. I wonder if the Minister can ascertain the veracity of that statement and can he indicate, as well, whether or not those equipment purchase arrangements are also having to be guaranteed by the Saudi partner.

**HON. A. MACKLING:** Again, I will take that question as notice.

**MR. G. FILMON:** Finally, Mr. Deputy Speaker, I wonder if the Minister wouldn't initially or very quickly look into how it could be that the chief executive officer of MTS and the chief executive officer of MTX could have said earlier this week, in response to my questioning about the specific equipment at the Locher Evers International bonded warehouse, that they knew nothing about it when it was \$270,000 worth of equipment that had been returned from Saudi Arabia, a very major item on the balance sheet of that corporation, how they could have said at that time that they knew nothing about it.

**MR. D. ORCHARD:** Good question.

**HON. A. MACKLING:** Mr. Deputy Speaker, I thank the honourable member for the question.

I know that I, too, read a newspaper account to that effect. I regret that I haven't specifically asked either of those chief executive officers in respect to the newspaper accounts; I will do so and I will answer that later.

### **MTX - employees re charges**

**MR. DEPUTY SPEAKER:** The Member for Pembina.

**MR. D. ORCHARD:** Thank you, Mr. Deputy Speaker. My question is for the Minister responsible for the Manitoba Telephone System.

Has the Minister had the opportunity to speak to the president of MTS and the senior executive officers of MTX to determine whether charges were laid in Saudi Arabia and what those charges were, and what the follow-through of those charges, if any, were on employees of MTX and SADL in Saudi Arabia?

**MR. DEPUTY SPEAKER:** The Honourable Minister.

**HON. A. MACKLING:** Mr. Deputy Speaker, the honourable member, so that I understand correctly, is referring to the incident in 1983.

Yes, I have put questions to them and I'm expecting to get a full accounting from an historic point of view to determine all of those things. It's not my perception at this date - and perhaps I shouldn't say that without having the full report - but I don't believe there were charges laid per se.

**MR. D. ORCHARD:** Mr. Deputy Speaker, a new question to the Minister responsible for the Telephone System.

In the incidence of the alleged flogging of MTX employees in Saudi Arabia, do we believe the version as given by Mr. Aysan, an employee at that time of MTX, or do we believe today the version of Mr. Balagus, aide to the Premier of this Province, as to the version of the flogging incident in Saudi Arabia?

**HON. A. MACKLING:** I thank the honourable member for the question.

My understanding is that there was construed to be a breach of the religious mores in Saudi Arabia that gave rise to an incident. It has been referred to as flogging. My understanding is that it was some application of a cane, but in a very gentle fashion. I gather it was a symbolic punishment and led to serious embarrassment of the people involved, and that was the end to it; it wasn't a major incident of any kind over there.

**MR. D. ORCHARD:** Mr. Deputy Speaker, then based on that answer, one assumes that we should believe Mr. Balagus' version and that Mr. Aysan's version is not correct. Would the Minister undertake to provide to the House, in view of the fact he has now admitted that there was a ceremonial caning of employees, as to what charges the ceremonial caning were a penalty for violating?

**HON. A. MACKLING:** I thank the honourable member for the question. I indicated that I would include that in the questions I take as notice and, if there were specific charges - it's not my understanding there were, but if there were, certainly I'll report on those when I have that information.

**MR. D. ORCHARD:** Mr. Deputy Speaker, the Minister has indicated there is a ceremonial flogging. That would hardly be done without a violation of some religious law or some other law of the country.

### **Manitoba Telephone System - Mrs. Aysan re employment**

**MR. D. ORCHARD:** Mr. Deputy Speaker, my question to the Minister responsible for the Manitoba Telephone

System is: Mr. Aysan is currently employed by the Telephone System, could the Minister responsible indicate whether Mrs. Aysan is also an employee of the Manitoba Telephone System?

**HON. A. MACKLING:** I thank the honourable member for the question. I will take the question as notice.

**MR. D. ORCHARD:** Mr. Deputy Speaker, whilst the Minister is taking the last question as notice, would he endeavour to determine: When Mrs. Aysan came into the employ of Manitoba Telephone System; in what position; at what salary; and whether there was a competition for the job in which she is currently employed?

**HON. A. MACKLING:** I thank the honourable member for the question. I will take that as notice.

### Bill No. 14

**MR. DEPUTY SPEAKER:** The Member for Lakeside.

**MR. H. ENNS:** Mr. Deputy Speaker, I direct a question to the Minister of Energy and Mines.

Yesterday, the Minister of Energy and Mines introduced Bill No. 14, The Manitoba Energy Foundation Act, into this House. The Minister must be aware, Mr. Deputy Speaker, that this bill directly contravenes Section 29 of the existing Hydro Act, which says very clearly in Section 29: Income and revenue arising from the operation of the corporation whether from the sale of power or otherwise shall be collected by the corporation.

My question to the Minister: Is it his intention to bring in additional legislation repealing this particular section from The Manitoba Hydro Act?

**MR. DEPUTY SPEAKER:** The Honourable Minister.

**HON. V. SCHROEDER:** I'll take that question as notice.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. H. ENNS:** Mr. Deputy Speaker, while the Minister takes that question as notice, this bill that was introduced, Bill 14, with a great deal of publicity and fanfare and one would assume a reasonable amount of preparation, further contravenes Section 43 of The Hydro-Electric Board Act which very specifically indicates funds of government and the corporation are not to be mixed: Save as specifically provided in this act, the funds of the corporation shall not be employed for the purpose of the government or any agency of government as that expression is defined in the Civil Service Act.

Mr. Deputy Speaker, again I ask the Minister, is it his intention before the bill that he just introduced yesterday in this Chamber can become operable, to bring additional amending legislation taking these sections out of the existing Manitoba Hydro Act?

**MR. DEPUTY SPEAKER:** The Honourable House Leader.

**HON. J. COWAN:** Mr. Deputy Speaker — (Interjection) —

**MR. DEPUTY SPEAKER:** Order please.

**MR. D. ORCHARD:** Did somebody say something wrong, Jay?

**MR. DEPUTY SPEAKER:** The Honourable House Leader.

**HON. J. COWAN:** Mr. Deputy Speaker, it seems that the members opposite again have little concern for the way in which this House proceeds.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**HON. J. COWAN:** The Member for Lakeside knows full well that bill is before the House, that there is opportunity for debate and discussion during the committee and that is the appropriate place for these questions to be put. I would hope he would take the opportunity to do so at that time.

**MR. DEPUTY SPEAKER:** One of the rules in question period is that a question should not seek information about proceedings in a committee which has not yet made its report to the House. Is there a point of order being raised by anybody?

The Government House Leader on the same point of order about rule upon anticipation.

**MR. G. MERCIER:** Mr. Deputy Speaker, I thought there was no point of order before that.

**MR. DEPUTY SPEAKER:** The Honourable Member for Lakeside.

**MR. H. ENNS:** Thank you, Mr. Deputy Speaker. A further question to the same Minister.

The 500 megawatt hydro sales to Northern States Power clearly has indicated in its general terms and conditions under Article 7, Section 701, "All references to costs and provisions for payments herein shall be in the currency of the United States of America. All billing shall be in accordance with the procedure specified or with any other procedure agreed to by the parties provided however, that all payments due to Manitoba hereunder shall be made in this case to the Manitoba Energy Authority." Mr. Deputy Speaker, it would again appear the bill introduced yesterday would contravene this section of that sale agreement with Northern States Power.

Mr. Deputy Speaker, wishing to preclude any arguments from the Government House Leader, it's precisely this information that I am seeking that we can have, not repetitive, but meaningful debate if it's the government's intention to introduce amending sections to delete these contradictory sections of the act then we know how to conduct ourselves.

Is it the government's intention to amend the Northern States Power Agreement because of the bill that he introduced yesterday, or was he in fact just grandstanding for the people of Manitoba and talking about a heritage fund that we all know will never really come to be?

**MR. DEPUTY SPEAKER:** The Honourable Attorney-General.

**HON. R. PENNER:** Mr. Deputy Speaker, as the Member for Pembina well knows, first of all, there's a general principle that subsequent legislation . . .

**MR. DEPUTY SPEAKER:** Is the member raising a point of order?

**HON. R. PENNER:** No. I am, at the request of the Minister answering that question. Subsequent legislation takes precedence over earlier legislation in cases of a conflict, but in any event we're at that stage in the preparation of and completion of this year's legislative program where any consequential amendments that flow from any piece of legislation are now being reviewed. In fact it is felt by Chief Legislative Counsel that some consequential amendments are necessary, they in fact will be included in the Statute Law Amendment Bill.

### **Jobs Fund - forgivable loans and grants**

**MR. DEPUTY SPEAKER:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Deputy Speaker, I have a question for the Minister of Industry, who is responsible for the Jobs Fund.

I know the Jobs Fund Estimates are quite a ways down on the agenda but I would ask the Minister if we could have before the Jobs Fund Estimates come up, a list of all of the loans or forgivable loans or grants that have been put forward by the Jobs Fund to the end of the fiscal year '85 and '86 and to date this year. If that would be possible before we review the Estimates of the Jobs Fund.

**MR. DEPUTY SPEAKER:** The Honourable Minister of Energy and Mines.

**HON. V. SCHROEDER:** Thank you, Mr. Deputy Speaker. I expect that we should be able to comply with that, that should not be a difficulty. We had given a number of those loans out this morning from one particular portion of it, and as the member knows there are other portions. I expect that we should be able to comply reasonably shortly.

### **Dairy producers of Manitoba - policy re quotas**

**MR. DEPUTY SPEAKER:** The Member for Virden.

**MR. G. FINDLAY:** Thank you, Mr. Deputy Speaker. My question is to the Minister of Agriculture.

At least 80 percent of the wheat grown in Manitoba must be exported to some other nation in the world. Given that the American Government tends to subsidize wheat sales to Russia and China, a move which will surely hurt Manitoba wheat growers, will the Minister of Agriculture stand up for Manitoba and send a letter

of support to the Federal Government of Canada, who are now opposing this action by the U.S. Government?

**MR. DEPUTY SPEAKER:** The Minister of Agriculture.

**HON. B. URUSKI:** Mr. Deputy Speaker, we have stood up for Manitoba farmers for a number of years, unlike members opposite who have wanted to bail out their colleagues by loading more and more financial impositions on Manitoba taxpayers by bailing out their federal counterparts. That's been their position, Mr. Deputy Speaker, for a number of years.

**MR. DEPUTY SPEAKER:** Order please.

**HON. B. URUSKI:** Mr. Deputy Speaker, it appears that members opposite don't want to have any information.

**MR. G. FINDLAY:** Again to the Minister of Agriculture. Given that there has been considerable unhappiness amongst the dairy producers of Manitoba about the cancellation of transfer of class 2 quota or partial quota by the Natural Products Marketing Council some months ago, and also given that the Minister indicated during Estimates that a new policy will be in place by August 1, is he now prepared to announce that new policy?

**HON. B. URUSKI:** Mr. Deputy Speaker, discussions are under way with the Natural Products Marketing Council and the Milk Producers' Marketing Board, and I'm hopeful that in the not too distant future those negotiations will be concluded and a policy will be announced for Manitoba milk producers.

But I want to indicate, Mr. Deputy Speaker, that the current policy that is there is still the current policy. If there will be a change announced it will be announced to all producers and to all members of the House, and all Manitobans.

Mr. Deputy Speaker, talking about standing up for Manitoba farmers, members opposite continue to stand up for the banks and the financial institutions instead of the farmers of this province.

**MR. DEPUTY SPEAKER:** May I remind again all members that ministerial answers to questions should be brief, should deal with the matter raised, and should not provoke debate.

### **Keystone Agricultural Producers re legislation**

**MR. DEPUTY SPEAKER:** The Member for Virden.

**MR. G. FINDLAY:** Thank you, Mr. Deputy Speaker, another question for the same Minister.

Keystone Agricultural Producers has requested the Minister to introduce check-off legislation for funding of a general farm policy organization. Is the Minister drafting such legislation for introduction in this Session?

**HON. B. URUSKI:** Mr. Deputy Speaker, when that decision is made and legislation is brought forward, all members of the House will be made aware of it.

### Highway 16 - condition of

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

**MRS. S. CARSTAIRS:** Thank you, Mr. Deputy Speaker. My question is to the Minister of Highways.

Last Sunday on my way to Russell, I once again hit that strip of Highway 16 between Neepawa and Minnedosa, known pejoratively as the gravel pit. Mr. Deputy Speaker, this road is filled with gravel, has no signs indicating it is under construction, and no signs indicating bumps, and I can assure you from personal experience there are many. Can the Minister tell this House when construction on this strip will be completed or is he waiting for Federal Government participation?

**MR. DEPUTY SPEAKER:** The Honourable Minister of Highways.

**HON. J. PLOHMAN:** Mr. Deputy Speaker, I'm pleased to see the Member for River Heights is getting around the province and getting to know the people and the constituents of the Province of Manitoba on the weekends.

Insofar as Highway 16 is concerned, it has received high priority from this government over the last five years.

We have, Mr. Deputy Speaker, we have put a great deal of financial resources into upgrading that highway, and the Member for River Heights if she's travelled the full length of it, will be aware of the extensive amount of paving and widening that has taken place.

There is another section that is currently under construction; there's a tender for the paving, the surfacing of that section of road and we are also looking at future development with regard to grading contracts on the next section to Minnedosa in the coming year.

However, we have also asked, because of the pressures on our highways budget to have some federal involvement on this major inter-provincial route. The previous Federal Government, the Liberal Government, did not enter into any financial sharing of our highway construction, whether it be for Highway No. 1 or for an alternate Trans-Canada route, such as, Highway No. 16, the Yellowhead route. They have refused to do this in the past and this present government has done no better in the first two years, Mr. Deputy Speaker.

We are continuing to make representation now to the new Minister to ask him to participate and accept the responsibilities for these major inter-provincial routes and that it should not fall just on the backs of the provinces; similar to the way that they do in Eastern Canada and the Maritimes and Quebec, where substantial amounts of federal dollars are going into highways in those provinces, and that is not happening here.

**MRS. S. CARSTAIRS:** A supplementary question to the same Minister.

In that some of us are discouraged from going much further on that particular highway, will the Minister ask us his department to place appropriate signs to warn drivers of the dangers of the road that they are about to use?

**HON. J. PLOHMAN:** Well, Mr. Deputy Speaker, there is standard signage in place for construction to alert drivers that construction is taking place. If this is an area that is not currently under construction specifically - and I have to get that specific information from the member as to the exact section of the road that she is concerned about - and there is a hazard there, then we will ensure that the proper signage is put in place. But usually, in all cases, signage is put in place during construction. It indicates that construction is taking place.

Just in terms of how long it is taking, Mr. Deputy Speaker, naturally when you're undertaking a project, the shoulder-widening and reconstruction that needs to take place is done in one construction year and then the paving takes place the following year, for the Member for Sturgeon Creek, who wonders why it takes two years; that is why it takes two years to do one section of road. There are two different phases of construction that have to take place.

### School construction and repair

**MR. DEPUTY SPEAKER:** The Member for Kildonan.

**MR. M. DOLIN:** Thank you, Mr. Deputy Speaker, my question is to the Minister of Education.

During the Estimates, it was noted that the Public Schools Finance Board is encouraging school divisions to get into modular or portable school construction in new construction or major renovations. I'm wondering if the Minister could explain the rationale for this.

**MR. DEPUTY SPEAKER:** The Minister of Education.

**HON. J. STORIE:** Thank you, Mr. Deputy Speaker. I can indicate that issue was addressed in Estimates. I can certainly . . .

**MR. DEPUTY SPEAKER:** This question is anticipating what has not been reported from the proceedings.

### Minneapolis promotional trips

**MR. DEPUTY SPEAKER:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Deputy Speaker, my question is to the Minister of Business Development and Tourism.

During the Estimates of that department, the Minister informed us that the promotional trip to Minneapolis in 1985 cost \$70,000, and the promotional trip in 1986 cost \$90,000.00. I asked at that time for a breakdown of the expenses. By the way, they paid their own meals and half their accommodation and were flown down by Northwest Airlines and it still cost \$90,000.00. But I thank the Minister for the breakdown of the costs. Would the Minister please supply me with the information I asked for regarding what organizations were taken down to Minneapolis during this blitz.

**MR. DEPUTY SPEAKER:** The Honourable Minister of Tourism.

**HON. M. HEMPHILL:** Thank you, Mr. Deputy Speaker. Yes, I'd be quite happy to.

### Manitoba Hydro - spillway, opening of effect on fishing

**MR. DEPUTY SPEAKER:** The Minister of Natural Resources.

**HON. L. HARAPIAK:** Mr. Deputy Speaker, earlier this week I took as notice a question from the Member for Lakeside with respect to fishing quotas in the Grand Rapids area. As I understood the question from the Member for Lakeside, there was some indication that the fishermen were being forced to catch a certain portion of their quota earlier in the year than might otherwise had been the case. In checking with staff, I learned that there are two quotas: a summer quota for 6,000 lbs., and the fall quota for 8,400 lbs., and it was at the request of the fishermen that they be given the opportunity to switch those and, in fact, catch the 8,400 lbs. during the summer and the lesser amount in the fall. So yes, there was a change, but it was at the request of the fishermen from Grand Rapids.

**MR. DEPUTY SPEAKER:** The Member for Lakeside.

**MR. H. ENNS:** I appreciate the Minister's response. I just want to indicate my question was whether or not they were now being allowed to use the fall quota and that apparently the Minister has just confirmed.

### Manitoba Hydro - spillway, opening of

**MR. H. ENNS:** My question goes back to the Minister responsible for Manitoba Hydro. Has a decision been made in the last 24 or 48 hours to use the spillway at Grand Rapids?

**MR. DEPUTY SPEAKER:** The Honourable Minister.

**HON. V. SCHROEDER:** No, Mr. Deputy Speaker, there's been no change since the last time we discussed it.

### Manitoba Telephone System - Standing Committee, calling of

**MR. DEPUTY SPEAKER:** The Member for Pembina.

**MR. D. ORCHARD:** Mr. Deputy Speaker, my question is for the Minister responsible for the Manitoba Telephone System.

Can the Minister undertake to provide, as government House Leader, with the recommendation that we call the Public Utilities and Natural Resources hearing to deal with the Manitoba Telephone System and MTX on Thursday of next week?

**MR. DEPUTY SPEAKER:** The Honourable Minister.

**HON. A. MACKLING:** Thank you, Mr. Deputy Speaker. I thank the honourable member for the question. I certainly will advise the House Leader if it's possible for us to have all the information that I anticipate would be reasonably necessary for that date. If there is some difficulty, I will advise him. We will endeavour to have all of the information which reasonably can be foreseen to be required available. I'm not certain that date will be suitable.

### Manitoba Telephone System - MTX and Cezar Industries

**MR. D. ORCHARD:** Mr. Deputy Speaker, a second question to the Minister responsible for Manitoba Telephone System.

In anticipation of that Thursday meeting, will the Minister be providing me with the business plan for the \$3.375 million investment by MTX in conjunction with Cezar Industries Ltd. of the United States?

**HON. A. MACKLING:** Yes, I certainly want to have all of that information available and, to ensure that it is, it may be that we will need some extra time but certainly the honourable member has indicated that concern; it's a legitimate one and I will want to make sure that all of that information is available.

### Hansard delays

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

**MRS. S. CARSTAIRS:** Thank you, Mr. Deputy Speaker, my question is to the Minister of Culture, Heritage and Recreation.

Can the Minister explain to the House why there seems to be such a long delay in the receipt of our Hansard?

**MR. DEPUTY SPEAKER:** The Honourable House Leader.

**HON. J. COWAN:** Thank you, Mr. Deputy Speaker.

Well, as the perusal of the Hansard is necessary for all members to be able to provide them with information that's required for debate and discussion, we will take the question from the Member for River Heights as notice. I, as House Leader, will have a conversation with her directly, to determine what the exact problem is from her perspective and how it might be that we would be able to work with your office to ensure that the publication of the Hansard occurs in as timely a fashion as possible. Certainly we'd be prepared to discuss any specific problems and hope we could resolve them in that manner working with the Speaker's Office.

**MR. DEPUTY SPEAKER:** Orders of the day. Question period is over? There's no question.

### Manitoba Hydro - delay in answers to committee questions

**MR. DEPUTY SPEAKER:** The Member for St. Vital.

**MR. J. WALDING:** Mr. Deputy Speaker, if we are still in question period, I would like to address a question to the Minister of Energy and Mines. It's a repeat of the question that I asked him on June 2, which is about eight weeks away. Would the Minister assure the House that he would ensure that the chairman of Manitoba Hydro will in fact be providing answers to all of the questions that he took as notice at the hearings of the appropriate committee?

**MR. DEPUTY SPEAKER:** The Honourable Minister of Energy and Mines.

**HON. V. SCHROEDER:** Thank you, Mr. Deputy Speaker. I had indicated earlier that those answers would be forthcoming before the end of this week and I anticipate that will happen.

**MR. J. WALDING:** A supplementary question, Mr. Deputy Speaker.

The Minister did tell the House, when he was asked that question about a month ago, and he gave the same answer. Can we be certain this time that the answers will be available before the end of the week?

**HON. V. SCHROEDER:** If I said a month ago that I would have the answers available by the end of this week, I don't recall that. I did say, at the end of last week, that I would have it available by the end of this week and I expect that will happen.

**MR. DEPUTY SPEAKER:** Question period has expired.

### HOUSE BUSINESS

**MR. DEPUTY SPEAKER:** The Honourable Government House Leader.

**HON. J. COWAN:** Thank you, Mr. Deputy Speaker.

First I'd like to confirm that August 4, being a holiday, the House will not be sitting. The appropriate arrangements have been made for staff to have that day off and members are so advised.

Hopefully, we will be able to have some rest and relaxation over the weekend and embark upon our duties as legislators again in a reasonable fashion on Tuesday.

As for the Order Paper and the showing of the meeting of the Standing Committee on Economic Development on Thursday, that will not be required, the committee having completed its work today. I will be discussing with the Opposition House Leader and, I believe, the Member for Pembina and the Minister of Labour as to when we might be able to have the information available for the calling of the committee to review or to continue the review of MTS.

Having said that, I believe there's an inclination on the part of all members to forego Private Members' Hour today so that we can continue on with the review of the Estimates in the two committees from 4:30 p.m. to 5:30 p.m., as we have done for the last couple of days.

Having said that, Mr. Deputy Speaker, I move, seconded by the Minister of Municipal Affairs, that Mr. Deputy Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Burrows in the Chair for the Department of Energy and Mines; and the Honourable Member for Kildonan in the Chair for the Department of Education.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY - EDUCATION

**MR. CHAIRMAN, M. Dolin:** Committee, come to order. We are on Page 52, Item 4.(d) under Resolution 49, the Manitoba School for the Deaf - the Member for Fort Garry.

**MR. C. BIRT:** In the fall of last year, there was an announcement that there would be a splitting of the responsibilities as the principal of the Manitoba School for the Deaf, and then there would be one resource person within the staff. Has that splitting of responsibility taken place?

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

**HON. J. STORIE:** Yes, Mr. Chairperson, it has.

**MR. C. BIRT:** Could the Minister advise who the staff person is in the department, the name of the person, please?

**HON. J. STORIE:** Mr. Chairperson, the coordinator's name is Gayle McKay.

**MR. C. BIRT:** Has the position of principal of the school been filled and, if so, who is it occupied by?

**HON. J. STORIE:** No, Mr. Chairperson, the position has not been filled. There has been one competition. I believe it's been rebulletined, and we're currently in the process of trying to identify someone for that position.

**MR. C. BIRT:** How long has the position been vacant?

**HON. J. STORIE:** Well, there is someone acting in that capacity, but it became vacant in February.

**MR. C. BIRT:** Who is the acting superintendent or head of the school?

**HON. J. STORIE:** The acting principal is Hal Stevens.

**MR. C. BIRT:** Mr. Chairman, who makes the selection of staff for the school? If a vacancy occurs, who makes the selection?

**HON. J. STORIE:** The branch and personnel department.

**MR. C. BIRT:** Why does not the principal or the acting principal of the school make that decision?

**HON. J. STORIE:** He certainly has a role, but as with other school divisions, the principals themselves do not make the decision; administration, other administration, superintendent, school board, members.

I remind the member that these are Civil Service positions. They go through a normal Civil Service process.

**MR. C. BIRT:** Mr. Chairman, I thought the whole intention when splitting the two functions from one



person was to set the school up as an independent operating arm. I can appreciate it's still within the Civil Service structure, but to make it more of a formalized school and giving it some autonomy and thereby giving some authority, like you do say at the Red River Community College, to the supervisors or the head of the school to then staff the positions as he or she may see fit.

**HON. J. STORIE:** Well, the intention was obviously to break the position into two separate positions, because of the increasing responsibilities that were required under both sections. There was simply a need to differentiate, to allow for a greater input in both areas.

**MR. C. BIRT:** Well, what is the function then of the principal of the School for the Deaf?

**HON. J. STORIE:** To assume the leadership role in the school.

**MR. C. BIRT:** What is the function of the supervisor in the department then?

**HON. J. STORIE:** Recognizing that hearing-impaired students are in school throughout the province, that this person acts as a coordinator for hearing impaired for the province, obviously involved in programming, all students, not just those involved with the Manitoba School for the Deaf.

**MR. C. BIRT:** In ordinary school divisions - they have their own authority in which to function and the department is either an advisory or consultative role or a funding role - is there the same separation between the school now that they have their own separate principal, or will once that position is filled, and the department - in other words, the school can then operate and set its own policies and the department will only be an advisory body and will not have any involvement in the running or the day-to-day function of the school or setting policy within that school?

**HON. J. STORIE:** No, I don't see it working that way. The school is under the control of the Department of Education. It operates, essentially, as a school. However, there is no constituency division if you will, that operates for the purpose of providing service to hearing-impaired children and it is and has been a part of the Civil Service. So I'm not sure how it might operate in the way the member envisages.

**MR. C. BIRT:** Well, Mr. Chairman, there are two or three types of education or training being provided for the deaf or the hearing impaired, some in the public system. But the school is a special school set up for a specific purpose or sets of purposes and I can appreciate some of the students may go there and then transfer over into some of the programs into the public system.

It's a question of the educators setting the norms in operating the school and what an educator may wish to do, as opposed to an administrator in the department; trying to separate the administrative function from that of the creative or teaching function. It seems to me

that there has been no - even though you've separated the two positions or created two separate situations - there's been no clear delineation of administration and teaching function and the administration is still running the school. It seems to me, that may not be in the best interests of providing services to those children.

**HON. J. STORIE:** Well, two points: No. 1, I guess is the school, other than it is funded by the Department of Education and directly operates in many respects in that it has a principal, teachers and staff and staff meetings in the same way that a school operates.

Secondly, in 1985 a School for the Deaf Parent-Teacher Association was formed which now is providing direct advice to the principal and to the staff. So that was a means of providing that input. That has been created and I think it is functioning reasonably well.

**MR. C. BIRT:** Well that was my next question. This parent advisory body or whatever the official function is, was established. I believe Felicite Warner was appointed as its first acting chairperson. And I'm not clear as to who this advisory body is giving advice. Is it to the school and how it should function or is it giving advice to the department?

**HON. J. STORIE:** The committee the member refers to on which Felicite Warner is sitting, is an advisory board for programs for the deaf and hearing impaired for the province; not the School for the Deaf Parent-Teacher Advisory Committee, if I can call it that. So there are two separate groups: one is advising the province on hearing impaired policy and reviewing that; and the other is more specifically related to the activities of the school.

**MR. C. BIRT:** Mr. Chairman, the advice that the parents' body would give at the school, can the principal or the staff act upon it or must it get approval from the department before any changes are brought in?

**HON. J. STORIE:** I would assume that if it's a policy that deals with the activities of the teaching staff in terms of their relationship to students, that certainly would be within the purview of the principal to direct. Policy changes which have funding implications, obviously, it would go to the department for review, as would any policy changes within a school which had funding implications go to the superintendent in the school division.

**MR. C. BIRT:** What policy recommendations has the committee advising the department on deaf students and hearing impaired students? What recommendations have they made and what has been implemented?

**HON. J. STORIE:** Are you referring to the school committee?

**MR. C. BIRT:** No, not the school committee, I'm talking about the provincial committee.

**HON. J. STORIE:** The provincial committee has not made recommendations to date. I believe they were

established - was it last year? I believe they have met four or five times but have not come forward with any specific recommendations. I presume, as with most committees, they are trying to establish a perspective on the questions that are raised. If they feel recommendation changes are needed, I'm sure they will be bringing them forward.

I should indicate, I have not had an opportunity to meet with this committee. I have met with many of them, but I have not had an opportunity to meet with this committee.

**MR. C. BIRT:** Could the Minister advise, is this to be sort of an ongoing advisory body? If so, when they were set up, were they given specific problems to consider or to give advice on and were they also advised to provide information back by a certain time?

**HON. J. STORIE:** I understand that in the initial formation a number of questions were raised with them which could be addressed, but certainly they are free to address any question relating to hearing, hearing impairments, that they would wish to raise.

**MR. C. BIRT:** Mr. Chairman, in relation to the time frame, I take it then there is no specific reporting mechanism that they have to respond by or any specific problems they were to give advice on?

**HON. J. STORIE:** Unless a specific request, I guess, came from the Minister to report in a specified time that they would simply be reporting on issues as and when the committee decided, and as they arose.

**MR. C. BIRT:** Was there any Ministerial directive or request when the committee was set up?

**HON. J. STORIE:** I don't believe there was any specific reporting time for the issues that were initially raised as potential ones for address.

**MR. C. BIRT:** Mr. Chairman, I understand a letter has gone out to parents from the school. One area that it's giving me some concern on, and I'd like to pursue it a moment or two, it says: deals with conditions of admission and attendance and it says, "Every child who is admitted to the school is expected to benefit from the school's program. No child shall be kept at school who cannot benefit or who ceases to benefit from that program."

Why would it be necessary for a school like this who are dealing with children who have specific problems feel it necessary to issue this type of directive to its parents when, I would imagine under normal circumstances in ordinary schools or schools that the general public would attend to, that you wouldn't have this type of directive being issued?

**HON. J. STORIE:** I'm not sure what the time frame of that letter is or whether it reflects accurately the current policy.

Staff indicate, and I think it's quite reasonable to assume that, given the limited access that there is to the School for the Deaf and the nature of the specialized services that's provided that, at some point, at some

age, under some circumstances, there may be a determination that no further assistance is going to be advised or advisable in the sense that no more progress can be made. So, given its specialized nature, I presume that's the context in which that letter is formed, that there may be an expectation that students would stay beyond the years of 18 and, in some cases, that may be desirable; but at some point a decision may have to be made by staff, given the limitations on staff resources and so forth, that someone else may benefit more or progress more quickly.

It wouldn't be an easy decision, but I assume that's the context in which the letter was written. Could the member indicate what the date of that letter is, if he has a date?

**MR. C. BIRT:** Mr. Chairman, there is no date on it. I have been advised that it was a fairly recent letter that came. I can't give him a specific date, unfortunately.

**HON. J. STORIE:** Staff indicated, as well, that if there was a decision that, for whatever reason, the School for the Deaf was not the most appropriate placement for an individual, that assistance would be given to find additional placement, assuming that was possible.

**MR. C. BIRT:** The way it's written, it causes some concern because it seems to almost hold out a threat. At least this is how it was interpreted by at least one parent and it just seems that perhaps if it was meant to be a suggestion or an indication of the policy that it could have been handled perhaps a little more sensitively.

Any parent getting this type of letter, it's open to many interpretations and it would seem to me that this is one that would cause concern in parents minds and it wouldn't do much to allay a lot of fears or concerns; it would raise more fears and concerns.

**HON. J. STORIE:** Again, as I say, I don't know the context of the letter. I can only indicate generally what the policy is, and I don't believe there was any threat intended. Perhaps a recognition that under some circumstances that could happen, a facing of reality. I think for all parents, it's sometimes difficult to come to grips with the fact nothing more can be done or appreciation that at a certain age the school can no longer continue the responsibility.

I certainly don't believe, and staff indicate that would be no intention to provide a letter like that as any kind of implied or otherwise threat.

**MR. C. BIRT:** Mr. Chairman, there are some handwritten notes on it, but I'll delete them and provide the Minister with a copy of it. If it's a year old, that's fine. The information . . .

**HON. J. STORIE:** I would appreciate a copy.

**MR. C. BIRT:** It raises a question, and the Minister kept referring to that at a certain age, perhaps the children would be better to - you know, they can't stay in that school, they have to go on to some other area. The question of before they get age 18 or whenever it is that it's deemed expedient they go someplace else

- a decision is made that they could no longer benefit by being present at the school. Is there some sort of appeal mechanism? I mean how is this decision reached that the administration would say you know we feel your child can no longer benefit here? Is this a reviewable thing, an appealable thing? If so, what appeal process is there?

**HON. J. STORIE:** Two things: No. 1, most students or many of the students, of course, would have gone through each of the levels of the school and graduated and moved on. There are students obviously who are 19 and 20 at the school. There is no set time frame for the completion as long as progress I guess is being made.

Certainly, the decisions have not been made unilaterally, at least would not normally be made unilaterally unless there were some exceptional circumstances. I'm told some year ago or some time ago, there was some problem with vandalism in the schools; vandalism which was being generated internally and those kind of things, the exceptions, where a unilateral decision would be made, that if it's an academic, a question of progress in terms of skills, that those would be made in close consultation with the parents.

**MR. C. BIRT:** But is there an appeal mechanism after the administration meets with the parent or parents and a decision is made and the parents wish to challenge that decision, is there an appeal mechanism?

**HON. J. STORIE:** I don't suppose there's a formal mechanism other than through the director of child care and development or through the Minister. I don't know that's been a problem.

**MR. C. BIRT:** Mr. Chairman, can you tell me how many staff in total, teaching and support staff, were involved with the school?

**HON. J. STORIE:** Mr. Chairperson, there are currently 70 staff which is up one.

**MR. C. BIRT:** How many would be teaching staff and how many would be support staff, an approximation?

**HON. J. STORIE:** Approximately 25 are professional staff, teaching staff.

**MR. C. BIRT:** Mr. Chairman, is there a policy that the government is pursuing in trying to fill both the professional positions as well as the other positions at the school in all 70, where you're trying to get deaf or people with hearing problems on staff; in other words, an affirmative action program to try and get them on staff?

**HON. J. STORIE:** Certainly, the intention is, where possible, to hire handicapped, particularly hearing-impaired teachers, recognizing that the nature of the job, the specialization, requires exceptionally capable teachers. The prime concern is the capability of the teacher to do the job that they have to do.

**MR. C. BIRT:** The concern I have is that I've been talking to a student who was blind and who finally

graduated and has got a teaching degree, and now can't get a job as a teacher. It seems to me such a waste where the system has gone to great extent to train the people, to give them this opportunity, to get them out into the active world, then there is nothing available.

Again, I can appreciate that the type of instruction and involvement with the school is specialized and you need fairly competent people. But is a preference given or an override to people who have hearing problems or are deaf, who can fill that spot?

**HON. J. STORIE:** There is an affirmative action program as part of the government initiatives, and certainly it would be nowhere more, I think, firmly embraced than in the Manitoba School for the Deaf. At least, that would be my hope.

The question the member raises about a blind student with a teaching certificate is an interesting one. I think that there needs to be a greater commitment to affirmative action on the part of all school divisions and all school boards. I'm sure that blind teachers would have some insights that some of us wouldn't have, although I'm sure they would have some difficulty with signing.

**MR. C. BIRT:** Mr. Chairman, of the 70 members on staff, how many are deaf and how many have a hearing impairment?

**HON. J. STORIE:** Mr. Chairperson, staff indicate that approximately 20 percent might be hearing impaired, of the professional staff; that support staff, aides, other support personnel in the school, it's probably 50 percent or in that neighbourhood.

**MR. C. BIRT:** I'm sorry, 50 percent of the support staff and about 20 percent of the professional staff; is that what you said?

**HON. J. STORIE:** About 20 percent of the professional staff and roughly 50 percent of support staff, not just teaching aides but all of the other support staff, serving personnel and caretakers.

**MR. C. BIRT:** Mr. Chairman, I had a question raised concerning the transportation of students to the school by the people who drive the buses or vans for the school. The individuals, or the drivers, were given some preliminary briefing at the beginning of the season but in the case where new drivers came on during the year, the new ones were not given any particular briefing on how to communicate with the students. It often caused some consternation.

Is the government attempting to resolve that issue or has the issue been brought to their attention? If so, what steps have they taken to ensure that it doesn't occur?

**HON. J. STORIE:** The issue has certainly been brought to my attention, in fact, by the Member for River Heights by way of a question some time ago. I indicated that I would look into it. There are no provisions right now for the training of bus drivers who provide that service to those students.

I'm told that there are two problems. No. 1 is that service is contracted out and there is a very real problem with turnover of drivers and you would be continually doing it. It would be difficult. There are some instructions given, obviously. I think the people who contract the service recognize the special circumstances of their passengers, but it would be difficult and expensive and perhaps not as productive as one would want, to go ahead and provide training in each of those circumstances, recognizing that it is a long-term kind of process. You'd need some stability in drivers.

**MR. C. BIRT:** Is the Minister saying that nothing more will be done on this issue?

**HON. J. STORIE:** Other than trying to provide signs for the students themselves on the equipment, but the training of drivers per se is probably not a practical solution.

**MR. C. BIRT:** It seems to me that just even rudimentary training, and it could be a form of the contract - I can appreciate it is not an easy solution or an easy problem to solve - but some steps should perhaps be taken to see if you could attempt to relieve the problem.

**HON. J. STORIE:** I wouldn't want to leave you with the impression that steps hadn't been taken. I indicated that there was some initial training, initial instructions. Basically, the signs that they learn are the emergency signs. Again, you can't cover every eventuality and you wouldn't be able to, unless the person was completely fluent in sign language. But precautions have been taken to the extent that it's practical.

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

**MRS. S. CARSTAIRS:** I have spent some time at the Manitoba School for the Deaf, and I've also met with parents of hearing-impaired children, basically as a result of the very concern that existed among the parents for the need to be two separate positions, the coordinator for deaf education who would be a person either with the Department of Education and, in addition, a principal.

What I saw as the most convincing argument was that the principal, because their time and attention is at the Manitoba School for the Deaf and that is their orientation and direction, there was not sufficient time being given to the remaining children in the province who are integrated into the system.

There also, however, seemed to be a genuine concern that a principal, because that individual thought the school was a good school and a fine institution, would be reluctant to move that child into other situations. Yet, the government decided to take the principal and make that principal the coordinator. I am wondering what the rationale was in this particular situation.

**HON. J. STORIE:** I guess for a lot of positive reasons, essentially, the person could have filled either role and that the coordinator's role is of critical concern to the government and the larger community is, in effect, a senior position and essentially that's the reason.

**MRS. S. CARSTAIRS:** Is the coordinator presently functioning physically out of the Manitoba School for the Deaf or out of the Department of Education?

**HON. J. STORIE:** Out of the Department of Education.

**MRS. S. CARSTAIRS:** That in itself relieves part of my concern which was that by keeping Miss McKay functioning at the School for Deaf there were going to be parents who would think that her job was primarily still remaining as the school principal and not as the coordinator for a broader program.

Can the Minister tell me what is the position at the present time of Gary Batstone who was, as I understand it, the vice-principal of the School for the Deaf, and I understood was acting principal for a period of time?

**HON. J. STORIE:** No, he is still the vice-principal.

**MRS. S. CARSTAIRS:** Can the Minister tell me where Hal Stevens came from then, who is now, I assume, the acting principal?

**HON. J. STORIE:** I understand that he was a superintendent and has experience with teaching handicapped students and was brought in to fill the position when a permanent replacement could not be found. There is, as I have indicated, a candidate search under way.

**MRS. S. CARSTAIRS:** The Minister indicated, Mr. Chairman, that 20 percent, I think, of the teaching staff was in fact hearing impaired or profoundly deaf. Judging by the teachers that I met while I was at the School for the Deaf, I would think that is a highly overestimated percentage.

I know there is one who is fully deaf, because I watched her classwork. But I didn't believe I came across anyone else who was, in fact, hearing impaired.

**HON. J. STORIE:** I had indicated that the 20 percent was a ballpark figure. I had not indicated that they were entirely deaf. I think the word I used was hearing impaired. However, we'll get the exact number if the member wishes.

**MRS. S. CARSTAIRS:** I raise that, Mr. Chairman, because there is genuine concern on the part of the parents that these children need role models and it is very important that they see those who have other hearing impairments can in fact make a success of their lives within the society. One clear way of doing that, of course, is to give them a teacher who is hearing impaired or, indeed, profoundly deaf.

Can the Minister outline for me essentially the different types of students who would be at the Manitoba School for the Deaf as opposed to those students who were integrated into the regular program?

**HON. J. STORIE:** Just two points: No. 1, you know, a few years ago at the Manitoba School for the Deaf there were no hearing impaired teachers teaching, so progress is being made. I point out, as well, there is a lack of teachers with that kind of training, that there are many other institutions across the country and around the world that are crying for trained professionals and, in this area, who obviously are hearing impaired because they understand the problems in a much better way. So there has been a

problem finding the people. First of all, it's not that the administration or the department wouldn't wish that to happen.

The reference was to the member's question with respect to the number of students who are in the school and how they are broken down and how a determination is made about whether they're in the school or part integrated into the rest of the system. I should indicate that of the 115 students in the Manitoba School for the Deaf approximately 40 are involved in out-of-school experience, off-campus experience, in one form or another. So it's not a question of the school being the sole source of education.

The fact is that we're trying to integrate as many of the students there as we can and that is again a process that's building as we generally recognize the usefulness of the integration and mainstreaming of multiply-handicapped kids.

**MRS. S. CARSTAIRS:** Is it fair however, to say that more and more of the children at the Manitoba School for the Deaf are those who, in fact, have multiple handicaps, other than simply a hearing impairment?

**HON. J. STORIE:** I think that's a fair assessment. It's not unusual for a student at MSD to have more than one handicap.

**MRS. S. CARSTAIRS:** I, too, have not seen the letter which the Honourable Member for Fort Garry had in his possession, but I wonder if part of that cannot be dealing with this particular problem; that perhaps the school is concerned about the most appropriate placement for a child and perhaps the most appropriate placement is not at the Manitoba School for the Deaf but in a Grosvenor integrated program or a Laidlaw integrated program or whatever.

**HON. J. STORIE:** The member makes a very good point and I had indicated that there were all kinds of reasons why there could be exceptions to the general policy that they would be there and maintain there.

At some point, a decision could be made that another venue might be more appropriate and that's not always agreed to by the parent, I assume. But as I indicated to the Member for Fort Garry, there have been no appeals and I have not had anyone write to me about the concerns over a placement outside of MSD. Essentially, it's done in cooperation with and with the understanding of the parents.

In terms of the member's questioning of the figures, she was quite right. The figure is actually exactly 17 percent of the staff. So, again, an effort is being made to . . .

**MRS. S. CARSTAIRS:** Can the Minister tell me if the pre-school program at MSD is to be cut back this year?

**HON. J. STORIE:** I understand that the number of classes is not changing at MSD, but a decision has been made that the three and four-year olds will be attending classes, whatever they call them, at the Society for Crippled Children. It's now known as the Society for Manitobans with Disabilities.

**MRS. S. CARSTAIRS:** Can the Minister assure us that trained personnel in the teaching of language skills to

the deaf will be available to these children, because certainly language development is at its most important period at three and four. I am concerned that there would be a weakening of that kind of development in a program where they might well in fact be integrated with other handicapped children.

**HON. J. STORIE:** I understand there is input from deaf parents into that program, and I don't think we've heard a concern raised by the parents themselves about the programming at the MSD facility.

**MRS. S. CARSTAIRS:** This may not be an appropriate place to ask the question, but since many of the children who were formerly educated at MSD are now into the regular public school system, can the Minister tell me what kind of help is provided to the teachers of these integrated children?

I'll speak just very personally here. I took my Master's Degree at Smith College which was located down the block from the Clark School for the Deaf. As a result, I did some work with the Clark School for the Deaf children and I personally experienced a very different type of teaching. There's no question if you've got a class of 23 children and you're dealing with one child in that room who happens to be deaf and has oral speech, you spend a great deal of time directing your attention to that individual child, sometimes to the detriment of the other children in the room. I wonder what kind of support system those teachers are being given at the present time.

**HON. J. STORIE:** Obviously the department does provide clinician support services. I believe there are eight in rural Manitoba who provide support services to rural divisions. Again, although obviously services are available to the department, there are other facilities like MSD for parents of hearing impaired children in the City of Winnipeg. So it's basically support services and clinicians.

**MRS. S. CARSTAIRS:** But there are no teacher aids, per se, that are provided by the Department of Education into the classroom?

**HON. J. STORIE:** They would eligible for the low incidence grants as well.

**MRS. S. CARSTAIRS:** Just a brief question on the bussing and the bus drivers. One of the reasons why I ask the question is that a particular driver phoned me and her concern was that she would like to take sign language training on her own time in order that she could better deal with the children in her care. She was denied access because she wasn't a parent. They said the classes were full and that the parents came first and then I justified that; the parents obviously have the most primary necessity to communicate with their children. There was no more room left so she couldn't. I would like the Minister to consider the ways of perhaps making those programs broader based so that someone like a bus driver who does want to take the course would find it fully acceptable to them.

**HON. J. STORIE:** I think I can undertake to do that. I think the member raises a good point. I think it should

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be possible for someone who, acting in a voluntary capacity or wishing to learn something like that, perhaps could audit the course and make special arrangements. Certainly advise them to contact the department and we will try and make some special arrangements.

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

**MRS. G. HAMMOND:** Mr. Chairman, I wonder if in the course that they are teaching at the Manitoba School for the Deaf, does that include lip reading.

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

**HON. J. STORIE:** Yes, I'm told that it is not a formal course, but it is part of the speech training, particularly for younger children.

**MRS. G. HAMMOND:** Is there any place, or is this something they don't do anymore, that teaches lip reading outside of the Manitoba School for the Deaf that would come under the department in any way?

**HON. J. STORIE:** I understand there are some people who do that on a private basis but there's not a formal thing anywhere that we know of.

**MRS. G. HAMMOND:** Mr. Deputy Chairman, is it not a recognized science as far as a good resource for people who are hearing impaired?

**HON. J. STORIE:** No. I understand that it's very much an art and not much of a science because of the way people form their words and talk without moving their lips.

**MRS. G. HAMMOND:** One of the things that would be of help to all hearing impaired is when children are learning in any situation, if they were taught to enunciate; and when I say this it's so important for people who are hearing impaired to have people that don't mumble. This might be one of the things that when children are in school, especially the ones who are not hearing impaired or have any form of deafness that they might, when they're teaching kids - it's a way to help with handicapped - is to tell them to mouth their words properly and to encourage that sort of thing. I think that's something that teachers could be encouraged to do because - and I will tell you as you probably know - it's probably one of the loneliest handicaps in the world, is the deaf.

I think this is something that could be included in courses for teachers to tell them how helpful it is for people who are deaf - this would be starting for young children - that they don't mumble. That's one of the good reasons that they could tell them. Kids understand things like that and I would hope it might be considered as just something that when they're teaching English to all children, they might mention that type of thing to kids whom they're teaching.

**HON. J. STORIE:** I certainly hope the member isn't suggesting that we outlaw mumbling. Some of my best answers have been given that way.

Second, I'm told that even expert lip readers, only understand about 25 percent of actually what is said.

The gist is caught and the meaning comes from other contextual clues, I guess, but it is an extremely difficult process. So I think that the emphasis that the member places on elocution may not serve the purpose ultimately that she intended.

I do accept the suggestion, however, that the best efforts of teachers and parents are needed in terms of enunciation and proper speech, nonetheless.

**MRS. G. HAMMOND:** When I'm saying that, I'm not necessarily talking about lip reading because I think when people enunciate well, their voice carries better and it helps at all times. So I think this is one of the areas that sometimes is overlooked; if people form their words and if they're reminded why - because you never know when they might be sitting next to someone who's hearing impaired and they are very often - I can tell you I know why people used to be called deaf and dumb because that's what they consider them, is stupid, when somebody doesn't answer your questions if you're sitting.

It's something that all teachers and all children should be taught, that when they're speaking, that they may well be speaking to someone who's hearing impaired and so, at all times, they should speak clearly.

I want to ask a question. Someone mentioned about role models - I guess it was the Member for River Heights - in teaching. I wonder, does the school reach out at all to the community for hearing impaired adults who have succeeded, possibly without having gone through the - and I'm talking about succeeded in the business world and, just generally, who have been hearing impaired, as role models for the kids at the school.

**HON. J. STORIE:** I would assume that's the case. Obviously role modelling is extremely important and I'm told by staff that, yes, there are people brought in for all kinds of occasions to support the concept that anyone can function, I guess, in our world.

**MRS. G. HAMMOND:** Where do they find these resource people?

**HON. J. STORIE:** I understand that there are fairly good contacts with the deaf community, generally, and that's essentially where they come from.

**MRS. G. HAMMOND:** How many of the children from the Manitoba School, or how many kids who are hearing impaired, go on to university, and what kind of help is there for either university or the community college level?

**HON. J. STORIE:** I understand there are very few that go on to university, obviously depending on the level of impairment, but there are a number that do go on to Gauladet College, which is Washington, D.C., and from time to time there are transfers, exchanges, tours of Gauladet College by students at the Manitoba School for the Deaf to familiarize them with that facility, to encourage them to continue their education.

**MRS. G. HAMMOND:** What is so special about Gauladet College that their teaching methods couldn't

be adapted in some way to one of our universities in Manitoba or something in Canada?

**HON. J. STORIE:** It is a college for the deaf; that's what's special about it. I guess the other question is a matter of resources and the numbers of students it would be applicable to. Comparatively, we have a very small deaf community. I believe the school has 115 students and of course they span the age ranges from 5 or 4, whatever, to 20, so that the number of students that would be going through a university program would be very small and that, practically, it makes more sense to offer them support to attend the specialized college and provide that experience, as well, than to establish one, I think, independently.

**MRS. G. HAMMOND:** Is there any extra funding for these students to go to this college?

**HON. J. STORIE:** Other than, of course, they would be available because the program was not offered in Manitoba, they would be available for assistance generally, but there is no exceptional assistance.

In most circumstances, or many situations, they also receive support, because they are adults they would also be eligible for support through Community Services.

**MRS. G. HAMMOND:** What encouragement then is given to the students to attend that college? It would be an expensive proposition, I understand that, especially with the exchange today and, at the same time, where we may have a limited enrolment in Manitoba. I can't believe that across Canada there wouldn't be enough students to form some sort of an interprovincial college that would take our children, because these kids are not stupid and because you're hearing impaired shouldn't stop you from learning.

**HON. J. STORIE:** The member raises a good question about whether there may not, in fact, be enough students within Western Canada, for example, to establish something attached to one of our universities, whatever, something that's worth exploring.

**MRS. G. HAMMOND:** I ask the Minister then, would he take this to a Ministerial conference, or however this sort of thing works, with the suggestion that a school of higher learning for the deaf be established and, if not in Manitoba, in Western Canada somewhere that would be fairly central?

**HON. J. STORIE:** I will undertake to do a review of the need, the feasibility of the establishment of such an institution. I think it would be interesting to know the numbers that we might be talking about in Western Canada, across Canada, and to look at the potential cost. Certainly, while I'm not denying that it would be, in a perfect world, a great idea, I think the member could also logically make an argument for a higher learning institution for the visually impaired, speech impaired. There are all kinds of possibilities but, given the exceptional cost and so forth of organizing such an institution, I think a review would be very easy and we could soon come to grips with what it might cost

and what kind of population we might have to support it.

Certainly, if it warrants further action from there, I would be more than happy to consider further action, but perhaps the best I can do now is offer the member the assurance that we will get that information, pull it together and perhaps next year at this time that question can be reviewed further.

**MRS. G. HAMMOND:** I appreciate it. I understand that the visually handicapped do have the aids with Braille and that service is provided at university, but I think for this particular impairment that it's much different. When you meet some of the young people and they are just so bright and so eager that I think they should have every opportunity.

**HON. J. STORIE:** I did not know whereof I spoke when I spoke, but apparently there is already an advisory board, a group looking at the possibility of a Western Canadian centre for specialization for the deaf, so I will certainly be able to provide you with some information about the feasibility of this institution and its potential support by other jurisdictions and ours.

**MR. C. BIRT:** Mr. Chairman, of the \$2.1 million in Salaries that is being requested this year, how much of it is for the School of the Deaf and how much is for departmental expenditures? Just an approximation.

**HON. J. STORIE:** Yes, the 2.136 is, in fact, Salaries for Manitoba School for the Deaf. Within that there are professionals, para-professionals, support staff, which include janitors, kitchen staff, that total some 69.

**MR. C. BIRT:** We had talked earlier about the splitting of two positions and the department has a role and I gathered that Gayle McKay was now on the staff. I'm just wondering, along with her and how many others, what percentage of that would be going to, shall we call administrative services, or are they put someplace else in the Estimates.

**HON. J. STORIE:** No, the only one person out of those, that 69, would be the Provincial Coordinator; the only salary that really is now, in effect, part of the Department of Education. The rest of them are all internal to the school itself.

**MR. C. BIRT:** So the 68 people are on payroll for the school . . .

**HON. J. STORIE:** All support services.

**MR. C. BIRT:** . . . and one would be on staff at the department. Thank you.

Could the Minister explain why there is a recovery, what the recovery is for from Canada of 49.4.

**HON. J. STORIE:** I understand that comes from the Department of Indian Affairs.

**MR. C. BIRT:** Pass.

**MR. CHAIRMAN:** 4.(d)(1)—pass; 4.(d)(2)—pass.

We're now on 4.(e) Child Care and Development - the Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, in last year's Estimates, and we're looking at numbers here from the last year's Estimate book, there was 3.6 million allocated for Salaries, but in fact 3.65 was expended, a slight increase. There was again an increase between the Estimate for Other Expenditures from 1.34 to 1.376. Could the Minister advise why there were increases over those that were in last year's Estimates, the difference between the Estimate book and what is now the final report.

**HON. J. STORIE:** What is on the left-hand side was not intended to reflect necessarily the printed Estimate for 1985-86; it is the adjusted.

**MR. C. BIRT:** The adjusted vote reflects what changes is the question.

**HON. J. STORIE:** I don't know all these details; staff are working them out. Perhaps you want to continue if there's some other questions you have.

I have it. There was one internal transfer to the Inner-City Education Initiative from the branch. That was it.

**MR. C. BIRT:** The person was transferred out of Child Care and Development down to the Inner-City Education Initiative?

**HON. J. STORIE:** Yes, the position was transferred.

**MR. C. BIRT:** Mr. Chairman, I'm still a little confused because the Estimate for last year was lower than the final amount that was expended for Salaries and for Other Expenditures. If you transferred one full position out, and I can appreciate it may have been only a portion of a year, it still doesn't explain why there was an increase over that which was estimated.

**HON. J. STORIE:** The under-expenditure was due to a higher than anticipated turnover, most of which occurred in rural and Northern Manitoba.

**MR. C. BIRT:** Mr. Chairman, it was not an under-expenditure, it was an over-expenditure.

**HON. J. STORIE:** Oh, well, that's different. Finance staff will have this for you in a minute.

**MR. CHAIRMAN:** To the member, we'll hold this item and we'll return to it.

The Member for Fort Garry.

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

Unfortunately, I have lost those loose pages of the Annual Report that I was given and I couldn't find them. I'm wondering if the Minister could just briefly give me an outline of what this division provides to the province.

**HON. J. STORIE:** Yes. Generally, the Child Care and Development provides consultative support to school divisions; provides direct clinician support to most of the rural school divisions; provides other support

services to the special ed coordinators, special ed services. The Diagnostic Support Centre is operated through this branch, as well as our involvement in the early childhood programming; the Early Identification Program; the Manitoba School for the Deaf; services for visually and hearing impaired; and the provision of special materials, braille services and special learning equipment. Generally that's what the department's involved in, or this branch.

**MR. C. BIRT:** The clinician services provided, as the Minister said, to the rural divisions, what type of clinician services are being offered?

**HON. J. STORIE:** Essentially, they're psychologists, some reading clinicians and some speech and hearing pathologists.

**MR. C. BIRT:** Mr. Chairman, I believe some years ago a number of the rural school divisions were given an option to either stay with the departmental clinician service or they could opt out. If they opted out, they were given sort of a grant in lieu. Is that correct?

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

**MR. C. BIRT:** I believe approximately eight school divisions opted out.

**HON. J. STORIE:** Mr. Chairperson, I guess a better phrasing was eight had never been involved, and remained independent in that they continued to hire their own.

**MR. C. BIRT:** I'm sorry, I didn't quite understand it. Were they all operating their own, and then the department stepped in and took over?

**HON. J. STORIE:** It always was a mishmash. I think that really essentially the only change in the last few years has been that two have opted to provide their own. There were some eight, whatever number before, who always did, and there has been no change. Since that time, only two have opted to change, and the rest continue to have their services provided through the CCDP Branch.

**MR. C. BIRT:** I take it those who are outside of the departmental services are then given a specific grant for this cost.

**HON. J. STORIE:** Yes, that grant has been referenced in the categorical grant section.

**MR. C. BIRT:** Mr. Chairman, has there been any relationship established between the cost of providing the clinician from a departmental point of view and making sure that cost is reflected in a grant that is given to the divisions who hire their own?

**HON. J. STORIE:** I think it would be fair to say that the grant does not cover the full costs, a substantial portion but not necessarily the full costs.

**MR. C. BIRT:** Mr. Chairman, why doesn't the grant cover the full costs.



**HON. J. STORIE:** It's an arbitrary figure which was established. It has not been increased for two years, but was, I suppose, provided as an inducement for those divisions who wished to remain under their current formula or wished to provide direction to their staff.

**MR. C. BIRT:** Mr. Chairman, I've been advised that at least one, maybe more, of the school divisions who are on their own would like to opt into the provincial program. Is it possible?

**HON. J. STORIE:** Yes, I understand one is considering doing that, recognizing that the rural divisions tend to operate under this condition. Primarily, when I indicated the cost factor was that we were not providing all of the costs to school divisions, travel being the main inhibitor for rural divisions not to move to the grant. But internally, it is much more satisfactory within urban divisions.

**MR. C. BIRT:** Mr. Chairman, part of the problem that I believe some of the divisions in rural Manitoba have had that are not part of the provincial program is: (a) attracting people, being able to get and keep them; but secondly, they often feel isolated, in fact, have no sort of professional relationship. As a result, there's an often rapid turnover so you're back to Square One. I appreciate that the department is involved, I think, in assisting in trying to recruit these people for these divisions.

But if a school division said, we don't want to go it on our own anymore and we want to fall within the umbrella of the school division, can they do it? I mean, do they write a letter and suddenly they're then availed of the services? Do they write a letter to the Minister and say, we'd like to now be part of your program, and can we now become part of it?

**HON. J. STORIE:** Essentially yes, they could certainly request that. Obviously, there would have to be some lead time before that could be accommodated, because it would require an additional SY in the department and additional spending and so forth. It has happened with some.

**MR. C. BIRT:** Mr. Chairman, I believe in 1982 Turtle Mountain and a number of other school divisions, several of them I believe, wrote to the Minister asking to opt in. Now, more particularly, Turtle Mountain has written to you requesting the same sort of situation. In fact, I believe there may be a meeting with you or your staff some time in the not too distant future.

It's basically all to that of trying to get off the independent thing, because of the inherent problems of running their own, and trying to get into part of the provincial thing. It seems they're being rebuffed in trying to get into the provincial program. The response from the department doesn't seem to square with what the Minister's saying, providing you've got a lead time. I can appreciate you can't just do it tomorrow. We'd like to get in, and they've been told that they can't.

**HON. J. STORIE:** I can only tell you that I have received recently a letter making that request. Obviously, I can assure you it will be considered.

**MR. C. BIRT:** Consideration is one thing, Mr. Chairman. It's moving to the acceptance of the idea is the next step. I can appreciate one has to perhaps argue for some additional staff at budget time, but would the Minister give at least some consideration to accepting that, and then take on the job of fighting for additional staff internally at budget time?

**HON. J. STORIE:** Well, I've indicated that it will be considered. I appreciate the interests in the school division in seeing that change take place.

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

**MRS. G. HAMMOND:** I don't know, possibly this question had been answered. Last year in the Estimates, the Minister had indicated that there's a move to moving the clinicians from the department to the divisions. The reason it hadn't been done yet is that there's disparity in grants that would have to be looked at. Is this still going to take place?

**HON. J. STORIE:** I think I've more or less, Mr. Chairperson, satisfactorily addressed that question. It was raised by the Member for Fort Garry.

**MRS. G. HAMMOND:** Well if it was, that's fine.

**HON. J. STORIE:** There may be some doubt about whether the answer was satisfactory but, in my opinion, I did answer it satisfactorily.

**MRS. G. HAMMOND:** Was it a yes or a no?

**HON. J. STORIE:** Yes, it was a yes, no.

**MRS. G. HAMMOND:** Was the Minister being serious? I mean, was it yes?

**HON. J. STORIE:** No, it was yes or no.

**MRS. G. HAMMOND:** Then they're not planning to move the clinicians into the divisions.

**HON. J. STORIE:** We would certainly be willing to consider transferring the clinicians to school divisions. There are grants available to allow that to happen.

**MRS. G. HAMMOND:** I would suggest that possibly the Minister read some of the answers that were given by the former Minister . . .

**HON. J. STORIE:** Why?

**MRS. G. HAMMOND:** Just to find out where the department was going last year and why the changes are not going to go forward now without any particular change in policy.

**HON. J. STORIE:** I thought I nodded quite loudly.

**MRS. S. CARSTAIRS:** Perhaps it's because we have a former teacher now as the Minister of Education. As far as the salaries are concerned, the staff years here are about 114. Is that correct?

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

**MRS. S. CARSTAIRS:** Can the Minister tell me how many of those individuals are actually stationed here in Winnipeg? An approximate figure will do.

**HON. J. STORIE:** Less than half would be in Winnipeg. I believe there are some 47 clinicians, most of whom operate in rural Manitoba. Then there are consultants for the hearing impaired and the specialists that I referenced.

**MRS. S. CARSTAIRS:** In terms of the city school divisions, are most of them, in fact, providing their own child care and developmental programs? I know Winnipeg 1 does.

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

**MRS. S. CARSTAIRS:** Can the Minister tell me how many reading clinicians we have?

**HON. J. STORIE:** Mr. Chairperson, the branch only has two, recognizing there are other reading clinicians out there, obviously, but they would be supported by school divisions.

**MRS. S. CARSTAIRS:** I gather, then, the principal function of these reading clinicians would be to provide resource materials for those reading clinicians who are out in the field.

**HON. J. STORIE:** They could certainly fulfill that function, not solely; there are requests from school divisions who do not have that service or specialized need as it arises. I guess they act as consultants.

I understand the Child Guidance Clinic in Winnipeg has quite a number of reading clinicians.

**MRS. S. CARSTAIRS:** In terms of the Other Expenditures, which is another down item, it's again of concern to me personally because I think these people are only as good as the contacts they make with the teachers in the field. How much of those kinds of other expenditures that have been cut are in the field of professional development and curriculum implementation?

**HON. J. STORIE:** The major expenditure reduction which is some, I guess, 75,000 out of a budget of 1.3 million, comes from the cutting back of staff travel, accommodation, trying to cut down overnights and flights and all the rest of it.

The professional development, wherever reproducing professional development activity which would be, I guess, workshops and those kinds of things, represents about a \$25,000 reduction.

**MRS. S. CARSTAIRS:** Can the Minister tell me if the speech and language pathologists are getting any money for educational assistance and staff development? I'm informed they are not.

**HON. J. STORIE:** I understand most of the reduction is in out-of-province travel and that there are still, I

guess, professional workshops, professional development opportunities provided for the speech clinicians, as an example, about every five or six weeks. Then, of course, they also attend the Annual Manitoba Hearing and Speech Association Conference. There is no question that some of the out of province and some of the travel has been curtailed which is targeted toward professional development.

I have to confess somewhat of a bias in terms of professional development in that I have indicated to staff that while professional development activities have to be a personal priority, as well as a departmental priority, that does not always necessitate the attendance at conventions and conferences outside of the province; that in fact most conference documents are available for a very small fee, for a registration fee certainly. If you are truly concerned about professional development, it does not necessitate extensive travel. That's a bias I had as a teacher, including one who was involved in professional development. Certainly, I take it seriously and I believe that not only staff in the department, but teachers do.

It can't always be equated with large travel budgets for professional development. I have sent that message to my staff and I believe it's reflected in my travel as well.

**MRS. S. CARSTAIRS:** Well, I can relate to that, Mr. Chairman, and I would also like to encourage the Minister to ensure, as it certainly has not been done in schools and divisions, and I would therefore perhaps think at the Department of Education, the sharing of the materials when these individuals come back from conferences, that they should be then conducting their own inservices, ensuring everybody in the department has an input benefits from the work they have been provided with.

I was also informed, in fact, when a speech and language pathologist wants to attend some of their professional meetings, they can do so but they have to do it without pay. Is that true?

**HON. J. STORIE:** There are guidelines, I suppose, that have been established with respect to the cost, and to the extent that staff are interested in professional development activities and the department can support that, we do. However, there are occasions where an individual feels very strongly about attendance and perhaps there is one or some other or another opportunity coming available, that an individual would make a decision to support that activity with their own resources. I encourage that as well.

**MRS. S. CARSTAIRS:** I would certainly encourage them to attend, but I think if you're going to cut their pay at the time, there's going to be limited encouragement to attend.

**HON. J. STORIE:** No, I don't think anybody suggested they cut their pay. I think a recognition that professional development is a personal net worth gain and albeit that it improved the quality of service provided to Manitoba teachers and students, it's an important personal goal as well. While the department supports it, and in some cases supports it 100 percent, given

the restraint we all face, I think it's certainly something that, if they wish to do, I would encourage them to do and to use their own resources as well as any contribution that comes from the province.

**MRS. S. CARSTAIRS:** I would just ask the Minister, however, to understand that in the field of speech pathology, in order to maintain their certification, some of these individuals must attend certain types of professional development workshops. It seems they are being double-jeopardized here. If they don't go, they are in danger of losing their certification, which means they shouldn't, in fact, be employed by the department, and yet there seems to be some concept they might have to go without pay. I'd like to make sure the Minister is aware of their difficulty and that clarification in those cases is provided.

**HON. J. STORIE:** I can honestly say I'm not aware of any situation where that has developed but certainly those kinds of exceptions would be accommodated.

**MR. CHAIRMAN:** 4.(e)(1) - the Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, what is the difference between Regional Services and the Child Care and Development, because I'm looking at the notes contained in the annual report of the department, and it would seem that they're almost identical, in fact are identical?

**HON. J. STORIE:** I think that's an unfortunate reflection on the bureaucratic jargonese that's used in the development of annual reports. They do not provide similar services at all.

Child Care and Development provides support to special needs students, in essence, clinician services of all kinds. Regional Services provides support to school divisions, to administrations, review educational questions on a more broad basis, provide support for delivery of compensatory grant programs, small schools grants.

**MR. CHAIRMAN:** 4.(e)(1)—pass; 4.(e)(2)—pass.

We now move to 4.(f) Instructional Media Services - the Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, there has been reference throughout to the Manitoba TV and there's been transferring of staff. Is it in this section or into the next section?

**HON. J. STORIE:** It is in the next section, Mr. Chairperson.

**MR. C. BIRT:** There used to be a division called, I think, School Broadcasts. I believe something happened to it or it was changed. Now, where would it have fallen, in this or the Correspondence Branch or where would it be?

**HON. J. STORIE:** It was called Instructional Media. It's now called Instructional Resources. Two people were transferred to the Curriculum Branch.

**MR. C. BIRT:** Is there anyone left in - what did you call it, Instructional Media?

**HON. J. STORIE:** Well, Instructional Resources has some 31 staff. That's a reduction of one from the previous year.

**MR. C. BIRT:** In last year's Estimates, there was 917,000 allocated to Salaries, and the final estimate was set at 813,000 for Salaries. Again, the Other Expenditures was 657,000, and the final amount voted on 562,000; can the Minister advise why there was the dramatic drop in both the Salaries and the Other Expenditures?

**HON. J. STORIE:** Essentially, three staff were transferred to Curriculum.

**MR. C. BIRT:** Why were they transferred into Curriculum?

**HON. J. STORIE:** Again, their area of expertise was viewed as being important to the development of curriculum material, etc., and they relate to the School Libraries Consultant. Two staff years related to Media Productions, the development of materials and so forth related to curriculum.

**MR. C. BIRT:** In the earlier Estimates, I think it was out of 1.(f), there was an indication that, I believe, staff transferred into this section. Yet, when we look at the Salaries for this year over last year, again there's a reduction. Has there been a continual out-migration or transferring in the department over the last few years?

**HON. J. STORIE:** Yes, there have been a number of transfers, reorganizations. They have occurred, not only this year, but the previous year, as we attempt to align our professional staff in a way more consistent with the needs, particularly as being expressed by school divisions.

**MR. C. BIRT:** Could the Minister just give a brief summary of what the department is now doing then, and what the total number of staffpeople are there?

**HON. J. STORIE:** I've indicated 31 staff in the branch. They have a number of objectives. First of all, they're providing the K-12 system with educational programs, the Media Services with support materials. It is also, as I have indicated previously, attempting to purchase and promote Canadian-Manitoba material in our schools and through the Manitoba Textbook Bureau. So they're still involved in acquisition of material and attempting to make sure that material is available as broadly as possible.

They provide consultative support to libraries throughout the province in our school system and liaise with the public library system as well. They provide support services to individual branches acting as a library resource centre for the department itself. Material at the library is generally available to the public, and it does serve, obviously, teachers.

**MR. C. BIRT:** Last year, I believe a program was started using one of the public access channels. Now, is that Manitoba TV or does that come under this particular area we're just discussing?

**HON. J. STORIE:** No, that's METV.

**MR. C. BIRT:** Mr. Chairman, as the Minister is keenly aware of the career that my wife is following and has followed in the past, I'd like to advise him, just so that for the record he has it straight, she was an employee of School Broadcasts for a number of years.

**HON. J. STORIE:** Really? I didn't know that.

**MRS. S. CARSTAIRS:** In terms of the Instructional Media services, I gather it is now called Instructional Resources. Is that correct?

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

**MRS. S. CARSTAIRS:** Most of the functioning of this department is what takes place at 1181 Fletcher on the main floor, and is used primarily as a resource centre for teachers.

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

**MRS. S. CARSTAIRS:** What is the responsibility of getting those materials out to a school division? Is that borne by the Department of Education or by the school division?

**HON. J. STORIE:** The costs are borne by the department and the branch.

**MRS. S. CARSTAIRS:** Are there any computer costs as part of this particular department?

**HON. J. STORIE:** Yes, most of which would be for the purchase of software. Instructional Services has moved to automate a lot of the work that had been going on previously in terms of cataloguing and all the rest of it. So there is some purchase of equipment, software.

**MRS. S. CARSTAIRS:** So, in fact, this department is not in the main frame system of the Department of Education, it's running its own cataloguing on its own PC's?

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

**MRS. S. CARSTAIRS:** In terms of the materials that are purchased, and I realize there is a myriad of materials and it must be extremely difficult to pick and choose what one is going to buy, is there any attempt made to try and encourage school divisions to buy similar type equipment so there isn't the constant duplication? I think in terms of VHS and Beta and the fact that almost everything has to be duplicated in that resource centre because half of the school divisions have VHS and the other half have Beta?

**HON. J. STORIE:** The member makes a point that bothered me as a teacher for some time. — (Interjection) — pardon me? No, it's worse now actually. The member makes a valid point. I suppose efforts have been made to attempt to centralize, provide a centralized service for equipment, software, all the rest of it, without much success. I don't know if I can explain

why it happens, but it seems that in some ways it's done in a very haphazard way and anybody who has been involved in the system knows that library materials, resource materials, audio visual equipment is purchased by schools or recommendations are made by schools and those come from teachers.

There is very little coordination at the school level, let alone at the divisional level and the provincial level. I think it's probably quite safe to say that substantial savings could be had if it were organized somewhat differently.

The Manitoba Textbook Bureau is attempting - in fact, I'm encouraging them to review the possibility of providing - they do provide central purchasing possibilities in some areas, but expanding it to make it more attractive so we do have compatible equipment out in the schools. It would certainly make the job easier at Instructional Services. It would make it less expensive for school divisions. I think there are many benefits, but it's difficult to get that system coordinated and working in the same direction.

**MRS. S. CARSTAIRS:** The Minister mentioned the Manitoba Textbook Bureau. Where, in fact, does that come into Estimates?

**HON. J. STORIE:** I can honestly say we're not sure.

It operates much like the ESL grants, Education Support Levy in that it is reflected in a recovery only. It would show up in Public Accounts, but it is not per se shown in the department's Estimates.

**MRS. S. CARSTAIRS:** But you're free to discuss it.

I'd like to put a question on the record and I really don't expect an answer because I know it may not be within the knowledge of anybody here, but I'd like an answer some time. That is, that I understand that the funds that are held in the Manitoba Textbook Bureau are held in trust accounts for which there is no interest paid, and I understand there are thousands of dollars in some school divisions that are kept in these accounts and they are non-interest bearing accounts. If that's true, I'd like to know why.

**HON. J. STORIE:** If that's true, I'd like to know why.

**MRS. S. CARSTAIRS:** Yes, okay. Find out for both of us.

**HON. J. STORIE:** Can I take that question as notice and I will provide both an explanation for where its expenditures might be reviewed and how, and also answer the question that the member raised about the interest-bearing trust accounts or non-interest bearing trust accounts?

**MRS. S. CARSTAIRS:** Just one final question: in terms of the kind of resources that are provided in Instructional Resources, has any serious consideration ever been given in Manitoba to developing a uniform computer as has been evolving in Ontario where all schools would use the same type of computer which, in fact, has been designed by the Department of Education in Ontario itself?

**HON. J. STORIE:** I don't think that has been contemplated and part of the reason, of course, is

because school divisions on their own took the initiative in many instances much earlier to get involved and to make major purchases of equipment. It's not necessary at this point. The technology is being developed to allow different kinds of equipment to be interfaced at the present time. So the fact that originally the equipment was not compatible is actually being overcome as technology develops. But again, from a cost perspective, it certainly would have been a worthwhile venture at some point at an earlier stage.

**MR. CHAIRMAN:** 4.(f)—pass - the Honourable Member for Kirkfield Park

**MRS. G. HAMMOND:** I have some questions about the public education television. Oh, am I in the wrong spot for it?

**HON. J. STORIE:** No, I think, we're at (g).

**MR. CHAIRMAN:** No, we're on (f). Did we just pass

**HON. J. STORIE:** Passed (g).

**MR. CHAIRMAN:** Okay. Pass (f)(1). We've got to do this according to Hoyle. Pass (f)(2).

We are now on (g) - the Member for Kirkfield Park.

**MRS. G. HAMMOND:** How many divisions are using this service?

**HON. J. STORIE:** All of them obviously have access to this by virtue of the way the service is provided in the public schools. I can only indicate that over half the schools in Manitoba, never mind divisions, half the schools have asked for dubbing of materials.

**MRS. G. HAMMOND:** In St. James, I guess they're not using those programs. They're into all the VCR's and are buying the dubbing rights. Does the department buy dubbing rights at all?

**HON. J. STORIE:** Yes, Mr. Chairperson, for everything televised the dubbing rights have been purchased.

**MRS. G. HAMMOND:** What would the divisions be buying dubbing rights for?

**HON. J. STORIE:** For those things that are not televised through METV.

I'm sorry, I'm just getting some additional information about how dubbing rights are purchased.

**MRS. G. HAMMOND:** Would you like to pass it on?

**HON. J. STORIE:** Essentially, I think I was correct the first time, that anything that we televise, it's televised through the auspices of METV, the dubbing rights have been purchased. That means they can dub it on their own without worrying about copyrights. I just wasn't clear on that, whether we had to buy it and then they had to buy it because it was broadcast, but the dubbing rights means that everybody has it for our programs.

They may still want to tape additional programs for which they would have to buy the dubbing rights.

**MRS. G. HAMMOND:** That's through the TV, that's beamed through the TV programs.

**HON. J. STORIE:** Yes. There has been a change. It was previously broadcast on CKND; it is now broadcast on CBC and the prime motivation for that was the fact that CBC is broadcast provincially. Virtually every community in Manitoba now has access to that service.

**MRS. G. HAMMOND:** I think I was led to believe that St. James is not using the television and they are pretty well using, I guess, videotapes in all cases and are buying extensively dubbing rights.

What programs would be of such interest that the divisions would be feeling they have to do their own and not using the province's?

**HON. J. STORIE:** They wouldn't be buying dubbing rights, obviously, for programs that we're offering. They may not in fact be buying dubbing rights. They may in fact be purchasing the service, the dub, the material, the tape from the department, and I can understand why one would want to do that, dub it themselves, buy the tape and dub it themselves or purchase that service through instructional services, because the timing of the broadcast isn't prime time. So it's during class time; it's late in the evenings.

**MRS. G. HAMMOND:** The Minister is saying the province is buying all the dubbing rights then for the programs that all the divisions are using.

**HON. J. STORIE:** All those that are televised under the auspices of METV, yes.

**MRS. G. HAMMOND:** I'll wait till next year.

**MRS. S. CARSTAIRS:** Mr. Chairman, are there in fact fees charged for correspondence courses in Manitoba?

**HON. J. STORIE:** Yes, there are.

**MRS. S. CARSTAIRS:** I thought there were. Have those fees increased recently?

**HON. J. STORIE:** There have been increases, not substantial. I believe an adult course is \$20, or a high school course, I should say for an adult.

**MRS. S. CARSTAIRS:** In the case of parents who have chosen a home study program for their children, do they have full access to correspondence school courses and would they be charged per course or would there be some, for example, if the child was in fourth grade, some overall fee for that particular grade?

**HON. J. STORIE:** In some cases, depending on the school division, the school division actually does pick up the cost and in those cases where the parents are doing it on their own, it's \$14 per course for an elementary student. But obviously if you had more than

one student taking the course, it would be still only \$14 for the material itself.

**MRS. S. CARSTAIRS:** But I think inherent in that material is the grading, the marking, the student should have to pay the fee.

**HON. J. STORIE:** What I was trying to find out is that sometimes the material is used itself as the base for a home study program without using the services of the department for marking.

**MRS. S. CARSTAIRS:** In terms of staff years, there seems to be an increase here. Can you tell me what it is?

**HON. J. STORIE:** Yes there is. It's moved from 26 to 30 and I've referenced before the transfers in from other branches.

**MRS. S. CARSTAIRS:** Do we have considerably more students the last three or four years on correspondence courses than we've had in the past and the reason for that?

**HON. J. STORIE:** Yes, there has been a 27 percent increase in course registrations over the last three years. You asked why?

**MRS. S. CARSTAIRS:** I wonder if there has been any study to indicate the reason for this increase.

**HON. J. STORIE:** Perhaps before I answer, I'll get the answer. There are a number of reasons for the increase and probably the most important - and we've referenced this a couple of times in discussion of the Estimates of the department - one is the Small Schools Initiative. The Correspondence Branch, because of the variety of programming, because of the service that it offers, is a very attractive option for small schools. Obviously, other teachers can supervise courses.

There are cases of small schools where - and I'm using this as an example; it may not be an actual case - but a chemistry course could be provided in a school where the expertise for providing 300 Chemistry wouldn't be available, so small schools are starting to take advantage of it and that's certainly one of the reasons for the fairly significant increase over the last few years.

I expect, because of the continuing interest in small schools and I think a growing consensus that they can be an alternative, that we are going to see increasing use of both METV and the Correspondence Branch to facilitate that.

**MRS. S. CARSTAIRS:** I think that's an obvious direction that we have to go in order to give those children who live in remote areas as broad a based curriculum as we possibly can give to them.

In terms of Other Expenditures, is most of that money actually in the production of materials and the sending out of materials to students?

**HON. J. STORIE:** Yes, there has been a substantial upgrading of the courses. In fact, I think we're almost

done. In two more years, we'll have completely upgraded all of the material. We've also introduced some new courses, some 25 new courses. However, a lot of the money of course goes to the instructional work, the marking and so forth.

**MRS. S. CARSTAIRS:** Just a suggestion, Mr. Chairman, and I myself have found many of the materials available at the Correspondence Branch to be first class, and I don't feel that enough teachers who are teaching regular courses are aware of these excellent materials; and even though you don't use all of it you certainly can incorporate a great amount of it into your curriculum, particularly in the area of teacher initiated courses which they think they're initiating but which in fact the department is already running a very good program.

I would like to see a little bit more publicity afforded to the teachers in the classroom about just what the Correspondence Branch has available.

**HON. J. STORIE:** As you know, in virtually every staff room in Manitoba, there are numerous references, resource materials languishing in little trays which no one ever reads. Unfortunately, the Correspondence Branch information; and Instructional Services Branch information tend to be some of those documents. Having said that, some 1,500 teachers do take advantage of the material that's available from the Correspondence Branch. Certainly, there is an increase and the small schools issue that I raised has been partly a result of that. The member makes a good point. There are valuable materials to be had through the branch.

**MR. C. BIRT:** Mr. Chairman, the Manitoba TV Program that the branch is now operating, does it create its own material or does it purchase all the material it airs?

**HON. J. STORIE:** I understand most of the materials that are offered for credit are actually purchased at this point, but METV offers other courses of instruction and information programming which is actually produced in Manitoba; some 16 percent of it is actually produced in Manitoba.

**MR. C. BIRT:** Of the material that is aired for instructional purposes or for credit purposes, approximately what is the cost and how much of it is used in purchase of this programming and how much is being spent locally?

**HON. J. STORIE:** I understand there are about 135 hours of educational programming, just for the record. About 10 percent of the operating budget would be spent directly on the production of Manitoba materials. I gather that means about \$50,000.00.

**MR. C. BIRT:** Is it the intention to move to a greater percentage of production? I can appreciate it takes a little while to perhaps assemble this material, but is it always the intention of the department to do about an 80-20 or 90-10 mix or is its intention to go to almost a full-time production?

**HON. J. STORIE:** No, recognizing that this section of this branch really has been only up and operating for

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a very short period of time, I think the 16 percent is a phenomenal record in that period of time. Certainly, as finances allow, and I guess as we begin to assess better our capability of producing material and at what cost, it certainly would be desirable to see a lot more of it produced in Manitoba. There is a question of economics in terms of why reinvent the wheel when there are a number of other provincial educational television programs and media services that are offered, who are developing material to which we can have access and purchase. So I guess both tracks will be followed. There is no magic number in terms of the percentage we see as optimal in terms of Manitoba content.

**MR. C. BIRT:** Where is the primary source of material coming from now that is not produced in Manitoba?

**HON. J. STORIE:** I'm sorry, was it outside of Canada or outside of Manitoba?

**MR. C. BIRT:** Outside of Manitoba.

**HON. J. STORIE:** The two that come to mind are TV Ontario, which is an educational wing of the department - I guess it's the Department of Education there; and Access Alberta has been in operation for some time and their materials are also available; and some material from the U.S.

**MR. C. BIRT:** The broadcasting, is it solely on CBC now or is it also being used on the various cable networks throughout the province?

**HON. J. STORIE:** Yes, we will continue through the community access channels, but it is now only on CBC in terms of commercial stations.

**MR. C. BIRT:** When it is aired, does the province have to buy this time or is it given free?

**HON. J. STORIE:** It's a nominal fee.

**MR. C. BIRT:** What's the nominal fee and who gets paid the fee?

**HON. J. STORIE:** It was nominal - it is now zero - which is quite nominal by all accounts.

**MR. C. BIRT:** Mr. Chairman, are resources or staff from CBC, or any of the cable companies, used in the preparation of this material for broadcast?

**HON. J. STORIE:** I understand Videon has provided us with some technical support and assistance in the past. I think there's a fairly good relationship between METV and not only Videon and the public access channels, but CBC as well.

**MR. C. BIRT:** In the production that Manitoba makes, is it solely within the department or do they use CBC facilities and staff? How is it produced?

**HON. J. STORIE:** Yes, the material itself is produced in-house but there is contracting of writing and research to other independent artists.

**MR. C. BIRT:** Is radio used at all?

**HON. J. STORIE:** No.

**MR. CHAIRMAN:** 4.(g)(1)—pass; 4.(g)(2)—pass.  
4.(h) Regional Services - the Member for Fort Garry.

**MR. C. BIRT:** We touched briefly on this area a little while ago, and I think we got involved in discussions on this in the small schools area, so I don't want to repeat any of that type of discussion. Could the Minister explain why there's a reduction in salaries in this area? I'm presuming there's going to be a cost of living increase or some inflationary factor as far as salaries are concerned. Why is then there some reduction here?

**HON. J. STORIE:** Yes, that's because of a staffing adjustment, one of the staff. There's been a reduction from 14 to 13 in the branch. That staff year was transferred to the Inner-City Education Initiative.

**MR. C. BIRT:** The reduction, then, in expenditures as well.

**HON. J. STORIE:** The reduction in expenditures, again, cuts across a number of areas and represents trimming.

**MR. C. BIRT:** Perhaps the Minister can advise us as to what was trimmed and how much.

**HON. J. STORIE:** There was some \$5,000 reduction in staff, field expenditures; some \$7,000 in professional development activities; some .3 thousand in reduced mileage communications costs, general office expenditures; a total reduction of 12.3.

**MR. C. BIRT:** Do costs like this get transferred to the school divisions?

**HON. J. STORIE:** No, these would be reductions internally. They might use the services of some other branch, secretarial, whatever, reduction in supplies, those kinds of things.

**MR. C. BIRT:** The reduction list that the Minister referred to would seem to imply a restriction on the type of services that these people would be providing. You can't travel as much; you can't get around as much. Is it the intention to reduce this department and eliminate it? Is this the beginning of that?

**HON. J. STORIE:** No, I don't think that's the intention. It's simply a tightening up of expenditures. Certainly the advent of toll-free lines and WATS lines has facilitated a lot better contact, actually, with divisions and more personal contact. It's not a significant reduction.

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

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

**MRS. G. HAMMOND:** I understand that this is the area where the department has some secondments. How

many are on secondment right now and what areas are they particularly working on?

**HON. J. STORIE:** There are, I believe, five staff years available for secondment in the branch. That doesn't mean that we have five staff full-time, but from time to time we pull expertise from the divisions and they may, in fact, be with the department as a seconded person for a matter of weeks, months or years.

There have actually been 28 different people seconded at different times who have rotated through those five staff years.

**MRS. G. HAMMOND:** And how many are right now, or have been seconded say in the past year or two, and what are they working on?

**HON. J. STORIE:** There have been 28 people rotated through those five staff years and currently, I guess, there are five people.

I was not correct in my assumption that we had only five at one time, although we have five staff years assigned that it actually can be broken up into 28-day stretches or whatever the department wishes, depending on the scope of the assignment, so we have quite a few people working, certainly more than five at any one time, but in total that sum cannot be more than five staff years at a time and they would be working on a lot of different areas.

I know of a colleague in Flin Flon who was seconded to work as a computer consultant in Northern Manitoba because of his expertise. There are currently people seconded to work on Language Arts, the development of Science, the teaching of Science, individuals who work on all kinds of specialized services, depending on the need.

**MRS. G. HAMMOND:** I'm sorry, the reason I'm starting to smile is that unfortunately I read last year's Estimates again and . . .

**HON. J. STORIE:** I didn't have that misfortune.

**MRS. G. HAMMOND:** . . . and the reason I was asking that question is that the Minister had indicated that last year they were particularly working on multi-graded classrooms and computer programs as such and I was wondering if there was any specific emphasis in this past year.

**HON. J. STORIE:** The computer one I mentioned, of course, was last year. But anyway, for this year essentially I guess there's two different areas. One is still the multi-graded classroom and the Language Arts I referenced - They were pulling people in for Language Arts - is to develop the Language Arts within the multi-graded context. The other area that has received more attention this year from the seconded personnel is the Science area, Science curriculum and Science teaching.

**MRS. G. HAMMOND:** Just one last question. How many multi-graded classrooms - I don't mean each classroom - but how many multi-grades are combined? Would there be just two, or are they combining three, or are they combining more?

**HON. J. STORIE:** Depending on the size of the school, it could be from two to five or six. There are still one-room schools in which a teacher teaches all the children, ranging from certainly K-8. I don't know if there's any situation where all of the grades are covered in those small schools, but that's a possibility.

**MRS. G. HAMMOND:** With that one-room school, do they get lots of extra support then out of the region?

**HON. J. STORIE:** Certainly in most cases, although even larger divisions have multi-grade classes; certain schools would have. But certainly the small schools where the multi-grade is not only an administrative nicety, it's a necessity.

The Small Schools Initiative example would be providing support for new resources to those schools; and certainly the in-servicing over the past few years, the seconded staff, have been working to support teachers in those kinds of situations.

**MR. CHAIRMAN:** 4.(h)(1)—pass; 4.(h)(2)—pass.

4.(j) Inner-City Education Initiative - the Member for Fort Garry.

**MR. C. BIRT:** How many people are on staff here?

**HON. J. STORIE:** There are currently six staff years in the Inner-City Education Branch and that's an increase of three from last year.

**MR. C. BIRT:** Are there any people on contract in this division or section?

**HON. J. STORIE:** No.

**MR. C. BIRT:** The annual report makes reference to a team of consultants who worked together. Who were the consultants?

**HON. J. STORIE:** The consultants are Pat Rowantree, who is also the Director of the Inner-City Education Initiative; Joyce MacMartin; Juliette Sabot; and Susan Fonseca.

**MR. C. BIRT:** So, Mr. Chairman, it's just the staff people then who are working there. When you use the phrase "consultants," that, to my mind, refers to hiring people who are not staff.

**HON. J. STORIE:** It's staff who are consultants in their own right.

**MR. C. BIRT:** Could the Minister advise just how this particular department works and functions or interrelates to the School Division 1.

**HON. J. STORIE:** I think, as the Annual Report implies, really they consider themselves and act as a team of specialists covering the areas of early childhood education, curriculum development in early years and multicultural education, as well as expertise in Native education and language development. So, there as a resource, I suppose, to inner-city schools and work on a project-by-project, but it's in a collaborative way on



particular issues within the inner-city. As well, this branch is responsible for the Compensatory Support Program and oversees the distribution and allocation of funds and provides the support services to an Advisory Committee that actually makes the grant. The Advisory Committee is made up of members from MAST and MTS and representatives from school divisions.

**MR. C. BIRT:** Is the principal function of this section to deal with the Core Initiative Programs, past and future?

**HON. J. STORIE:** Only one program out of the Core Initiative but, yes, there is an involvement of this branch in the program.

**MR. C. BIRT:** What is the program?

**HON. J. STORIE:** It's called the Education Development Program. It's program 1(3) under the Core Area Initiative.

**MR. C. BIRT:** Mr. Chairman, I'm looking at a "Free Press" news article, September 20, 1985 saying that the inner city education problems, that this particular division will be responsible for 13.75 million in funding from various government sources. Is that correct? Is that 13.75 million coming into this area and is it responsible for the expenditure of those funds?

**HON. J. STORIE:** It wouldn't necessarily be directly through this branch, but there are significant funds directed through the Core Area Initiative, as well as funds through the Post-Secondary, Adult and Continuing Education Branch which, of course, is for the adult component. So all of the funds that are referenced in there, I assume, although there may be other federal dollars that flow that I'm not aware of. All of those dollars would not relate necessarily to the public school system.

**MR. C. BIRT:** The Minister will have to bear with me because I'm trying to make sense out of an article and a press release that I saw. I'll just read another paragraph. It says: "A small group of expert educators will administer programs previously run by the Department of Education, the Core Area Initiative, and the Winnipeg School Division." My question would be: is this the small group of expert educators that will be running these various programs?

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

**MR. C. BIRT:** That press story also said that they would be then administering 3.7 million in funds.

**HON. J. STORIE:** 3.7?

**MR. C. BIRT:** 13.7 million in funds.

**HON. J. STORIE:** Well, recognizing that would be Department of Education funds, Core Area funds and Winnipeg School Division, but administering may not be the exact words. Certainly this branch per se does not administer that level of funding. The only way that

figure would make sense was if it was including the Core Area Training Agency, which is not part of the public system.

**MR. C. BIRT:** Primarily the responsibility of education in Winnipeg 1 is the school division.

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

**MR. C. BIRT:** They became involved in the Core Area Program because there was a certain educational component in the old agreement and I believe in the new agreement, and it involved a variety of functions. In the Core Agreement, there was a designated authority and who would be responsible for delivering it, never mind who would fund it but who would deliver it. In most instances relating to education, I believe it was the Department of Education who had the prime responsibility of delivering those programs.

**HON. J. STORIE:** No, I don't think that would be accurate. The only involvement directly by the Department of Education, in terms of this branch, is the delivery of a \$1.9 million program called Education Development Program, Winnipeg Core Area Initiative.

**MR. C. BIRT:** I'm trying to see if there has been some transfer of authority from the school division to the department, as far as it relates to the running and making decisions on in the funding, and the type of programs that are going to be offered.

**HON. J. STORIE:** No, I don't think that would be a fair suggestion. The school division has no authority over this funding. This is funding that comes from Canada-Manitoba and the city; this program is administered by this branch.

**MR. C. BIRT:** Because the word used here is "administer" the following, and that would imply control, so the Minister has helped clarify that. But just to go further on . . .

**HON. J. STORIE:** Is that a "Free Press" article?

**MR. C. BIRT:** Yes, September 20, 1985. The reporter is Julia Necheff, who has been giving you excellent coverage from this Committee Room.

**HON. J. STORIE:** Somebody must have misled her, I guess.

**MR. C. BIRT:** One might imply that someone did mislead the reporter. I don't know; it could be.

**HON. J. STORIE:** I certainly didn't talk to her, Charlie.

**MR. C. BIRT:** Mr. Chairman, it says the new inner-city team will take charge of the Initiative Education Development Fund worth 1.9 million over a four-year period. I take it that's what the Minister has just referred to.

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

**MR. C. BIRT:** And that's the involvement of the Core Area funding that the department will be responsible in administering?

**HON. J. STORIE:** In terms of the public school system.

**MR. C. BIRT:** It says it also takes over the initiative, training and employment agency to which 9.4 million will be paid over a five-year period.

**HON. J. STORIE:** That's correct. That funding is the one I referenced under PACE, Post-Secondary, Adult and Continuing Education Branch.

**MR. C. BIRT:** What is that for and is it monies that will be actually under the control of this particular division of the department?

**HON. J. STORIE:** It's under the control of the PACE Division, recognizing that again there is an Education Advisory - essentially, all of the Core Area Programs, as with all federal-provincial tripartite agreements, I guess, have established advisory committees for all programs. The decisions are made by that group. The administration is done, in this case, the funds are allocated to PACE.

**MR. C. BIRT:** There's a section in the next, which would be 5.(k). Is that the area where it would show up?

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

**MR. C. BIRT:** What I'm trying to determine is: who is the decision-making body for those funds? Is it Inner-City Education Initiative or is it the PACE section of the Estimates?

**HON. J. STORIE:** I reference the fact that all of these programs have their own advisory system that is established under the terms of the agreement. In the case of the Educational Development Fund, there is an advisory committee. All three parties appoint personnel to that. The decisions are made by that group, administered by the Inner-City Initiative Branch.

In the other area, there is a management team, I presume because of the size of the program, the scope of the program, management board, which is again representatives from the three levels. They make the decisions. It is administered again by this branch, but the funds are represented in the PACE Division because it deals with post-secondary and community educational development work.

**MR. C. BIRT:** So the PACE . . .

**HON. J. STORIE:** They have the big chunk.

**MR. C. BIRT:** They administer it, are responsible for running it.

**HON. J. STORIE:** They develop the design, training, etc., yes.

**MR. C. BIRT:** There is a further reference that a large share of some \$3 million in grants earmarked for schools

across the province considered to have a large number of high-risk students, and it claims some 2 million will be allocated to this Inner-City Initiative. Is that being administered and expended by this particular agency?

**HON. J. STORIE:** Yes, that's the Compensatory Grant Program that I referenced earlier. Again, there is a board, an advisory group which consists of members of the different associations who provide support and recommendations with respect to the granting of that money. It was 3 million, I believe, last year. It is 3.3 million in the current year.

**MR. C. BIRT:** It goes on to say that the department's \$450,000 Language Development Fund for Native Students also comes under this new Inner-City effort. Is that correct?

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

**MR. C. BIRT:** That was part of the grants we talked about. Is that a program or a grant system?

**HON. J. STORIE:** That's part of the categorical grants.

**MR. C. BIRT:** Mr. Chairman, as a lot of the funding authority is tied to the old Core Agreement and the new Core Agreement, when the Core Agreement expires and assuming its not renewed at the end of this particular five-year term, is it the intention then that this department would disappear? I mean, was it created specifically as a vehicle or the engine for the administration of the Core programs?

**HON. J. STORIE:** No, I don't think it was created specifically for that. Certainly, this branch post-dates the Core Area Initiative. The original agreement was signed in 1979.

**MR. C. BIRT:** 1980.

**HON. J. STORIE:** Well, of course the member would know - in 1980. So I think it's obvious that this branch was developed subsequently, and I think reflects the very real concern and need to develop programs to enhance the work of Winnipeg 1 to support it and the work of the community agencies in the core area. So while clearly the level of dollars that flow through the branch are affected by the Core Area Agreements themselves, I think it's safe to say that the initiative which includes as well the administration of provincial dollars and provincial programs would probably remain.

**MR. C. BIRT:** It's an interesting idea that you would create a special division to target a specific area or problem. It also is a basis for precedent to do it in many other areas. I'm not quarrelling with the concept. In fact, it might very well lend itself to some other solutions. I'm trying to find the area, but I believe in this whole area of the Inner City things - here it is in the initiatives or at least the objectives.

There's a great deal of stress placed on the involvement of parents in a wide variety of ways. It's almost a deliberate reaching out and pulling them in. I like the concept. I'm wondering why it is used here

in a unique way, and is not used in other areas. We've gone through that now for many, many hours in other areas. I can appreciate that there are special problems here, but the thrust is to get the parents involved in a communal solution to the educational problems. I'm wondering why that concept isn't expanded and used in other areas.

**HON. J. STORIE:** I think it is. I think the member has referenced in his question the explanation. That is that clearly in the Inner City, because of a lack of familial history of involvement in the educational system, because of the unfamiliarity with the system, because of the intimidation that is felt by individuals sometimes in the core area - I'm talking about Native students and Native parents; I'm talking about recent immigrants - the special effort, I think, is warranted.

I suppose, flowing from that is the fact that a lot of suburban school divisions in Winnipeg, rural school divisions, the parents of those children are involved, feel very comfortable going to parent-teacher meetings for example. That isn't the case. So there is a little closer involvement in many of our other communities with the schools. It is an integral part of the community in many instances.

That feeling needs to be developed, and a couple of the mechanisms that are being used are the special language development funds and the compensatory grant programs which are being used to pull in people who aren't normally part of the system. So it is a precedent in some respects. There are other precedents, certainly the involvement of Northerners and some of the things that Frontier School Division does to involve people are precedent-setting, but they're also working.

**MR. C. BIRT:** Mr. Chairman, I just have one or two more questions. They'll be brief, and then the Member for River Heights has a couple. I'm just wondering if we might sit past the 5:30 p.m., just so that we can start fresh and the staff wouldn't have to come back if the Chairman is agreeable to it.

**HON. J. STORIE:** I'm easy.

**MR. CHAIRMAN:** I'm not quite so easy. If you could keep them brief, I'd appreciate it. There's travelling and eating time that people have.

**MR. C. BIRT:** The questions will be brief.

**MR. CHAIRMAN:** The Member for Fort Garry.  
The answers should be brief too, I would suggest.

**MR. C. BIRT:** How successful has the program been to date in the inner core in getting the parents involved and having them make the contributions? Is there any yardstick, any way of measuring the success of the program?

**HON. J. STORIE:** Actually, a qualitative answer would be, quite successful.

There are evaluation requirements attached to the programs in the core area, for example, and the programs are being evaluated in terms of their

effectiveness, so I would be in a better position to answer, I suppose next year once the evaluations are completed.

As with most - I'm supposed to keep my answers brief?

**MR. CHAIRMAN:** Yes.

**HON. J. STORIE:** As with most initiatives of this kind, whether it's for parents, or kids, success is measured in inches and not yards quite often.

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

**MRS. S. CARSTAIRS:** Very quickly - what other urban school divisions other than Winnipeg 1 is being accessed by this program?

**HON. J. STORIE:** The Core Area, of course, cuts across quite a few divisions and I believe Norwood; St. Boniface; St. Vital; St. James; Winnipeg 1, obviously; River East; so it cuts across quite a few.

**MRS. S. CARSTAIRS:** Can the Minister explain to me why there is no Recoverable here? When I understand that the Core Area Agreement allocates some 640,000 to the E.D. Program?

**HON. J. STORIE:** I'm not sure where the Recoverable would show up.

The recoveries may show up in the Department of Urban Affairs, for example, I'm not sure. Yes, it's Urban Affairs. I think if you look at (k)(4), you would see the Recoverable there.

**MRS. S. CARSTAIRS:** My final comment is just a suggestion again and that is that I notice that one of the things they are trying to do is pick up the gifted and talented children in this particular area.

I was quite shocked to discover that certainly the year my daughter did mini university, there were no children from the core area in that program, at least I couldn't tract them down by address in terms of where they were. If it's not being done, I would certainly recommend that this is a very valuable program for a gifted child and I think certainly we should access it in whatever way we can for those children.

**HON. J. STORIE:** I'm informed that there are two programs running for the gifted and talented, but their involvement with the mini university has not to this point . . .

**MR. CHAIRMAN:** (j)(1)—pass; (j)(2)—pass.

Resolution No. 49: Be it resolved that there be granted to Her Majesty a sum not exceeding \$16,046,300 for Education, Program Development Support Services, for the fiscal year ending the 31st day of March, 1987—pass.

We will recess the proceedings until 8:00 p.m.

Thank you all for your brevity.

## SUPPLY - ENERGY AND MINES

**MR. CHAIRMAN, C. Santos:** This section of the Committee of Supply will be dealing with the Estimates of the Department of Energy and Mines.

Let's begin with a statement from the Honourable Minister responsible for the Department.

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

I welcome the opportunity to present my department's spending Estimates for the '86-87 fiscal year. The goal of the department is to ensure the mineral and energy endowment of the province is developed and managed to bring maximum benefits to Manitobans. Consistent with this goal, ongoing departmental programs encompass activities to promote the development of Manitoba's energy and mineral resources; to attract energy-intensive industries which can contribute to the province's economic growth; to provide continuing conservation programs which will have long-term benefits for Manitobans; to ensure Manitoba's energy interests are recognized in federal regulatory and policy matters; to administer The Provincial Mines Act and regulations; to conduct geological investigations directed to encouraging petroleum and mineral resource exploration; to monitor mining and petroleum activities to assess ongoing effectiveness of mineral programs; and to ensure Manitoba's mineral interests are recognized in national policy thrusts.

I'd like briefly to outline our accomplishments over the last year and our plans for the current year dealing first with energy. The main thrust of our activities in the energy area is to improve Manitoba's energy security through a balanced approach which encourages more efficient energy use and develops our indigenous energy resources.

Energy consumption in Manitoba is approximately 44 percent petroleum products, 33 percent natural gas, and 23 percent electricity. Currently, more than one-half of our energy needs are imported. In the case of petroleum, the province produces 30 percent of our own requirements, while it imports 100 percent of our natural gas requirements. Hydro-electricity is the only energy form in which we are self-sufficient, producing enough to meet domestic needs and to export large amounts to neighbouring provinces and states.

The department's efforts in support of attracting energy-intensive industry and expanding the export sales of electricity are provided by way of analytical assistance to the Manitoba Energy Authority. The activities of the MEA have been discussed in the Public Utilities Committee before this. In the context of a balanced approach to energy development in use, the department is continuing its conservation efforts through a variety of programs. Energy saved through more efficient use means improved security, savings for Manitobans and employment generated by conservation measures.

The Energy Management Programs of the department provide energy savings through conservation, reduced reliance on imported fuels in the case of petroleum products and natural gas, and in the case of hydro-electricity, contribute to more electricity exports. This balanced approach will continue to benefit Manitobans and improve the province's energy trade balance.

To assist Manitobans in capturing benefits from conservation, the department operates a number of programs including Energy Audit; Business and Community CHEC; CHEC loans; and Home CHEC-UP. Energy audits are provided on-site to commercial,

industrial and institutional establishments. The audits which are undertaken on request are designed to identify energy savings available from various conservation measures. Over the last year, 196 audits were carried out identifying over \$2 million in annual potential savings. Over the current year, we expect roughly a similar number of audits to be undertaken.

Business and Community CHEC program provides matching grants up to \$15,000 to small businesses, municipalities, institutions, and non-profit organizations for conservation retrofit projects. During the last fiscal year, 92 grants were approved totalling \$806,062.00.

The Cut Home Energy Costs CHEC loan program encourages residential conservation through providing low interest loans to homeowners of up to \$1,000 repayable over 20 years. For '85-86, a total of 51,048 CHEC Loans were made valued at 4.3 million. A companion program is Home CHEC-UP, energy advisors visit homeowners on request, inspect the homes and recommend cost-effective conservation measures. The homeowner is charged \$20 for this service with the fee refundable if any measure is undertaken within one year.

Two new conservation initiatives are planned for this year. A \$50 million loan authority is planned which will enhance the CHEC loan program and also provide new conservation loan programs for businesses, industries, and community organizations. As well, the province has entered into an agreement with Canada which will assist conservation and renewable energy endeavours. The Canada-Manitoba Conservation and Alternative Energy Agreement provides for expenditures of \$8 million in joint federal-provincial initiatives over the next two years.

The Energy Council has been active in advising the department with respect to programming thrusts which can maximize conservation benefits. The council's advice is regarded as a valued contribution to the department in planning conservation initiatives.

In the area of mineral resources, depressed metal prices continue to plague the metals mining industries. While production of the major metals, nickel, copper, and zinc has returned to levels higher than the years immediately prior to the recession of 1982, profits are low to non-existent.

Manitoba mining companies have made remarkable progress in reducing operating costs and in achieving greater productivity. This, on the other hand, has meant wage freezes and lower employment levels. The department continues to work closely with provincial mining companies and organized labour to ensure continuing mining and processing operations and we've certainly been more successful at that than other mining provinces.

The value of Manitoba mineral production reached an all-time high of \$833 million in 1985. Expenditures on mineral exploration in the province during '85 totalled 31.3 million, exceeded only in 1981 when the industry spent 31.7 million. These expenditures reflect increasing interest in gold in this province. It's also very encouraging that despite weak metals prices and low profit levels in the industry, a number of new mines are being developed in Manitoba.

Supported by a \$2 million forgivable loan from the province and a \$4 million grant from the Federal Government, SherrGold Incorporated is developing the

MacLelland Gold Mine near Lynn Lake at an estimated cost of \$40 million for mining and processing facilities. Production is scheduled for the late summer of this year. Development of this mine has breathed a bit of new life into Lynn Lake ensuring its future for at least five years with the prospect of operations continuing well beyond that.

A \$10 million loan from this government was instrumental in assisting Sherritt Gordon Mines Limited to proceed with underground development of ore reserves at the Ruttan Mine. This development which was completed in the fall of '85 has extended the life of the mine in the community of Leaf Rapids.

Hudson's Bay Mining and Smelting has commenced shaft-sinking at the company's recently discovered nickel-copper deposit at Namew Lake just south of Flin Flon. Granges Exploration Limited in a joint venture with Aberford Resources is currently developing an underground exploration decline at the Tartan Lake gold property and that's also near Flin flon. Company officials are hopeful that the deposit will be producing gold early in 1987.

In 1985 Inco completed dredging Thompson Lake for its new \$87 million open-pit nickel operation. Production from that pit is already under way.

At Tanco, near Bernic Lake, there is still no production of tantalite concentrates because of market conditions. However, after a successful sale of lithium concentrates to the ceramics industry, Tanco last year announced the construction of a new \$6.4 million plant to produce spodumene or lithium concentrates.

If the current price of gold is maintained, we expect to see development of a number of gold properties in the province which are currently under investigation.

All of these developments attest to the confidence which the industry has in this province and to the success of the government's programs to stimulate exploration and to assist productivity and processing in the industry. The high level of cooperation between industry, government and labour is unquestionably a contributing factor.

Our programs, under the Canada-Manitoba Mineral Development Agreement are now up to full speed, recognizing that mining is the lifeblood of many Manitoba communities north of the 53rd parallel. We are giving particular emphasis to those activities aimed at maintaining existing mining and processing infrastructure and sustaining the communities which depend upon them.

At the same time, the Mineral Development Agreement has stimulated exploration for new mining potential in the province. Since 1984, when Manitoba was the first province to sign a Mineral Development Agreement with the Federal Government, the upward trend in general exploration expenditures continued in Manitoba, while money spent on general exploration activities decreased in provinces such as Ontario, Saskatchewan and British Columbia.

Because of our continuing cooperative approach with the industry, we've not only maintained exploration levels, but I've indicated that we've increased them at a time in the mining cycle when exploration, typically, drops off. These efforts to find constructive alternatives to protect the health of our mining industry go hand-in-hand with our leadership at the national level toward establishing a national mining community reserve fund.

In Manitoba, our own fund has been extremely effective in addressing problems brought on by mine closures and periodic downturns in the mining industry.

The department is actively pursuing the development of Manitoba's potash resources. Engineering and economic studies of the Russell-Binscarth potash deposit have proved highly encouraging. Reserves of 172 million tonnes of mineable, high grade potash ore have been established. That's sufficient to support a world-class mine for over 30 years. Projected operating costs are among the lowest in the world and the expected financial returns from the Manitoba potash project are attractive.

In February of 1986, a delegation headed by the Minister of Energy and Mines, visited India for formal discussions with the state-owned Minerals and Metal Trading Corporation. During this visit, Manitoba and MMTC signed a Letter of Understanding covering the latter's participation in the Manitoba potash project. MMTC is to be fully involved in the final feasibility work to be completed in 1986-87 and will negotiate firm purchase and equity participation arrangements.

In discussions, MMTC has indicated an interest in equity participation of between 15 percent and 30 percent and in purchasing 500,000 tonnes of potash per year. This amount is equivalent to one-quarter of the project's projected yearly output.

In April of 1986, Manitoba and Canamax, the company which discovered the Russell-Binscarth property, concluded a Co-ownership and Development Agreement designed to bring the Manitoba potash project to the final production decision stage. The final feasibility phase of the project is now well under way and will be completed by mid-1987, at which time a production decision is expected.

A positive decision to proceed would result in commercial production by 1991. The Manitoba potash project will create - if it goes ahead - 1,600 person years of employment during the construction stage and 350 permanent direct jobs during the operating phase. In addition, there are obvious extensive spin off benefits in the areas of service, transportation and so on to Manitoba's economy.

Oil and gas exploration - development activities in the province remained at record high levels throughout 1985. For the third year in a row, over 250 new wells were drilled in Manitoba and oil production increased for the fourth consecutive year to approximately 5.2 million barrels, valued at over \$180 million.

Oil industry expenditures in Manitoba during 1985 are estimated at \$139 million, with the province receiving \$26 million directly from Crown oil royalties, taxes and lease sales. An additional \$25 million was paid to private mineral right owners, surface owners and municipalities.

Crude oil prices, which significantly affect the economic viability of Manitoba's reserves dropped from a peak of \$38 per barrel in late November, 1985 to lows of under \$15 per barrel in July.

Oil prices are expected to continue to fluctuate. There is no early expectation that prices will rebound quickly. As in the other producing provinces, low prices are reducing the industry's level of activity and spending in Manitoba.

Our current drilling incentive program which has been in place since January 1, 1979, is scheduled to expire

this December 31. Department staff, in consultation with the petroleum industry, are currently developing an exploration incentives program which we are proposing, if acceptable all around, to implement to replace the current program and reflect today's economic environment. We hope to have this new program in place within the next couple of months.

That completes my introductory remarks. I'd just like to thank all my departmental staff for the work they've done in the past year and for the work they have been doing in keeping me up-to-date at a time when I'm fairly busy with another department as well. They've been doing a super job and I appreciate it very much.

**MR. CHAIRMAN:** We shall now hear a reply from the Opposition critic.

The Honourable Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, I appreciate the Minister's comments. I also wish to acknowledge and appreciate the information that's contained in the Supplementary Information for Legislative Review booklet which I received just the other day. I wish I'd had it earlier, but it's helpful and I compliment the department for following the lead of other departments in providing this kind of Estimates information.

Mr. Chairman, I guess that poses the practice now to slip off the Minister's Salary and proceed with the line-by-line consideration at which staff could be brought in, my first . . .

**MR. CHAIRMAN:** At this point in time, the Chair is inviting the members of the departmental staff.

Deferring the item relating to the Minister's Salary, as contained in item No. 1.(a), we are now considering item 1.(b)(1) Executive Support: Salaries.

**MR. H. ENNS:** Mr. Chairman, I notice a slight decrease in this item, is there any movement out of the department from the Executive Support staff?

**HON. V. SCHROEDER:** I'm sure staff will have some further explanations. It indicates the same number of support, just the dollars have gone down and I don't quite understand it.

Mr. Chairman, it had to do with reclassification of position.

**MR. CHAIRMAN:** 1.(b)(1) Executive Support: Salaries—pass.

1.(b)(2) Executive Support: Administration and Finance, Other Expenditures - the Member for Lakeside.

**MR. H. ENNS:** Pass.

**MR. CHAIRMAN:** Pass. 1.(c)(1) Administration and Finance, Communications: Salaries - the Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, this group, I understand, is responsible for what the Opposition would fondly call propaganda that is generated by most government departments from time to time, this one not being excluded.

I ask specifically a question. The other day I rose in the House and raised the question about the production

of some Limestone material. This one is entitled: Limestone Creates Employment Opportunities. Would this be the Communications section that that would originate from, or would that come possibly more directly from Manitoba Hydro or the Manitoba Energy Authority? I'm not aware, I'm trying to ascertain what particular functions this branch is engaged with.

I read your notes that you are involved in the various different multi-media displays including audio visual presentations and distribution of department publications at various fairs and shopping malls, schools, community group meetings and various topics relating to Energy and Mines programs. But I believe you also indicated that you sent out two newsletters out of this branch, one for departmental staff and one related to Limestone.

I would ask specifically what the material was involved with with respect to Limestone from this appropriation?

**HON. V. SCHROEDER:** Mr. Chairman, I'm told that the brochures we're doing through here have to do with energy conservation. There are about 10 of them out in terms of weatherstripping and those sorts of things, making sure that your home, business and so on is as energy efficient as possible. I understand that all of the expenditures relate to the information office downtown.

**MR. H. ENNS:** That's precisely why I'm asking the question. I would expect that I'm aware and I have foreseen much of the material or a fair bit of the material that's produced relative to a different energy savings program - the CHEC Program - enticing people to better insulate their homes and so forth.

But we have, Mr. Chairman, a great deal of literature emanating from this government generally having to do with Limestone. I'm sure you, Mr. Chairman, have enjoyed watching the colour television ads that were run just prior to the last election. I understand they came in at something like \$737,000.00. I don't think this Communications Branch was responsible for that. That was just one little item. Then, of course, there were many other multi-coloured brochures that covered this province as manna did on the people fleeing from wherever they were fleeing at the time that they were 40 days in the desert, Mr. Chairman.

What I'm trying to find out is to what extent have line departments, and I refer to the Department of Energy and Mines as a line department, how they have been drawn into this network of providing part of the pomp and circumstance that this government has chosen to lather the province with in respect to the Limestone Generating Project.

I have some difficulty particularly seeing why this department should be involved with that. Manitoba Hydro itself is doing its fair share. We then have the Manitoba Energy Authority which is another group that's doing certain things, and, of course, the great communications network that's been built up by this government is pumping out its fair share. Then on top of that, the Jobs Fund with their own attempts at keeping the printing presses busy.

But under this relatively modest section, Mr. Chairman, we are dealing here with, if you exclude Salaries, \$46,000; we're dealing here with the request

for this coming year of \$144,000; that's somewhat down from last year when it was \$179,000.00. If you acknowledge that they have set up 55 multi-media displays, set up all the other little pamphlets with respect to the legitimate programs that the department is involved in, there are various CHEC programs, energy CHEC programs and all of that work which I assume is the responsibility of this branch, they, nonetheless, have also begun producing newsletters. A particular one was relative and related to Limestone. I'm simply asking the Minister if he can indicate what that was?

**HON. V. SCHROEDER:** Mr. Chairman, the member gives me an idea. I'm not sure we'll take him up on it, but the brochures we handed out last year obviously were quite effective. The brochures he refers to however, are not brochures that were funded out of this section. The \$144,000 deals with general administration for this particular section, actually paying for the Energy and Mines Information Centre which itself is \$35,000.00. There is the low-cost - I just thought it said low-cost conservative outreach and I looked again. Fortunately it says low-cost conservation outreach, and so on.

There is a newsletter, but it is a departmental newsletter at a cost of approximately \$4,800 which I'm told, has not related to Limestone, at least until now, and there are not any plans on the drawing board from this department for that. So we can't take the credit for all those great ads the member was watching before the election. They came from another department.

**MR. H. ENNS:** The intention for the coming year then, Mr. Chairman, through you to the Minister, is to carry on in a similar vein of communications material that has been produced, relative to the actual programs being carried out by this department?

**HON. V. SCHROEDER:** Yes, that is the intention.

**MR. CHAIRMAN:** 1.(c)(1) Communications: Salaries—pass; 1.(c)(2) Other Expenditures—pass.

1.(d)(1) Financial and Administrative Services: Salaries—pass; 1.(d)(2) Other Expenditures—pass.

There shall be no resolution under this particular section of the Estimates until after we have considered the Minister's Salary.

Item No. 2.(a)(1) Energy, Policy Planning and Project Development: Salaries - the Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, I would want to indicate to the Minister and to his staff that, because their departmental annual report describes the function of this section in the following way: "To undertake analysis and evaluation of the economic and policy impact of provincial, national and international mineral developments on the provincial mineral industry, and to assist in policy development and implementation. Studies conducted by the section contribute to effective management of the provincial mineral resources and the maintenance of appropriate and effective mineral and mineral tax policies."

Perusing these Estimates, I deem this to be the kind of general section where we can find out from the Minister and from the department the kind of extensive analysis kind of studies that have been undertaken by

the department that lead to the government taking specific actions, such as deciding to joint venture with a major player in the potash field, the Canamax Corporation, in the development of potential potash reserves in Western Manitoba.

Mr. Chairman, I would hope that we could find out - and what we're trying to find out from the Minister at this time is some indication, some feeling that could dissipate, for instance, some of the concerns that have been expressed by the Leader of the Opposition, by members of the Opposition with respect to the current venturing into potash by this government.

Mr. Chairman, allow me to make it absolutely clear because I understand, the other day, an attempt was being made by this Minister to characterize the position of my leader as flip-flopping on the question of potash development. That, of course, is utter nonsense, Mr. Chairman. No administration, it can be safely said to this date - and that includes the present one - tried more diligently to develop potash development in Western Manitoba than the one that the Leader of the Opposition, myself and other members on this side of the House were privileged to be part of during the years 1977-81.

I don't have to say that in a rhetorical manner, Mr. Chairman. The truth of the matter is that it was under our programs, under our encouragement some 32, 34 exploratory holes were dug in total in that area that we were looking at. I suppose, some 40 exploration wells were dug on the properties that the IMC Corporation from Chicago and part of that, the International Nickel Company had an interest in. That hopefully would have developed, Mr. Chairman, into a world-class potash mine development.

So for honourable members opposite or for the Minister opposite to interpret questioning that we now have or raise from time to time with respect to this government's projections, this government's plans, this government's commitments into that field as one that indicates a lack of interest or a lack of understanding for the potential potash development of this province simply doesn't hold water when it's examined under those figures.

The truth of the matter is, Mr. Chairman, this government has, in cooperation with Canamax, looked at another area which we were, of course, aware of at the time. They have dug, I believe, some seven or eight explorational holes — (Interjection) — or four? You think it's four? They are now planning to do some further work this summer, which is fine. I appreciate that this, of course, has to be done, but I'm simply trying to put it into some scale.

We were not as sure as we would have liked to have been to have responsibly signed agreements in 1981, because we realized what that means. Obviously, we were dealing with a partnership arrangement of considerably less - I believe it was 25 percent. I think it was in the range of 25 percent with other options. But in any event, we were nonetheless very cognizant of our responsibility as stewards of the taxpayers of this province, how we spent their money.

Now New Democrats, Mr. Chairman, of course aren't that. They have traditionally shown that. This morning, just as a passing, wafting presence of previous NDP administrations, the ghost of William Clare just drifted briefly through the committee. Nobody raised a great

fuss. It is now going to be dissolved, that company, that great exercise of a previous NDP administration to get into the book-publishing business of all things that never published a book. But nonetheless, it's ended up costing. We will now quietly write it all of, shuffle it under the carpet, and the Minister of Highways is out \$5 million or \$4.7 million that he could be using on roads in Manitoba right now, or that we could be giving to the Minister of Health to keep the 25, 20 beds open in the Brandon Hospital, or any number of other worthwhile ways that we could have kept that money.

When I say that this administration shows precious little concern about the taxpayers' money, there are of course many other ghosts, the ghosts of Saunders Aircraft, that big beautiful airplane that used to fly - well it never did fly all that much but did, every once in awhile, fly out of Gimli. That was another \$44 million that you honourable gentlemen blew to the wind.

You know, it's not our money. We tax our neighbours, our citizens of this province for that money. It's hard-earned money, and to have nothing to show for it five or six years later, surely should place an extremely onerous responsibility on all our shoulders. That, Mr. Chairman, is at issue here.

We are being told - and I'm not an energy expert or a mineral expert on potash. But we are being told - I just got a note today from Saskatchewan Potash Corporation, present price is about \$75 shore tonne. About 40 of that price is taken up in freight and handling. His comment to me, he says that you wouldn't believe the excess world capacity. You'd have to be crazy to start a mine. In fact, two companies in Saskatchewan, Cominco and Central Canada Potash are on indefinite shutdown now. PCS also is taking a plant out of production. That means three plants will be idling in Saskatchewan. Why would we rush into production when established companies are taking plants out of production because the long-term outcome looks so bad.

So, Mr. Chairman, I would want to find out from the Minister at this time precisely the role that the branch is charged with under its responsibilities in government. The function of this section, I repeat, is to undertake analysis and evaluations of economic policy impact with respect to mineral development. I would assume that this branch, this group of experts, whom we are being asked to pay some \$733,800 in the coming year - that this group of experts in the Department of Energy and Mines who are feverishly engaged in developing reports, studies; studies that can be produced; studies that can be tabled; studies that can give us some confidence that before this government invests \$1 million, \$5 million, never mind the \$300 million or \$400 million that they are talking about, of taxpayers' money into a mine that the experts now say there is no market for the product; that we will lose our shirt on it; that 10 years from now, some future member will stand up; there's gone another \$400 million dollars. I would want this Minister to take this occasion to baffle us, to bamboozle us with facts and information that this particular section of his department has been working on studiously for the last two or three years, that will give us some confidence that a decision to move both into potash production at this time is indeed a wise one.

Now, Mr. Chairman, I'm aware that the Minister indicated just a little while ago during question period

- pardon me - during the introduction of his Estimates, that we are now in the closing-out stage of the feasibility programs and studies and that a production decision, if I heard him right, would be coming somewhere in mid-'87. But nonetheless he's also told this House that we are involving ourselves to the tune of some \$5 million over the next two years, and \$5 million is not to be sneezed at, Mr. Chairman, so I would hope that the Minister can take some time, and we have time, Mr. Chairman, because this could be an extremely important decision.

I, for one - and I know that my colleague, the Member for Roblin-Russell, my members that represent Western Manitoba - want that potash mine in the worst way. The Opposition wants to see development of that kind in the worst way in this province. In most instances, Mr. Chairman, the area which we're talking about is represented in this Chamber by Conservative members. So, let's just peel out some of the politics out of this for a little while and let's be a little candid about reassuring members of the Opposition about what actual work has been done; what studies have been done; what factual data has been compiled by this section of the branch to give us the confidence that at this time when potash has slipped from a peak of \$176 a ton to \$75 a ton; when new mines, not simply right here in Canada, like New Brunswick are on stream that are in a far better position to service the Third World market.

We have virtually excluded, I take it from the Minister's comments, from the possible association with countries like India or perhaps even China or others. We have accepted the fact that a mine now coming under production in Manitoba would not be competitive in the North American market. I take it that is being exceeded to by those who are proposing this development.

Then, Mr. Chairman, we have to look at what it costs us to move potash, no matter how rich or how valuable it is, from mid-continental North America to the ports; not too distant parts of the Third World, which are themselves developing more and more potash supplies. So I invite the Minister to put our minds at ease.

**HON. V. SCHROEDER:** I'm pleased to see that the Opposition now supports the notion of proceeding with our potash reserve. Several months ago, the Member for Lakeside did say, starting up a question that he viewed - he said the potash proposal we had, not necessarily the particular proposal - he was saying it was an unwise decision but that would be debated at a later time.

The Leader of the Opposition, a week-and-a-half ago in this House, in referring to specific areas where we could save money, said this was an area where we could save money. Now, of course, the fact of the matter is that whether we wanted to save it or not, we couldn't at this stage anyway and maybe that hasn't been explained well enough.

But we purchased a 49 percent interest in that site. We paid our money, the \$5 million. That money is gone. In return, we have a 49 percent interest in this property. You can't say we are spending money from now on; we've already spent that money. In purchasing that 49 percent interest, we did say that in return we expected that company to do further testing up of the site.



Now we're not looking for more potash at this moment, that's not what's going on out there. They have tested out an area of roughly one-and-a-half townships which provides roughly 30 years of life for a mine, as I indicated previously. They could go and drill more holes. Certainly they wouldn't want to drill them within that site because that would simply mean deterioration of the reserve. It would not benefit, I'm told, from engineers because I asked that question. The member had raised this issue previously. There were some 11 or 12 test holes dug; not the four that somebody suggested. They could go for 30 but that would simply mean a wider area of pretesting so that we could determine that it's 60 years rather than 30 and at this stage, 30, we're satisfied, is a good starting point to commence with.

The quality of this particular ore body, as we've indicated in the past, is several percentage points higher. The K20 content — (Interjection) — it has roughly 23 percent, 23.5 percent K2O? I'm sorry, 25.6 against the other site at 21 percent. I didn't realize it was that large a difference. That's a 20 percent difference in terms of the content. That is a big, big difference. That's one factor. Another factor is that it's closer to the top of the earth; it's not as far down.

We don't know about engineering; that's what they're doing right now. They're doing a pilot hole for the shaft and that's basically the work that's being done right now. That is one part of the work. Obviously one wants to know that we have a technologically feasible site so we don't have any problems if we decide to go ahead.

We should be able to calculate costs of production from that site. I should that this area of the department - and I think the member knows that quite well - isn't only responsible for this area. We do a lot of the potash issues outside with people like Kilborne Engineering and so on. This area looks after all mineral planning and there's an awful lot beyond potash.

So the technological aspect is one. One would have to calculate how much is it going to cost to produce potash. We're not in it on our own as the member knows. We now have a 49 percent interest and we've indicated on a number of occasions that we're in the process of talking with people who may be interested in an equity position; the MMTC of India, as an example, is another organization which has indicated publicly recently that they're having discussions with us, an organization which has a great deal of experience at mining around the world. So there are a number of those kinds of possibilities. We don't know where our equity position will end up, it certainly will not remain in, all likelihood, at 49 percent.

The point is we purchased our 49 percent interest in return, as part of the purchase price. Canamax has agreed that they will do \$5 million roughly more of proving up, that's one side of it. The other side of it, of course, is to try to determine what the market will do, and we're guessing just as anybody else is, we're looking for the best advice available. I'm told that the three latest world consulting reports that are out there indicate an expectation of an improvement in prices in the early 1990's. There are some very good reasons for that, one could get into that at some length.

That is something that we would have to feel comfortable with, Canamax would have to feel comfortable with, and any other partner we get involved

with would have to feel comfortable with. It's not only us who are going to be making that decision. We've made it quite clear that we won't be doing it on our own or without pre-sale. We do intend, on a sizable portion of the production, to be pre-sold.

The Member referred to the North American market. The North American market, at the moment, has prices that are lower than they are in the Third World. That is one of the reasons, obviously, people out there are looking to protect themselves from what they see as a cartel. That's one of the reasons there is a potential for another operations entry, in order to ensure fairness, not the huge, huge profits, and also not the losses. It depends on the agreement.

It's sort of like free trade. Some people say they are religiously for it; some say they're religiously against it; and there's others who say let's see what the terms are. I say let's see what the terms are. If it's a good agreement for Manitoba, I'm prepared to go along with it. I just want to look at it very carefully, just as you would want to look very carefully at a sale agreement on potash.

None of us are perfect. The Member for Lakeside has referred to the ghost of William Clare. We're here in a building where the ghost of Sir Rodmond Roblin flies around. Both of those issues occurred prior to the time that I certainly was elected to this House. One can refer to many of those previous occasions, Dr. Kasser and those kinds of things. We've all occasionally demonstrated that we're imperfect, and the Conservatives have done it at least as often as anybody else.

Saskatchewan's reactions, and the member just raised them in passing, are what one would expect of a province which currently basically has a monopoly on that industry in the country, they would prefer not to have us go ahead.

On the other hand, there are clear indications that there are some mining ore bodies which will be depleted over the next few years. In the United States, as an example, the Carlsbad operation certainly is becoming more and more expensive for IMC.

There are opportunities that somebody will be in for the next mine. That's where we get back to the question of timing. It's something like people in agriculture tend to look at when you get into hogs or something like that. You tend to try to go when the prices are at the lowest, start getting in so you'll be a part of the recovery. If you miss the wave - this is a little different - the next mine does take care of possibly a fairly significant proportion of the increase in world demand for product. That might well be that by missing this wave, we don't get on another one for 10, 20, or 30 years. That's part of the problem one has in determining when to go.

I think I'll just leave it at that.

**MR. J. DOWNEY:** Mr. Chairman, before I deal with this, I'd just like to ask where we can deal with the Oil and Natural Gas Conservation Board? In the same area of the Estimates, or at a later time?

**MR. V. SCHROEDER:** The people are here for that. It's under Petroleum.

**MR. J. DOWNEY:** That's fine; I'll deal with it later on, as long as I don't miss it; that's the main thing.

Mr. Chairman, I want to just make a few brief comments dealing with the proposed potash development and the expenditure of taxpayers' money. One has to, when the Minister makes the comment about the determination for future prices and the work that has been done on it, I think the first thing that he and his department, and those people who are prepared to invest the money would want to look at, and that is the current and the projected price of wheat that the countries that are going to be buying the potash, and the international grain market, are going to be faced with.

This year in Canada, the market has been reduced something like 20 percent for the grain prices, we're seeing a world glut of grain. Some of the potential purchasers of the grain are going to now be offered potash coming out of Manitoba at less than it costs us to produce it, as taxpayers. We're going to lose on both sides. We're producing potash, with the support of taxpayers' money, to sell into a market that's going to be used to continue to depress the price of wheat that we're trying to see our producers make a living at. It's directly related to the agriculture commodity pricing.

I am sorry, Mr. Chairman, the Minister has, to this point, not sold me on the fact that it's in the best interests of the taxpayers to develop a mine at this particular time. It hasn't been demonstrated that there's a sound economic base on which he's doing it on. We're not opposed to it, in fact, I can attest to what that kind of development does for a community. I've seen what the oil development has done for the southwest corner of Manitoba. I see the economic spinoffs in employment for those people who would be involved in working in a mine that he's talking about, but I think one has to take a pretty hard look at, really, the economic base that he's building on.

Mr. Chairman, the Minister, as well, wants to remember that the potash sitting in the mine is not costing anybody any money. It's not going away; it's not dissolving. It's a resource that the people of Manitoba have. We own it; it's there. Its value isn't going to change. When the value changes, if in fact there's a program put in place by the government that is ill-conceived and not thoroughly thought and planned, as my colleague yesterday asked, from Roblin-Russell, to show us some kind of a platform laid out as to the economic viability so that the determination could be made as to the long-term viability of it, but that hasn't and apparently isn't available at this particular time.

I would hope the advancement of a potash mine for the sake of advancement is not going to happen, that it, in fact, is done on sound planning.

Mr. Chairman, as I indicate, the potash has been there for thousands of years; it's been there since the development of this earth and don't mine it for the sake of mining, because the minute you start to develop it and it starts to become a commodity that something has to be done with it, then that's when it can start costing money. To this point, it's not costing anyone any money, as it sits.

The economic development, as I indicate, I will go over it again. It's certainly beneficial to individuals in the community that are involved in the creation of employment of housing and all those spinoff benefits; but to do it falsely, to do it on a false premise, to take

taxpayers' money who are going to have to work hard to pay the shortfall and to prop it up, Mr. Chairman, is not good business.

That's why I think, in this committee, we should have the assurance; I think the Minister should be prepared to give us some kind of economic plan that's going to give us some more assurance. It bothers me that we should have to sell, or we'd be in the position of selling potash into the international market at less than what it cost to produce it, out of this province, to put it into the hands of other producers in the world to produce grain to further depress our grain market. That's really what we're doing; that's really the long-term end result. Not only are we hurting when it comes to the taxpayers who are supporting it and propping it up, but we're also putting it into the marketplace that's going to produce wheat in other parts of the international market, to do what? To produce wheat; to create jobs in those countries, rather than creating the jobs here.

There's a long string that's attached to this and to the implications as to what they're going to be doing with the taxpayers' money. I indicated, and I'll indicate it again, that it's not costing anyone sitting where it is. We're not losing X numbers of millions of dollars with the potash sitting in the ground. We're not losing a nickel. It's there; it's a resource; it's a reserve and at the appropriate time when the numbers can be put together, then, Mr. Chairman, that's the time when it should be developed. But don't develop it for the sake of short-sightedness and short-term development, for the long-term loss of the Province of Manitoba.

I, Mr. Chairman, want to be very clear on that. I know that my colleagues have made our position very clear. No one would be against the development of our resources in a profitable manner. That is not the intent of any of our debate. What the intent is, to make it's done in the best interests, not done on a false premise of some form of profit.

One has to keep asking these questions of this Minister because this committee follows on the heels of an announcement made yesterday of a perception that someday in the near future, there's going to be a Heritage Fund developed for Manitoba Hydro. Mr. Chairman, for the life of me and for the life of many people in Manitoba, they can't see any great flush of profits coming from Hydro. I don't want to get off on that but, Mr. Chairman, that's why we have to deal with it.

The potash is not costing any money sitting where it is today, but the minute that they start spending taxpayers' money, they start to force-feed the development of it for the sake of development and for the sake of the short-term vision of the New Democrats, then it's wrong.

Mr. Chairman, they make a lot to do, and continue to criticize the development that was going to be carried on by IMC. IMC, to my knowledge, were not going to be using taxpayers' money. A tremendous difference. International Minerals were not going to be using taxpayers' money. Friendly neighbours to the south, Mr. Chairman, but now, for some reason, we have to run over to India, we have to run all over the world to try and find somebody to invest or to take possession of potash in Manitoba.

Mr. Chairman, these people wouldn't even let the Alcan Aluminum Smelter be run by a lease agreement

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on a generating station on the Nelson River. They left the perception that it was going to be a sell-out of Manitoba Hydro.

We can use the same argument. It's a sell-out of our resources to India. It's a sell-out of our resources to some of these foreign countries. Is that really in the best interests of Manitoba? I can tell you one thing, that the agreement made under our administration, with the potash development, was not going to cost the taxpayers money.

Look at the development of Hydro. It was far less costly to the taxpayers of Manitoba than it is under you people.

There is a limited capacity, members of this committee and, through you, Mr. Chairman, to the Minister, for one million people to carry on the financing of the kind of dreams and the kinds of mismanagement that we've seen over the past few months. I'm afraid, if we enter into the potash, we're into the same kind of box; we're into the same kind of financial drain that we can't afford.

Mr. Chairman, I would just hope that, as the Member for Roblin-Russell asked yesterday in question period, he gives us a pretty detailed layout of his projected cost of production, the market implications, and I tell him - I'm giving him a warning - he doesn't need to run all over asking and paying for experts to tell him what the grain market is doing. He just has to talk to his Minister of Agriculture because we know that the projections for grain prices are not going to be higher. In fact, they are going to be depressed for some time because of the increased world production.

Some of the countries like China and India are now being exporters of grain. Why are they exporters of grain? Because they're taking the technology from our country; they're taking the potash and the fertilizers from our country and they're producing it. What is that doing? It's further putting a burden on the backs of the farmers of Western Canada.

The question has to be asked: Are we better to sell wheat? What's the best economic benefit, wheat or potash? Are we better to sell the fertilizer for them to produce the wheat, to employ the people, to build the combines, to build the cultivators, the tractors, the flour mills that employ the people and make the bread; or are we better to - yes, not restrict them from buying potash but sell to them at a profit. Don't prop it up for the sake of production of potash. Let's be reasonable on this thing. Let's not further add to the problem of the Manitoba farmer, the Manitoba taxpayer by getting into the business of saying, for the sake of potash production, the sake of the potash mine, we're going to get into it at any cost.

If the numbers are correct, the market is now at \$75 a tonne. I would ask the Minister to stand here and say what his projections are. What are we going to be able to put a tonne of potash on the market for? What is going to be the net profit on a tonne of potash after he's gone through this development, the whole business?

One thing he has to be thankful for, though, is the cost of the interest because of our current Federal Government and the policies, it will cost them somewhat less. That's one of the things that certainly is in their favour, Mr. Chairman.

I honestly want to know - before anyone invests in anything, they should know what the return is going

to be to the investor. We, as Manitoba taxpayers, want to know what the projected return is going to be. If it's like the oil business, we don't want it. We don't want something that's going to cost us money to produce and continue to put more money into it.

There are answers that we want to know because every time we turn around - the Minister of Health pleads with us, he says, tell us how we can have a better health system; where can we get the money? The Minister of Highways says you keep hollering for more money; he keeps cutting his budget because of these kinds of ill-conceived ideas.

We're trying to help. The Minister of Finance, who's continually seeing our credit rating drop, is pleading with international financiers, or international bond people, to maintain our interest rate, but as long as they continue to pour taxpayers' money into ventures that aren't going to make a nickel, in fact, cost money, we'll continue to backslide.

So I ask the Minister if he's prepared to live up to what the Member for Roblin-Russell asked for yesterday, and that's a complete economic plan on. The pricing of grain, if he has some knowledge that the price of grain is going to go up at a tremendous amount of dollars per ton, then I'm happy as a farm producer. But all I can see right now, if we put more subsidized potash on the market by the taxpayers of Manitoba to go to the countries that are competitors to us, it can only further depress the market. I, quite frankly, would far sooner leave the potash in the ground and sell the wheat to those people so we can have the employment in Canada. That's the bottom line. Potash isn't something magic. It goes into the ground to grow more grain, to cause a greater surplus to depress the price. And why subsidize, why put taxpayers' money — (Interjection) — in that way.

This is the Member for Dauphin who says: for IMC or for the government? If IMC were to come in to mine it, you can tax them at whatever level you want, you don't have to have a nickel invested. You've got the royalty taxation system that you can work with. You don't need to own the company. Does he not understand the system? Does the Minister not understand the system? It affects the grain market only because IMC will do it with a profit. That's right, IMC will do it with a profit; they wouldn't do it without having a profit. That's the difference. The government will put a double strain on the backs of the people of Manitoba. It doesn't affect the grain market because it won't be developed until it's profitable, and when it's profitable then the grain market will have recovered.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. J. DOWNEY:** Mr. Chairman, the Member for Dauphin has not a very clear understanding of just the basic economic system. But I'm saying to the Minister, and I'll go back to him, I would like to know if he's going to give us, in the next few days, or whatever, as much information as he's had on the profitability of what he's talking about. I have no problem, if it's an investment by Manitoba right now by the taxpayers to have to quantify the reserves, then that's not an unsound investment totally. It's not an unsound investment. It creates some jobs, the drilling does, but

what the next step will be could well take away all the benefits that the potash has for the future of Manitoba. A wrong decision can say we'd have been better off if the potash had not been in the Province of Manitoba, if the boundary of Saskatchewan were to have it all on their side. That's just how dangerous it can be when you have the kind of ill-directed thinking that we have with some of the Ministers of this government.

So I'm saying, let's make sure potash remains a benefit for the people of Manitoba and if a benefit for the people of Manitoba means leaving it there in its undisturbed form until it is profitable, then do just that, but don't do it in an ill-conceived manner.

**HON. V. SCHROEDER:** How short the member's memory is. He stands up here today in 1986 and says: IMC wouldn't have cost the taxpayers any money. They had spent hundreds of thousands of taxpayers' dollars on IMC already before they left office, and to suggest somehow that that development was going to come tax free is absolutely nonsense and a total rewriting of history again by a member who should be careful about those kinds of things. Hundreds of thousands of dollars were already spent, and where do you think the taxpayers' dollars would have come from for the 25 percent interest they already had in that property, and they were going to work up to a maximum of 40 percent? Was it going to come out of a tree somewhere?

They were going to spend millions of taxpayers' dollars on a mine which they said afterward only did not proceed because the NDP didn't want it to. IMC walked out because of the NDP. And here they are today, five years later, telling us how sweet it is. It wouldn't have cost the taxpayers any money. IMC was going to come along and give the taxpayers of Manitoba a 25 to 40 percent interest in a mine. That's what the members of this committee and members of the public of Manitoba believe. He, of the same regime that basically gave away a good chunk of our interest in Trout Lake Mine which is still today making a large profit for the taxpayers of Manitoba from the portion that we still have, and would suggest that somehow we are the people who don't understand business and economics.

I have said on several occasions that we will not proceed with this mine unless we are satisfied that there will be a profit. We will then invest. That is exactly what Canamax will say. Canamax is not going to put their money into developing the mine unless they have been convinced before they make that final decision that it makes economic sense to do so.

We have a number of other comments from the member, he goes in passing to interest rates and says what a wonderful job the Mulroney Government is doing on interest rates. You know, today, we have real interest rates in this country in the range of 7 percent. Seven percent - that's one of the highest real interest rates we've had in the last 30, 40, 50 years. Very very seldom have we ever been so high on real interest rates, interest costs after inflation. And he would have the people of Manitoba believe that we're fortunate because we have one of the highest real interest rates in our history - incredible economic theory.

**A MEMBER:** Have you checked interest rates recently that the consumers are paying?

**HON. V. SCHROEDER:** Well, the member says, have you checked recently? If you want five-year money for a consumer today, you're going to pay 11 percent. You have inflation of less than 4 percent and that leaves you with a real interest cost of 7 percent, actually probably 7.5 percent. But for a half a percent, we won't get into an argument.

**MR. C. MANNESS:** What's your solution; how are you going to bring it down?

**HON. V. SCHROEDER:** The Member for Morris says, how are you going to bring it down? I guess it's the same way we're going to bring the price of grain up. You know, every quarter of a century or so we have to have a Federal Tory Government to remember why we didn't need them. You know, we've got that period we're going through right now. He says the Federal Government has the credit for the interest rates. Then surely they can take the credit for that as well. I'm not sure that the Federal Government is responsible for those interest rates. I think it has something to do with other world conditions as well, but it was the member . . .

**MR. H. ENNS:** I thought Ronald Reagan had something to do with it too.

**HON. V. SCHROEDER:** But if we had the same real interest rates in Canada that Ronnie has got in the United States, then I think the member would have a valid point there.

In terms of the calculations that we have had . . .  
. . . I think so.

**MR. CHAIRMAN:** Order please.

**HON. V. SCHROEDER:** The notion that we should leave our potash in the ground so people have to boost the price for grain in the Third World countries as a long-term policy. It's an interesting concept. It's one that maybe you should pass on to your Saskatchewan brothers and sisters who are in the position where they are supplying a good chunk of the world's product.

**MR. H. ENNS:** They're closing their mines.

**HON. V. SCHROEDER:** Well, they're certainly wanting to sell every particular ton of potash they can sell. They're out there busy trying to sell potash, but you're saying to us, don't do it.

Your friends there in Saskatchewan were hollering blue murder and making all kinds of threats about what they would do if we opened a mine here in Manitoba. You know, they didn't say a thing when a new mine was opened in the Soviet Union. They didn't say a thing when there was a new mine opened in the Middle East. They didn't say a thing, even when there was a new mine opened in New Brunswick, but somehow their neighbours, friends, cousins in Manitoba don't have the right to look at opening up the best undeveloped mine site in the world without having that kind of an attack from our friends in Saskatchewan. That's quite incredible.

We have their friends in Manitoba sitting in the House here telling us not to go ahead; and on what basis?

They say, well, maybe the numbers won't be right. We have already said that we will not proceed until we are satisfied - and we are getting the best advice available in the world - unless we are satisfied that we will be making a profit in the long term on this potash mine.

The member refers, erroneously, to the proposition that you can tax them at whatever rate you want, referring to IMC, because he was a member of the government that passed a change to our taxation legislation which took that right away from us. — (Interjection) — Oh, yes, it did. What it did was it tied this particular industry to a number of other industries, when it had been all on its own and you could have moved it up, down, or sideways, on its own without affecting anybody else. That amendment effectively - (Interjection)- Oh, yes, we could change it now. That would not have happened had they been in office, because that was, not only part of the statute, it was part of your agreement with IMC. To suggest that you could have done it under that agreement is simply a misreading of history again. You could not have done it. So there you are.

He says that the reason they're concerned about Hydro is there's not going to be a profit; there won't be a profit. What that tells me is they would not have proceeded with the NSP contract, or with Limestone. I've said this before, but I'll say it again. You people are very subjective about Limestone. You don't like the idea that the socialists are doing something for the economic advancement of Manitoba. You would like to see us fail.

We, on this side, are probably just as subjective as you are. We think we are able to make decisions that make sense for Manitoba, and we think we have an agreement there that is in the long-term best interests, economically, of Manitoba, and we are proceeding. We're subjective; you're subjective.

The only objective body that has looked at that sale says that we were right, not you; they said we were right. You had the right to go to the National Energy Board, a Tory-appointed board, a Conservative, federally-appointed board, and say to them, they'll never make a profit; they're going to lose money on it. You could say all those things. You could say the things the Member for Lakeside said about the agreement, that it was illegal. This afternoon, he was on to the illegal thing. Well, he had that illegal thing at the National Energy Board. The National Energy Board didn't pay any attention to that, basically said there was no problem.

The National Energy Board, after hearing the Conservatives, after hearing the New Democrats, after getting it put through their own experts, said we were basically right, that the Hydro numbers in the range of \$400 million in 1984, at that time, were the numbers they said, roughly, would be the profit of that sale, 385 in 1984 dollars, if we had the two-year advancement. If we had the one-year advancement, it would be a \$365 million profit.

Stop and think for a minute what you would have done if you were the government and you had that information in front of you; you had a decision to make to either proceed with the contract and the \$385 million; the contract and the \$365 million; or no contract and no 365 million; no contract, no \$385 million, and the only risk being the advancement of this dam, the

advancement of the next series of dams and the inability to sell interruptible power in the meantime because you've got this contract. Those were the risks.

We said, based on what we have here, based on what we know roughly it's going to cost us in those areas - those were all factored in by the National Energy Board - they said it would be profitable, it would be in the interests of Manitoba to proceed. So we proceeded.

Here we have the Opposition saying today that was a mistake; there will be no profit. Clearly, from that, one could argue, as well, that then there's no logic in proceeding because, if there was no profit, we shouldn't have proceeded. If we have to go beyond proving with an objective outside body that we can do it at a profit, what do you want us to do? What would you have wanted the National Energy Board to tell you in 1984-85 before you would have agreed that it made economic sense?

What kind of responsibility are you fulfilling to the taxpayers of Manitoba when you say, based on the evidence you have, that you would not proceed? I think that is not in the interests of taxpayers. That is exactly the kind of waste of taxpayers' money that all of us are so opposed to, but you pretend to get so indignant about.

In terms of our calculations today, as to the costs of production at that site, and they've been worked over for quite some time, our calculation is that operating costs would be roughly \$25 per tonne. Transportation to seaboard, to Vancouver, would be roughly \$40 per tonne and the return on capital, assuming a return at 10 percent, would be \$30 per tonne.

Of course, as I said, we are in the course of determining where we will be going in terms of decisions. We're not in a position to make a decision at the moment.

I'm going to take up the issue of providing studies. Obviously there's some confidentiality when we're in the middle of negotiations and discussions. Certainly, I would like to work out some format which provides for input, discussion from the Opposition in terms of the finalization at the end when we're making the decision to go, to have people, if at all possible, involved in terms of seeing the numbers, the studies, the background, on what basis it is that we're make a decision.

On the Hydro issue, we had that opportunity. We were able to go through the whole set of proceedings. People were entitled to put their questions to an independent body. Maybe it would be nice if we had that kind of an independent body at the end of the road with this, but I don't believe there's any such specific function set up. I'm going to be talking with staff about how we can do that in terms of making sure that we're protecting our commercial interests without putting people completely in the dark at the end of the process.

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

**MR. C. MANNES:** Thank you very much, Mr. Chairman.

I'm glad that the Minister brought the discussion back to potash and I guess probably the essence of the

questions that we posed to him over the last hour he answered to some degree in his last four or five sentences.

I'm glad to hear that at least he realizes we have a major role, as the Opposition, in not only questioning and trying to bring forward a better understanding of the methodologies in place and also the assumptions of some of the major factors associated with trying to determine whether or not a potash development for this province is a proper course of action or not.

It seems at least he's prepared at this time to enter into some dialogue. I was worried, Mr. Chairman, in listening to the Minister for the last 20 minutes that, indeed, he was going to again attempt to sell, not only members in Opposition, but people in the province on the merits and the ideas associated with a major development of a mine on the basis of pure baffle-gab.

Mr. Chairman, there was something the Minister said early on in an answer to the Member for Lakeside when we were talking about how does one determine when it's the right time to become involved and expend millions and hundreds of millions of dollars into an activity like a mine.

The Minister used the term "catch a wave recovery," and I understand what he means by using that term. Those of us in the business world, and particularly those of us in the agricultural community, are familiar with these boom-bust cycles in numerous economies.

Indeed, I can tell the Minister I came into farming at relatively the same age. I came into farming three years after those who were three years older than me, who came in at the top and were subjected to, after they'd gone into a whole school of debt, the terrible grain prices of 1969, 1970 and 1971. So, Mr. Chairman, I identify with the Minister when he says "catching a wave." Yes, it's great to move into something on the recovery stage.

Mr. Chairman, I'm no different than you. I've been in this House for almost five years and I've sat painstakingly through committee after committee in Room 255, going over reports, after report after report of government initiatives into a whole slew of areas and, Mr. Chairman, I'll ask you, and of course you can't answer, but how many waves have governments and, particularly the NDP Government, caught in the space of being government 13 out of 17 years? How many waves have they caught? Mr. Chairman, what they've caught is the back of the board in our necks. One out of all those areas, Autopac is the only one, the only time that I have a chance to review it, Mr. Chairman, where they've caught a wave, and of course what that has done is it's kept our premium money here within the province to be directed into some pretty good community institutional buildup, and I have no argument.

I don't want to take the discussion off potash, but the Minister says "catching a wave," and so when he tells us to accept, take his word for it, that there are economics associated with the development of a potash mine in this province, then surely he has to be prepared to lay before us almost all the material associated with economic analysis that provides him with some confidence that it's worthy, not only of further study but, indeed and within a year or two, of major contribution of public capital.

Nowhere, until the last few sentences did the Minister share with us, finally, some of the broad parameters,

some of the broad assumptions that have gone into the decision in his mind that this whole project is worthwhile in pursuing. Of course, Mr. Chairman, the function of the discussion right now is to convince the Minister to lay before us right today more of the detail and more of the study and the analysis that has gone into the government's decision to this point in time because, quite frankly, the history of this government being involved in public-private enterprise is so dismal that they can't catch a wave; they can't ride the board. Let me tell you, Mr. Chairman, you can't blame us for wanting to know an awful lot more about the project.

I found it strange that the Minister would attack some of the commentary made by my colleague, the Member for Arthur. I think that some of his facts maybe he had set aside; but he didn't attack, he didn't even discuss some of the very profound statements that my colleague made. It falls into the area specifically of why do we ever want to be caught in a position where we're exporting inputs that, in the long run, will end up helping other people compete with one of our major pieces of economy - Mr. Chairman, grain producers.

I don't know if it's well-known; I've taken it up with federal counterparts, but we, as you know, were discussing sugar beet pricing in this House and protection for sugar beets over the last year. Mr. Chairman, I just found out over the last two or three months that our Federal Government, the Conservatives and indeed, before that the Liberals, through CIDA, were directing large amounts of money to Cuba to purchase fertilizer so that they could produce sugar more cheaply than they already were.

I don't want to see that happen in this type of situation, whereby we're going to send product into the world marketplace at a return which is questionable; and at some years, in some cases, particularly today - and I realize the mine isn't producing today and won't produce tomorrow - but at values that are not going to return anything to the province, and furthermore are going to cause an ever growing glut of grain.

So I think my colleague, the Member for Arthur, made a very legitimate argument and yet the Minister chose not to comment upon that; but he did choose to comment upon Saskatchewan and how it was that they would be critical of us considering going into a mine. Yet, he says, they say nothing about New Brunswick.

Mr. Chairman, the Minister told us, by his calculation, that our transportation costs would be \$40 a tonne. That's right, that agrees totally to what we have been able to develop. New Brunswick's new mine - do you know what their cost is to seaboard? \$4, Mr. Chairman, and the Minister asked the question, what are their operating costs? Good question. And the former Minister, who I know would love to enter into debate, talks about the high grade ore, and that's a legitimate argument. But we're asking how all these different factors, and the various weights they have within the determination of the ultimate net revenue, how they all come into play; and that's why, until the Minister provides us with all that detail, we will sit here and continue to be skeptical and continue to say to the Minister, you will not be able to catch the wave because we don't believe you have the expertise to do so.

So, Mr. Chairman, I think all three of the arguments that have been put up to this point in time - and I won't say arguments, I'll say points of discussion - are all

directed to one specific goal and that is to convince the Minister of Energy and Mines to provide us everything he has at his disposal associated with the analysis and the costs that have convinced him and the government, to this point in time, that they should continue to pursue actively the consideration of putting into place a potash mine in this province.

The Minister has told us about three major world consultants who are leading us, who are leading us supposedly. Mr. Chairman, I want to see that material. I want to see for my own edification how it is that world consultants have put into place a model which can predict grain prices or the viability associated with producing grain in the 1990 to 1995 period.

And I know, Mr. Chairman, that the world grain trade situation may change drastically in 10 years. We may not recognize it. Maybe every country in the world will be producing grain, and they'll be coming and looking for inputs, not only technology but certainly all fertilizers. Maybe there'll be policies in place within these countries, that regardless of the cost, that they will somehow want to produce their own food and I recognize that. But, Mr. Chairman, if you believe in that, somehow you have to capture that belief in the form of some formula or some numbers. We're just asking for an opportunity to share with the government whatever it is they have with respect to those types of analysis.

**HON. V. SCHROEDER:** Mr. Chairman, I'm told that there is some information that we don't have the right to make public because we pay for it on a subscription basis, people farm it out or sell it on condition that it not be passed along because then it tends to cheapen the product, I suppose. There are other areas where we have paid 100 percent for the studies and we would expect that we will be able to make those available, with the one caveat being that if there is anything sensitive in terms of the commercial negotiations ongoing that we would want to withhold that at a specific time.

A couple of points. I just want to emphasize one thing, I was not being critical of the previous Conservative Government for spending hundreds of thousands of dollars of taxpayers money on the IMC project. I think it made sense at the time; I have no criticism of that, I had no criticism and the NDP didn't have criticism of the government entering into that project. The only area where we had some measure of disagreement, or I had some measure of disagreement, and I wasn't the Energy critic or Mines critic at the time, was the taxation issue which I had already raised.

The member indicates that he would be skeptical until he sees the information and I guess the point I was making with Hydro was that even after you had the information, after the Opposition had the information, still continued to say, even after an objective, independent outside body reviewed that information, we still get members of this Legislature, the Member for River Heights recently referring to it as "lemonstone" and that sort of thing. When the objective information is there and available and people can . . . At that stage you do have to make a decision. I don't pretend to be an expert on potash, nor do I think anybody else in this House would consider himself

or herself to be an expert on potash. One has to look at the best available advice and make one's decisions based on that. I think that where, to the limit possible, we should be sharing that kind of information, because it is a very important issue for Manitoba's future. I don't like to see us in a position where, if it appears that we are withholding information that can be useful in terms of discussing this kind of an issue rationally.

I mentioned the dollar numbers per tonne of costs. Those calculations are based on Kilborne's calculations. I'm told that, just as an example, and the member raises the New Brunswick mine as an issue, in New Brunswick the operating costs are in the range of \$80 per tonne. It's a new kind of technology being used there; it's very expensive and in addition to that, of course, they have capital costs and so on. So their costs certainly are overall higher than they would be here. Our total cost of \$95 is at the present time, and if it could be delivered within that in real dollars, it would make the mine profitable in the sense that right now the price is \$75 U.S. per tonne and this works out to \$95.00. The U.S. dollars converted into Canadian is just over \$100, \$103 or something like that. So that it's not out of the realm of the possible that one can make a profit at fairly low prices because of the particular conditions of that mine.

It is important that it's 25 percent K<sub>2</sub>O as compared to a lot of Saskatchewan, or considerably below that, and none that we're aware of in an undeveloped mine that is as good as ours. It's proximity to the ground means less cost if it's developable; we still don't even know that. There may well be something structurally that makes it not practical to develop at the kinds of costs that we have initially calculated, that's why there's more activity going on right now to determine that. At first blush it looks like it's a good possibility. We have to look further at that aspect, at the engineering aspect on the one hand, on the other hand, at world forecasts. When we look at those forecasts you do try to look at what everybody is telling you and I certainly can understand the skepticism when it comes to forecasting.

I recall about a year, a year-and-a-half after we took office we had people from Alcan doing a presentation to us on forecasting of aluminum prices. They weren't doing their own, although they were doing some of their own but they were going to others who were claiming that they had expertise in that area. They showed how forecasters were saying, for about a three-year period, well the price will drop a little bit, and then two months from now or three months from now you're going to see that big increase, and it's coming, it's coming and it just wasn't coming, it never happened there for that long period of time.

One can't rely totally on forecasts, that's true. What we can rely on is that we will use the best available advice, No. 1; we aren't in it on our own, there will be probably be at least several other organizations with shareholdings in it, No. 2, for assurance, some assurance; No. 3, we will have a tax structure which I certainly hope will provide us with more revenue than the tax structure currently in place, or which had been proposed, I'm not sure whether that legislation ever did pass. Those are areas where I am as concerned as anyone else. I think the point that it doesn't make sense to produce potash at below cost in order to drive down the price of our wheat, I agree with that obviously.

If those are the numbers that come out, or if it's so close that you can't call it, then our decision is made for us. If, on the other hand, it's clear that by all reasonable calculations there would be a good profit, then I think we would be wrong not to proceed. On the other hand, between that and no profit, that's where the grey area is and the area where we will have, if it falls in there, then we will have a difficult decision.

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

**MR. A. KOVNATS:** Thank you very much, Mr. Chairman.

I shan't take long. I'm not quite as well-versed in potash as some of the other members here. But it does bring to mind, Mr. Chairman, and it's a little story and I think that we've all heard it but I'm going to relate it again, about the small country store in the middle of nowhere and a salesman drops into the store. Every shelf in the store has potash on the shelves; every nook and cranny has got potash; every part of the basement is full of potash; the back yard is full of potash. The salesman says to the storekeeper you must sell an awful lot of potash, and the storekeeper says, no, not really, but the salesman who sold it to me sells an awful lot of potash. It's a little bit of dry humour in this regard, Mr. Chairman, but it brings to mind who are we going to sell the potash to once we get it out of the ground? Are we just going to be storing it?

The Member for Arthur mentioned are we just going to take it out of the ground and place it on top of the ground? Have we researched the markets at this point? Are we going to start digging potash and then try to sell it? Have we researched the market to the point where we know who are potential customers? Are we going to be starting for new customers or are we going after the old customers, and if we are going after the old customers - the people who are using the potash - are we going to be able to convert them to buying from Manitoba rather than Saskatchewan? Is it going to be on a price basis? Are we going to go in and start cutting prices so nobody is going to make a profit?

I would think this is the reason Saskatchewan has had to close down some of their mines and cut back on some of their production in the last little while. The markets just aren't there. If they were, I would think they would be in full production.

I wonder if we are going to go to countries like Japan and South Africa and Saudi Arabia - and I use these just as an example because of some of the distasteful things about some of those countries. I don't want to get into a great deal about that, but are we just going to sell it to them on a cost basis or are we going to sell it to them or are we going to trade with them; are we going to barter with them? What do we have to do in return for these countries to take our potash? We can tell them it's better than anybody else's potash, but I guess when it comes right down to it, it's dollars and cents. Are we going to negotiate — (Interjection) — Yes. Are we going to negotiate with them on the dollars and cents basis? That's what frightens me.

I think the potential and - you know, I'm a team player and I don't care who scores the goals. The NDP can score them or the Conservatives can score them, as long as we score the goals and we win, and that's my attitude, but you've got to show me; we're all on

the same team here. You've got to show me we can score some goals, not just by digging the potash out of the ground and storing it, we've got to sell it. I don't want to sell my soul by having these countries using our potash. What do they want in return for buying our potash? It's got to be on a sound business sense. Are we going to have to go to Japan and make deals - if you buy our potash we will store your nuclear waste in Manitoba, things of that nature - or is it going to be on a strict basis of a business deal?

If you can show me that and some of these secret things that you are a little reluctant to show us as to the cost of production and things of that nature, you've got to trust us, Mr. Chairman. We have to be trusted to work together in this regard and to show us it is a viable operation. If that's the case, we'll work together as a team to the benefit of Manitoba but you've got to show me. I'm not from Missouri, I'm from Manitoba, but you've got to show me first before I can support this project.

Thank you very much, Mr. Chairman.

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

**HON. W. PARASIUK:** Thank you, Mr. Chairman.

I'd like to speak a bit on the philosophical question I think was raised by the Member for Arthur and then alluded to by the Member for Morris, because I think it is a type of dilemma. I think one should try and address that in this Legislature because I think it is very important.

The question is: should we be selling potash or inputs - agricultural inputs I think the Member for Morris called them - to countries like India and China? That may take away from our ability to sell them grain. I think it's an important question. We can ask that question about whether in fact we should sell aluminum to the United States; whether we should sell copper and zinc and iron to Japan. That can be asked about anything we export from this country. We end up buying Japanese cars and we end up buying material back as processed matter from the United States.

I think what you try and do is you try and look at those areas where you have comparative advantage. We have had comparative advantage in some areas in the past. We've had comparative advantage in the past with respect to pulp and paper. There are new developments taking place with respect to new hybrid trees in southern climates - it changed that a bit - although ultimately I believe northern softwood fibre will ultimately be very, very valuable in this world as people go to higher and higher quality white papers and a lot of the technical usages.

I believe we have a comparative advantage with respect to this potash; 25.6 percent K<sub>2</sub>O puts it at the best level. It certainly is the highest level orebody that has not yet been developed in the world. It is basically the same as the Esterhazy deposit which is the best deposit in the world to date. You compare that against a number of other mines in Saskatchewan that are a poorer quality ore.

They have a number of mines in the United States that are infinitely a poorer quality ore; ore that is also running out. We have situations in New Brunswick where



you have a poorer quality ore, less expensive transportation costs obviously, but some technological problems because instead of dealing with an orebody that is flat - bottom of a prehistoric sea - you're dealing with an orebody that undulates. It's almost like ribs on a skeleton and sometimes you lose the orebody. They've had technical problems there.

So we do have some comparative advantage relative to a number of other ore deposits in the world. I think it's important to take that comparative advantage to the final stage of decision-making. You may be able to catch the wave, but you should do your homework so you're in a position to do it. It would be wrong I think to see the wave developing and say oh now we've got two years of homework to do before we can make a decision. What's talked about is doing the homework so you're at a decision-making stage, because you could lose two years and then your competitors come in with a higher priced mine or a worse quality mine. I think it would be irresponsible from a Manitoba public interest point of view not to take the world's best undeveloped mine to the stage where one could make a development decision.

The Minister will have to deal with the questions of confidentiality and how much information can be given to competitors because people are out there competing. They'll say, what's the Manitoba position; we'll see if we can undercut by 10 percent. So there are some difficulties in the international field in that area.

Let me return to the philosophical question. I think it revolves around what your view of the world is. If you see the world as being a developed world and an underdeveloped world and the developed world will stay strong, produce everything and sell to the underdeveloped world; that's one extreme. It's an extreme I think has existed for far too long in the international world.

Ethiopia is underdeveloped. The people there are starving. They can't afford to buy our grain. Do we sit there and say well let's not help them develop some type of agricultural development so they can reach a stage, maybe where they wouldn't starve? So I think it's very important we work with countries, and I think people have on both sides of this House, to get them off starvation.

Historically, look at what we've done and I think Canada has contributed a lot through the green revolution. Underdeveloped countries like India and China, where you used to have massive starvation in the past, now are achieving levels of self-sufficiency because of work that was done in the developed world. I think that's a tremendous development for the world. It may make our markets more uncertain for grain, but I think it's a marvelous development and we have contributed to it and we should be proud of that.

Something interesting has happened with the green revolution in say India, because I've had some opportunity of speaking with the agriculturalists there. The hybrid varieties of grain improve yields, but they take more out of the soil, so you then require more fertilization. You are starting to build in a demand for fertilizer. Now do we cut off the fertilizer and hold them for ransom? I think it's a very major philosophical question facing the developed world.

I would prefer that we work in concert with the underdeveloped world to try and bring it to a stage of

development so that they are developing countries as opposed to underdeveloped countries, and hope that they would progress. I think if the underdeveloped countries progressed to a development stage and moved beyond that, that's better for the world and it's better for us, even in food consumption.

If you get the Chinese able to eat one meal a day as opposed to no meals a day, as opposed to one meal every two days, if they can develop more wealth within their country, they'll want to have two meals a day, they might want to go to three meals a day, they might want to increase the quality of their meals. Rather than eating rice soup they might want to have some meat in their diet. So you have some progression taking place and I think it's important for us to be part of that. You then start looking at how you can do it.

I think if you're dealing with countries like India or China - India is an interesting case - India has 750 million people. They project that by the year 2000, they will have over a billion people. It's a tremendous pressure on that country to produce food. They'll buy some; they'll have to increase production.

We know that they're building up this demand for fertilizer. Many of you are far more experienced as farmers than I am, but a lot of people have gone to nitrogen first, a quicker fix. After using nitrogen for about four or five years, they find that they need potash. They need to have some balance between nitrogen, phosphorous, and potash. So they do have plans in motion to increase their nitrogen consumption.

I think China is probably building about five ammonia plants for nitrogen fertilizer. India is doing the same, I think about five plants as well and the reason why they're doing that is they have natural gas; they've both discovered natural gas.

Phosphorous exists in the form of phosphate rock in a number of places in the world but there are really two major future sources of potash; one is Russia and the other is Canada.

Some other countries have bits and pieces of potash, but not that much. The Israelis and the Jordanians produce potash by evaporating salt from the Dead Sea, separating it. They've got some limits to expansion there, otherwise they won't have a Dead Sea; it will be really dead. So that's one option.

You've got the Americans; their resources are running out. You've got the West Germans, the East Germans and the French who have operated within very strict cartels. They've used the cartels to keep the price up. Canpotex, in a sense, has operated as a bit of a cartel in terms of exporting potash off-shore from the North American Continent. There's a bit of a contradiction there. The U.S. anti-trust law means that you can't administer a price for potash when you sell it in the United States. Ross Thatcher, who was Liberal Premier, was brought to court in the United States. There was an anti-trust suit on this a number of years back, accusing the companies and the Liberal Government in Saskatchewan of colluding to fix prices. So they can't fix price in the United States.

But they can administer price off-shore, and the price has tended to be about 10 percent or 15 percent higher for potash to Indian consumers than it has been to American farmers. I don't know if that's totally fair within the world if one is actually concerned about people being able not to make great profits, but just to feed themselves so they don't starve.

So I think it is an important philosophical question for us to address and I think we will gain in the long run by bringing up other parts of the world. We should pursue the green revolution. We should pursue the development of hybrid seeds. We should pursue the development of agriculture in these types of countries. I think that as their standing of living increases, they will in fact relate more and more to us.

They themselves have to make some hard choices. Do they want some security of supply with respect to potash in the future? If they're launching long 5, 10, 15-year development programs in agriculture, it will increase their fertilizer consumption. Will they tie that to a market trend? And there are different ways in which that can be approached.

But I think to come back to the philosophical question, the population in those parts of the world will increase and the demand for food will increase. There isn't any more areas that they'll open up for development. It's not like Russia where Krushchev tried to open up the steppes for farming. India doesn't have any land. It has no more land. They farmed that land for hundreds and hundreds of years. They've got to improve the productivity of it. The same thing holds true with China and I think we can be part of that process.

We can be part of that process, not just as do-gooders. We can be part of an overall philosophical approach to try to change the international economic order so these countries can lift themselves up by their bootstraps, and also do it on the basis of commercial terms because agricultural development is very important to them and if food production is very important to them, then they have to make some hard commercial choices themselves.

I think it's important for those countries to take time and do their homework so that when they make a market commitment, they're doing so on a commercial basis, not on the basis of charity. Food production is so important to them that they have to allocate their resources to do that.

So to address the philosophical question, I would hope that people in this House would not see this as being a trade-off between selling potash to someone and not being able to sell grain. There may be a transition - I hope not - because I believe that as these countries do increase their standard of living, they will consume more. That's been the history over the past ages and I think we should feel confident in that approach.

**MR. C. MANNES:** Mr. Chairman, I'll make just a couple of brief remarks and I guess rebuttal, although not seriously disagreeing with a lot of the comments made by the Member for Transcona because he made some very sound arguments. I'm sure it provided to all of us some thought-provoking commentary within this whole area.

The former Minister had two themes, and that was you could look at it in the philosophical sense or a pure economic comparative advantage sense. Mr. Chairman, on the philosophical sense, I just want to say to members of the House, we here aren't advocating that we shouldn't feed a hungry world or take up our responsibility in that gesture. I guess what we are saying is we would hope it wouldn't be at a loss, it wouldn't

represent a loss to the taxpayers of this province because saying that, if it is going to be a loss to the taxpayers in this province, then maybe we're better to promote our own food producers and send our wheat out to the world at a loss and feed the world that way. That's another counter-argument.

Or, if we're interested in doing that, let's open the borders up of this nation and let's help other people, not just food producers in Third World countries, but textile producers in Third World countries, too because that's another way of helping them capture their share of world wealth and allowing them to feed themselves, not once but two times a day.

The comparative advantage argument though, Mr. Chairman, is a very important one because it has an extreme bearing in this gray area, as the Minister says. If the economics come out where there's a 50-tonne advantage to being involved in the production, then it's not a hard decision. But if it's between zero and whatever, it becomes a grey area and it's difficult.

The former Minister talks about comparative advantage. Mr. Chairman, this nation had comparative advantage in quality of wheat production for 30 or 40 years. It still does today, but it's eroding very quickly. You can go to Britain today where technology allows them to pull the protein out of very poor quality grain, 9 percent, 10 percent, take the quality out, the protein out and make bread as if they were using the very best prairie grain. That's what technology can do.

We can talk about the land mass, Mr. Chairman, but this green revolution of which the former Minister talks about is so evident that I question whether we'll need all the land. I really do, in 30 years. You just have to visit Epcot and see what is being done in agriculture, and you'll begin to question whether we'll need all the land that we have in existence today.

So, Mr. Chairman, we are caught into this ever-increasing cycle of technology and, like the former Minister says, yes, we've got to see that wave developing and we've got to grab it early but, when we throw in the other dimension of technological change which is acting so quickly at times to remove the comparative advantages which could be very real, then you throw in a whole new dimension and make the decision factor, associated with whether you go ahead on behalf of the taxpayers or not, even more difficult. That's the only point that I wanted to put on the record. It's not in any way to disprove what the Member for Transcona said, but I think which causes those of us on this side to have even greater concern and wanting to give a more vital portion of the whole decision process that this government is going to be working toward, whether or not we, as a province, enter into this major expansion in the mining area.

**HON. V. SCHROEDER:** Mr. Chairman, fairly briefly, just one or two points with respect to Esterhazy, the Member for Transcona raised it as well, pointing out that it is the lowest-cost mine in the world. I'm told that, because of that, they're operating at between 80 percent and 100 percent capacity right now when other mines are down, some below 60 percent capacity and so on. That, we believe, is a very profitable mine. I put that out, and of course that's the one that's next door to the one that would be proposed here.

I appreciate the remarks of the Member for Niakwa in terms of salesmanship. It reminds of the story that Allan Blakeney tells in Saskatchewan, where he says he can't understand how Manitoba is in a position where it's able to sell potash that's still 400 feet in the ground when Saskatchewan is unable to from the docks in Vancouver. Maybe, there's something wrong with their sales approach. Of course, there's always somebody who is able to sell a product, and we're doing our best.

One of the problems we have is, to go back on some of the discussions previously the Member for Transcona had, one of the problems we have is that, when we sell to the Third World, we don't sell for the same price that we sell to the corn farmers in the United States. We add on right now with the cartel here in Canada. We say to India and we say to China, we're going to nail you extra, beyond what we charge to the American corn farmer or wheat farmer or whatever. That is why, when we go to India or China, people are prepared to talk to us. I'm sure in the end it may well be that it will not be directly related to the market, although it could be, it depends on the agreement we arrive at.

But there could be something based on cost of production, reasonable profit and takeup so that those people get out of that system where they're forced to take product at beyond world price, which I don't think is particularly fair. In terms of the ethics of it, the morality of it, I think there's some real question about that kind of activity where, for the wealthiest countries in the world, we say a low price. For those who need it to feed their people, we say a higher price, because we have the power there to implement that kind of a regime, a cartel.

In terms of secrecy, as I've said, we will do our best to make available and quickly as much information as possible. I would just add that I sometimes wish the Member for Niakwa would have felt that way when he was sitting on this side of the House, when I was over there practically in his seat trying to get a copy of a lease which had expired 20 years ago, and I was refused it, a potash lease.

**MR. H. ENNS:** Mr. Chairman, I think all of us appreciated the debate the last few minutes. I want to come back to some of the hard information that the Minister gave us.

But not to leave the subject matter raised by the Member for Transcona, the debate that he entered into with my colleague for Morris untouched, let me say that there was also of course in all of this developing of the poorer nations of the Third World, another element that's at stake. There needs to be a degree of political stability and a degree of - might I say it, Mr. Chairman - freedom to enterprise. It's interesting to note that the countries that he particularly had some experience with, India, despite its massive problems of populations and old land space has, by and large, maintained a fair amount of decision making in the hands of, in a decentralized way, individual farm families or co-ops or ag centres that were able to adopt some of this new technology. Of course, China's relatively recent substantial improvements in food self-sufficiency, in my judgment, are correlated to slightly different political winds blowing in that country as well which seems to work.

I remind the Honourable Member for Transcona that, as regrettable as some of the practices or incidents that occurred in Africa during colonial times, one of the incidences that rarely did occur was starvation. When he raises the question of Ethiopia, I must leave on the record it is as much their choice of political system, the Marxist political system, that has contributed substantially to the difficulties, not alone entirely of course, but substantially to the disorganization, to the starvation that takes place in that country.

Well now, Mr. Chairman, the Minister did give us some hard information. He talked about, for the first time by the way, Mr. Chairman, that it would appear from some preliminary information that product could be produced at the level of some \$95 a tonne. I'd like to ask the Minister, if we're getting this kind of information and if we could - you know, we've thrown our barbs at each other. What kind of information does he have, does the branch have - and he must have - about the situation just across the border in Saskatchewan? Because I want to tell the Minister, Mr. Chairman, that it doesn't matter whether it's a Conservative administration or a New Democratic Party administration or a Liberal administration five years, six years or eight years in Saskatchewan, whatever the administration is, whoever the Minister is, will be under tremendous and the same pressure to reactivate idle mines, put 400, 500, 800, 1,000 Saskatchewanians back to work in an effort to retain (a) their traditional markets, for them traditional, as opposed to new ones that we are hoping or seeking to capture.

I would think that surely one of the results of the - and I say somewhat regrettable rhetoric that flew across the border there, some months ago or a year ago, the initial announcement about Manitoba's interest in moving towards potash development, there were some, I think, regrettable things said on either side, as far as that goes.

But the hard economic facts are that if - and I don't think we can fault any Saskatchewan Minister or government. If they are sitting on a multi-million dollar investment that is shut down or closed or idle right now, what can they put on the market or what is your best guess or what is our consultants' best guess? Will they put on the market potash at \$75, \$80 or \$85 to keep us out of the markets? These are the kinds of hard questions that I think this government and this Minister have to be asking themselves and researching right along with whatever development work is currently being committed to.

**HON. V. SCHROEDER:** Mr. Chairman, I'm told that the costs of operating capital, transportation, etc. for the proposed mine we would have would be among the lowest as compared to the Saskatchewan mines. I presume that the one next door would be lower because of a lower capital cost incurred some years ago, but the rest of it, because of operating costs being less, because of the - this war; I just want to go back briefly to a comment by the Member for Morris which is well taken in terms of our wheat. I would say this is a slightly different thing because you've got an ore body which either has 25 percent, 20 percent or whatever of product in it, and if the rest of it is similar, you simply get a

lot more. That is, if the other 75 percent of the ore body is similar to somebody who has 80 percent of waste, then obviously you have a lot of efficiencies in this operation that could never be achieved at a lower proportion so that is a very key element to the cost-saving.

I don't have specific numbers other than - I'm told that our actual capital cost would work out to roughly \$234 per tonne. There's 2 million tonnes per year and on that basis, I'm told in fact that they feel it would be similar to that of Esterhazy.

**MR. H. ENNS:** The reference to \$234 million per tonne, I assume that would be the estimated total capital investment of bringing a mine on stream and that figure then represents - and I'm lost, Mr. Chairman, - a cost in what way? Is that married to the now known reserves of the ore body over a period of years because it's a little hard to equate that to anything that is relevant when we're talking about \$75 U.S. prices, \$95 hopefully in Canadian prices.

**HON. V. SCHROEDER:** Mr. Chairman, I had just received that number and I have some questions as well. First of all, it's based on an estimate of a cost of bringing the mine on of \$467 million total and an estimate that there would be 2 million tonnes per year production. If you divide those two numbers, that's where you get the \$234.00.

**MR. H. ENNS:** Well, Mr. Chairman, the Minister must help me through this arithmetic a little bit. I assumed correctly that's what that figure related to; total capital cost per tonne \$234.00. How does that price relate to the prices that he just quoted, \$95 for selling, I believe it was a short tonne we're talking there. You have a \$30 factor; you gave us some figures earlier on about a \$30 return on capital; \$40 transportation charges; and \$25 production costs, adding up to \$95 a tonne. I would agree with the Minister that at today's U.S. prices, \$75 a tonne brings that up to pretty well a break-even situation. That's a long way from \$234.00.

**HON. V. SCHROEDER:** Let's start over. We've got a mine producing 2 million tonnes per year. The cost of that mine is \$467 million. At 10 percent, that works out to \$23.3 per tonne, plus there's administration and selling which is how we arrive at the \$30 per tonne, which is the 10 percent repayment on that capital portion. It's a rough rounding-off. — (Interjection) — No, it's amortized over 30 years.

**MR. H. ENNS:** Mr. Chairman, the Minister also initially indicated the fact that the public contribution of \$5 million is there and in place purchased 49 percent of the share of the property. Can the Minister be more specific about the property? Did the Crown own any of the leasehold rights on that piece of property? Was this private land that we are talking about? Mr. Chairman, I'm seeking genuine information. I'm not aware of the details of what we have as a public purchased for the \$5 million. I'm aware that we've purchased 49 percent interest; interest in what?

**HON. V. SCHROEDER:** Yes, I'm told that roughly 30 percent of the property was Crown land on which

Canamax had the lease, which of course they would be entitled to keep, as long they do their exploration programs in accordance with the lease agreement. That means the other 70 percent were privately owned.

**MR. H. ENNS:** Does the Minister refer to the land and mineral rights, the remaining 70 percent having been in private hands? I'm trying to ascertain what the \$5 million really put together for us.

**HON. V. SCHROEDER:** Basically, the Crown didn't have any of the mineral rights. There was 30 percent it had leased out to Canamax and the other 70 percent was owned by people other than the Crown. I don't know who owned the land although I'm told that some of it, the land and mineral rights, was owned by Canamax and Dome Petroleum.

**MR. H. ENNS:** Mr. Chairman, we will look forward to having the Minister provide us with as much information as he can in this undertaking. We have very severe concerns about the wisdom of entering into this kind of undertaking at this time, I'd say for 101 different reasons. There would be a different set of circumstances, of course, that would apply if one had a little clearer vision through that crystal ball to see what was happening, both in terms of the very important commodity that this product services, grain, and in the mining of potash in itself.

Then it's a question also of prioritizing it with our capability as a province. We have, under your administration, some would say, severely over-extended ourselves to the point that credit rating agencies keep reminding us of and doing so in a painful way, I might say. Mr. Chairman, I'll leave that debate for another occasion, and we'll have those debates.

The harsh condemnation that this administration deserves from time to time is we're not talking about doing something to create jobs in Manitoba. We're not talking something about - as the Member for Transcona would like us to do and I have no objection to doing that, to being part of a greater vision of how the world ought to be five years or 10 years from now.

You are telling the people of Manitoba that the profits of this venture are going to make life a lot better for Manitobans. That's what you're telling them, just as you're saying the profits that we're going to get from the NSP sale or other Hydro export sales are going to make life a lot easier for us Manitobans; the profits that you get from ManOil are going to help me pay my taxes on my farm, or help my children get better education opportunities and better health services in this province.

That's the cornerstone against which all of this has to be viewed. There are, after all, occasions when it may well be sound government policy and governments of different political philosophies have entered into it with a clear understanding that, yes, even though this is not necessarily a profitable venture, not all things should hinge on profit, but it's worthwhile for social reasons or other reasons.

But that is not the way it is being sold by the New Democrats in this province. We had that clarion call from the '81 election. We are holding out the hope to Manitobans that the profits of this potash are going

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to reduce the taxes on Mrs. Jones' home living on Dominion Street or Goulding Street, or in Transcona; that the profits we make from ManOil are going to prevent farmers from going bankrupt. It's against that kind of setting that you get the kind of opposition that you get from us on these issues.

Mr. Chairman, we are a long way from seeing any profits on any potash development in Manitoba. Fortunately, it would appear, and I believe the Minister and the government, we are somewhat away from making a major decision with respect to potash development. That's coming mid next year.

Again, that's not the way it was sold when the former Minister of Energy and Mines made his announcement of a world-class potash mine. The impression is left that the potash is going to be rolling off the mine in a matter of months. — (Interjection) — We sat on it, and we didn't get off it and we didn't develop it until we knew that the taxpayers' money was secure. It's just that simple.

Mr. Chairman, we're pleased that we have had this opportunity of putting on the record these concerns. We'll see how well they will weather over a period of time.

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Item number 2.(a)(1) - the Honourable Minister.

**HON. V. SCHROEDER:** I had assumed that the Opposition would give up now and we could go on to other things, but if not . . . I suppose the problem I have is that at the end of all of those statements the Opposition makes about saying they want information, I can appreciate them wanting information. If I were

there, I would want information, too. But at the end of it, I would hope that this time they would be maybe a little more gracious losers when the numbers come out and, objectively, it demonstrates that whatever decision we take is the right one.

Just like the last time around when we did it with Hydro. There we were, we objectively proved to an independent outside body that we were right. — (Interjection) — We seeded the crop. Now we're going to provide them with some information tomorrow as to how the crop is coming along. But we had to make the decision when we made the decision because, otherwise, we couldn't advance Limestone.

The same thing is happening here. What you're saying is, gosh, maybe we should not even look at this because we don't know the answers. Of course we don't know the answers. That's why we're looking. We're trying to find out what the answers are. We're making the decision to look now at the time when we have - as the Member for Transcona indicated - this is the time to be making sure we are positioning ourselves so that if the market is right, if market conditions are correct, we can proceed. That will be done on as objective and as logical a basis as we made the decision on Limestone and NSP.

Again, I just hope that this time when you lose, and when the numbers come forward showing that we're right again, this time you will stand up and say (clapped his hands).

**MR. CHAIRMAN:** Are we going to pass this item?

**A MEMBER:** No.

**MR. CHAIRMAN:** The hour being 5:30, I am leaving the Chair and will return at 8:00 p.m.