

THE LEGISLATIVE ASSEMBLY OF MANITOBA  
8 p.m., Monday, April 26, 1976

GOVERNMENT BILLS - SECOND READINGS

BILL NO. 42 - AN ACT TO AMEND THE SOCIAL ALLOWANCES ACT

MR. SPEAKER: We are on Bill 42, proposed by the Honourable Minister of Health. The Honourable Member for Rhineland.

MR. ARNOLD BROWN (Rhineland): Thank you, Mr. Speaker. I have studied this bill and there don't seem to be too many controversial issues raised in this bill. The main issue seems to be respecting Child Day Care Services which came into force on the 29th day of December, 1975, and this bill is going to make this regulation retroactive as of the 1st day of August, 1975. I am prepared to let this bill go to committee, Mr. Speaker.

QUESTION put, MOTION carried.

BILL NO. 37 - THE CORPORATIONS ACT

MR. SPEAKER: The Honourable Minister of Agriculture wish to proceed with Second Readings?

MR. USKIW: Yes, Mr. Speaker.

MR. SPEAKER: The first one is Bill No. 37. The Honourable Minister of Consumer, Corporate and Internal Services.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services) (Osborne) presented Bill 37, The Corporations Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister.

MR. TURNBULL: Mr. Speaker, I realize that members of the opposition would like some explanation of Bill 37, The Corporations Act, even though my own side here apparently don't need an explanation because I've done such a good job of explaining the provisions of the bill in caucus.

I have to remind honourable members that this bill was announced in principle some months ago and at that time there were both press releases relating the provisions of it and a brochure distributed which described the basic concepts that would be contained in the new Corporations Act.

In addition to that, when the bill was distributed to members a detailed printed commentary was also distributed along with the bill. That printed commentary does contain some specific explanatory notes related to the various sections of the bill.

Mr. Speaker, Bill 37 is certainly a significant bill for a number of reasons. It is designed to streamline procedures and shear away some of the needless archaic practices that have been a source of annoyance to businesses desiring to incorporate as well as to those charged with administration of corporate law.

It aims at redressing certain inequities that have worked against minority shareholders and their interests. One of its overriding objectives is to bring the province's corporate law into conformity with that of other jurisdictions and with present-day conditions.

As it affects over 24,000 corporations it is an important piece of legislation quite complex and highly technical in parts, and of far-reaching significance to the business community. Members would have had the opportunity last Thursday, if they'd had the admission fee, to participate in a seminar sponsored by the Chamber of Commerce which would have provided members with, again, some detailed information about the provisions of the bill.

The new Manitoba Corporations Act was prepared with a view to the following five basic objectives: 1) To dispense with meaningless formalities. 2) To provide increased protection to minorities. 3) To respond more adequately to the requirements of modern-day business. 4) To require increased corporate disclosure in the public interest. 5) To reduce administrative discretion in business corporations and streamline incorporation procedures.

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(MR. TURNBULL cont'd)

Honourable members, particularly the Member for Swan River, may well benefit from a short history of corporate law in Manitoba. Between the years 1932 and 1964 this field was governed by The Companies Act which remained relatively unchanged over that period. On November 16th, 1964 a new Companies Act was passed adopting the proposals of the Uniformity Commissioners of Canada as a proposed uniform Companies Act.

Since the 1964 Act was passed many changes have been developing in the corporate law field, particularly so in Ontario and in the federal jurisdiction. It has become apparent that our Letters Patent system steeped in paternalism, archaic functions and administrative detail, can no longer adequately serve the business community in its increased use of the corporate vehicle. Rather than attempt a patch-up job of massive amendments, it was decided to take a fresh look at what was transpiring in other jurisdictions. To benefit from their experience and to reach a decision on what was best for Manitoba, this is what has happened here in this province. A group of practising corporate lawyers along with departmental officials have spent the past three years studying changes in corporate law. The result of their endeavours is the bill being discussed here today.

During the ten years following 1964 little attempt was made towards uniformity, basically because of the division in Canada of five provinces operating under a Letters Patent system, and the remainder under a Memorandum and Article system of incorporation. However, in the last five years two significant changes have taken place in the corporate law field in Canada. In 1970, Ontario, one of the two major Letters Patent jurisdictions enacted a hybrid Corporations Act based on the New York Business Corporations Act which more closely followed the Memorandum and Article system in Canada rather than the Letters Patent one. In 1975 the other major Letters Patent jurisdiction, namely the Federal Government of Canada, enacted a new Canada Business Corporations Act which came into force on December 15th of the last year. Although differing in format from Ontario it is similar in many respects, being also a hybrid statute following the Article system which is rapidly becoming predominant throughout the industrial world.

With the departure of Ontario and the Federal Government from the Letters Patent field this leaves only Quebec, Manitoba and New Brunswick as the Letters Patent jurisdictions in the world, to our knowledge anyway. Moreover, Mr. Speaker, New Brunswick has been reviewing its Companies Act and a special committee has recommended that a new Act be drafted following the lines of the Federal Act. Also the Province of Saskatchewan has recently introduced a White Paper proposing a new Act along the same lines. With these moves taking place in other jurisdictions there now seems more hope of obtaining uniformity at least to a greater extent than has ever been accomplished in the past.

While our 1964 Act appears to be working reasonably well, it has not kept abreast its recent developments in usage and custom brought about by the increased use of the corporate vehicle. Therefore, the Special Committee of the Bar Association along with departmental representatives reviewed the field of corporate law.

Mr. Speaker, with some few exceptions the proposed legislation is taken from and is identical to the Federal Business Corporations Act. I think that this is meritorious for two reasons: First, I believe it offers the Legislature here some assurance that the provisions are relatively acceptable and conceptually valid since the draftsman has been able to take advantage of the experience of the federal people and the reaction to the federal legislation. I believe that the federal legislation is met with general approval across Canada.

Secondly, because Canada is a federation with business interests that transcend provincial and federal boundaries, it is my view that there is a great deal of rationale to a system which attempts to impose relatively uniform rights and obligations on corporate entities by conducting business in this country. Since this Act is so close in nature to the Federal Act and since the federal legislation is being adopted with minor revisions in other provinces in Canada, I think the goal of substantial uniformity is being recognized. Of course, for the record, Ontario and Quebec have their own quite different statutes so

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(MR. TURNBULL cont'd) . . . . that uniformity as such will continue to be an elusive goal. However, once again I think this legislation, because of its attempted uniformity is a step in the right direction.

Mr. Speaker, Bill No. 37 follows to a large extent the new Federal Act in order to bring about more uniform provisions. There are departures however in principle where the Manitoba Committee sought to improve the Act or where it was fundamentally opposed to a particular principle. The major departures in principles from the Federal Act are as follows: First, section 261 of the proposed legislation deals with the continuation of companies incorporated under the former Act into the new system. Unlike the Canada Business Corporations Act which requires an election by corporations within five years after proclamation, corporations are essentially automatically continued under the terms of the proposed legislation here and are given two years to clean up any matters which are inconsistent with the new Manitoba Act.

Throughout the Act there are automatic continuations such as par value shares, automatically becoming no par value shares, etc. I think this system is preferable to the Canada Business Corporations Act. The Manitoba Act immediately gives rights to minorities and persons oppressed by corporations. Under the Federal Act, corporations can delay such persons from obtaining rights by not electing to come within the new federal legislation for a period of five years.

There is a second difference, Mr. Speaker, which I can only relate to in terms of nationalism. The Federal Act provides rather that individuals who are going to be members of the Board of Directors of federally incorporated corporations should be in the majority Canadian citizens. Our Act as it's now proposed does not contain such a provision for Manitoba directors or a majority of them to be Canadian citizens. And that point I think might merit some debate and discussion by the Legislature and particularly perhaps the hearing of representations in Law Amendments Committee.

A third difference with the Federal Act abolishes the concept of authorized capital by permitting corporations to issue an unlimited number of shares for the same flat fee. This bill retains the present principle of authorized capital. It was considered unreasonable to incorporate the local grocery store for the same fee as a \$50 million mining endeavour. This change does not create any difficulties and there is little loss in uniformity.

A fourth variation, the Federal Act governs only business corporations and separate acts will be passed governing non-profit organizations, trust corporations, insurance companies, etc. The Manitoba Bill is a complete Corporations Act and specific parts deal with the respective types of corporations and financial intermediaries.

Mr. Speaker, with regard to disclosure, I would like to make some comment because I think it is a principle of the Bill that deserves consideration and discussion by members of the Legislative Assembly. In dealing with this legislation one of the most important decisions was the determination of the extent to which disclosure should be required by the corporation and those involved with it. Disclosure, Mr. Speaker, essentially has two sides. The first deals with the disclosure of the financial affairs of the corporation, and the second with disclosure of the individuals involved as nominal or beneficial shareholders and directors of the corporation. The disclosure requirements of the proposed Act are found in Part 10, supplemented by the investigation powers in Part 18 and further supplemented by Part 13 on financial disclosure.

The disclosure requirements of the proposed Act of primary interest fall under two headings. The first is the nature of disclosure required to be made to shareholders, and the second is the disclosure required to be made by the corporation, the directors and the shareholders to the public through the annual returns that are filed. I will not deal extensively with the first category, the provisions for which seem to be adequate at the same time that they preserve flexibility for the small corporations. Financial information is required to be filed only in the event that gross revenues exceed two million or assets exceed one million. However, that provision merely requires that corporations specify in the annual of corporate return whether revenues and assets exceed those amounts. The financial statements themselves are required to be filed pursuant to the

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(MR. TURNBULL cont'd) . . . . provisions of certain sections, particularly 154 which also requires the filing of statements with the director by corporations with revenue or assets less than specified, in those circumstances where the securities of the corporation have been part of a public distribution. The prescribed revenue and asset figures are arbitrary and based on the rationalization that the Canada Business Corporations Act requires such filing in the event that revenue exceeds ten million and the assets five million, but that for a smaller province the limits ought to be correspondingly lower. Mr. Speaker, I look forward to discussion of these principles with the Member for Swan River when I close debate and when we get into Law Amendments Committee.

Nevertheless, Mr. Speaker, regardless of what amount is set, whether it's the ten million amount in the Federal Act or the two million amount in the Provincial Act, these amounts are arbitrary specifications. However, I do not think they are open to much criticism. Specification of alternative lower figures would be as arbitrary and I think there is some benefit to allowing smaller corporations to avoid the necessity for filing as a matter of course. In fact, there is protection in the Act for unusual cases since under one section the Minister responsible for the Act may make a special order for further disclosure.

In the provisions setting forth requirements for the annual return, there is a requirement to disclose the name and address of each shareholder holding ten percent or more of the voting shares issued. The return also includes information about the directors and the place of business and nature of business. Disclosure, however, does not necessarily mean the disclosure of beneficial shareholding, but rather of registered shareholding. Beneficial ownership may or may not be concurrent with registered shareholdings. Limiting disclosure to registered shareholdings I think is understandable. Essentially it requires the corporation to disclose only what it knows from its register and not whether, for example, the shares are held in trust. However, even this limited disclosure is required only of the shareholders of ten percent or more of the voting shares.

Under another section, 123, the Minister may require a declaration with respect to ownership, but again only in respect of a registered holder of 10 percent or more of the issued voting shares. In very special cases the Attorney-General may conduct an inquiry into ownership and control pursuant to the provisions in certain sections of the Act, but it must be said that the power would possibly be considered reasonable only in the most extraordinary circumstances.

Mr. Speaker, I regard these provisions on disclosure, ones that I've referred to and others in the Bill, to be of particular importance in a province where the disclosure of ownership of a particular large northern corporation might have been of considerable interest and certainly in the public interest some years ago.

Turning to another important principle in the Act, Mr. Speaker, that of minority protection, I would like to indicate that the need to protect minority shareholders from oppression has long been evident. The proposed legislation deals with this problem in what I would consider to be a satisfactory manner. I understand that the concept of majority rule and of absolute freedom to contract are essential fundamentals in the development of our legal system. These concepts once were thought to be inviolate. Over the last 50 years, however, there has been a growing recognition that the rule of the majority and freedom of contract has been used as often to oppress those with less economic power as they have been used to facilitate private relations with business enterprises. The proposed provisions giving to minority shareholders fairly substantial rights are merely another step and a progressive step in the same vein as consumer protection legislation which protects the individual against the very large or more economically powerful or astute businessman - or business woman I suppose I should say as well.

There are several specific proposals which deserve special mention. The right of a shareholder to force a proposal to be discussed at a meeting of shareholders gives to individual shareholders the right to bring before those meetings matters of personal or social concern. We have lagged far behind the American jurisdictions which long ago have accepted the need to allow an individual's concern or voice to be at least heard if not acted upon in terms of the internal operation of the corporation, or more importantly,

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(MR. TURNBULL cont'd) . . . . the social consequences of the activities of the corporation. This kind of provision and right has been used in the United States in attempts to arouse the social consciousness of American corporations. While no one should be so naive as to believe that this kind of provision is the answer to the injustice, it nonetheless is a progressive step.

The new Bill will permit the incorporation of one-man corporations which exist now in fact, but have not as yet been acknowledged by statute. The incorporation of an ordinary business corporation is a matter of right, not of discretion, as long as the incorporator applies with the requirements of the Act. And that, Mr. Speaker, is a fundamental change in this Act as compared to what we now have. In the past incorporation has been regarded more as a matter of privilege than as a matter of right. The discretionary aspect of the grant of Letters Patent to business corporations has long since ceased to exist, the practice, and there is therefore no need to retain this principle in the law except in specific instances such as trust corporations, loan corporations, etc. The objects of incorporation as such are no longer a requirement to be stated, as a corporation is deemed to have the complete capacity and subject to the Bill the powers of a natural person. It is provided however that a corporation may restrict the business that it may carry on, should the incorporators so desire, or in the case of special types of corporations mentioned above, when required to do so by the statute.

Mr. Speaker, par value shares as such will cease to exist and all shares will be shares without par value. The actual amount that a company receives for the issue of its shares of each class will be placed in a separate account titled a stated capital account for that class. This will do away with the problems of issuing shares at a discount or a premium and with the terms contributed surplus, capital surplus, which have confounded both the legal and the accounting professions over the last few decades. It is also a provision, Mr. Speaker, which I think will make clear to those individuals who are participating in the acquisition of shares in corporations. It will dispel some of the confusion that such people might have with regard to what a par value share is actually worth when it really is only worth the proportionate value of the assets of the corporation.

The concept of no par value shares has been discussed with the federal officials over a period of five years with the Institute of Chartered Accountants of Canada, along with other professional accounting groups, and has been accepted by them as a more realistic manner of reporting corporate capital. Corporations will be able to purchase their own common shares, but subject to very strict solvency rules. And the directors will remain liable for any purchase which would impair the company's ability to pay its creditors.

The entire process of incorporation is being changed, as I said, and instead of applying for Letters Patent of incorporation, the incorporators will merely prepare in duplicate articles of incorporation which are filed with the department. Upon acceptance as to the corporate name and statutory compliance, for example, share conditions, the duplicate copy will be stamped and filed and a single-page certificate of incorporation will issue and be attached to the copy of the articles as evidence of the creation of a legal corporate entity. Similarly, amendments to the articles or the Letters Patent of a corporation could be affected by filing in duplicate articles of amendments to which will be attached a certificate of amendment, and the date of such certificate would be the effective date. Similar simplified procedures apply in cases of amalgamation, re-organization, trans-jurisdictional continuance and other examples. The entire administration procedure will be greatly streamlined permitting a more efficient utilization of staff time and faster service to the public.

The rights of shareholders vis-à-vis the management is strengthened in many significant areas. For example, if a corporation wishes to basically change its constitution such as by amalgamation, trans-jurisdictional movement, sale of a substantial part of its undertaking, or fundamentally changing a share condition, any shareholder who wishes to dissent may do so and require the corporation to purchase his share at a fair valuation. A rather elaborate procedure is set out in the Bill to ascertain the fair value of a share and goes so far as to permit the dissenting shareholder to appeal to the courts

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(MR. TURNBULL cont'd) . . . . if he does not agree with the price determined by the corporation as fair value. The shareholders may remove a director by a simple majority, submit proposals to be considered at an annual meeting and require the corporation which solicits proxies to include therein a statement of not more than 200 words in support of such proposals. A shareholder may commence a derivative action with the approval of the court, particularly so when the management of the corporation is reluctant to commence such action. The shareholder may vote otherwise non-voting shares in cases where basic rights of the shareholders, of the class, is affected by a proposed amendment.

So that, Mr. Speaker, there are as I have just summarized, fairly extensive rights of shareholders that are set out in the New Corporations Act in their relationship to the management of corporations.

Now dealing with the directors, it has been the statutory norm that complete powers of management are vested in the directors, and there has been judicial decisions which imply that in principle no departure from this norm is permissible. This Bill continues the practice of management by directors but permits shareholders by unanimous agreement to adopt a different structure of management either by a provision in the article or by a unanimous shareholders' agreement. This is a more flexible arrangement, especially for the closely held corporation, and one which will facilitate the smaller business corporation. The duty of care of officers and directors has been broadened in an attempt to upgrade the standard presently required of them. Not only must they act honestly and in good faith with a view to the best interests of the corporation, but they also must exercise care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The common law has imposed on practically every professional person such a duty of care, and there seems no logical reason for lowering such standards in the case of directors and officers who act in a judiciary capacity in regard to the shareholders of the corporation. By removing the statutory minimum of three directors from corporate law, the small family corporation will no longer need to have its lawyer or its accountant as a nominee director. As a counterbalance to the increased duty of care imposed on officers and directors, the right of a corporation to indemnify a director or officer is extended, as well as the right of a corporation to purchase an indemnity insurance policy on behalf of officers or directors. Directors will continue to be personally liable for wages of employees not exceeding six months, or improper payment of a dividend for the purchase or redemption of shares contrary to the Act, etc.

The position of the auditor of the corporation is strengthened. For instance, the management of the company and his removal from office is made comparatively difficult should management consider that the auditor does not reflect its views. In addition, an auditor or director who is to be removed from office may require a corporation to circulate a statement to the shareholders along with the notice of the meeting setting out the reasons for his resignation or the reasons why he opposes his removal.

Mr. Speaker, while the bill no longer makes a distinction between private and public companies it permits any corporation to restrict the transferability of its shares, thereby obtaining the same result. In addition, further disclosure requirements are imposed on corporations which offer their shares to the public.

As I mentioned earlier, Mr. Speaker, following the principle of the present Act, included in this bill are separate parts dealing with the incorporation of trust and loan corporations, insurance companies, non-share and non-profit organizations. You will find that Parts 21 to 24 inclusively, deal with such corporations. As these type of corporations are considerably different from the ordinary business corporation, there is a departure from the general principle that incorporation is a matter of right and not of discretion. Therefore, you find, for example, in Part 23 dealing with insurance corporations, that the incorporation must be approved by the Superintendent of Insurance prior to the issue of the incorporating instrument. These four parts are relatively unchanged from the provisions of the current Companies Act.

Part 25 repeats the provisions of the current Act with respect to the registration of corporate charges, and is placed at the end merely because this entire part will be

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(MR. TURNBULL cont'd) . . . . . repealed on the coming into force of the Personal Property Security Act under which the corporate charge will be registered, as well as all other types of charging instruments.

One other important change occurs in Part 16 under the heading "Registration". For the last hundred years extra-provincial corporations, that is corporations other than federal or Manitoba corporations, were required to be licenced as well as, since 1932, registered under the Companies Act, before carrying on business in this province. Licencing was the result of a paternal attitude of the department under which they either limited the scope of the extra-provincial company's power or placed a ceiling on the amount of capital that such corporations could employ in this jurisdiction. Registration on the other hand was designed to obtain surveillance over federal corporations carrying on business in the province, by requiring all corporations to be registered, that is, Manitoba, extra-provincial and federal. Any constitutional problem that may have arisen from requiring only federal corporations to register was effectively nipped in the bud. The committee has therefore recommended that all corporations be merely registered. In the case of extra-provincial corporations, the term "licence" will be abolished, although the effect will be the same as is the present case.

A Manitoba business corporation would be incorporated and registered simultaneously, while a federal or extra-provincial body corporate would be required to apply and obtain a Certificate of Registration authorizing them to carry on business in this province. The use of a standard term such as registration and applying it equally to all corporations is a serious attempt to streamline corporate procedures for the benefit of the business person.

Mr. Speaker, while this Bill 37 does not fundamentally alter or replace any basic principle of corporate law, it will introduce a much greater degree of both fairness and efficiency to the corporate field.

In closing, I merely wish to state that it is my hope that the Bill will result in a greater degree of democracy at the corporations' annual meetings, more responsibility in the directors' boardroom, and an easier avenue of redress for the minority shareholder who feels he has been oppressed by a majority decision. If these goals are attained, then the corporate climate in Manitoba will be improved and business persons, the small shareholder and the public in general will be the beneficiaries.

Mr. Speaker, I hope that these rather long explanatory comments have led members opposite to a better understanding of the 215 pages of corporate law which they now have before them, and with this explanation and the bill, and the commentary that has been distributed, as well as the brochure describing the basic principles of this Act, I hope that they can accept my recommendation of this Bill to the Legislature.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Mr. Speaker, just a question to the Minister. I wonder if the Minister would furnish us with a copy of his speaking notes. Could he do that?

MR. TURNBULL: Mr. Speaker, I'll have the handwritten parts typed out so that he can read them and certainly distribute them.

MR. BANMAN: Thank you, Mr. Speaker. I move, seconded by the Member from Brandon West, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: Bill No. 47. The Honourable Minister of Agriculture.

MR. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Stand that bill, Mr. Speaker.

MR. SPEAKER: Stand. Will the Attorney-General take his? The Honourable Attorney-General.

BILL NO. 52 - AN ACT TO AMEND THE REAL PROPERTY ACT

MR. PAWLEY presented Bill No. 52, an Act to Amend the Real Property Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister.

MR. PAWLEY: Mr. Speaker, this bill deals with amendments to the Real Property Act in the main. Portions of the amendments are as follows.

An amendment which permits the Registrar General to authorize Land Titles Office employees, other than the District Registrars, to sign Memorials, Certificates of Registration and Certificates of Title on behalf of the District Registrar, is opposed to allow them to sign Certificates of Charge, simply facilitating the process of delegating authority for signing certain documents in Land Titles.

Another section is added to make it clear that the District Registrar may require the filing of a plan where an application is made to bring old system land under the Real Property Act.

The other section is complementary to proposed amendments of the Registry Act. The purpose is to alleviate the adverse effect which the new Planning Act may have on the continuing flow of title on the old system to the new system, and also to make the subdivision control sections of the Planning Act effective insofar as old system land is concerned.

Another section deals with rewording to ensure that when all the land has been released, a final discharge will be registered. Occasionally, partial discharges of mortgages are registered which release all the land which has been mortgaged, but do not acknowledge full payment and discharge the mortgage in full.

Presently also, there is no provision for the registration of an easement by a railway company in connection with the construction and maintenance of railways. Occasionally it is necessary for the railway to have such an easement where it does not own the appurtenant land. Also, other sections are consequent upon the new Planning Act.

Another section anticipates the implementation of the metric system with respect to land.

The other amendment reflects the fact that the Public Trustee is the official guardian.

A new subsection re-enacts the former subsection of the Act under which the present provisions of the Act in regard to the court directing the District Registrar to issue a Certificate of Title pursuant to a Real Property Act application and the title of the applicant was not safe holding according to the abstract. The District Registrar would be in the position of issuing a guaranteed title where a third party had an interest which may not have been reviewed by the court.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Speaker, I beg to move, seconded by the Honourable Member for Brandon West, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: Bill No. 53 - the Honourable Attorney-General.

BILL NO. 53 - AN ACT TO AMEND THE REGISTRY ACT

MR. PAWLEY presented Bill No. 53, an Act to Amend the Registry Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister.

MR. PAWLEY: The attached bill amending the Registry Act has been prepared by legislative counsel in consultation with the Registrar General at the Land Titles Office. The bill is designed to enable the District Registrar to copy portions of the register where pages have been damaged. The records can thereby be kept in better shape without copying entire books. This section also eliminates the requirement that the Registrar General order the copying. The original section was prepared when there were separate registry offices apart from the Land Titles Office. It is now strictly a formality for the



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(MR. PAWLEY cont'd) . . . . Registrar-General to order the copying which has been initiated by the District Registrar.

Further a certificate under seals should be as valid as an affidavit by the District Registrar.

Another section is complementary to the proposed section of the Real Property Act Amendments which I just introduced, the purpose being to alleviate the adverse effect that the Planning Act may have on the continuing flow of titles from the old system to the new system; and to make subdivision control sections in the planning act effective insofar as old system land is concerned.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Speaker, I beg to move, seconded by the Member for Virden, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: Bill No. 56. The Honourable Minister of Agriculture.

MR. USKIW: Would you let that stand.

MR. SPEAKER: Very well.

MR. USKIW: Mr. Speaker, I move, seconded by the Honourable Minister of Tourism, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved into Committee of Supply with the Honourable Member for Logan in the Chair for Education and the Honourable Member for St. Vital in the Chair for Industry and Commerce.

SUPPLY - DEPARTMENT OF EDUCATION

MR. SPEAKER: I would refer honourable members to Page 19 of their Estimate Book. Resolution No. 46 (a) The Minister's Compensation, Salary, Representation Allowance. The Honourable Minister of Education.

HONOURABLE BEN HANUSCHAK (Minister of Education) (Burrows):  
Mr. Speaker, as the Minister of Education I must point out to you this is a difficult year. And all Canadian provinces are facing financial constraints, and ours unfortunately is no exception. If education costs continue to increase rapidly, the taxpayer will be required to assume a greater burden. On the local level, school boards have responsibility for limiting the burden of local property taxes, while on a provincial level, we in the Provincial Government have responsibility for minimizing the burden imposed by provincial taxes. We of course, Mr. Chairman, must recognize that we are talking about the same taxpayers.

However, our financial support to schools will be \$160.2 million, or an increase of 12 percent over the last fiscal year. In addition there will be an additional \$10 million in the Property Tax Credit Program to provide tax relief to local property taxpayers. Increased grants to school divisions coupled with increased education, property tax relief, will total \$26.6 million. And through these increases the Provincial Government will maintain financial support for approximately over 70 percent of education costs.

Assuming that 100 percent of the tax credit goes to education financing, then the provincial share to total school board expenditures has increased. An examination of the statistics shows the following. The portion borne by the Provincial Government in 1964 was 41 percent; in 1968, a year after the introduction of the foundation of the school grant formula, 51 percent; 1972, 71 percent; and 1976 still maintaining 71 percent level of support.

Our Department of Finance through an analysis of the Property Tax Credit Program reports that the average gross property tax per dwelling unit for 1974 amounted to \$364.00. The average property tax credit amounted to \$176, leaving an average net property tax of \$188.00. This, Mr. Chairman, demonstrates the relief for the property taxpayer that we had intended.

The per pupil grant will provide school boards with an additional \$10.9 million. The equalization formula will provide from \$20.00 to \$125 per pupil, based upon balance per pupil assessment. For divisions with declining enrolments, we will provide \$350 per pupil over an enrolment loss of more than 1 percent.

The small schools grant will provide over a half million dollars, \$550,000, an increase over the total relief grant of \$275,000. And this will be allocated to divisions with more than 10 percent of their student population in schools with an enrolment of less than 175. The per pupil print and non-print grant will increase by \$4.00 per pupil.

With the same financial constraints in mind, I instructed my staff to examine priorities within the departmental budget. As a result we held our departmental budget to an overall increase of 8.5 percent while at least maintaining, and in some areas increasing services to divisions and to teachers. Presently, Mr. Chairman, I will describe how my department through its reorganization managed to achieve this low a percentage increase.

But firstly however, I would like to restate the basic commitment of my government to a public school system which provides opportunities and programs on an equitable basis to all Manitobans. I have stated my government's educational goals often in this Legislature. But I feel that they require continuous repetition as they provide a context for the long range direction of my department.

Firstly, equality of educational opportunity. The school system shall provide every Manitoban with the opportunity for achievement, the opportunity to develop distinctive and diverse talents and skills.

Secondly, a comprehensive system of education. The public system of education in Manitoba should provide a program which will ensure a range of educational alternatives to meet the needs of those who wish to participate and to meet the needs of the Manitoba community.

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(MR. HANUSCHAK cont'd)

Thirdly, a system for the individual and society. The school system ought to direct itself to the provision of opportunities for the individual to obtain the basic skills and competence to become a productive citizen.

Fourthly, a school system responsive to community needs. The public educational system must interact with and be responsive to the community in which it is located and to the multicultural society of Manitoba.

These goals reflect the concern that educational programs are meant to serve students and the community. It must be relevant and meaningful to the participants, support initiative, cultivate creativity and encourage co-operative problem-solving.

Our society needs educated and productive citizens and the public school system must attempt to ensure that all students attain and have opportunities to continue to gain in the knowledge and skills necessary to be fully active in the economic, social, political and cultural life of our diversified society. When my government came into power the Department of Education existed almost primarily to ensure that a small percentage, 12 percent of the student enrolment, the university bound students, were prepared in the basic skill subjects. This program of studies was common to all children, regardless of their needs, interests and abilities, thus all areas of the physical and cultural arts were virtually ignored, and no attention was paid to the educational needs of inner-city, northern or rural areas.

In addition, there was virtually no emphasis on programming needs for groups with English as a second language. Nor to the requirements of children with special needs. The department was essentially a regulatory body which was highly centralized in decision-making and generally unresponsive to the needs of teachers and school divisions. My department has attempted over the past few years to modify these characteristics. I would be the first to recognize that there remains a great deal to be done. The educational system is not perfect by any means but we are and will continue to strive for equity in education.

Beginning last year in the Legislature I documented under my government's educational goals programs and projects which my department had developed or was in the process of developing. One way that we have attempted to attain our educational goals is by reorganizing and decentralizing functions and activities of the department. The identification of these functions and activities was based upon issues raised by teachers, principals, superintendents, trustees and parents.

During the past year my department has streamlined and integrated branches and sections to provide channels for discussion and articulation; to provide supports for classroom teachers and to ensure accountability to the field. For example, the Program Development and Support Services Branch is an amalgamation of branches and sections related to programming for all children. That is, the Program Development Secretariat, Co-operative Educational Services, Consultant Services, Child Development and Support Services, Instructional Media and Special Projects. And all of the personnel in this branch are in the process of being re-deployed in the field over the entire Province of Manitoba. This will enable personnel: firstly, to provide consultative assistance to teachers in their classrooms. Classroom teachers have made specific requests for assistance in improving their teaching and program development skills. That is, the improvement and systematization of the teaching of basic skills and communication in mathematics, the development of teacher skills, and competencies in such areas as curriculum development and evaluation, and the development of a base of knowledge in child development theory. Basic skill lists from K to 12 are being developed in each subject area. That is, a scope and sequence chart for K to 12, social study skills and mathematic skills list which is being developed from K to 6 at the present time and these are nearing completion. To provide special programs which are being requested by teachers. For instance, a pilot inter-disciplinary approach. An example of this approach is the formation of an inter-disciplinary Canadian studies program from K to 12, which would develop guidelines, suggest interim changes in curriculum, and possible implementation methods in addition to providing necessary inservice and support materials. Materials are being developed and published to support

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(MR. HANUSCHAK cont'd) . . . . this inter-disciplinary approach in Canadian studies, especially Manitoba materials, for the upper elementary level. Other developments in this area such as studies on women's issues, labour education, consumer education, are under way.

To provide support to the following re-organized program review committees: Three program review committees are being established at each level of the school program, and these committees are already in existence, the Elementary Committee, Junior High or Middle Years Group, and a revised High School Program Committee. All of these committees are comprised mainly of classroom teachers and chaired by persons external to the department staff. These committees are being expanded to provide for maximum participation by classroom teachers and representatives from the Manitoba Teachers Society, the Manitoba Association of School Trustees and the Manitoba Association of School Superintendents.

The three committees will identify needs in the program areas and make recommendations for action to a co-ordinating body, the Program Development Council. And it in turn is composed of departmental support personnel and representatives selected by each of the three committees. All of the committees can strike ad hoc subcommittees from time to time to review areas of particular concern. And this structure will do five things:

- Firstly, ensure that central curricula is developed and areas of local responsibility identified;
- Secondly, ensure continuous review of all programs;
- Thirdly, ensure articulation between programs;
- Fourthly, ensure continuity through and across grade levels; and
- Fifthly, ensure long-range planning and priority setting in all of the program areas.

To provide on a project basis, curriculum consultants in all subject areas. For example, in the five school divisions around Dauphin, curriculum consultants are working with teachers in schools to give assistance as required by them in skill development. Inter-divisional co-operation and sharing are enhanced in such a project and it is another example of my department's attempts to provide services to teachers in areas in need of specified help.

To provide better services in the north meetings have begun with trustees and principals to assist with needs identification and priority setting. To provide vocational programs, regional comprehensive schools provide access to vocational programming and part of this effort an alternative delivery system. For example, the Red River Vocational Program was developed among four divisions. Mobile vans are being proposed by two divisions in a co-operative industrial arts program. Mystery Lake School Division is exploring with us a community base work study vocational program.

In keeping with the effort to provide field base services and supports and maintain a high degree of flexibility, a significant number of existing staff positions in my department will be assigned to regions or divisions. Many of the positions which may periodically become vacant will be filled on a term basis or with seconded teachers from school divisions. And by doing so the department will have the flexibility to be able to respond to the varying needs of school divisions and this will also ensure that there are locally available resource personnel for use by school divisions under the auspices of my department.

The department is developing a comprehensive administrative handbook for schools. A portion of it is complete at the present time for the high schools and the other portion for the elementary and junior high classes is on the verge of being completed. And this is a direct result of feedback workshops in which the department has been involved with high school and now elementary principals. These workshops have been helpful to the department and to the field.

Finance and administration is reorganizing to provide support to the field through detachment of staff to assist in the review of school facilities, interpretation of regulations and teacher certification if, as and when this is required. And a handbook

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(MR. HANUSCHAK cont'd) . . . . on school building guidelines will be available shortly.

Now obviously, Mr. Chairman, these kinds of changes have made dialogue between all levels of the educational system increasingly important, and thus my officials have been meeting regularly with the executive of MAST and MTS on matters of general and specific concern to both.

I would like now to describe to you some of the activities that my department has undertaken over the past five years. And these activities reflect its goals and the concerns which I have just stated. Equality of educational opportunity is a goal often stated, and a provision of educational services to all children has been a principle upon which my department has founded the majority of new developments. Within the department my government has established branches and programs whose activities were designed to respond to individual and community needs. A central assumption behind these programs is that individual growth is an important goal and is most likely to occur in a climate supportive to individual needs, abilities and interests.

Le Bureau de l'Education Francaise established in 1974 has completed curriculum guides in almost every subject area. Their staff has worked with teachers in their classrooms in core subject areas and prepared materials for teachers, including audio-visual supports. The Bureau in conjunction with the Correspondence Branch is developing correspondence courses and a framework for immersion programs.

In addition it has funded jointly with the Federal Government a research project on academic achievement and language of instruction among French speaking Manitoba students. And this project is being done in co-operation with and to meet the concerns identified by five school divisions, St. Boniface, Seine River, Red River, Mountain and White Horse Plains, and this should be completed very shortly.

The Native Branch established less than two years ago has, to mention but a few activities, formed Native studies curriculum committees, K to 12, published resource materials and held teacher workshops to strengthen services to Native children. The branch also monitors pilot programs in bilingual education, traditional Native education and compensatory programs such as Headstart. It, for example, was evaluated as a successful program and is now in eight communities, Vogar, Berens River, Amaranth, Manigotagan, Fisher River, Split Lake, Churchill and Riverton.

Urban Programs: I would like to describe a few of the programs that my department has initiated to meet the needs of children in core areas. The program development process needs to take into account the community around the school and its needs. There is no uniform program that will solve the problems of every school neighbourhood and thus we are proceeding slowly and evaluating all components of the following development programs to assess their effectiveness in meeting identified needs.

The Nutrition Program: It has two basic components as one of our urban programs, a nutrition supplement and an educational component. It serves 20 schools in the inner-city area and the department is cost-sharing this activity with the Winnipeg School Division.

Another example of an urban program, the Immigrant Project deals with the needs of children of recently arrived immigrants. And my department in co-operation with a number of urban divisions, is assisting in the development of English as a second language with resource materials and orientation sessions for teachers and parents.

A third urban program, our Community School Programs, the Community Assessment and Schools for Urban Neighbourhoods programs are operating in schools in the core area of Winnipeg and Brandon.

Vocational Programs: Regional comprehensive schools have been built to provide access to vocational programming for many children. As part of this effort an alternative delivery system, as I have referred to earlier, the Red River Vocational Program was developed among four divisions to provide joint vocational educational services to children in that region. Two rural school divisions have proposed a co-operative industrial arts program utilizing mobile vans. A northern school division

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(MR. HANUSCHAK cont'd) . . . . is exploring community based vocational programming with assistance from the department.

Our School Milk Program, which was piloted by my department, has been institutionalized in Frontier School Division after two years of successful operation.

New program thrusts are being implemented in many areas frequently neglected in the system, labour education, youth and the law, women's studies, a classroom arts project, co-operative education and Canadian studies.

The department has strengthened local divisional efforts in a number of other ways, ranging from the development of guidelines to grants to school divisions for the provision of services.

We are all well aware, Mr. Chairman, however, that decentralization if carried too far can increase disparities thus the department must maintain sufficient authority to ensure that equality of educational opportunity and service is maintained to the greatest extent possible throughout the province. Indeed, it is also responsible as an agent of the Provincial Government for ensuring that societal concerns are not ignored. In short, a due balance must be maintained between the individual development and the interests of society as a whole. In the discharge of this responsibility the department has undertaken to provide a structural program framework for school divisions something along the following lines:

1. The development of general guidelines for local initiative in appropriate areas. For example,

(a) The revised high school program has given divisions, schools, teachers, greater autonomy in developing options for skill development but at the same time has maintained guidelines to ensure minimum basic skill levels and knowledge. School initiative courses, some student initiated projects provide more discretion in programs for teachers and students. The department has been providing teacher workshops for these developments.

(b) In the curriculum area course outlines have become suggestive rather than prescriptive. Teachers are encouraged to adapt courses to local conditions. Program Development and Support Services is assisting teachers in this task.

(c) Our Child Development and Support Services, a branch of Program Development and Support Services now provides direct services to 22 divisions and four remote districts. The staff worked with classroom teachers and parents to assist children with special needs. In addition eight divisions and two remote school districts received grants to provide similar supports on a co-operative basis. In addition, the province provides grants through the Child Guidance Clinic to serve Metropolitan Winnipeg.

2. A Joint Finance Committee with the participation of MAST, MTS, MAS and MASBO, that's the Association of School Business Officials, was struck to review and make recommendations upon grants. The committee is completing its task and with some final refinements on the recommendations contained in an interim report which was presented to me some months ago, a Public Schools Act review committee was established to review and draft revisions to the Public Schools Education and Attendance Acts. And its draft revisions are now being submitted to me.

Analysis of the major subject areas in the existing school curriculum through the reports of the K to 12 program committees, initiation of a complete review of mathematics and science, began in 1974 and language arts and social studies in 1975. Interim programs for elementary mathematics and science are complete, and secondary revision is now under way.

In the area of multi-culturalism:

(a) Considerable attention was paid to the improvement of existing second languages taught in the schools, German and Ukrainian, and to the development of new programs, Spanish, Hebrew, Icelandic, Italian, Native languages, English or French as a second language. Professional development programs and consultant services were provided in addition to the development of curriculum guides and teaching materials, including departmentally produced video and audial tapes. In the same general area of multi-culturalism as it relates to Canadian studies, a strong emphasis on Canadian

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(MR. HANUSCHAK cont'd) . . . literature has been included in the high school English program since 1973. Through the alternative social studies project, curriculum models, materials, have been developed that focus on, for example, the social sciences treatment of valuations, all in a primarily Canadian setting. Revisions of art and music curricula have sought to emphasize Canadian content.

Moving to another area of development of educational development to meet the needs of the people in the province of Manitoba, I would want to make reference, Mr. Chairman, to the fact that thousands of Manitobans up to this point in time, in fact over ten thousand have achieved high school standings by taking the general educational development tests. This is high school standing obtained by adults after having been out of school for some time, by adults who during their youth may not have had the opportunity to obtain a high school training of any kind. These tests begun by the department in 1972 to enable adults with incomplete high school, to achieve high school standings have been widely recognized by educational institutions, the military and business. These tests are in addition to correspondence courses taken by adults to achieve high school standing.

As I mentioned previously, when discussing the program development and support services re-organization, working groups and committees were established in each program level in the educational system to review programming and to develop recommendations. These groups and committees are chaired by practising educators external to the department and comprised primarily of teachers with departmental personnel assigned to assist in various tasks. They report through the Assistant Deputy Minister in charge of Program Development and Support Services.

This program group was established to examine critical areas of the system, that is, standards and expectations in the role of the teacher, school and community involvement and the role of the student. The elementary and middle years junior high groups were established with maximum teacher input to review and recommend ways and means to strengthen these programs, and these groups are developing inservices to meet needs identified by classroom teachers.

And then following that the implementation committee where established to review organization, the problems of small schools, to examine student and school initiated projects, and then have developed appropriate workshops and inservices to monitor the implementation of the revised high school program.

The physical education working group completed its initial review task and recommended the development of physical education programming incorporating a fitness emphasis, which was already implemented in some school divisions. In response the department formed a technical task committee to develop appropriate fitness objectives into the physical education program. Departmental staff is conducting inservices on fitness programming for resource persons from all school divisions; developing a three week credit summer workshop for elementary teachers, running trial programs in several school divisions and conducting inservices for school divisions on fitness programming.

The Special Needs Working Group was established to review programming for children with special needs and to recommend plans for educating these children as close to the regular classroom as possible. In conjunction with this effort my government, mindful of the need to provide access to educational opportunities for all children, introduced Bill 58 last fall. This bill's intent is to integrate as many children as possible into regular classrooms and to provide alternatives where this is not possible. We are aware, Mr. Chairman, that planning will need to take place over a long period of time, and will need to reflect local needs and concerns. This year, therefore, is an initial one of identifying the scope and size of the problem in school divisions. We are thus granting funds for developing screening mechanisms in areas that have not yet developed them, granting funds for professional development for teachers, and funds for school equipment needs. While the dollars allocated may not be great we are indicating our commitment to this provision of a better level of service for children with special needs so that they may be enabled to develop to their full potential.

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(MR. HANUSCHAK cont'd)

This initial thrust reinforces our commitment to work with educators, trustees and parents who need to be involved in developing programs that will meet the needs of children in their locales. The department cannot and must not impose a uniform program on schools and teachers to deal with this serious and complex problem. We must all work together in this undertaking; we must be patient as some of us from time to time will be further ahead than others.

I stated initially that I and my department have been attempting to address inequities but there still remains a great deal of work. Tensions will arise at all levels of the system in the effort to provide and encourage participation to maintain standards of excellence and to develop the diversity of alternatives necessary to meet our provincial education goals. At the provincial level there are a variety of conflicting demands made upon the Department of Education which reflect these tensions: On the one hand there is the demand that the Provincial Government by virtue of its mandated responsibility for the provision of education within the province should bear a larger portion, if not all, of the financial burden for education, and yet the public is concerned re increasing costs of all levels of government. Cost-sharing provides for effective and efficient allocation of resources and the meeting of higher support and at the same time demands are strong for greater decision making and autonomy for parents and teachers over the local school. Demands are made that the Department of Education must establish standards and minimum expectations for students passing through the system; yet there is an equally strong contention that parents and teachers in local communities should make the decisions as to the kinds of programming that are made available in the schools. It is interesting to note, Mr. Chairman, that in recent months both the Toronto and Vancouver systems have moved to establish secondary school councils composed of parents, teachers and students. The department is often criticized for being too heavy handed, controlling, and not allowing sufficient flexibility to the school, while at the same time the department is felt to be weak, lacking direction, offering little guidance and few services which divisions need and want. Both the department and divisions can be strong, one does not have to have control over the other. More professional freedom is demanded, while at the same time there are calls for rigorous examination and evaluation of the school system and its outlook. How can such opposing demands be reconciled and in such a way as to allow the public school system to promote the achievement of the educational goals which I previously stated.

We do not believe that the achievement of a balance between tensions exerted at the local level and the provincial level is impossible or unlikely. The clarification of roles, responsibilities and relationships can channel energies into productive directions. Conflicting demands and questions of responsibility and role exist at all levels as well as at the provincial level. The role of the teacher is changing; pressures exist for greater community involvement, individualized instruction, day to day participation and decision making at the school level and local development of classroom materials. Greater societal complexity and concomitant rising expectations of the school system along with the growing demands for more community involvement and decentralized decision making, have made the job of the school trustees more difficult.

These issues and many others, however, cannot be dealt with in isolation. Decisions made and actions taken at every level affect every component of the public school system. Wider consultation and joint participation among the educational organizations and the Provincial Government may not ensure that decisions are more easily arrived at, but may ensure that the decisions are more relevant to real needs of the student and of society.

In conclusion, I would like to say that I have pointed out how the department through its reorganization, activities and programs has attempted to provide equity and keep within financial constraints. I have also pointed out areas in which my staff needs to concentrate their efforts in collaboration with teachers and administrators. I recognize that there are problems yet to be solved in the system but continuous charges laid against education through the media have done much to lower teacher morale. These indictments do not recognize that most teachers are doing an excellent job. Teachers



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(MR. HANUSCHAK cont'd) . . . .work in a very demanding profession and most put in long hours, well past nine to four, on such essential tasks as developing programs and materials, working on materials and on their own professional development. It is in recognition of practice by many teachers in classrooms that the department has brought in such things as the revised high school program, efforts and special needs, the physical fitness emphasis, expansion of Canadian content, to name but a few activities.

Teachers by and large feel that they do not get much encouragement or thanks, even of a non-material kind, and I would like now, Mr. Chairman, to publicly state my gratitude for their excellent performance in a system that will continue to change in order to meet society's expectations of its citizens.

Trustees, as well, deserve our gratitude for the hours of work that they put in after their regular jobs. It is their link with the people of their division that translates our goals of equity, individual and community concern into school programs.

While I as Minister am accountable to this House for the education of over 240,000 children distributed over 48 unitary divisions and many school districts, it is only with and through the co-operation and dedication of all of those associated with education can a suitable program for each and every child be provided. For example, if we in the department conceptualize the new program and the trustees of a division supported it and incorporated it in their offerings and if teachers disagreed with the program in its intent, they could simply go into their classrooms, close their doors and continue their past practices, they could retain the program in their desk for use when one of my officials or division officials visited their classroom, but the students would not benefit from that which was intended for them. So therefore, Mr. Speaker, we must all work together to overcome isolated incidences of what I have described, and we must realize that these are only isolated incidences and do not reflect accurately education in Manitoba, because by and large, as I have indicated earlier, the teachers, trustees, all associated with education, are most interested in the development of the most suitable and ideal education program for the future generation for those citizens of our province who will have to assume their role as the future generation, the management of the affairs of our province.

With that introduction, Mr. Chairman, I'm introducing the Estimates for my department and I'm anxiously waiting for comment from the honourable members of opposition in dealing with, either with--(Interjection)--and from this side of the House, of course, from all members, and I'm most anxious to participate in the debate to follow.

MR. CHAIRMAN: We will now proceed onto Resolution 46(b)(1) Salaries under General Administration. The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Thank you, Mr. Chairman. I understand of course that we are not dealing now with the Minister's salary, and so that the longstanding practice of dealing really directly with the explanations given by the Minister will be not done at this time, but perhaps in our final debate on the actual item covering his salary that would be the appropriate time. But I would like, Mr. Chairman, merely to at this time thank the Minister for the explanations, the preliminary explanations that he has given to us in respect to the Estimates of a department that we consider key and vital to the development and the future of our province. And for that reason we deal with great seriousness with the matters pertaining to education and those matters which he has been relating to us this evening.

Mr. Chairman, I was rather interested in his final remarks when he said that there have been many criticisms in the press about what's going on in education and he for one would stand up and say that most teachers are doing an excellent job. Well, Mr. Chairman, he is not reading those criticisms in quite the way that I have been reading them in the past months. I didn't really detect any criticism of the teachers as a group--as a matter of fact we've had many rather commendations of the teaching staff - I took the criticisms to be largely directly related to the administration of the Department of Education as his department is now dealing with it. So, Mr. Chairman, perhaps it's a difference in the point of view, but really we will deal perhaps more directly and completely with those kinds of comments in the generalities which will remain for the summation.

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(MR. MCGILL cont'd):

I was pleased that the Minister again repeated his goals for the Department of Education in Manitoba. They were almost the same as on April the 7th of last year, when he said, "And our goals, Mr. Chairman, have always been and still are the attainment of as great an equality of educational opportunity as possible." I think that is a commendable long-range goal. And then again tonight he said, "That we are committed as our long-range goal in education in Manitoba to the equality of educational opportunity as far as that can be achieved."

Mr. Chairman, that to me is commendable. But I'm wondering, Mr. Chairman, how he reconciles that with the response of his Deputy Minister of Education when he was speaking to the teachers in Brandon. And one of the questions given to him was: What long range plans does the department have? And they go on to talk about a number of programs and innovative projects, and so on. This was presented to the Deputy Minister and the Deputy Minister said "We have no long-range plans". Now, Mr. Chairman, the question is, who is setting the policy for the Department of Education, because there appears to be a very complete and direct contradiction here? If the Minister is dedicated to a long-range commitment in respect to the department - he has listed four of them - why is it that the Deputy Minister has no long-range plans. But again, Mr. Chairman, I am somewhat diverting from the salary item which is the one that we are debating at the moment.

I would again refer to one of his earlier remarks, the Minister's tonight, when he said, "We're committed to financial restraints, that in a difficult year of one of careful budget paring we must look at every expenditure in the department." He went on to say that he felt that they had done a fairly commendable job, and overall perhaps the total increase is not out of line at all. But, Mr. Chairman if one examines the total salary bill, and item (b)(1) includes an amount of \$912,200, if one adds up all of the salary bills for his department, we have an amount of \$6,501,000 for 1976 and '77. Now the sum we voted last year was \$5,286,400. In other words, in salaries in the department, an increase of 23 percent over last year for the department in terms of salary. And, Mr. Chairman, I'd point out to the Minister - of course I needn't point it out to him because he knows it - that his Estimates for this year don't include any amount for increases of salaries that may be required or requested or demanded of him from his departmental employees. So here we are with a 23 percent increase in salaries, and really, Mr. Chairman, what we need to ask ourselves is, does this mean that the government is urging restraint on school boards and municipalities, while the Department of Education is increasing its salaries and/or staffing by 23 percent? And I think perhaps, Mr. Chairman, this would be an opportunity for the Minister to perhaps respond to that. I'd like to know how he reconciles his opening statements of restraint with a 23 percent increase in total salaries this year.

MR. CHAIRMAN: Resolution 46(b)(1). The Honourable Minister of Education.

MR. HANUSCHAK: Mr. Chairman, I was waiting, I thought that some other honourable members wanted to make their contribution to the debate on this particular item but if it's the wish of honourable members to have me respond to the question of each as they're opposed I'm quite prepared to do that also, or in whatever manner we should wish to do so as the debate progresses.

To respond to the first question put to me by the Honourable Member for Brandon West. How do I reconcile the statement which I have made in the introduction of my Estimates, equality of educational opportunity; that that is part of our long-range plans and that we're committed to it, as we had been last year, and we will continue to be so committed. The honourable member alleges that my Deputy Minister made a statement in Brandon to the effect that we have no long-range plans. I have no knowledge of my Deputy Minister having made such a statement. In fact I would tell the honourable member that my Deputy Minister denies having made such a statement. Now, if this was a statement reported in one of the news media of the City of Brandon, well I cannot accept responsibility for whatever may be published therein, but I am satisfied that my Deputy Minister did not make such a statement.

Now with respect to the 23 percent, according to my honourable friend's calculation, the 23 percent increase in salaries as he calculates it, I think the honourable

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(MR. HANUSCHAK cont'd) . . . . member will find that as we proceed through the Estimates that a good portion of this is not attributed directly to departmental employment, but it includes as part of the decentralization process, includes secondments of staff working directly with the school divisions. As I had mentioned in the introduction of the Estimates, we are making much greater thrusts in the direction of offering direct assistance to school divisions in the planning and the development of their education programs. So as we go through the Estimates item by item honourable members will find that a good portion of that increase will surface in there.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, we'll proceed with the question of the increases of salary, and he mentioned that this was an item which would cover secondments and other kinds of appointments and contracts, I presume, and so it's rather difficult to get at the actual increases of staff, whether they be permanent or whether they are term appointments. So I would like, Mr. Chairman, if I could, to ask the Minister for a breakdown of the number of people and the amount paid in each of these instances, under the following headings:

First of all, term appointments: How many people are there and how much were they paid?

The next category would be contracts. How many people are on contract and how much are they being paid? The number of people under secondment to the department and the amount they're paid.

And then those who would come under the fee for service category. How many people were involved in that area, and how much were they paid?

Perhaps then, Mr. Chairman, we can get down to a more precise consideration of the increase of 23 percent in what appears to be the total salary area of his department as compared with last year.

Mr. Chairman, I think, too, under this heading that we might deal with, because it is on staffing, the growth of the number of administrators in the department. My information comes from various departmental reports and public accounts, that in 1970 the Department of Education had 46 people that would come under the general classification of administrators, and that the public enrolment in thousands at that time in the public school system was 246,000. In 1975, the last year for which we were able to get information, the number of administrators has grown to 126. That's from 46 in 1970 to 126 in 1975. The total public enrolment of school children has now dropped from 246,000 to 230,000. Mr. Chairman, this indicates to me that during a period when the school enrolment was dropping, the administrative staff increased by a 174 percent; 1971 I think was the highest year in terms of enrolment, 247,000. But we've decreased about 7 percent since that, but your administrative staff has increased by 174 percent. Now I think, Mr. Chairman, that kind of increase in terms of the total number of children in the school system deserves some explanations by the Minister. It would appear, too, that the biggest increase in any one year occurred in 1973, between 1973 and 1974 when there was an increase of 32. And that came just after the 1973 election.

I'm afraid, Mr. Chairman, we can't get a count of the number of administrators in 1976 because with the current confusion that exists in the department because of the reorganization it is virtually impossible to count them. Some branches at the moment, Mr. Chairman, don't know precisely how many employees they have. And similarly, some of the employees who have been recently displaced are not certain which branch employs them.

So, Mr. Chairman, I would like very much to have an explanation from the Minister as to the reason for the dramatic increase of an administrative staff over the period of five years, during the time when his total enrolment in his public school system was declining.

MR. HANUSCHAK: To give the honourable member the information which he has asked, the number of term appointments, contracts, secondments to the department and school divisions, fee for service, I am sure that the honourable member will appreciate that I cannot give him that information tonight. However, as the debate of the Estimates of my department progresses we'll make every effort possible to provide him

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(MR. HANUSCHAK cont'd) . . . . with that information. And again I must repeat that I'm quite certain that much of that will surface as we deal with the department on a program by program, branch by branch basis, because as I had indicated earlier that our staff complement is broken down amongst the various branches and on a branch by branch basis, or program by program basis I could give him that type of information quite readily, but then to make a sum total for the whole department under these categories, I do not have that at my fingertips right at this time but I will make every effort possible to obtain it.

The Honourable Member for Brandon West speaks about what he refers to as a dramatic increase in the number of administrators. Now I'm not certain, Mr. Chairman, what the honourable member means by administrators. In other words, does he mean the number of employees employed under the general heading known as general administration, or does he in fact mean those who would be classified as administrators at the senior officer level and higher? I don't think that he could possibly mean at the senior officer level and higher, because you'd have a pretty tough time finding that number within the department. So I can only conclude, Mr. Chairman, that he must mean the total number employed in administration which no doubt involves, and I know that it involves, a fair percentage of clerical staff. It is true that over the five-year period there has been a 5 or 6 percent decline in enrolment, but the honourable member must also be aware of the fact that during that same period of time there has been an expansion and an enrichment of education services at the divisional level, increased demands upon the Department of Education for a greater measure, a greater degree of consultative service and assistance in the design and implementation of education programs by the school divisions, which necessitates an additional increase in staff. Because if the honourable member were to examine what has happened in total numbers of staff he would find that over the past while rather than an increase, there is a modest decrease.

MR. CHAIRMAN: Resolution 46(b)(1). The Honourable Member for Brandon West.

MR. MCGILL: Well I hope, Mr. Chairman, that the Minister will have an opportunity to deal more precisely with the question that was put. He has made quite a number of very firm statements as to the policy of his department, and as to his intentions for the future. The definition of administrators I will leave to him but roughly speaking the --(Interjection)-- Well, Mr. Chairman, it's usually been the role of the opposition to ask the questions and the Minister to provide the answers. I would expect that if things progress as they have been in education in the past, the Minister may soon be in a position where he will have the opportunity to ask questions and somebody else will give the answers. But perhaps, Mr. Chairman, it would help the Minister in his apparent dilemma if we suggested to him that salary categories is an excellent way in which to identify those who should be given the title of administrator and those who might be considered as clerical staff, and that if the Minister would examine those being paid \$15,000 or more, up to the \$30,000 category, I think he would be including those who might be entitled to the title of administrator rather than --(Interjection)--

MR. CHAIRMAN: Order please.

MR. MCGILL: Well, Mr. Chairman, we have placed the question on the record and if the Minister has difficulty with it and needs help, I'm sure that he'll be able to obtain it in the periods between this evening's debates and those which will carry on. And I'm sure that we'll be in this department for some few hours in the future because there are many detailed questions that we would like to put to the Minister, and again I would hope that his answers will be as clear and concise as his statements as to the policies of his department.

Mr. Chairman, again on the subject of the Minister's backing up the teachers, both the Manitoba Teachers Society and the Manitoba Association of School Trustees, as well as a number of individual teachers and other interested people, have expressed concern about the operation of your department. What steps, Mr. Chairman, has the Minister taken to reduce this confusion that appears to exist throughout his department? I think there was a combined brief presented to the Minister by the MTS and MAST in this respect. I've been looking at the report for the past year from the Department of Education

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(MR. MCGILL cont'd) . . . . and this deals with 1974-75 and I think one of the things perhaps that would assist people who try to deal with the Department of Education, would be to have an updating of the organizational chart.

Now there are people who overstate the situation and say that so many changes have occurred in this organizational chart in terms of personnel that it's almost impossible to know from one day to the next who really is in charge in each branch. So, Mr. Chairman, perhaps the Minister could, for some future meeting of the committee, bring us an update of the organizational chart for his department and the new names, if there are any changes in the personnel in that department.

It would also be useful I think to get an update on the directory of personnel and services. If, as the critics of the department have said, that there are so many changes here that they don't really know who's in charge of what branch of the service, then the way to put those critics properly out of the picture is to bring in an updating of this personnel directory and simply say, well here, there are very few changes and here they are up-to-date. I think we'd accept that, because quite obviously there's a tendency to exaggerate the number of changes, the number of separations and transfers that have occurred within his department during the past year.

Mr. Chairman, the Minister has discussed the problem that he sees now relating to decentralization which has been a policy of the department that has been discussed from time to time. He mentioned in his opening remarks that he doesn't know just how far decentralization can be taken without having to suffer some reduction in the total quality of the delivery service. The question I would like to put to the Minister in that respect is if the Department of Education is to continue to employ a considerable number of people, presumably qualified as educators, should they not provide leadership and even direction to those who are working in the classrooms. Surely this is the reason you have people in your department who are qualified. The question is: why are they not providing the leadership? Why is the department telling the teachers that they are to provide the input and they are to develop the curriculum? My question simply is: why are these people not providing that?

MR. CHAIRMAN: The Honourable Minister of Education.

MR. HANUSCHAK: Well, Mr. Chairman, the Honourable Member for Brandon West complains that there is still some confusion remaining in his mind after having read a document which is now approximately one and a half years old. He's speaking on his recollection of a document which he had read which was prepared jointly by the Manitoba Association of School Trustees and the Teachers Society. I want to assure you Mr. Chairman, that if there is any confusion in anybody's mind still remaining it is only in the mind of the Member for Brandon West, because there have been meetings, many meetings, over the past while with the Manitoba Teachers Society and the Manitoba and the Manitoba Association of School Trustees dealing with the very question of the organizational structure of the Department of Education and the function and role of each of its branches.

Now the honourable member made reference to the organizational chart appearing in the Annual Report. This chart of course - and I'm sure that the honourable member wouldn't want it to appear any differently but to reflect the state of affairs for the period of time for which this is a report and that is for the period ending June 30th, 1975 and not April 26th of 1976. I would be quite happy to accommodate honourable members of this House by providing them with an updated organizational chart reflecting its structure as it exists today. That, too, during the course of the debate I would be happy to have distributed to this committee.

The honourable member made reference to my concerns about the trend toward decentralization. He also made the comment - or attributed the comment to me of having said that I did not know how far decentralization ought to proceed. I said nothing of the kind, Mr. Chairman. What I did say is that we have to establish a proper balance between the two. I did not say that we did not know how far to proceed but I went on to point out some of the concerns that we have, some of the concerns that the public at large has with the move toward decentralization and hence it's a need of finding a balance between the two.

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(MR. HANUSCHAK cont'd):

The honourable member asks me should not my staff provide, in the trend toward decentralization, should not my staff provide some leadership? Of course it should provide leadership. But I think there is a difference of definition of leadership as between that in my mind and that in the mind of the Honourable Member from Brandon West, Mr. Chairman. I think the way the Honourable Member for Brandon West would define leadership is going out in the field and telling the teachers that you shall do this and you shall do that and you shall do the other. I would prefer adhering to my definition of leadership and that is offering the teachers, the school boards and the superintendents that type of assistance that would enable a school division and their teachers to identify their own needs, to identify ways and means of coping with and meeting their own needs and designing an education program accordingly and delivering it accordingly. Offering that type of assistance which we are doing, Mr. Chairman, is the type of leadership that we wish to offer, rather than issuing a series of dicta from the Department of Education telling the teachers that thou shalt do this and thou shalt not do this, that and whatever else. So the leadership is being offered. It is being offered in working with trustees, with teachers, with superintendents and with school divisions in the development and the design of an education program for the children of the Province of Manitoba. Not the type of leadership that the Honourable Member for Brandon West is concerned, of course not, but the type of leadership that assists the people at the local level to develop a meaningful and a relevant educational program.

MR. MCGILL: Mr. Chairman, the question still remains, you know, how far does your department plan to go with decentralization? Really when does decentralization become abandonment of responsibility? The responsibility for what goes on in the educational system has to be accepted by someone in your department, not by every school teacher in the school system. Surely the Minister is able to describe more definitely where the decentralization program ends and where the responsibility begins and ends in terms of the total delivery of the educational system. That's where the school teachers are not clear and that's where the school divisions are not clear. I would like to know as clearly as the Minister can put it where precisely the decentralization program ends and where responsibility rests in terms of the ultimate product of the school system.

MR. HANUSCHAK: Mr. Chairman, of course neither the Department of Education, nor I as its Minister, nor my government can just abdicate responsibility completely for the education program in the Province of Manitoba. If the Honourable Member for Brandon West had been listening intently to my opening remarks when I did indicate to him and to the members of the committee that we are in the process of establishing standards in basic skills, basic standards that one would expect a student to achieve at the various grade levels, that, Mr. Chairman, gives one some indication as to the extent to which decentralization can and should proceed. In other words what I'm saying, Mr. Chairman, is that leaving sufficient scope for local input in the development of educational programs to maximize all the educational resources that may be available within any community that would contribute toward the enrichment of the educational program, that would contribute toward making it more meaningful and relevant, being mindful of all of that while at the same time being mindful of certain basic standards and levels of achievement that are expected of the students. That I think is one of the best indicators or one of the best criteria that one could adopt in determining the extent to which decentralization ought to proceed.

MR. MCGILL: Well, Mr. Chairman, referring again to the Minister's opening remarks about the long-range goals of education in achieving as great an equality of educational opportunity as possible, the question I have to put to the Minister, Mr. Chairman, is: is decentralization compatible with equality of educational opportunity? In order to achieve his long-range goal of equality of educational opportunity, how can he reconcile this with the decision of his department to decentralize the whole school system into the individual classrooms? Surely, Mr. Chairman, the Minister will agree that the quality of education in a division will vary with the changing trustees and with superintendents. Sometimes the tenure of rural superintendents is relatively brief. So if we proceed with the program to decentralize, surely the Minister is working at cross purposes with his announced long-range plan of providing as great an equality of educational opportunity as possible.

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MR. HANUSCHAK: I would like to suggest to the honourable member, Mr. Chairman, that decentralization to a reasonable degree is much more compatible with equality of educational opportunity than centralization. I'd like to remind you, Mr. Chairman, that for far too long we have been operating under an extremely highly centralized system of delivery of education in the Province of Manitoba where for far too long there were some sitting in the City of Winnipeg who felt that they knew best, they knew what is best and most relevant and most appropriate for somebody out at Cranberry Portage, for somebody in Churchill, for somebody in Thompson or even before the days that the City of Thompson came into being, for somebody in Flin Flon or The Pas, or wherever, or for someone in southwestern Manitoba or southeastern Manitoba. For far too long there wasn't that opportunity to participate in the development of an educational program.

The honourable member is going to speak about the short tenure of office of some school trustees. I suppose the same could also be said of Ministers of Education, not of this government but of the previous one. There was one, the last one, whose term of office was extremely short and there wasn't much opportunity for him to make the impact of his ability to offer guidance or leadership to be felt. But be that as it may, I'm sure if the honourable member examines the record of any school division he will find that there is not just a complete wholesale turnover of school trustees on a year to year basis but that there is . . . One would probably find two things. One, there is a certain measure of turnover of trustees, which is good, which brings to the board new thinking, fresh ideas and at all times there is a sufficiently broad and strong base of those who may be re-elected and who in turn give the education program a certain measure of continuity.

MR. CHAIRMAN: The Honourable Minister for Urban Affairs.

MR. MILLER: Mr. Chairman, I notice it's after 10 o'clock. I wonder can the committee rise?

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

Mr. Speaker, your Committee of Supply has considered certain resolutions, asks me to report progress and begs leave to sit again.

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MR. CHAIRMAN (Mr. Walding): There being a quorum the committee will come to order.

I would refer honourable members to Page 36 in their Estimate Books. The Department of Industry and Commerce Resolution No. 71(a) - the Minister's compensation. The Honourable Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Thank you, Mr. Chairman. I'm glad to hear that I have friends out there on the committee. I would only make a few introductory remarks, keeping them as brief as possible and of course being ready to elaborate in detail as we go through the various sections of the Estimates. I don't intend to spend much time on reviewing the state of the economy. We have done that in years past, but I note that the recent Budget Address of the Premier did very well document the current economic situation. I would only observe that we have experienced something of a slowdown in the provincial economy in 1975, not as much of a slowdown as in many other parts of Canada, but nevertheless a softening of the economy.

Many analysts are anticipating a slow but continuing recovery of the economy in the year ahead and they point to modest improvements that should be made in the inflation situation, that is a lessening of inflation in the year ahead. They point out also that the levels of inventories of firms are rather low and this, in turn, should act as a stimulus to factory production eventually. Farm prices seem to be firm and, of course, we are still very dependent on farm income to sustain economic activity in the province. Last but not least, there has been signs of an increase in the economy in the United States. The United States being a very major trading partner with Canada, its economic health certainly has an effect on the Canadian economic health, and in turn Manitoba, not living as an island unto itself, is affected by the national situation to varying degrees.

I'd be the first to admit that the provincial development is limited in many ways by some very basic factors such as our geography. Our geography provides us with certain very good resources, but nevertheless there is a limit to our resource base. Unfortunately we do not have all the oil and natural gas that the Province of Alberta has, but nevertheless we do have some very rich resources in the base metals in the mining industry, in forestry, and of course we have a very sound agricultural base as well. Our climate is also a limiting factor that we must live with and it does have a bearing on the development of the provincial economy.

Another factor that is a limit to our economic growth I think is the relatively small market that we have to deal with. A small market, that is a relatively small population concentration compared to Ontario for example or Quebec, which has a massive population concentration relatively speaking, or compared to some certain European countries or the Eastern Seaboard of the United States. This has a limiting effect certainly on the output of manufacturing and the development of manufacturing.

Last but certainly not least I would mention as a constraint on Manitoba's economic development are federal policies. The Department of Regional Economic Expansion, while it has provided some grants to industry in Manitoba, it is certainly not spending money here in anywhere near the degree that it is spending such funds for industrial development in provinces such as Quebec or New Brunswick or Nova Scotia or Newfoundland. Certainly we note that the Department of Industry, Trade and Commerce still continues to concentrate its efforts in central Canada and I would also point out that in the opinion of some economists the Canadian tariff situation is not that beneficial to the provincial economy.

The objective of the department is many-fold, but simply put, I suppose, we are attempting to provide support service to both private and publicly-owned enterprise. We are doing more industrial research than ever before and we are continuing to concentrate on the smaller and medium size businesses. Of course this is natural because the bulk of our business segment is made up of small firms, fewer than 50 employees.

We are continuing to put as much emphasis as we can on rural development and we are continuing to engage in what I trust is a rather sophisticated approach to industrial research and industrial promotion. We are attempting to identify those industries where



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(MR. EVANS cont'd) . . . .the greatest potential lies, and of course, therefore in turn to encourage new industrial growth in those sectors or to encourage indigenous industries to grow.

I could go on and mention examples of assistance to small industries via certain programs such as the community management program and the Manpower Development Program and so on although we can discuss this in detail later in the Estimates if you wish. We have certainly stepped up our programs on management training and provision of management information guides. We do have some documents that you might be interested in that were published in the past year since we last met in Estimates. We have three documents on market research and market statistics, Numbers 1, 2 and 4. Number 3 is still in the printing process. For some reason or other Number 4 got printed ahead of Number 3. I will be pleased to give these to you to examine if you wish. Also we have a little booklet entitled "Legal Procedures in Starting a Business" or at least it refers to legal procedures in starting a business and the staff can distribute these to you.

As I said, I could go on and discuss at some length now our efforts in upgrading design and providing marketing assistance to companies. During the past year we have provided 136 companies with professional design and marketing assistance.

I could discuss at some length some developments in our science and technology field but I think I should perhaps leave these to later in the Budget and in the Estimates review and discuss them at length at that point. I would go on though to mention that we are still making an effort to participate in the GATT discussions, the General Agreements on Tariffs and Trade. This is a federal responsibility but we are attempting to make an input by providing information to the committee that's dealing with this for the Canadian government in its ongoing negotiations.

We're active in foreign investment review agency. There is a provision for the province to co-operate with the Federal Government in foreign investment applications. Also we're continuing our active co-operation with other western provinces in trying to work out some type of co-operative industrial strategy.

I could go on and talk about very specific new industry developments. Again this list is not complete and I only refer to two or three by way of example. We've been working very closely with the Burroughs Business Machine Company which announced the location of a plant adjacent to the new Royal Mint with a capital investment of \$6.2 million and when it is in full production it will be employing 450 persons of fairly well paying jobs.

Also after many years of discussion with the GTE Lenkurt Company, which is headquartered in Vancouver, we were very pleased when they decided to proceed with a microwave equipment plant in the Inkster Park area. The facilities are now being readied for the company to move in and at full production they should be employing approximately 150 people, again at high paying, interesting jobs.

There were many expansions throughout the province including Northern Electric who built a new factory here to replace a much smaller facility. Also we are very pleased to note considerable strengthening of the farm machinery industry. MacDawn Industries, for example, which was formerly Killbery Industries announced that it was going to establish a new factory with increased employment of 200 persons. Well, these I only refer to as a few examples. There's many others that we could discuss, I suppose, if we had plenty of time.

We've continued our efforts to help Manitoba companies sell throughout other parts of Canada, the United States and around the world through the Manitoba Trading Corporation which is often referred to as Mani-Trade.

Increasingly we've been involved in transportation policy discussions with the Federal Government, not only on air but such items as railway branch line abandonment and now we're coming up in a very important area of the future of rail passenger service. It's an area that we hope to make and we'll make a great effort to try to persuade the Federal Government to come up with a better rail passenger service for the prairie region.

In the area of energy we are also very active and I could go on to specifics at

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(MR. EVANS cont'd). . . . some time during our Estimates debate. This is taking an increasing amount of time, of staff and energy, taking human energy to be involved in physical energy problems. Well, at any rate, we'll be pleased to discuss some of the challenges that we're facing in insuring that we are doing our role to provide an adequate and relatively low cost energy supply for the people of Manitoba. With those few lengthy remarks, Mr. Chairman, I'd like to entertain questions and comments of the Estimates of the Department of Industry and Commerce. Thank you.

MR. CHAIRMAN: Resolution 71(b) - Executive: (1) Salaries. The Honourable Member for La Verendrye.

MR. BANMAN: Thank you, Mr. Chairman, through you to the Minister. I wonder if the Minister could tell us how many people are involved in that particular expense.

MR. EVANS: We have eight persons.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. J. WALLY McKENZIE (Roblin): Mr. Chairman, may I very briefly express the condolences of our group to Ian Blicq whose father's death we noted in the obituary columns in today's papers and I hope the Minister will express our condolences to the family.

MR. EVANS: Thank you, Mr. McKenzie. I certainly will convey the condolences of yourself and the Conservative caucus to Mr. Blicq.

MR. CHAIRMAN: Resolution 71(b)(1)--pass; (b)(2)--pass; Resolution 71(c) - Administration: (1) Salaries. The Honourable Member for La Verendrye.

MR. BANMAN: Yes. I wonder if the Minister would elaborate on this particular item. We notice that we're up \$165,000. Is this a transfer from another department, have we added staff here or could the Minister inform us please.

MR. EVANS: Yes, there has been a reorganization of the Department pertaining to secretarial support staff. The increase in the vote is essentially caused by the transferring of all operating branch secretarial support staff to the administration's centralized support area. There's about 19 persons involved in this shift.

However at the same time there have been reductions in salary sub-appropriations in those other sections of the Department from whence those persons originated. In effect, we are attempting - I suppose it's a pilot project, it's referred to as a "word processing centre" and ultimately it means a reduction in the number of secretaries, typing personnel that would be required by the Department. We're still in the midst of this so I'm not sure whether we can say exactly how many persons we've been able to reduce that staff by. We expect a reduction of about six secretaries on that account. I could go into some detail as to how this system works, but we hope that it's going to be a more efficient and a much more economical way of providing this type of service.

MR. CHAIRMAN: Resolution 71(c)(1)--pass; (c)(2)--pass; (c)--pass. Resolution 71(d) - Information, Promotion and Publications: (1) Salaries. The Honourable Member for Roblin.

MR. McKENZIE: Mr. Chairman, I just have a very brief question of the Minister. In the Estimates we're dealing with the year ending March 31, 1976. The Annual Report appears to be 1974 basically. I'm wondering why the Annual Report is running basically a year and a half behind the Estimates and why we can't have a more up-to-date statement in the Annual Report that coincides with the Estimates that are before us.

MR. EVANS: You're referring to the Annual Report of the . . .

MR. McKENZIE: Well most of the statistics in the Annual Report are 1974 as I read them. It says here, "The upper trend is expected to continue in 1975," economically speaking. But we have no figures to indicate, so basically we're dealing with 1974 here and up to March 31, 1976, in the Estimates, and I don't think it's fair to us in the opposition to have to deal with the Estimates under those grounds, Mr. Chairman.

MR. EVANS: Mr. Chairman, would Mr. McKenzie tell me, what is the date of that report? Is it for the year ended March 31, 1975?

MR. McKENZIE: I don't know.

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MR. EVANS: It should say right on the - yes, it is March 31, 1975. Well, you see, it's simply not possible and in this Department is not unusual - I think this is true of many departments - this is the first opportunity, we tabled it within a few days of the beginning of our House. It could not be prepared in time for the last sitting and therefore it has to cover the period of April 1, 1974 to March 31, 1975. But I don't think this is unusual, Mr. McKenzie.

MR. CHAIRMAN: Order please. I would remind honourable members that we are in Committee of Supply and they should refer to other honourable members by their constituency and not by their names. The Honourable Member for Roblin.

MR. McKENZIE: Well again I thank the Minister for his expression of . . . It is very difficult. The Minister has certainly all these statistics and figures but we in the opposition have very little to go through. You know, on the first page here, or the second page it shows 76/01/31 and I respect the Minister for that, but I'd like some trends of, you know 1975. Basically the trends that are positive, as I read it, and factual are 1974. It says the population figures had risen to 1,013,000 by October, '74, but the upper trend is expected to continue in '75. But we have nothing positive. You know, did it in fact, or am I . . .

MR. EVANS: Well to answer the Honourable Member from Roblin, we do issue statements from time to time updating the state of the economy, the review of the state of the economy. We do this through the Information Branch and we do our very best to supply that type of information. Also I would point out that the Manitoba Bureau of Statistics does issue regular updated statistics every month, they're available every month. I would hasten to add however that those figures are really Statistics Canada figures which have been analyzed and brought into tables for the Province of Manitoba, for the convenience of members and others in our province.

MR. McKENZIE: Mr. Chairman, through you to the Minister. It goes on. The next statement, wages and salaries earned in Manitoba in 1974 like was \$2.913 million, an increase over 1973. Well I would think that surely we could upgrade the Annual Report and put it more in line with these Estimates here before us so at least we can work one in conjunction with the other, but it's very difficult, Sir. Maybe I'm just naive and old fashioned.

MR. EVANS: Mr. Chairman, the Honourable Member for Roblin, I believe, is talking about economic statistics.

MR. McKENZIE: Yes, yes.

MR. EVANS: Of course the Estimates refer to the spending of course of the Department and I can only repeat that we do issue statements periodically throughout the year attempting to inform the business community and everyone with our analysis and our views of the state of the economy. I would hasten to add if we attempted to forecast, which is what you might be suggesting, you tend to tread on very dangerous ground because the most difficult thing in the world is trying to predict what's going to happen three months from now or six months from now.

MR. McKENZIE: Mr. Chairman, I have another question if I may and I'm not sure if it comes under this item, like Information. With the rail abandonment projections that we're looking at, I wonder can you give me any idea how this will affect or how many communities are going to face some economic eruptions or problems, or does that come under a later item?

MR. EVANS: Mr. Chairman, that is under Affiliated Agencies and Activities, that's section 4, section 4(d), the Manitoba Transportation Economics Council. I hope that we can have a complete discussion on transportation issues under that item.

MR. CHAIRMAN: Resolution 71(d)(1)--pass. The Honourable Member for La Verendrye.

MR. BANMAN: Yes, I'm wondering if the Minister could inform us here whether this particular information on promotional and publications whether they were involved in the Operation Access.

MR. EVANS: Yes.

MR. BANMAN: I presume it was a joint venture with the Federal Government

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(MR. BANMAN cont'd) . . . . as well as the Provincial Government and I wonder if he could give us a figure of what that particular operation cost.

MR. EVANS: Operation Access, for the information of members of the committee was a joint endeavour with the Federal Department of Supply and Services and the Manitoba Department of Industry and Commerce to make Manitoba manufacturers and suppliers more aware of the opportunities to sell merchandise and products to the Federal Purchasing Bureau in effect, which is found in the Department of Supply and Services. I don't know whether we've got a precise figure, but the best estimate that we can give you just off the top of our head here is a total cost of \$75,000. Two-thirds of that cost was paid for by the Federal Government, a little over fifty thousand, and the other third was by the Manitoba Department of Industry and Commerce.

MR. CHAIRMAN: Resolution 71(d)(1)--pass. The Honourable Member for Roblin.

MR. McKENZIE: Just again for explanation. In the Estimates we have four sections, Executive, Programs and Productivity Group, Trade and Industry Group, and Affiliated Agencies and Activities. I look under the Annual Report and its sections are different. I can't relate one to the other. Can I say now that the Department is broken up into four sections?

MR. EVANS: Well, Mr. Chairman, it's been my experience in government that all departments tend to reorganize from time to time, not in its entirety but at least certain sections of departments tend to be reorganized because it's felt that it's an easier or a better way of coping with whatever the problems may be and there have been reorganizations. If the Member for Roblin was looking at the Departmental Organization Chart on Page 11 . . . .

MR. McKENZIE: Yes.

MR. EVANS: . . . that pretty well is in line with what you see in the Estimates, Programs and Productivity Group. You'll see that on the left and on the right is the Trade and Industry Group which is section 3 in the Estimates, and then the Affiliated Agencies section 4, you see that on the upper left hand side - Energy Council, Transportation, Economics Council, the Manitoba Economics Development Advisory Board, and the Manitoba Bureau of Statistics. Under Executive you have shown in the Estimates items such as Administration, Information, and Economic Planning and Policy Research, and you'll see that those are all items that fit in just under the Deputy Minister and are more staff type functions as opposed to line functions. I guess that's one way to describe it. So there is a comparability.

MR. CHAIRMAN: Resolution 71(d)(2)--pass; (d)--pass. Resolution 71(e) - Economic Planning and Policy Research: (1) Salaries--pass; (e)(2). The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): It may be under this heading, Economic Planning and Policy Research. Can the Minister give us some indication how things are coming along in Manitoba? Can he give us such indications as the commercial failures compared this year of '75 as to '74. Is there more? Is there less? What's the net migration? Is it a net migration out of the province or has our population growth increased? Perhaps he can give us some idea of personal income, wage and salaries. Is it keeping up with the national average or what position we're in under this department. These indicators are most valuable to us and if the Minister can give us some indication.

The other point I'd like to indicate to him, we'd like to know what is the capital investment in the province? How much has it decreased from last year, I believe there is some decrease, and what is the value of the retail trade in the province. This would really make some worthwhile kind of statistics under this department that would make it worthwhile discussing it, if we can get that kind of information, Mr. Chairman.

Under Economic Planning. I would say this is . . . .

MR. EVANS: Mr. Chairman, I believe the Honourable Member from Assiniboia was a few minutes late in arriving and in my introductory remarks I made some general comments on the economy and I said I didn't want to really go into too much detail because it was fairly well documented in the Budget document tabled by the Premier. But those figures that you refer to are certainly very worthwhile types of statistics to get a

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(MR. EVANS cont'd) . . . .feel for the health of the economy. You mention failures of businesses, whether they are up or down; what was happening to net migration. I might add that I don't know the number of failures offhand - that information is available - but I can tell you that there is, if I can recall, there is a positive net migration into the province this year, I'm not sure about 1975 but thus far this year there's been a positive. But that is not unusual, that's a typical pattern. When the economy is soft in other parts of Canada, we tend to have a positive net migration into Manitoba and when there's a considerable amount of growth for example in Ontario or the West Coast or what-have-you, we tend to have negative migration.

MR. PATRICK: Those statistics I think would be of some value to the members of the Committee. We know that from the Minister of Labour's Estimates and in his report, we knew that the increase in the labour force was only 3,000 people last year from a year before. This sort of concerns, at least concerns me, because it's a very small percentage. What happened to the young people that came into the labour force? Did they go west? Is this where the demand is for - what's happening to the young people. This is an area that I think the Minister or his department can do a lot for many of these people.

MR. EVANS: Mr. Chairman, I'd like to refer the Honourable Member from Assiniboia to our Manitoba Business Review which is the replacement of - it was called "Manitoba" you recall. For many many years the department, long before I came on the scene, published a magazine called "Manitoba". We have now replaced that with the "Manitoba Business Review" which every month does have a section analyzing the economy and you'll see it here, it's in yellow. This happens to be for February, 1976. It refers to employment. It shows you the labour force, the growth of the labour force, etc.; it talks about farm cash receipts, retail sales, consumer prices, average weekly earnings, manufacturing and so on. It attempts to be analytical as well. It's not just a review of you know this went up and that went down, there's an attempt made to give you some in depth analysis to what's happening. So this should be in every month. This was for February and we also have one for March of 1976. It's a two-page effort and it comes out every month and it's free of charge. There are quite a few people that are on the mailing list, like 12,000 business firms, mainly in Manitoba, and then it does go to other parts of Canada and the United States, etc. We'd be pleased to put the Honourable Member from Assiniboia on the mailing list.

MR. PATRICK: Can the Minister probably give us some statistics in respect to commercial failures, the net migration, what percentage it was, some of the questions I asked him, increase in the personal income and the capital investment I think is important.

MR. EVANS: I'm hoping the staff have been able to itemize all the particular series of statistics that you'd like. We will get those and hope we can table them for you the next time we meet. We don't have them here with us but I think you're interested in capital investment, retail trade, net migration, business failures, or start-ups. Is there anything I left out? I would be pleased to table this March issue which is the latest one we've got. It covers retail sales, consumer price index as I was saying, employment, manufacturing output, etc., and I'd be glad to in the meantime give you this if you'd like. I would table this.

MR. PATRICK: Research and Planning. Under this item I know that the Minister will - perhaps it's true that we have some success in southern Manitoba with food processing. Is there any further research going in that area?

MR. EVANS: There is some very specific technological research I suppose going on. This is under the Manitoba Research Council which is science and technology. This is under the Programs and Productivity Group. That's technological research. We have a Canadian Food Products Centre whereby the Federal Government and ourselves each put up \$200,000 per annum for a total of \$400,000 and that's a five-year program. It's meant to assist the food industry by improving the technology, whatever that may be, improved methods of canning or I don't know what. I can get into that in some detail under that item if you wish.

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(MR. EVANS cont'd)

In this branch it tends to be more in the order of industrial planning such as preparing studies on regional centres to see in some depth what the potential may be for some of the regional and market and trade centres that we have in the province. This is the type of research that goes on here. There's some other very specific things that the branch undertakes. It provides a running analyses of the economy, a monthly analyses, highlights of which are published in that particular document. It does studies of various industry potentials and makes policy recommendations to the department in that respect. It's also involved in The Foreign Investment Review Act. As you know, under the federal legislation applications under the Act which pertain to any particular province are referred to that province for advice, not that the Federal Government has to be guided by our advice but the fact is that this is an activity that does require a fair amount of economic analysis. I might add that we've dealt with sixteen applications during the past year. This is a new Act but some of those have taken a lot of work; others have been very minor and have not really involved us in much economic research.

This branch also supports the line branches in their activities, again in the area of economic research. It makes a continuous review. Part of its research is a continuous review of the progress made under the General Agreement on Trade and Tariffs and liaison is maintained with federal and other provincial representatives with a view to upholding Manitoba's interest in international negotiations. There is quite a variety of research subjects and topics that the branch does get involved in.

As has been pointed out to me, Mr. Chairman, the bulk of their work is really for the department, for the various sections of the department. If you study - well I know there have been quite a number of studies on the farm implement industry, in depth studies as to what the future potential is in Manitoba - then this information is used as a basis for the industry development group who are the people that are actually involved in dealing with the companies and doing more of the hard line promotion, etc. It provides a support function.

MR. PATRICK: The Honourable Minister mentioned about policy research and growth centres in Manitoba, primarily Manitoba. Can he indicate has the growth centres been named in Manitoba and I know neither Ministers or politicians are quite concerned to name them. I think the quicker we name and establish the growth centres, the more success we're going to have in this province. Has there been any growth centres established in the province on a regional basis or . . . ?

MR. EVANS: Mr. Chairman, we conducted what was referred to as a regional analysis program about three years or maybe it's four years ago, time flies, in which 83 communities in Manitoba participated and participation was both at the local level and at the Regional Development Corporation level. The Regional Development Corporations more or less put together the information on the towns in their areas. Then we finally came up with a very large set of statistics and information on the towns and cities in Manitoba, in southern Manitoba. This was a southern Manitoba study. Subsequent to that we have published several documents giving, I must say, infinite detail. I think if you stacked them up they're at least a foot high or almost a foot high, giving infinite detail on many towns. Now, you say have we identified growth centres? I would answer and tell you that they have identified themselves, in other words, the statistics speak for themselves, population growth, growth of retail sales, new manufacturing, etc. So the fact is that it's no secret, towns, the bigger the town the greater its potential for growth it seems. So you look to places such as Dauphin, Brandon, Portage, Steinbach, Selkirk, I use those just as examples. The Morden-Winkler, you see, you've got to be very careful when you get down to the Pembina Valley because there is a lot of competition between Morden and Winkler and Altona in that little triangle there but that area certainly - those are obvious as the Member for Pembina points out. They're obviously growth centres, so that's my answer. They have identified themselves. Unfortunately the small towns, I guess those that tend to be under 500 people, there's always exceptions to the rule but if you tend to be under 500 chances are that you're not likely going to expand unless something particular happens or you happen to be in a particular location.

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(MR. EVANS cont'd) . . . . Let's say you're within 20 minutes driving distance of Winnipeg or some other major centre, then there may be a tendency for a dormitory effect to happen where people - well I think Stonewall is a good example. I was speaking to the Stonewall Chamber of Commerce I recall a couple of months ago and that place is growing very quickly. I don't know what the population is. It may not fall into that category of under 500 people but the point I'm making is that it's a special category and it's developing a bigger population because of its proximity to Winnipeg.

MR. PATRICK: . . . questions, Mr. Chairman. I thank the Minister and he mentioned they were identified some four years ago. My question would be: have we got any information of which ones are really growing and which ones are losing population. It's not that I'm putting the blame on the Minister because we know across the border in the United States some good centres are losing population, good sized towns. What they have discovered, if there is a growth centre, a good type of a small community growing up the one that is 15 miles away and has got a population of 300 it seems to sustain at 300. You've identified them four years ago. I say the ones that you've identified, have they at least maintained a population or - and if you haven't got the information I'd like to get the information - which ones are maintaining the population or holding it? There must be some falling back and probably there is some increase in some of them. For instance, Portage la Prairie, I believe they had additional industry there a year ago and there's some talk again . . . We hope they would at least be able to keep . . .

MR. EVANS: Mr. Chairman, we would be very pleased to bring a set or several sets of these publications I was referring to which give you a considerable amount of updated information on the populations of towns and cities in Manitoba and you can see what's happening.

We have a new source of information on population and that is the Manitoba Health Services Commission through the Medicare records I guess you'd refer to them. Previously we were always dependent on the census which only takes place every five years, but now we have a uniform method of getting population. It's not quite the same basis as the census but nevertheless it gives you the trend, it gives you the indication and indeed the pattern is for the bigger centres to be growing most quickly. But we can give you that information in some considerable detail, grouping them and so on. I think they are grouped by sizes and you can see where certain categories are growing quicker than others.

MR. PATRICK: There was some at least suggestion by me a couple of times that we establish sort of a trade office, Manitoba Trade Office in Ottawa. Has the Minister given any more consideration to that? I know there's been some indication that say, well we've got pretty good communication, it's not necessary. Now from some observations and some communication that I've had with people in Ottawa - not the Ministers but in the department - they felt at that time that it would be most valuable. In fact from my own experience I've had communication with some business people who were in Winnipeg and I had communication with them, that wanted to invest some money in Manitoba, large amounts of money. I think they were trying to go into the wrong industry and it was into a sugar refinery. Apparently they couldn't get the kind of information that they were seeking. There was some difficulty. They had great difficulty. I believe I may have talked to the Minister a year ago about that or so. I don't know if he recollects or not but these people were here and it involved good investment, apparently I guess after they discovered that there was limits and they couldn't buy the sugar beets because they're contracted already to another refinery, and so on. But perhaps there could have been interest in something else, you know, we could have put our experts in the department on these people. So my two questions: Has the Minister given any more consideration to a trade office in Ottawa; and can he also indicate to us, is there any increase in the food industries in the province and the vegetable processing?

MR. EVANS: Mr. Chairman, I would try to answer those questions . . . My only point would be that the question of an office, whether it be in Ottawa or Minneapolis, or what have you, doesn't fall under this item of economic planning. But I'd be happy if the committee agrees to talk about it; I'd give you my opinion on it.

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MR. CHAIRMAN: The Chairman would prefer it discussed under the appropriate item on the Estimates.

MR. EVANS: What was the other question. Well again these are figures we would have to look up. If you're talking about the manufacturing, the output of food processors, whether it be Morden Fine Foods or . . . that would include bakeries, dairies, everything in the food industry. Well that information is available, and we can certainly secure it for you. I couldn't tell you offhand. What about Morden? -- (Interjection) -- You might ask the Member for Pembina; he may know more about it than I. I'm not sure, I look around and I don't know whether we have any information on Morden Fine Foods Limited. I think it has come along. This is something you discuss when you have the Manitoba Development Corporation Chairman here because he will have that information, and he has to by law of course give you the actual company statements. But I think there has been an expansion in the food industry. I can't tell you exactly what the percentages are. There is, I might add, considerable potential. There has to be for this industry. One reason is this, that there is an increasing shortage of good agricultural land near major population centres. And in the case of Ontario, while it may have some good agricultural land, I believe that it is becoming something of a net importer of raw vegetable products particularly, it has become from the Maritimes, for example, in the field of potatoes, Prince Edward Island, and so on. What is now happening is that with the continued growth of the population in central Canada there is pressure being put on the existing land capability and so Manitoba is now being looked to for future vegetable growing and hopefully processing. There has been some discussion in the paper. I don't know whether I really want to discuss it at this stage, but there is some possibility of further potato processing both - well Portage was mentioned but there is some other interests by others in Winnipeg and other rural centres. I've been advised that there is a three-stage expansion under way in Morden Fine Foods. But as I said, you can discuss that in more detail with the MDC. But I make that though as a very important observation, that there is a growing potential for further high-valued farm production for processing here because of this phenomenon.

MR. CHAIRMAN: Resolution 71(e)(2). The Honourable Member for La Verendrye.

MR. BANMAN: Thank you, Mr. Chairman. I wonder if the Minister could tell us how, in his projections, how dependent Manitoba's economy is on the agricultural products. In other words, I note that some of our exporting companies, such as the farm machinery companies that have been doing fairly well in the last number of years, have reached that certain plateau maybe that we're talking about, if the agricultural sector, if we'd experienced the same problems as we did back in 1970 when wheat was very very cheap. And of course at that time the farm machinery people took a real nose dive as far as sales and as far as profits were concerned. Now I was wondering if the Minister could tell us how much we are dependent on the agricultural industry in Manitoba.

MR. CHAIRMAN: The Honourable Minister.

MR. EVANS: I don't know whether I could without looking up the statistics, I don't know whether I could just tell you very precisely. I would say, as a general observation, that we are highly dependent on agriculture. All you have to do is look at the percentage of manufacturing output in the food and beverages areas, which includes bakeries, dairies, vegetable processing plants, and the like, and meat packing and so on, and this is a very very basic type of industry for us and will continue to be so.

Now when you ask well how dependent are we, it becomes more difficult when you think of the indirect impact. Because as everyone I am sure appreciates when farm income, net income is high or is rising, that has in turn a buoyant effect on the economy generally. So if you ask, well how dependent are we on the farm economy, I say we're very dependent both in a direct way because it supplies the milk or the flour or the meat or what have you for these food processing plants, but at the same time we're very much affected by the health of the farm sector because it is that farm sector which provides a large purchasing power, not only within Manitoba but throughout the prairie region. I might add, Mr. Chairman, that the bulk of our manufacturing output is sold in the prairie region and one reason why Manitoba has superseded Canada in terms of



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(MR. EVANS cont'd) . . . .factory shipments in the past few years is because of the very good help of the farm sector. For example, in 1972 the percentage increase in the value of factory shipments or manufactured shipments over the previous year - this is always over the previous year - was 11.9 percent for Canada, and 12.2 percent for Manitoba. Then you go to '73, it was 16.8 for Canada, and 20.1 percent for Manitoba; in 1974 it was 20.7 percent for Canada, 25.3 percent for Manitoba. In '75 we had a drop in the economy, in the economic activity Canada dropped to 7.3 but Manitoba was 9.5. And I think one of the reasons is because of the good help of the farming sector.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. McKENZIE: Mr. Chairman, may I ask the Minister in the Estimates that are before us, the Economic Planning and also Policy Research, what he's got in mind for the expenditure of these dollars in the year ahead?

MR. EVANS: I think the budget apart from salaries is \$164,000, yes, other expenditures. Our rough calculation is that \$57,000 would be spent on policy research, \$45,000 on departmental program research, and \$28,000 on planning, that's essentially regional planning, I'm sorry, that's general planning, industrial planning, and \$34,000 on regional studies and regional planning.

MR. McKENZIE: I wonder, can the Minister advise why we're dropping some \$80,000 in planning at this particular time, in the year ahead. It looks to me, in '76 there was 249 and now we're dropping to 164.

MR. EVANS: Mr. Chairman, that can be explained by a reorganization. You'll note under Affiliated Agencies and Activities 4(c), Manitoba Energy Council, has a total of \$100,000 and it showed nil for the previous year. What we've done is take the energy staff that used to be located in this particular Economic Planning and Policy Research group and have separated them and they are serving as a secretariat to the Energy Council. The Energy Council being an interdepartmental body, it includes representatives from Mines and Resources, the Manitoba Hydro, Public Utilities Board, as well as the Deputy of Industry and Commerce. So it's an interdepartmental policy group and we decided to have the staff serve it in a secretariat function directly to that council and this explains the drop in the figure under Economic Planning and Policy Research.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: If the member is finished, Mr. Chairman, I have another question before we get off Economic Planning and Policy Research. Can the Minister indicate if there has been any research done into such things as health food? That seems to have gained such great popularity, not in Winnipeg so much but in, I understand, some other places. In California there's just millions and millions of dollars that are spent. People will pay three times as much for something that they would in a general store. There's quite a few stores that are prospering in Manitoba right now selling health foods, and it appears they're importing everything from across the line, such things as even buying ordinary grain that hasn't been sprayed and fertilizer hasn't been used to grow that grain. Has the department looked into such things as health foods, because as I say there's quite a few stores prospering and they're importing everything from somewhere else?

MR. EVANS: This particular branch has not been studying this. As I said, this is an economic research group, we are definitely involved in this, and this would be in the Programs Productivity Group Item (c), Science and Technology. We are involved there in a very direct way. We can perhaps elaborate on that at that time but there has been some involvement. The only involvement this branch, the Economic Research Branch has had is more or less in the looking at the retail sales side of things.

MR. CHAIRMAN: Resolution 71(e)(2)--pass; (3)--pass.

Resolution 72, Programs and Productivity Group, (a) General Administration: (1) Salaries--pass; (a)(2) Other Expenditures--pass; (a)--pass. Resolution 72(b) Management, Productivity and Manpower, (1) Salaries. The Honourable Member for La Verendrye.

MR. BANMAN: Thank you, Mr. Chairman. I'd like to deal with Management Productivity as well as Manpower, and probably we can deal with them all together.

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(MR. BANMAN cont'd)

One, I appreciate that the department has been doing certain things with regard to having programs for different managers in different areas and trying to encourage managerial skills among the people. We all realize, I think, that if it isn't for good management there's no way any of the businesses in Manitoba are going to make it, and I think maybe this is one of the biggest problems we have right now is trying to find people that can operate a business and operate it profitably.

The other thing that concerns me now, and I think is becoming of general concern to everybody in Canada, is our declining productivity. And I'm wondering if the Minister's department has done any studies with regard to this productivity. In a recent report the Economic Council of Canada shows that this country is at the bottom of lists of the industrialized western world in productivity growths since 1960, and I think this is a problem of concern that we should be really worried about in Manitoba as well as Canada as a whole. It seems to be a general . . . with the cutting of the work week and cutting of several other things, our productivity, especially in the service industries, is really falling down. As I mentioned it is of concern to everybody in the business field. I'm wondering if the Minister has done any studies with regard to productivity.

And thirdly, the manpower, and I would like to elaborate on this maybe a little more after, things like have we made any representation to the Federal Government with regard to the UIC, and what I mean by that is that it seems to be becoming a way of life for many people. I think our period as far as the amount of time you have to work, eight weeks, and you can draw for another 44 is way out of whack. I'm wondering what the Minister's views are with regard to that. We've got people that are almost becoming professional people at drawing UIC by being able to work eight weeks, and then draw, and I'm wondering if we made any presentation to the Federal Government with regard to that. I realize that the UIC payments don't come out of the provincial coffers but they're still costing the Manitoba people that are contributing to that particular fund, and I might add at this time because of our low rate we're probably . . . I think Quebec is considering UIC as a sort of equalization payment, which we of course in the western provinces are losing out on because we have a lower unemployment rate. The Maritimes and of course Quebec have a much higher one. So I wonder if the Minister has made any representation to the federal people with regard to UIC, and what his views are also on the announcement made not too long ago that we might even be cut down as far as the amount of payments that we will be receiving compared to Ontario or Quebec, as far as the weekly rates are concerned. I realize that this comes very close to the Labour Minister's portfolio but sitting through the Industrial Relations Committee there were some views expressed that Labour should be looking after labour and Industry should be looking after industry. I don't particularly agree with that, but I think the line is very fine here and I would appreciate the Minister's few comments on that particular subject.

MR. CHAIRMAN: The Honourable Minister.

MR. EVANS: Mr. Chairman, I don't know whether my particular views on the Unemployment Insurance are going to have much bearing on what the Federal Government does but my feeling is that the Federal Government is more and more less inclined to listen to western provinces. That's my particular feeling having dealt with federal people over the past six or seven years. But our staff, this particular group, have discussions with Canada Manpower but we're essentially working with them in terms of industrial development, in terms of trying to provide jobs in pockets of structural unemployment where you have a community that has a high level of unemployment, etc. we've been working with them. Also we work with them on industrial training grants but - that's with Canada Manpower - but that's not necessarily the Unemployment Insurance Commission side of it.

At any rate the Federal Manpower Department does require that UIC candidates, Unemployment Insurance Commission candidates, that they must register with Manpower offices so at least we do have information on them, and we do work specifically with companies in attempting to secure manpower if that is a problem. It is not as much a problem for companies today because of the rising amount of unemployment, and that I regret in the sense that I don't like to see rising unemployment.

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(MR. EVANS cont'd)

However, I would like to tell you that we have done a considerable amount of work in the area of productivity improvement. As a matter of fact, we are undertaking to monitor productivity of companies on an ongoing basis. We are at the present time conducting an in-depth study of the garment manufacturing industry. We've set up a task force with the Manitoba Fashion Institute and we have people designated there. We're hoping to develop something of a productivity centre for the garment industry. As a matter of fact some staff are meeting tomorrow with them but this is something we started about a month or so ago and we're working very very closely with that particular industry.

We've also participated in studies involving the furniture industry and the printing industry along with the Federal Government. As a matter of fact we've done 17 industry sector studies jointly with the Federal Government, and I can go on and explain how these occur and what's involved. We always involve, of course, representatives of that industry group. For example, if you're talking about the furniture industry usually there is an association that you can work with and this is what we attempt to do, and there is a steering committee on a selection of consultants, etc.

I would also advise you that we've had a rather extensive series of regional productivity audits. If you're interested, we completed programs in the past year in Pembina Valley where there were 33 companies participating: Eastman 22 participants; and Central Plains which is the Portage la Prairie area with 26 participants. Now those are regional, they cut across industry groups, but at any rate we work very closely with the individual company.

Presently, I believe there's a productivity audit going on with the cheese industry. What we're doing specifically is assisting them in preparing an accounting manual.

So the answer to your question is, yes, we do work with companies on an individual basis and on a group basis, both by industry and by region in order to assist in some way or other to improve productivity.

Having said that I would also go on to refer to another program which is called the Community Management Program which tends to get more or less into the retail and service sectors. And we've had an extensive program to date. . . Since it started about four years or so ago we've had 246 firms participate in 40 rural Manitoba communities I'm sorry that's a correction, 246 firms was just the last year, we've had over 700 in total since inception. For example, we've had a Community Management Program in Beausejour, 25 companies participated or 25 persons; Virden, 25 persons; Ste. Anne, 15; The Pas, we had 14 participants, and so on. Souris, 10; Ste. Rose, 9; Gimli, 10. We approach the businesses very often through the local Chamber of Commerce, and it's a nominal fee that the participants are expected to put up, \$25.00, and they certainly get more than \$25.00 worth because what we do is not only. . . we don't sit them down and lecture them, we actually put in the consultants right in the firm and they work with them to see just how they can improve their productivity whatever that may be. It may be a reorganization of the whole store; it may be a new accounting system; it could be any variety of organizational changes; it may involve pricing. There was one company, I believe one of the very first I can recall, it was in Selkirk and this particular caterer provided very fine food and had lots of business but was not making the money that he should be and we discovered that he was simply undercharging. We happened to be one of the first customers on the new pricing system because we had a regional meeting out in that area and we were charged higher prices. But I just used that. . . it's a real case where this particular food caterer was underpricing his services. And we're even more generous, the \$25.00 that the companies pay the department, we give back to the Regional Development Corporation to give them a little boost.

MR. CHAIRMAN: I should remind the honourable member that the Unemployment Insurance Commission is a federal responsibility. He should keep his remarks to those responsibilities that come under the Minister of Industry and Commerce. The Honourable Member for La Verendrye.

MR. BANMAN: Mr. Chairman, I would like to say that this is of concern to the people who are employing people and we're looking under the Manpower section here and

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(MR. BANMAN cont'd) . . . .we're trying to examine the problems facing industry as a whole in Manitoba right now, and I think that the problems being faced by UIC is relevant and all I was asking for is the Minister's . . . if he had any input with regard to that particular thing or if the Government of Manitoba had made any representation to the Federal Government with regard to UIC. So I feel it's in order.

MR. CHAIRMAN: The honourable member shouldn't argue with the Chair. I believe he knows that. The Chair allowed the question to be asked and answered and the Chair cannot allow any further debate on the topic.

Committee rise.

IN SESSION

MR. DEPUTY SPEAKER: The Honourable Member for Radisson.

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I beg to move, seconded by the Honourable Member for St. Matthews that the Report of the Committee be received. MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable Minister for Agriculture.

MR. USKIW: Mr. Speaker, I beg to move, seconded by the Honourable Minister for Urban Affairs, that the House do now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:30 p.m. tomorrow afternoon. (Tuesday)