

# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 27 May, 1985.

Time — 8:00 p.m.

## CONCURRENT COMMITTEES OF SUPPLY SUPPLY - GOVERNMENT SERVICES

**MR. CHAIRMAN, C. Santos:** Committee, please come to order. We have called all of Item No. 2, vote No. 2. We are now in Item No. 2.(d)(1) and 2.(d)(2).  
The Member for Virden.

**MR. H. GRAHAM:** Mr. Chairman, this is the area where we see a rather rapid increase in Other Expenditures. In fact, it's about \$36 million. There's a note that says that this \$36 million is for rental payments as the result of the sale and lease-back of government-owned buildings to Manitoba Properties Incorporated.

Could the Minister indicate if that is a permanent sale that has occurred or what the terms of the lease-back with Manitoba Properties Incorporated are?

**MR. CHAIRMAN:** Mr. Minister.

**HON. J. PLOHMAN:** Mr. Chairman, I trust that the members had an opportunity to discuss this matter with the Minister of Finance, because I'm not going to get into the financial arrangement aspect of this particular matter.

In terms of the purpose of MPI however, there are an additional \$36 million included in our budget to pay the rental costs to MPI on these buildings, which have been sold as a financial arrangement to result in a net benefit to the taxpayers of Manitoba through a sale of shares.

I think that the members are aware of that transaction, the purpose of it, and the cost saving involved for government. We are simply, as the Department of Government Services, continuing to manage those buildings the same as always has been the case in the past, with the paying of the leases to MPI based on the going rate, the market value of leases out in the marketplace for those buildings. That's why we have the \$36 million in there to pay those lease costs.

**MR. H. GRAHAM:** Mr. Chairman, I'm surprised that the Minister doesn't know his responsibilities. It has been traditional that the Minister of Government Services is responsible and he is the custodian of all of the provincial buildings in the province, and that has been his role ever since we had a Department of Government Services, and somehow you have allowed a whole bunch of these buildings to slip out of your hands. Now you have to answer to this committee on why you allowed it to happen.

**HON. J. PLOHMAN:** You want to know why? Because the government gains \$8 million for the taxpayers of Manitoba every year because of it, that's why.

**MR. H. GRAHAM:** Well, Mr. Chairman, that may be or it may not be and we will find out this evening, and

we will not stop until we find out whether there was an \$8 million saving.

**HON. J. PLOHMAN:** Good.

**MR. H. GRAHAM:** Now, if the Minister says there's an \$8 million saving, I would ask him to show us where it is?

**HON. J. PLOHMAN:** Well, I have indicated to the members - and they can have some fun here tonight if they like. They should be asking and directing these questions. If they didn't, they slipped up. They should have been asking these questions of the Minister of Finance. His department was responsible for the financial arrangement involving Manitoba Properties Incorporated, and the Department of Finance is the department that identified the overall savings to government.

**MR. H. GRAHAM:** Mr. Chairman, the Minister of Government Services is responsible for all publicly-owned buildings owned by the Province of Manitoba.

**HON. J. PLOHMAN:** Not any more.

**MR. H. GRAHAM:** Apparently you have lost control of a large number of them. Did the Minister make any objection when the Minister of Finance seized a bunch of the province's buildings?

**HON. J. PLOHMAN:** Mr. Chairman, the member asked if I made any objections. Of course, at the time that this was set up I was not the Minister responsible for this department, and I don't think, as a member of Cabinet, I would have objected too strongly to a benefit of \$8 million to the taxpayers of Manitoba. Certainly, I feel that is very important.

I don't think the member has been able to identify any negative aspects of doing this. The fact is that it's a holding company, Manitoba Properties, and the operation of the buildings under that corporation continues in the same way as it always has, by the Department of Government Services, so there's really no change in that, in terms of our operations.

**MR. H. GRAHAM:** Mr. Chairman, I received, thanks to the Minister, and I want to thank him for giving me the copy - five pages, Schedule A and Schedule B of the lease agreement between Manitoba Properties Incorporated and Her Majesty the Queen in right of the Province of Manitoba, effective the first day of August, 1984.

The note that's in the Estimates says it's a result of the sale and the lease-back of government-owned buildings to Manitoba Properties Incorporated. Is there a difference between what occurs in the printed Estimates and what occurs in the sheet of paper that was given to us just - well, I got mine at supper time. Is it a lease agreement or is it a sale and a lease-back?

**HON. J. PLOHMAN:** The member is obviously not listening or considering this seriously. It involves the sale of the buildings and then the lease-back. That's why the \$36 million is involved. It's the cost to the Department of Government Services of leasing those buildings for government purposes.

**MR. H. GRAHAM:** Mr. Chairman, just recently - and I'll start with the very first item on this list is the Provincial Archives Building.

The province has over the last four or five years spent many millions of dollars in renovating that building. Can the Minister give us the cost of the renovations that have occurred in the last five years to that building?

**HON. J. PLOHMAN:** I can get that information, Mr. Chairman. I can get that information for the honourable member; I don't have it available. I know it would probably be in the millions of dollars.

**MR. H. GRAHAM:** Mr. Chairman, can the Minister indicate what the sale price of that building was?

**HON. J. PLOHMAN:** The actual price that was arrived at for each of these buildings was done after agreement by Revenue Canada and the auditing or consulting firm that did the planning and analysis for the sale of the buildings to Manitoba Property Incorporated through their acceptance of the values that were assessed by staff of Government Services. Both market value and replacement costs, we used as a basis for determining the value of the buildings.

**MR. H. GRAHAM:** Mr. Chairman, is the Minister of the Crown responsible for all public buildings in the Province of Manitoba? Can he indicate to me what the sale price of the Provincial Archives Building was, which was under his jurisdiction and which he allowed to be sold to Manitoba Properties Incorporated?

**HON. J. PLOHMAN:** Well, I don't have the actual price for each individual building. The total cost of them adds up to over some \$500 million in total, including all of those on the list that the member has. Of course, they're still owned by the Crown and the Government of Manitoba still owns those buildings. They are administered by the Department of Government Services as they have been in the past under a lease agreement.

**MR. H. GRAHAM:** Can the Minister then indicate how much rent he is paying Manitoba Properties Incorporated for that particular building?

**HON. J. PLOHMAN:** Mr. Chairman, the annual rent for the Archives Building is \$979,530.00.

**MR. H. GRAHAM:** \$979,530.00.

**HON. J. PLOHMAN:** If you put all the pieces together you'll find . . .

**MR. H. GRAHAM:** Rather than having to ask for each and every building, would the Minister be able to provide

us with a copy of the rent paid for each and every building that is listed here as belonging to the Manitoba Properties Incorporated and no longer owned by the province?

**HON. J. PLOHMAN:** It is owned by the province now, Mr. Chairman. Well, Mr. Chairman, the member has made an incorrect statement when he said that they're no longer owned by the province. They are owned by the province.

In terms of the annual rents for each of the buildings, I don't think that information is of any value to the member. The members here, if they could tell me why they want to know what the rents are for each of those buildings, then I could consider providing it. I don't see the value or the purpose of it.

**A MEMBER:** Because we're spending taxpayers' dollars, man. What do you mean?

**HON. J. PLOHMAN:** You're not spending any money, you're saving money.

**MR. H. GRAHAM:** We are spending money. Mr. Chairman, I haven't asked how much the Minister pays for rent on his house or a suite he lives in. I haven't asked for any of his own private things. I am asking for public information, dealing with public buildings, that were built at taxpayers' expense, and according to his Estimate Book, were sold and leased back.

So I think because the province has entered into a big deal, they've received an awful lot of money, but they are paying an awful lot of money and I don't think it is a good deal for the people of Manitoba at all, I would suspect that if the Minister is not prepared to give us the individual figures for each and every building, then I would have to say that examination of his Estimates is nothing more than a sham.

**HON. J. PLOHMAN:** Mr. Chairman, I've indicated that the details of this financial arrangement were all under the jurisdiction of the Department of Finance, and if the members were either unwilling to ask or afraid of the information they would get, or whatever, they had an opportunity, and I expect they examined in detail the arrangements for Manitoba Properties Inc. If they didn't, they obviously missed the boat.

**MR. H. GRAHAM:** I felt that the Minister of Government Services was a very honest and forthright and open person, and we could get the information from him. I may be labouring under false . . .

**HON. J. PLOHMAN:** I've given the member the aggregate totals here. The annual rent is \$35,267,000; the value of the buildings is some \$530 million - or it's \$35 million for the rent; and the value of the buildings is some \$530 million including the value of the land. So you've got all the information in that. I don't know if there's any problem with giving the detailed information on each building.

As far as the rents, I gave one that the member asked for. He didn't say why he wanted it, nor did he do anything with the information once I provided it to him, so I still don't see the purpose of it. Does he want

to follow up with some additional questions on that basis? Does he want to compute the cost per square foot? I could get him that too for the Archives Building if he wants and then he can start to work on that information and give me an indication of what he wants to do with it.

**MR. H. GRAHAM:** Mr. Chairman, the Province of Manitoba has spent millions of dollars renovating that building and have sold it for a pittance. They are now paying almost \$1 million a year in rental. We don't know how much they've sold it for. The Minister has refused to tell us what he sold it for. Now he's going to change his mind and give us the information.

**HON. J. PLOHMAN:** Mr. Chairman, the member was asking for all of the buildings individually. He wants to know about the Archives Building. It was sold - the member has called it a pittance - it was sold for \$10,883,666, so that's not a pittance, Mr. Chairman. I think that's a pretty valuable building. Got a good price for it.

**MR. H. GRAHAM:** Can the Minister indicate to me - he said he was going to get the information - were the renovations to the Archives Building that have been conducted over the last few years, were they more or less than \$10 million?

**HON. J. PLOHMAN:** I believe they were considerably less than that. I don't have the figures right here. I'll see if I can get them for the member.

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

**MR. C. MANNESS:** Mr. Chairman, I'm intrigued with these leases. Could the Minister tell me whether his department will be paying a rental on a yearly basis, an annual rental, using this Archives Building as an example?

**HON. J. PLOHMAN:** As long as the arrangements aren't changed, we'll continue to pay that rent on an annual basis for as long as this arrangement is in place.

**MR. C. MANNESS:** Mr. Chairman, I've signed many leases in my life and they've all had some type of term to them. Can the Minister tell me or can he indicate whether there's a term in place or not, and if there is, what it is?

**HON. J. PLOHMAN:** Mr. Chairman, the financing arrangement, as I indicated, was the jurisdiction of the Department of Finance and the Minister of Finance will undoubtedly want to address some of these areas that the member is raising. These are based on a yearly lease, on a year-to-year basis is my understanding, and the lease costs are assessed to pay the dividends on the shares that were sold.

**MR. C. MANNESS:** I understand that there's an annual rent, Mr. Chairman, but is the Minister indicating that the conditions that have been laid down with respect to, first of all, selling the properties and then leasing them back are open-ended such that there is no term,

absolutely no term associated with the lease-back of these particular facilities?

**HON. J. PLOHMAN:** The member is aware, as I have indicated, that this is a financing arrangement to save realized benefits of approximately \$8 million per year for the Province of Manitoba. It is simply that financing arrangement and if he wants to ask detailed questions about that arrangement, he should talk to the Minister of Finance, as I've indicated, and I will continue to persist in that.

**MR. C. MANNESS:** Mr. Chairman, I've gone through the Finance Estimates. I don't see this allocation of monies, although I do see it within the department that we are now reviewing. I'm asking the Minister whether we can expect his department to have to pay this rental, or some variation of this rental amount of \$36 million? Will his department have to be paying that sum for years to come, and does he have any idea as to when this payment is going to cease?

**HON. J. PLOHMAN:** Mr. Chairman, I could get that information for the honourable member if he'd like to have it, but I can't provide it to him at this particular time as to the exact extent, length of time, and so on.

**MR. C. MANNESS:** Mr. Chairman, yes, I would like to have it. That's why I asked for it and I'll then accept it when the Minister provides it. I would hope that he would give us an undertaking to provide it yet this evening.

Could the Minister tell me, in this lease-back arrangement, whether the government, whether his department has the opportunity to purchase back the buildings in question?

**HON. J. PLOHMAN:** Well, the member is again asking details of the financing agreement and we'd have to get that information for the member. If it's required under these Estimates, certainly we can provide all of that information through the Department of Finance.

As I've indicated earlier, the members would have been more appropriately asking these questions under the Minister of Finance's Estimates, who is involved in that particular transaction. I have indicated clearly where that money is being spent from the Department of Government Services perspective, and that is for the leasing of those particular buildings and it comes to some \$36 million, and it's as simple as that.

**MR. C. MANNESS:** Mr. Chairman, I wanted to ask a number of questions with specific reference to the sale and lease-back of the particular properties in question. I didn't have an opportunity. I went through the Estimates and saw that they fell within this department. It's on that basis that I've come here to ask the Minister of Government Services the questions. As the Minister has no answers, that's fine, but I believe that this is the appropriate time when I would ask the questions.

**HON. J. PLOHMAN:** The details of the financing arrangement, Mr. Chairman, are the responsibility of the Minister of Finance. He's here now and if the members want to discuss that arrangement further -

I doubt whether they will. They chose not to discuss it during the Minister of Finance's Estimates, I take it, from the discussions here tonight. They obviously missed the opportunity there. I'm sure the Minister of Finance would be pleased to discuss with them at this particular time if they desire to do that.

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

**HON. V. SCHROEDER:** Mr. Chairman, we did have a fairly lengthy discussion about this very issue during my Estimates. If members want to go over that again - although I'm not sure about whether that would be in order.

**HON. J. PLOHMAN:** If they want to take time to do it.

**HON. V. SCHROEDER:** If they want to take time, we've got lots of time.

**MR. CHAIRMAN:** What's the pleasure of the committee?

**A MEMBER:** We just ask questions, Mr. Chairman.

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

**MR. D. ORCHARD:** Mr. Chairman, the Minister has indicated that there is some \$530 million worth of buildings on Schedule A and Schedule B. First of all, Mr. Chairman, could the Minister indicate why there is a Schedule A and why there is a Schedule B?

**HON. J. PLOHMAN:** I think, Mr. Chairman, it would be sufficient to say that the buildings in the different schedules were valued using different processes and split up in that method.

**MR. D. ORCHARD:** Would the Minister indicate what the different processes are that allow a Schedule A and Schedule B to exist?

**HON. J. PLOHMAN:** Again, as I indicated, the auditing firm and consultants were involved in the methods that were arrived at and approved by Revenue Canada with regard to the assessments. In some cases, it was the market value and in some cases it was the replacement value for the buildings.

**MR. D. ORCHARD:** So which was used in Schedule A and which was used in Schedule B?

**HON. J. PLOHMAN:** I believe market value, Mr. Chairman, for Schedule A and replacement value for Schedule B.

**MR. D. ORCHARD:** You believe?

Mr. Chairman, under Schedule B, Page 2, could the Minister indicate what lease the government is paying on the Boissevain Land Titles Office to Manitoba Properties Incorporated?

**HON. J. PLOHMAN:** I'm not certain, Mr. Chairman, that I have the specifics of that particular lease here at the present time.

**MR. D. ORCHARD:** Mr. Chairman, I'd be very interested in seeing the lease agreement on the Boissevain Land Titles Office because it's now closed and you're paying lease on an empty building. Now, that is some kind of a financial arrangement you've got going here. You're saving a lot of money. So, if the Minister could provide us with the lease agreement on the Boissevain Land Titles Office later on this evening, that would be of a great deal of interest to the taxpayers of Manitoba.

**HON. J. PLOHMAN:** Well, it's incorrect information, Mr. Chairman, the building is not closed. The Land Titles is no longer in that building but there are other occupants in the Land Titles Building in Boissevain.

**MR. D. ORCHARD:** Well, would the Minister provide us with the details on the lease costs of the Boissevain Land Titles Office and the value for which it was sold by the province to Manitoba Properties Incorporated?

**HON. J. PLOHMAN:** I'll take that as notice, Mr. Chairman, and get back to the member on it.

**MR. D. ORCHARD:** Mr. Chairman, the Minister indicated that the value of the buildings sold was \$530 million. Could he indicate the amount of money raised by Manitoba Properties Incorporated?

**HON. J. PLOHMAN:** That is a matter that should be referred properly to the Minister of Finance.

**MR. D. ORCHARD:** He's here.

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

**HON. V. SCHROEDER:** We'll wind up knowing exactly what the final amount of the take-up on the warrants is by - I believe it's July 15, 1985. In recent days, many millions of dollars worth of share warrants have been exercised. We expect that it will be fairly close to the full \$400 million.

**MR. D. ORCHARD:** Mr. Chairman, the Minister indicated earlier that the buildings were still owned by the province. Could the Minister indicate the security that Manitoba Properties Incorporated has offered to the investors who are investing upwards of \$400 million based on the security of \$530 million worth of buildings?

**HON. V. SCHROEDER:** The sole shareholder holding common shares in Manitoba Properties Incorporated is the Crown in right of the Province of Manitoba. The preferred shares sold have a maximum lifetime of 10 years; they do not vote; they do not appreciate in value as far as the province is concerned and they receive dividends at the rate of 9.25 percent per annum for that up to 10-year period.

**MR. D. ORCHARD:** Mr. Chairman, the Minister of Finance mentioned something in his previous answer about warrants. Is Manitoba Properties Incorporated in addition to issuing preferred shares, also into other financial instruments?

**HON. V. SCHROEDER:** No, Mr. Chairman.

**MR. D. ORCHARD:** Was it a slip of the tongue where the Minister made reference to warrants?

**HON. V. SCHROEDER:** The original share issue for every share purchased, the purchaser was provided with one warrant which gave that individual the right to exercise an option to purchase an additional preferred share in Manitoba Properties Incorporated by - I believe the date is July 15, 1985. The warrant would have the precise terms and conditions which attach to the preferred share originally purchased by the purchaser. So there was a total share issue of \$200 million at which point the issue was stopped. Each one of those shares had a warrant attached to it allowing the purchase of an additional share on the same terms and conditions. That's the only other kind of arrangement involved with the issue.

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

**MR. D. ORCHARD:** Thank you, Mr. Chairman. Could the Minister of Government Services indicate who pays maintenance costs?

**MR. CHAIRMAN:** The Minister of Government Services.

**HON. J. PLOHMAN:** Yes, Mr. Chairman, the maintenance costs are the responsibility of the Department of Government Services.

**MR. D. ORCHARD:** Who pays the heating, electricity and the other utility bills?

**HON. J. PLOHMAN:** That is the responsibility of my department as well. It's a net lease.

**MR. D. ORCHARD:** In earlier questions from the Member for Morris, the Minister of Government Services indicated he wasn't sure how long the lease ran. Is he a little more sure now?

**MR. CHAIRMAN:** That was answered by the Minister of Finance.

**HON. J. PLOHMAN:** I believe the Minister of Finance had given some information on the term of this arrangement. I don't have the detailed information on the extent of those leases, any more now than I did five minutes ago, Mr. Chairman.

**MR. D. ORCHARD:** Is it fair to assume that since the preferred shares are interest-bearing at 9.25 percent and for a 10-year duration, that your lease is also for a 10-year duration?

**HON. J. PLOHMAN:** Mr. Chairman, I'm not certain that that would automatically follow.

**MR. D. ORCHARD:** Mr. Chairman, is the Minister of Government Services saying that when he is paying in line 2.(d)(2) a \$36 million allocation for rental payments, is the Minister of Government Services telling us tonight that his department were not the ones that drew up the leases, and that he doesn't know that some other department drew up the leases?

**HON. J. PLOHMAN:** Mr. Chairman, the lease arrangements were drawn up by the consultants who were engaged for the purposes of setting up MPI.

**MR. D. ORCHARD:** And where are the leases? In what department are the leases?

**HON. J. PLOHMAN:** The Department of Finance is involved with handling the leases, Mr. Chairman.

**MR. D. ORCHARD:** Then if the Minister of Finance has the leases and the Department of Finance has the leases and drew them up, why did the Minister of Finance not pay the rental? I find that a little difficult to believe. If that's the way you're operating, it's even more convoluted and more confused.

Are you telling me that the Government Services Department, this department, has nothing to do with the leases; does not know what's in the leases; is not aware of any of the clauses of the leases? Is that what you're telling me tonight?

**HON. J. PLOHMAN:** Mr. Chairman, I never said that the Department of Government Services was not aware of anything that's in the leases. That is obviously not complete.

The leases have been reviewed by the department and the department is aware of the contents of those leases, but as to the terms and contents of those leases, they were drawn up by the consultant, since it's treated as a financial agreement and arrangement by the Department of Finance, that they have entered into on behalf of the Province of Manitoba to save the province, as I've indicated earlier, \$8 million per year. We treat it as a financial arrangement and the properties continue to be operated by the department in the same way that they always have been in the past.

**MR. D. ORCHARD:** Well, since the department is aware of the contracts and the leases, as the Minister has just said, could the Minister indicate whether their awareness includes the length of term of the lease?

**HON. J. PLOHMAN:** Mr. Chairman, I understand from the advice that I am getting from the department that these are not fixed-term leases, that they are a lease arrangement as part of the financial arrangement by the Department of Finance to support the shares that have been sold for a 10-year period and that has nothing to do with the extent of the lease or the length of the lease. There's no fixed term on it.

**MR. D. ORCHARD:** So then, next year, if the Provincial Government and the Department of Government Services decided they were not going to pay their \$979,530 rent on the Provincial Archives Building, and the Department of Finance decided they weren't going to pay back the \$10,883,660, what would happen, since the lease doesn't have a fixed term?

**HON. J. PLOHMAN:** Mr. Chairman, that's a hypothetical question.

**MR. D. ORCHARD:** Mr. Chairman, I realize that the Minister has some difficulties answering questions that

he doesn't know the answers to, even though it's in his Estimates and he's the Minister responsible, but we have a situation where this government has sold public assets to a dummy corporation. They are leasing those assets back. We don't know the term of the lease, how long it's in place.

We know that this year he's paying almost \$1 million in rent for the Provincial Archives Building. If he doesn't pay that rent, what happens to the building? Who pays the rent? And if the lease that he has in place presumably with Manitoba Properties Inc., doesn't have a fixed term in it, then he's under no obligation to pay it. So under what circumstances can the Minister not pay the rent? After all, you could save \$36 million by not paying the rent.

**HON. J. PLOHMAN:** Mr. Chairman, what we're doing is paying the bulk rent for all the buildings involved, for MPI, and it's part of the financial arrangement and obviously that is part and parcel of the whole arrangement, to save the taxpayers the money that I've indicated to the member on a number of occasions. Obviously, his concern about not paying the rent is one that I'm not concerned about.

**MR. D. ORCHARD:** So then is the Minister now finally telling us that his leases are for a 10-year period?

**HON. J. PLOHMAN:** It's a year-by-year lease for a minimum of a 10-year period, Mr. Chairman.

**MR. D. ORCHARD:** And that's part of the clause of the lease.

**HON. J. PLOHMAN:** As I indicated, there's no fixed-term lease involved here but, of course, it would be in existence for at least as long as the issuance of the shares, a 10-year period - the issuance of the shares by the Department of Finance.

Obviously we're going to have to pay the leases for at least that period of time, but there's no fixed term on this lease.

**MR. D. ORCHARD:** Mr. Chairman, is the yearly rental fixed on the Public Archives Building and all other buildings that are contained in Schedule A and Schedule B?

**HON. J. PLOHMAN:** It's my understanding that it is fixed, that there are no escalations in that lease over that period of time.

**MR. D. ORCHARD:** So that means that the lease, obviously, if it's fixed so that in the 10th year you pay the same rental as in the 1st year - does that not mean that you've entered into an obligation of a 10-year lease? Why would any investor put up his money, and in the 10th year he's getting from the Manitoba Properties Incorporated, 9.25 percent interest on his preferred share holdings in Manitoba Properties Incorporated? You mean to say that that investor is putting the money in there for a 10-year period without there being an offsetting income to Manitoba Properties Incorporated, namely, a lease with the Provincial Government that is in existence for the same 10-year period?

**HON. J. PLOHMAN:** As I indicated, it may go beyond 10 years and of course the investors that the member is talking about are very anxious to enter into this arrangement.

**MR. D. ORCHARD:** I bet they were.

**HON. J. PLOHMAN:** Yes, so they all have a lot of confidence that the government is going to honour its responsibilities with regard to this, unlike the Member for Pembina.

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

**MR. C. MANNESS:** Mr. Chairman, the Minister says "all the shareholders."

**HON. J. PLOHMAN:** Investors. I did not say shareholders.

**MR. C. MANNESS:** Well, who are all the investors?

**HON. J. PLOHMAN:** The member can ask that of the Minister of Finance. I've indicated that clearly and I'm not going to play games here. I've indicated clearly that the Minister of Finance is responsible for the financial arrangement and that's where the questions should be asked.

**MR. C. MANNESS:** Mr. Chairman, I ask the question - the Minister doesn't have to become indignant about it, because the Minister made reference to a single shareholder, that being the Crown and the Province of Manitoba - is that right or not? The Minister of Government Services talks about many investors. What is right?

**HON. J. PLOHMAN:** The member should distinguish between common shares and preferred shares and I'm not getting into additional detail, technical detail, financial detail on this particular arrangement. As the member is aware, it's the Department of Finance that has entered into this arrangement. The Department of Government Services is only co-operating in the total financial transaction and the member is aware of that. He's aware that there's a difference between the terms with regard to common shareholders and preferred shareholder in this case and if he would like to pursue this matter in detail with the Minister of Finance, I'm certain he'd be glad to do that.

**MR. C. MANNESS:** Mr. Chairman, one question. Is there somebody other than the Minister of Finance that has the preferred shares and the common shares? Is there another entity other than the Ministry of Finance?

**HON. J. PLOHMAN:** The province and the Crown owns all of the common shares and that was stated by the Minister of Finance.

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

**MR. R. DOERN:** Mr. Chairman, just a few points. I think the Member for Pembina used the right terminology when he referred to this as a dummy corporation

because there's obviously some sleight of hand and some shell game going on here.

I want to ask the Minister a couple of questions. All this information put into the scheme, all the raw data about the costs of construction of these buildings - in order to impute the value of a building and to determine the appropriate rent, one has to have information and would it not be the case that the information on the cost of construction and the cost of renovations and the market value and the current leasing values and so on, that all that information would have come directly from the Department of Government Services?

**HON. J. PLOHMAN:** Mr. Chairman, obviously the Department of Government Services was involved in certain aspects, in terms of supplying the information that the member has outlined. The replacement value, the market value of similar buildings, that kind of information was supplied by the Department of Government Services to the consultants.

**MR. R. DOERN:** And when the market value of those assets was then struck and the lease rate was struck, was that then concurred in or agreed to by the department?

**HON. J. PLOHMAN:** Those figures were supplied by the department and there was no situation involving agreement later on. Those were the figures that were supplied by the department as to the market value and replacement value of similar buildings.

**MR. R. DOERN:** So that the basic information was supplied by the department and I assume that the department recommended figures of market value and recommended lease rates.

**HON. J. PLOHMAN:** I'm informed that the department did not provide the recommended leased rates. They just provided the value of the buildings.

**MR. R. DOERN:** Can the Minister indicate why it was necessary to bring in an outside consultant since all the expertise is contained within the department?

**HON. J. PLOHMAN:** Mr. Chairman, this was not initiated by the Department of Government Services. The consultant was already in place to draw up the details of the financial arrangement that was made through the Department of Finance, and Government Services was just asked to provide the information by the consultant. So it was a case of the consultants already being there and of course the member could address that kind of a question to the Minister of Finance.

**MR. R. DOERN:** Mr. Chairman, I prefer to deal with the Minister of Government Services, who is a more pleasant person.

**HON. J. PLOHMAN:** Well, that's true.

**MR. R. DOERN:** I wanted to ask in terms of the consultants. Were these real estate consultants or finance wizards? I mean what is their expertise? Who were these consultants and what is their area?

**HON. J. PLOHMAN:** Mr. Chairman, I don't have the name of the firm, but it was an accounting firm, I understand.

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

**MR. R. DOERN:** Mr. Chairman, I . . .

**MR. CHAIRMAN:** Is it on the same subject matter?

**MR. R. DOERN:** Yes.

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

**MR. R. DOERN:** So then the Minister is saying that a firm of accountants . . .

**HON. J. PLOHMAN:** Tax experts, yes.

**MR. R. DOERN:** . . . took the expertise of the Department of Government Services and accepted their . . .

**MR. CHAIRMAN:** The Member is to ask questions, not to assume certain things.

The Member for Elmwood.

**MR. R. DOERN:** Mr. Chairman, I don't know what the problem is here. I'm simply saying, did these so-called experts then rubber-stamp or confirm the information that was passed on by Government Services, or do they have a real estate arm? Maybe they have a real estate arm, I don't know.

**HON. J. PLOHMAN:** Mr. Chairman, as long as the information that was given adhered to a certain formula that was drawn up that was acceptable to Revenue Canada, they accepted the information.

**MR. R. DOERN:** Mr. Chairman, can the Minister indicate who the consultants were? Does he have their names?

**HON. J. PLOHMAN:** I can get that information, Mr. Chairman. I don't have it here.

**MR. R. DOERN:** On the fixed leases, I find this somewhat puzzling. On one hand the Minister seems to say that there are no fixed leases, and then he seems to say that they are leases fixed for 10 years.

**HON. J. PLOHMAN:** Mr. Chairman, what I did say, if the member was listening closely, that it was not a fixed-term lease, but the amount of the lease per year is the same.

**MR. R. DOERN:** Are there escalating clauses in the lease, or are they fixed for a 10-year term?

**HON. J. PLOHMAN:** My understanding is that the value, the amount paid each year is fixed, but there is no fixed term to the lease, in terms of the number of years that it would run.

**MR. R. DOERN:** Is the Minister saying that in the case of the Archives Building, the annual rental is \$1 million a year and that \$1 million will be charged indefinitely?

**HON. J. PLOHMAN:** I wouldn't say that it would be charged indefinitely, but certainly for a minimum of 10 years.

**MR. R. DOERN:** So it will start at \$1 million and 10 years later it will still be \$1 million?

**HON. J. PLOHMAN:** That's my understanding, Mr. Chairman.

**MR. R. DOERN:** The only other point I would make, Mr. Chairman, I think there's a lot of semantics in all of this and a lot of rubbish as well, and all this talk about preferred shares and common shares and so on, this is all meaningless. None of these terms are used in the normal sense.

**MR. CHAIRMAN:** Those are legal terms.

**MR. R. DOERN:** They certainly are, Mr. Chairman, but they are hollow terms as well.

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

**MR. C. MANNES:** Mr. Chairman, the Minister indicated roughly an hour ago that he did have before him a schedule of all the rental payments on an annual basis, plus the sum of money or the agreed selling price to Manitoba Properties Incorporated. The Member for Pembina asked specifically about the Boissevain Land Titles Office wanting to know what that rental fee was.

Now, it's on the record the Minister has indicated that he has all this information, at least he said so 10 minutes into the Estimates process this evening. Then he indicated to the Member for Pembina that he didn't have them. Can the Minister now tell us which one of those answers is correct?

**HON. J. PLOHMAN:** Mr. Chairman, I did not say I did not have them. I said I would get that information for the member. Obviously I have some of them. I don't know if I have them all. I have a list of some of the major ones and it's possible that the Boissevain Land Titles Building is also there.

I'm not certain that I want to provide all of the information for every single building at this particular time, until I have determined whether there's any difficulty in providing all of that information. I did supply the one asked about the Archives Building as an example and before supplying the lists and the values of all of those buildings, I would like to check with the Department of Finance to determine whether there are any difficulties with supplying that information in terms of its confidentiality.

**MR. C. MANNES:** Well, Mr. Chairman, the Minister is changing his tune rather quickly.

**HON. J. PLOHMAN:** I haven't changed any tunes, still the same one.

**MR. C. MANNES:** One hour ago, roughly, the Minister indicated that if we were prepared, if we had specific questions on any of the items, that he would furnish the material or the information that we requested. He

indicated that if we were just wishing to find out all the rental payments that would accrue to each one of these matters, that that was a different matter.

At no time did he indicate that there was a matter of confidentiality associated with any of these listings, and therefore, under those conditions, I ask him why he has changed his mind over the last hour? We have asked specific questions with respect to the Provincial Archives Building. We'd like to do so with respect to the Boissevain Land Titles Office and we would ask him again to give us the information that we so wish.

**HON. J. PLOHMAN:** What I indicated to the members, that I would supply and I have supplied the complete list of the buildings that are listed under MPI. I did not at any time say that I would provide all of the details as to the values and the lease arrangements for each of those particular buildings.

I gave one example and have chosen to check with the Department of Finance before supplying all of the information for each of those buildings, if that's what the member is asking for. I feel that I should check those figures before I do that. If there's no problem with it, obviously I'll provide it.

**MR. C. MANNES:** Mr. Chairman, this is public information. What is the problem? On what criteria is it determined which of these particular subjects and the rentals that accrue on a yearly basis should be held in confidence? Who makes that decision? Does the Minister of Government Services not have the power within his Ministry to make those decisions? What higher authority is it that he's reaching to, to help him make this decision?

**HON. J. PLOHMAN:** I've indicated clearly to the members here this evening that this is primarily a financial arrangement through the Department of Finance that \$36 million shows up in the Department of Government Services for leasing of the buildings, but that is only one part of a major financial arrangement that has been made by the government, so there is much more involved than just this department. The member knows that. He is fully aware of that. On that basis, I feel that it is very important to check with the Department of Finance with regard to the details of this arrangement. Perhaps we can supply all of the contracts, all of the leases - I'm not certain at this time - but I think the one lease overall that's the umbrella lease for all of these buildings. I would like to check that first with the Department of Finance, as I've indicated.

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

**MR. D. ORCHARD:** Mr. Chairman, the Minister has got a \$36 million rental payment. Earlier in the evening, the Minister of Finance indicated that the cost to government in reimbursing the preferred shareholders was 9.25 percent. Can the Minister indicate to us tonight if that same 9.25 percent is indeed the lease cost that's contained in the \$36 million?

**HON. J. PLOHMAN:** As far as the . . . of the lease are under the Department of Finance, that the

corporation is run through the Department of Finance not through the Department of Government Services and, therefore, the figure of 9.25 percent I cannot verify or it probably would be very close, if not exact, but I can't verify that that is indeed the figure. The simple mathematics that the member might be doing might seem to indicate that is approximately what it is.

**MR. D. ORCHARD:** Well, Mr. Chairman, the Minister has a line in his Estimates of \$36 million, allocation for rental payments as a result of the sale and lease-back of government-owned buildings to Manitoba Properties Incorporated. Is he telling us now that Government Services is paying a premium for the rental of those buildings above the cost to the Finance Department?

**HON. J. PLOHMAN:** Mr. Chairman, I'm not telling the member that at all. I indicated that I could not verify with certainty those figures that he was using.

**MR. D. ORCHARD:** Mr. Chairman, you know, I haven't sat through too many of the Estimates since Health; I've been in on Agriculture and a few others. But we've got a Minister here tonight who, in Government Services, has a total allocation of \$123 million. About 30 percent of that, he's asking us to approve tonight for a lease agreement that he is paying - and he can't provide us any details on it.

Now, Mr. Chairman, does the Minister of Government Services want the people of Manitoba to know that he's in Estimates tonight and can't answer why he's asking the people of Manitoba to pick up a \$36 million tab for buildings that are leased back; that he can't even tell us what the lease-back rate is; whether there's a premium charged by the Department of Finance to the Department of Government Services, hence, the people of Manitoba? How does he expect us tonight to approve this \$36 million - brand-new request for money - in Government Services without having some very basic answers at his disposal.

Mr. Chairman, if he can't provide those answers, I find that unacceptable that a Minister would come into these Estimates so unprepared to answer questions on a \$36 million expenditure by this department. I find that unacceptable. So maybe the Minister would like to try again to explain to us the basis of calculation for his \$36 million. What's the retail value of buildings? What is the preferred share value of buildings? What's the value of the buildings that he's paying this \$36 million worth of rental on?

**HON. J. PLOHMAN:** I've given the member the answer to all those questions but he's obviously not willing to listen. I'm satisfied that there's an \$8 million benefit to the people of Manitoba through this arrangement. I have indicated clearly that it is a financial arrangement through the Department of Finance and the members obviously didn't understand or didn't get the answers when they were in the Estimates of the Department of Finance and that is no credit to them. It's unfortunate that they didn't. But I'm not going to sit here and answer Department of Finance questions and I've indicated that clearly to the members.

As far as the benefits, I've indicated there's \$8 million benefit, that there's a lease arrangement so that the

Department of Government Services leases back those buildings and the net arrangement results in a profit to the people of Manitoba.

I understand from additional information that I've received now that the consultants involved were Buchwald Asper Henteleff, lawyers, and Thorne Riddell, accountants; that the lease is for 99 years, renegotiated every five years; the shares may be redeemed in 10 years. That is the information that we received from the department. The 99 years, as I've indicated earlier, was an indefinite term and no fixed term - in a sense it is but it's a very long term and, therefore, is the same as no fixed term for all intents and purposes.

**MR. D. ORCHARD:** Mr. Chairman, now that the Minister has found out that he's got a 99-year lease here and that the first term is fixed for 10 years, theoretically, and that there's a five-year renewable, could the Minister indicate what the five-year renewable clause has pertaining to this lease agreement?

**HON. J. PLOHMAN:** Well, Mr. Chairman, I've indicated that I don't have all of those details here. If the member wants that kind of detail, he will have to wait for it. We don't have the lease in my back pocket to table here. I have indicated that this is drawn up through the consultants that were working for the Department of Finance and that all of these details could best be sought from the Minister of Finance.

**MR. D. ORCHARD:** Mr. Chairman, the Minister may well think that's an easy way to get out of answering the questions by saying we should ask the Minister of Finance. Unfortunately, this Minister - I say unfortunately for the people of Manitoba - during these Estimates that has a \$36 million request that the taxpayers of Manitoba are going to have to come up with or else the Minister of Finance is going to go with his tin cup to New York City and borrow the \$36 million to pay the rent on the building which gives him interest on a preferred shareholding company scam. It gets very convoluted, very complex; but, Mr. Chairman, the Minister of Government Services has the responsibility, as I understand it, in providing facilities for government operations, buildings, etc., etc. Where those buildings are leased, I believe the Minister of Government Services and his department undertake that lease.

We are talking tonight about a rental payment on a lease-back for 99 years with a 5-year renewable. The Minister can't tell us anything about that. He can't tell us, whether in the 5-year renewable, that there's an escalator clause. He can't tell us whether that's right or wrong, whether at the end of five years we're not going to be paying \$36 million, but rather \$40 million or \$50 million. Does the Minister know what his department signed on behalf of the taxpayers?

**HON. J. PLOHMAN:** Mr. Chairman, the member has every right to ask any detail of this financial arrangement to the Minister of Finance at any time in the House and that's exactly where it will be answered.

**MR. D. ORCHARD:** Mr. Chairman, the Minister of Finance told us tonight that he believes they will raise something in the neighbourhood of \$400 million. My

quick calculation tells me that \$36 million, if the Minister, who doesn't know what's in his own lease-back, but if the lease-back is based on 9.25 percent, that means the Minister of Finance has raised some \$389 million. This Minister who's paying the lease can't confirm or deny that. He doesn't know, but what he should know, that's the financial arrangement the Minister of Finance explained, but what this Minister should know, as Government Services Minister, is what his lease says. That has nothing to do with the Minister of Finance.

Surely we could expect the Government Services Minister to know what space for government undertakings and operations are costing the taxpayer and what the terms and conditions of his leases are.

**HON. J. PLOHMAN:** Mr. Chairman, I've given him the terms of the lease. He knows what the cost is to the province on a yearly basis and he knows the total value of the buildings and certainly that is all of the information that is the responsibility of this department.

**MR. D. ORCHARD:** At the end of five years when the lease is renewed, what will the cost be to the taxpayers of Manitoba?

**HON. J. PLOHMAN:** As I've indicated, it can be renegotiated every five years. It may be the same; it may be different at that point. It's very difficult to say, isn't it?

**MR. D. ORCHARD:** It wasn't difficult for this Minister half an hour ago to say that the lease costs were fixed for 10 years. Now he's saying that it's up for negotiation in five years. Which story is correct?

**HON. J. PLOHMAN:** I simply said that the province would have to pay enough to raise enough to pay the dividends for a 10-year period, whatever that may be over that period.

**MR. D. ORCHARD:** Mr. Chairman, the Minister of Finance earlier on this evening told us that the 9.25 percent was fixed for a period of 10 years. What is this Minister telling us about the lease, with a five-year renewable? Is the price of the lease up for negotiation at the end of five years, so that the preferred shareholders in Manitoba Properties Incorporated, knowing that this government can't come up with the cash to pay them off can demand a higher lease-back and force the people of Manitoba to pay double the rent because this government has bankrupted the Province of Manitoba so they can't go out and borrow in any other way? Is that a possibility, Mr. Chairman?

**MR. CHAIRMAN:** It's a hypothetical question at this point in time.

**MR. D. ORCHARD:** Mr. Chairman, on a point of order. If you're going to play your hypothetical game as Chairman, we may have to impeach you. This is the people of Manitoba's money that we're talking about tonight and if this Minister doesn't know what the terms, at the end of five years are for his lease-back, then he does not deserve to be the Minister of Government Services, Mr. Chairman.

**HON. J. PLOHMAN:** Mr. Chairman, it's not uncommon to renegotiate leases after five years and I've indicated that to the member. He wants me to be a prophet in that regard and tell him what it's going to be negotiated at after five years. I think that obviously is hypothetical and totally unacceptable, in terms of any answer that I could give.

He's aware of that; I cannot predict what that would be. It may be the same; it may be somewhat different.

**MR. D. ORCHARD:** Mr. Chairman, can the Minister simply tell us as to whether, at the end of five years when the Government Services Department renegotiates the next five years of the lease, is the rental payment open to negotiation at that time and subject to change?

**HON. J. PLOHMAN:** I would assume that if the lease is up for renegotiation, that the rental may be open at that particular time. It's part of a renewal of a lease, or a renegotiation of a lease that's written into the terms for five years and if the member wants to speculate on what kind of hardship and bankruptcy that's going to cause the province, he can do that. He can also speculate as to why the province would want to do anything like that to themselves, as the owners of Manitoba Properties Incorporated.

**MR. D. ORCHARD:** The Province of Manitoba, under this government, has lost control of how they can react to the preferred shareholders in this company. The Minister is saying that at the end of the five-year lease, the rental payment is up for negotiation. Under that renewal clause, what conditions are to be considered in the process of renegotiating the new rental payment? Are such things as increased market value of the buildings to be considered in drawing a higher lease?

**HON. J. PLOHMAN:** Perhaps, Mr. Chairman, they are. I think the member should correct his statement. The province has not lost control over the arrangement that it can make. He is quite aware that preferred shareholders cannot vote and therefore do not have control over the changes that are made. I reiterate, why would the province - and he could speculate on that - cause, make changes to this arrangement that would negatively affect its position? It's totally ridiculous. There's no loss of control. The member knows that; he's attempting to grandstand here. He knows very well that it's not possible for myself as Minister to predict exactly what the figures will be after the five-year term. I've indicated that after the first five years it will be renegotiated and that's sufficient at the present time, obviously. At that time, we will know what the terms will be.

**MR. D. ORCHARD:** Mr. Chairman, can the Minister indicate what conditions - obviously a lease has conditions - at the end of five years, when the lease is up for renegotiation, what conditions affect that renegotiation process?

**HON. J. PLOHMAN:** I'm not certain, Mr. Chairman, at the present time. I could provide the member with some of those details at a subsequent sitting, but I do not have that information at the present time.

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

**MR. W. STEEN:** Yes, Mr. Chairman, earlier the Minister of Finance said to the committee that he hoped that the shares that we've been discussing for the past number of minutes would, by July 15, 1985, be sold at a value of \$400 million and yet, the Minister of Government Services said earlier tonight that they placed a value of \$530 million on the buildings. If the Minister of Finance is quoted correctly on Page 1801 of the Supply of Finance Estimates of Thursday, May 9, 1985, and he is answering the Member for Turtle Mountain and he says that 263 and the \$36 million to come is what it's going to cost the public on \$263 million worth of shares that have been sold to date.

Therefore, in next year's Estimates if the Minister of Finance's wishes come true and he is successful in selling 400 million of shares, then we can expect in this item in the Estimates of next year be maybe \$60 million instead of 36 million. Is that correct?

**HON. J. PLOHMAN:** Mr. Chairman, we'd have to wait and see when the total amount is finally sold by the 15th of July before we could make a determination of what the cost might be. Obviously, the 400 million that is being raised, the 530 million value of buildings at the present time and any additional buildings that might be included, is simply collateral for the province in order to issue those shares. The total lease costs that might be incurred when that is completed are not known at this particular time.

**MR. W. STEEN:** Can the Minister tell us what the latest figure is of shares that have been sold? Is this figure I quoted him of 263 stated by the Minister of Finance on May 9th a correct figure, or is it somewhat higher than that?

**HON. J. PLOHMAN:** Well, Mr. Chairman, some time has passed since then as we move towards the deadline date that the Minister of Finance indicated, so it would be somewhat higher than that at the present time. I don't have the figures nor do I get a report on a daily or weekly basis as to whether the total has reached 290 million or 300 million or whatever at the present time.

**MR. W. STEEN:** So, therefore, Mr. Chairman, to the Minister, the 36 million that is in here in his Estimates is a guesstimate as to what it would cost to rent these buildings back, based on how successful the Minister of Finance is in selling these Treasury Bills by placing these buildings as assets?

**HON. J. PLOHMAN:** Yes, it's my understanding that is Finance's best estimate of what they would be.

**MR. W. STEEN:** I see, okay.

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

**MR. H. GRAHAM:** Mr. Chairman, the 36 million or the 35-plus - I believe it's not exactly 36 million - can the Minister indicate what share value that figure was based on?

**HON. J. PLOHMAN:** Well, Mr. Chairman, that is a question that is most appropriately directed to the Minister of Finance.

**MR. H. GRAHAM:** Well, Mr. Chairman, we are here to pass these Estimates and we are approving a sum of money which is supposedly a rental for various buildings, but we find out now that the amount of rent paid is dependent on the number of shares that are sold. I want to know what number of shares that 36 million is based on. If shares are constantly being sold, then I would assume that the rent is probably going to go up or else those shares will probably not draw any interest until a set date which would fall next year. Now, I don't know the terms and conditions of the sale of the shares and those questions are properly questions of the Minister of Finance. But it is quite proper for us to ask questions of the Minister of Government Services who is paying out some 36 million, more or less, on rental and it is quite proper that he tell us what share value that 36 million is based on.

**HON. J. PLOHMAN:** Well, Mr. Chairman, as I've indicated, the details of what the assumptions were are best directed to the Minister of Finance, but I assume that the \$36 million rent estimate is based on a take-up of the 400 million.

**MR. H. GRAHAM:** Is that an assumption or can the Minister verify that figure.

**HON. J. PLOHMAN:** I can verify by looking into it as to whether that is the case. That is what I assume would be the projections in the Estimates by the Department of Finance. If the member would like to have that verified, I can verify that next sitting.

**MR. H. GRAHAM:** Well, Mr. Chairman, obviously the Minister has not prepared himself for these Estimates. We have been very very patient with him.

**HON. J. PLOHMAN:** You've been excellent. You've been nice guys.

**MR. H. GRAHAM:** We would hope that the Minister would have the opportunity to inform himself and prepare himself. I have to tell you, Mr. Chairman, I was very tempted to make a suggestion that we don't proceed any further with these Estimates for possibly a week to allow the Minister the time to prepare himself so we can get the answers to the questions that are so essential and necessary so the public can know how this Minister is spending the taxpayers' money. That money has to be accounted for some way or another.

Now, we do know that last year the Government Services Department was singled out for a fair degree of criticism by the Provincial Auditor. If things proceed the way they're going at the present time, the Provincial Auditor may very easily be a guest in his department for quite some time.

I would suggest to the Minister that he take some time and inform himself so that he can properly answer the questions of the committee.

However, there may be another way around it. If we want to leave this question for the time being, we may

be able to ask a few more questions of the Minister on other parts of this appropriation and, hopefully, the Minister might prevail on the Government House Leader to put another department up tomorrow until such time as he is fully prepared to answer the questions.

**HON. J. PLOHMAN:** Well, Mr. Chairman, that is total and straight garbage by the Member for Virden and isn't becoming of him, obviously. I thought that he would have more common sense than to make statements of that nature here.

It was obvious that this is a financial arrangement right from the beginning and conferring with my colleague, the Minister of Finance, I understood that this matter dealing with the Manitoba Properties Incorporated had been adequately covered by the opposition in discussion in the Minister of Finance's Estimates. They, at no time, indicated that they couldn't get the answers they wanted there, or else they did not ask the proper questions at that time and decided, after getting together again, they had to take another kick at the cat.

It's obvious that details of the lease arrangements could be brought before the committee at any particular time in the future, if it had a bearing on the Estimates of this department. I've indicated clearly that because there is an overall financial benefit to the government, I am very comfortable with the fact that we are leasing these buildings back. It is a total government effort to save the taxpayers' money, and if the members want to quarrel with that in the House and in public, as the Member for Pembina indicated, I invite them to go ahead and do that.

I think that we should put one matter on the record and that is that it was equally as much garbage with regard to the statements he made with regard to the problems that the auditor apparently had with this department. I've been advised that there is no such problem with the auditor with regard to this department. I don't know what the member is referring to, but it's a matter of sensationalizing and certainly the matter of MPI properties has no impact whatsoever on the auditor's feelings with regard to this department.

He would be dealing with the proper department, the main department that's involved with MPI properties, if he has any concerns at all, and that is the Department of Finance. So the Member for Virden, with all of his experience, should not be attempting to mislead and misrepresent at this committee.

**MR. H. GRAHAM:** Mr. Chairman, nothing could be further from the truth. I have been offering through my generosity . . .

**HON. J. PLOHMAN:** Oh, you're so nice.

**MR. H. GRAHAM:** . . . and well-being, my feeling for the Minister - a suggestion which I hoped would be to his own benefit, because I'm sure the Minister doesn't want the public record to stand the way it has so far tonight, where the Minister has practically been unable to answer any questions, although I shouldn't say any, he has answered a few. But, Mr. Chairman, if the Minister doesn't want to use that approach, then I suppose we'll have to proceed and I know the Honourable Member

for Pembina has some questions he would like to ask the Minister.

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

**MR. D. ORCHARD:** Thank you, Mr. Chairman. The Minister, in answering my colleague from River Heights, raised another area. The Minister said earlier on that the appraised value, either by market value or by replacement, I believe, were the two criteria used in establishing Schedule A and Schedule B. At any rate, the Minister indicated there was \$530 million worth of buildings within these five pages.

Now under ordinary circumstances a lease and a value of a lease is determined on the space that you rent, therefore with all this list of buildings, the Minister should be able to tell us the lease will be so many dollars, the rental payment will be so many dollars. But that isn't the case with this particular operation.

What the Minister is saying is that he doesn't know what the lease is going to be because the lease isn't based on the amount of space that's contained in these buildings, or its utility to the government and the various departments that use it. The lease is based solely on the amount of preferred share borrowing against the building.

Now that brings up the question that I'd like to pursue with the Minister. Is it a straight pass-through of cost or is there an escalation, an add-on if you will, that the Finance Department is tacking on for administration, etc., because they hold Manitoba Properties Incorporated and must manage it? Is there an add-on, a premium that this Minister in Government Services is paying, or is it a straight pass-through of the 9.25 percent preferred share interest rate? Can the Minister answer that question?

**HON. J. PLOHMAN:** As I've clearly indicated, Mr. Chairman, Finance is totally responsible for the running of the corporation. I understand MPI is a break-even corporation, so if there are administrative costs associated with going to the market and so on, those obviously have to be taken into consideration in the overall lease arrangements. I don't think it matters if the Department of Finance, as one other department of government, is passing on the cost of administration. It's all part of the lease arrangement and as the member has indicated, essentially it is true that the amount of dividend payout that's required is the determining factor with regard to the amount of the leases.

So it is a very unique arrangement and it's a unique arrangement in order that we can reduce the costs of borrowing to the Province of Manitoba by some \$8 million per year. I make no apologies about that.

**MR. D. ORCHARD:** Is the Minister now saying that, yes, the Finance Department does add on its costs to determine the value of the rental payment that this Department of Government Services is paying?

**HON. J. PLOHMAN:** They may, Mr. Chairman. I've indicated that it's a break-even corporation with regard to the costs associated.

**MR. D. ORCHARD:** Mr. Chairman, if the corporation is break even, they won't pass through any costs, but yet the Minister said they may. Which is the answer?

**HON. J. PLOHMAN:** Mr. Chairman, if they have some costs, they obviously have to pass them on if they want to break even. I don't know what kind of logic the member is using.

**MR. D. ORCHARD:** Mr. Chairman, I wish the Minister would use some logic and had sat down and found out some of the basic answers to the \$36 million request he's making tonight. Not too many Ministers have ever come into committee to ask approval for \$36 million of expenditures that knows as little about his department and what it's doing as this Minister. Now that's not anybody's problem but the Minister's. Unfortunately, the taxpayers don't take lightly the fact that they're being asked for \$36 million tonight and they'd like to know what constitutes the \$36 million.

For instance, are we paying, on a pro rated basis, the consulting costs and are there ongoing consulting costs in this deal? Is that part of the rent that we're paying, so that isn't all within the government, as the Minister says. You see, if he had the answers he wouldn't be facing a series of questions. If he simply had the answers and had prepared himself for these Estimates, we wouldn't be sitting here tonight asking for detail. He would have provided it. But unfortunately this Minister did not come prepared, so we don't know whether the consultants are still being paid and it's included in this rental of \$36 million. I don't believe the Minister knows that, but I'll give him the opportunity to answer, yes or no, if that's fact.

**HON. J. PLOHMAN:** The arrangement that was made and the engagement of consultants has nothing whatsoever to do with my department. The point is that the members have obviously missed the boat in the review of the Minister of Finance's Estimates. They did not ask the right questions because they were undoubtedly ill-prepared; and if they talk about someone being ill prepared or not prepared for their Estimates, obviously they were not prepared when they dealt with the Minister of Finance's Estimates or they would have had these answers and they had an opportunity to ask all of those.

The point is that the net benefit to the taxpayers of Manitoba is \$8 million per year. That is what I am concerned with.

**MR. D. ORCHARD:** Mr. Chairman, the Minister keeps talking about being prepared, etc., etc. I think the \$8 million is a saving to the Finance Department, nothing to do with his department. His department is paying \$36 million.

**HON. J. PLOHMAN:** The Department of Government Services.

**MR. D. ORCHARD:** Mr. Chairman, the Minister says we should have posed to the Minister of Finance a question regarding the calculation of the lease paid by the Department of Government Services.

I would suggest to him that the Minister of Finance would have said, ask the Minister of Government Services, which we are doing tonight and he isn't prepared enough, doesn't have the knowledge or the answer to tell us, to give the answer to those kinds of

questions. It's not us who are not prepared to deal with Estimates. It's the Minister that's presenting them tonight that doesn't have the answers because he doesn't know what he has signed, what his department has negotiated, what the \$36 million is for.

He can't even answer if it's a straight pass-through of cost; he can't tell us whether there's surcharge, whether there's premium paid. He doesn't know anything about this \$36 million expenditure that he's requesting us to approve tonight. Mr. Chairman, that is disastrous; that is incompetence of the worst degree and only this Minister could be that incompetent and still maintain the Ministerial authority for Government Services.

**HON. J. PLOHMAN:** Mr. Chairman, there's more rubbish coming from the Member for Pembina which I've come to expect from him. There was no negotiations with regard to this figure. It's a figure that came from the Department of Finance under a financial agreement that would save the province \$8 million per year. The member is aware of that. That is the bottom line; that is what I'm concerned about. I'm not concerned whether one department is saving and another one is paying. The overall saving to the government and to the taxpayers of Manitoba is what I'm concerned about and that is the only relevant point here.

**MR. D. ORCHARD:** Can the Minister tell us whether he expects to expend the full \$36 million this year that he's asking for tonight?

**MR. CHAIRMAN:** Could you please repeat the question?

**MR. D. ORCHARD:** The Minister's so concerned about knowledge and about overall saving to the government. Can the Minister tell us tonight if he expects to fully expend the \$36 million in rental payment in this fiscal year?

**HON. J. PLOHMAN:** That is the best estimate that we have and obviously, at this time, I would expect that it would be spent. That's why it is the estimated figure that is put in there, Mr. Chairman.

In answer to the other points that were made, in terms of the information or lack of information that the members feel they're getting from the Minister of Government of Services, for myself, with regard to this matter, they should be aware, as they are, that all of the details of this were worked out by the Minister of Finance, by the Department of Finance, were announced by the Department of Finance and they should have used the opportunity that they had to deal in detail with those questions to assure themselves that they had all of the answers and they were as satisfied as I am that the Department of Finance is indeed putting in place a program that is saving the taxpayers of Manitoba some \$8 million per year.

If they had apprised themselves of that fact, they wouldn't have as much difficulty with the details of the financial arrangements from me, as Minister of Government Services. They should have directed their questions to the Minister of Finance and they missed the boat on it, Mr. Chairman.

**MR. D. ORCHARD:** Mr. Chairman, this Minister of Government Services, I don't know what he does in his spare time, but it certainly isn't looking after the Department of Government Services.

**HON. J. PLOHMAN:** I see that it's getting to you now.

**MR. D. ORCHARD:** Mr. Chairman, the Minister of Finance, and of course you weren't in the Estimates of Health, but the Minister of Health sent a letter out which was offered by the Minister of Finance in his department which contained incorrect information as to the fiscal position of the province, in terms of federal transfer payments, etc., etc.

Now we're having this Minister of Government Services tell us tonight that we're supposed to accept, carte blanche, without any question, a figure that he put in his Estimates on the basis of the Minister of Finance saying, that's what it's going to be.

Mr. Chairman, that's a rather interesting position. We don't need this Minister of Government Services if all he's going to do is mimic and mime what the Minister of Finance tells him to do. What's he here for? We don't need him. We don't need to pay him half the salary here tonight if he doesn't have the answers to the questions. We don't need him and that's the point that we're trying to make tonight.

This man is in here as a Minister of the Crown asking for \$36 million and he doesn't have an answer to any questions that are posed on him. That means that he's not worth his salary. Under ordinary circumstances, one wouldn't pay an incompetent Minister like this, but unfortunately you've got 33 votes that'll make sure you pay for his incompetence and that's what's happening tonight, sir. We've got a Minister of Government Services that is caught in a financial scam. He's paying \$36 million of costs. He can't tell us whether he's going to expend it all or more or less; we don't know. He can't tell us that. He says this is the best estimate. He can't tell us on the basis of what that estimate is made.

He tells us that they're paying the maintenance, the upkeep, the renovations, the heat, the light, the utilities, plus \$36 million worth of rent and he expects us to swallow this on behalf of the taxpayers of Manitoba. Well the taxpayers of Manitoba are waiting for a chance to eliminate this kind of ministerial incompetence from government and they'll do it at the first call of the election.

**HON. J. PLOHMAN:** Again, straight garbage by the Member for Pembina when he talks about all of the other costs in addition to the \$36 million. I indicated that it was a net lease and all of those costs are included in the \$36 million that we were talking about, in terms of a net lease; and the costs of maintenance are added to that of course, but the lease itself is a net of all of the costs attributed to the operation of those buildings.

I think it's important that I emphasize once again, with regard to the Member for Pembina, that he has obviously not taken the time to deal in detail with the Department of Finance's Estimates. If he had done that, he would have had the answers to the questions on this financial arrangement, which are part of the Minister of Finance's responsibilities.

**MR. D. ORCHARD:** Mr. Chairman, now the Minister has changed his story again on this \$36 million. Is the

Minister now saying that the \$36 million includes such things as utilities, electricity, heat, maintenance? Because that's what he just tried to make out here a few minutes ago. Is he changing his story again tonight? What does the \$36 million give the taxpayers of Manitoba? What is included in the \$36 million?

**HON. J. PLOHMAN:** Well, I indicated, if I didn't say that at this last occasion, Mr. Chairman, that the operating costs are in addition to the lease costs of the \$36 million that we're paying.

**MR. D. ORCHARD:** Well, Mr. Chairman, now the Minister has changed his story back to what it was originally. Is that last version that he just gave us the correct one, the one that we can assume is the correct one; that the \$36 million goes to the Department of Finance to pay off the preferred shareholders, and that somewhere in these Estimates are the maintenance, renovations, heat, light, water, utilities, etc., etc., janitorial services, security services?

**HON. J. PLOHMAN:** Yes, that's the case.

**MR. D. ORCHARD:** That's the final and correct version of it?

**HON. J. PLOHMAN:** That's the version I've indicated right from the very beginning, Mr. Chairman.

**MR. D. ORCHARD:** Oh, no, it isn't, read Hansard.

**MR. CHAIRMAN:** 2.(d)(1) - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** The Minister is indicating that we missed it in Finance and I have trouble with that, I wasn't involved in Finance. I can remember clearly when the Department of Economic Development and Tourism went into a lease arrangement for the Technology Centre out in St. Boniface, or out on Lagimodiere Boulevard, we did some negotiating on it. But all of those negotiations were sent down to the Department of Government Services to examine them, to make sure that we were doing the right thing for the people of the Province of Manitoba when we entered into a lease. The same happened when we went into the centre in Brandon, and the same happened when we went into the centre in Dauphin, and all of the departments of government, when they are involved in any leasing of properties, or any arrangements, sure, we can go in and do some negotiating but the final authority comes from Government Services as to whether we were doing the right thing.

Now the Minister is leasing buildings from the new company that's put up and, do you mean to tell me that the agreements are not worked on and looked at by the Department of Government Services, regardless of what Finance has done as a policy of the province, but the actual final arrangements of the leases are not done by Government Services? Is the Minister telling me that he allows a line to be in his Estimates that he has absolutely no control over?

**HON. J. PLOHMAN:** Mr. Chairman, we're dealing with one bulk lease here, we're not dealing with leases on

each individual piece of property. This is an aggregate or bulk lease that we're dealing with, the \$36 million for leasing all of the buildings back.

The Department of Government Services is still involved, as the department was in the past when the member was Minister of Economic Development, when there was particular property leases required to house certain aspects of the department, is still involved. As a matter of fact we are doing a more critical analysis by the department of leases that are engaged in by various departments.

However, in this case, what we have is a situation with the province dealing with itself and it is simply a financial arrangement, as has been indicated clearly, and those financial terms and arrangements were worked out with the Department of Finance in consultation with its consultants, the financial consultants and legal consultants.

So the only role the Department of Government Services had to play in this was to provide those consultants in the Department of Finance in their undertaking, to provide them with information on the values of the buildings with regard to replacement values and appraisals of the buildings, based on similar buildings in the city in their location, to determine a realistic market value or a replacement value for those particular buildings. That was the role that the Department of Government Services played in this whole arrangement.

**MR. F. JOHNSTON:** Well, after all the research that the Minister speaks of is done and we've got something in the neighbourhood . . . we've got two schedules of buildings, A and B, and you know what the buildings are worth, you do the examination of the value and the square footage, and the value of rental. Did the Minister of Finance just send you a note and say put \$36 million in my Estimates, whether you like it or don't?

**HON. J. PLOHMAN:** Essentially that's it, Mr. Chairman. What we're dealing with is a situation of the province having to raise sufficient money to pay the dividends for the shareholders, and I've indicated that. So it took this amount of money to do the job.

**MR. F. JOHNSTON:** There was no consultation with the Minister of Finance or the Finance Department and your department as to whether the \$36 million is correct?

**HON. J. PLOHMAN:** Yes, that's correct. I've indicated that the Minister of Finance, the Department of Finance, in conjunction with their financial consultants, determined that the \$36 million figure was the figure required to meet the responsibilities for the payment of dividends. It was not part of a normal lease arrangement.

**MR. F. JOHNSTON:** The Minister has kept informing us all night that there's an \$8 million saving and I guess that the Minister of Finance informed you that there was an \$8 million saving. Would there not be a situation, could it not possibly happen that the Minister of Government Services would say to the Minister of Finance, it should be more of a saving, after we'd

examined it? Do you just say that the Department of Finance is absolutely right on this subject?

**HON. J. PLOHMAN:** Mr. Chairman, that is not the role of the Department of Government Services at all, in terms of advising on financial arrangements; that's the role of the Department of Finance and the member knows that, as a former member of Cabinet.

**MR. F. JOHNSTON:** Mr. Chairman, is it the financial arrangements are being made on the basis of the value of the buildings that this Minister is in charge of?

**HON. J. PLOHMAN:** I indicated that the value of the buildings was estimated and recommended by the Department of Government Services, an area that they have some expertise in, but not in the financial arrangements; that is a matter for the Department of Finance.

**MR. F. JOHNSTON:** Mr. Chairman, what involvement did you have in the \$13,943,000 that were left? What buildings are those?

**HON. J. PLOHMAN:** The other buildings that are leased throughout the province, the government certainly has an extensive list of leased buildings in the province. I think I've provided that information to the Honourable Member for Virden earlier and therefore that would account for those other figures, other dollars.

**MR. F. JOHNSTON:** These buildings are used by other departments?

**HON. J. PLOHMAN:** I've indicated, Mr. Chairman, just a few moments ago to the Member for Sturgeon Creek that the Department of Government Services is, as was the case when the member was a member of government in 1977-81, that the Department of Government Services performs a role of negotiating the leases for the departments and analyzing the space requirements for the various departments determining, to a certain extent, whether the requirements that are there are legitimate, and whether the amount of space that they're requesting is legitimate. They perform a critical role in analyzing the submissions from the various departments and assist them in negotiating and providing for the space requirements for the staff so that they can function in an efficient way.

**MR. F. JOHNSTON:** The Minister uses the word "negotiate." In other words, the Minister had no input into the negotiations or discussions or policies or anything regarding the 36 million, the Minister of Finance just said that's it?

**HON. J. PLOHMAN:** There were no negotiations that had to take place, Mr. Chairman, when we're dealing with the province dealing with itself. It wasn't a matter of the Minister of Government Services negotiating with the Minister of Finance; it was simply a matter of the government, through the Department of Finance and its financial advisors, determining that this was a way to reduce the province's borrowing costs. That is a financial matter.

**MR. F. JOHNSTON:** So the Minister is clearly stating that, other than giving some information on square footage, etc., they had nothing, there was no involvement whatsoever in the 36 million?

**HON. J. PLOHMAN:** Yes, that's correct, Mr. Chairman.

**MR. F. JOHNSTON:** Can I ask the Minister why he didn't have the 36 million put in the Minister of Finance's Estimates then? Can I ask him that if he has a line in his Estimates he should know more about it than he does, even if he takes half an hour to say I don't know anything about this, will somebody tell me?

**HON. J. PLOHMAN:** I've clearly indicated the pertinent information with regard to this 36 million. The members are aware of why it's there and what benefits it has to the province and the involvement the Department of Government Services had. It really does not affect the overall program effectiveness of the decision to go forward with this particular arrangement. Whether the 36 million was in the Department of Government Services which manages the buildings and so would seem appropriate to have the figure there, or to have it in some other department, it really doesn't change the nature of the decisions that were made.

**MR. CHAIRMAN:** 2.(d)(1) - the Member for Pembina.

**MR. D. ORCHARD:** Mr. Chairman, since the Minister is so bubbling over with information, could he provide me with some additional pieces of information? From Schedule A, Page 1, could he provide to me the price and the rental assigned to the Provincial Agricultural Services Building located at 89 - 2nd Street S.W. in Carman?

Then, could the Minister go to Page 3 of Schedule B and provide me with the same kind of information for three buildings in Morden, Manitoba - the courthouse, the Manitoba Highways Building and the Morden Land Titles Office, all three of which have been sold?

**HON. J. PLOHMAN:** The member has indicated the Provincial Agricultural Services Building and three in Morden, courthouse, Manitoba Highways Building and Morden Land Titles Building. I've indicated earlier, as with the Boissevain Land Titles Building, that I would take that as notice to determine whether there was any difficulties or impropriety in providing all of that detailed information, and I will do the same with those requests as I did earlier for the Member for Morris when he asked about the Boissevain Land Titles Building.

**MR. D. ORCHARD:** Well, Mr. Chairman, I really don't know what would be improper about telling the taxpayers, who originally paid for the building, what they receive from, theoretically, Manitoba Properties Incorporated for the sale of that building and what they're now paying, after selling their asset, to lease it back. I think the people of Manitoba would want to know what their tax dollars have done for them over the term of this government's reign in the Province of Manitoba.

I have one more question to the Minister. It's indicated that the new courthouse at Kennedy Street and York Avenue in Winnipeg is also one of the properties sold. The paint hadn't even dried before it was sold and probably it was sold before the paint was even on it. Can the Minister indicate what the value of the new courthouse was in terms of its sale value to Manitoba Properties Incorporated, and what the yearly lease to the Manitoba taxpayers is for the new courthouse?

**HON. J. PLOHMAN:** Mr. Chairman, first of all, I want to say to the member that, from my perspective, the taxpayers are concerned with the fact that there will be a significant reduction in the province's borrowing. That is a good thing; that is what the taxpayers are concerned with.

In terms of the details of what the member has asked for is another specific building that he would like information on. I'm going to be discussing this matter with the Department of Finance to determine which information can be released and the possibility of releasing all of this information. If we can do that, I would certainly provide that information and the detail on all of those buildings to the members but, as I've indicated, not at the present time.

**MR. CHAIRMAN:** 2.(d)(1)—pass - the Member for River Heights.

**MR. W. STEEN:** I'd like to ask the Minister a question relating to office space that's leased by the government, and the particular one I'm interested in is on Page 6 of the foldout leaflet that he distributed earlier, and that is that 307 Kennedy Street. The occupant is the Housing Department and then the Consumer and Corporate Affairs. The lease expiry date is the 30th day of April, 1987. Now, with the North of Portage concept going in, what is the arrangement that these departments have with the North of Portage concept? Do they get their moving expenses paid and their relocation expenses paid, which I hope the people in the private sector that are in that vicinity are going to receive from the North of Portage people when they're expropriated?

**HON. J. PLOHMAN:** Yes, I understand, under the expropriation procedures that are used, that moving costs are part of the allowable figure with regard to the relocation of existing businesses.

**MR. W. STEEN:** Mr. Chairman, have these two clients been moved to date or is the move pending?

**HON. J. PLOHMAN:** I understand, Mr. Chairman, that those are in the process of being moved at the present time.

**MR. W. STEEN:** In the same listing there's a number of locations. Say, for example, there's one in Steinbach on Page 2, 321 Main Street not, assigned, 1,000 square feet; is that a temporary measure?

Further down, Mr. Chairman, if I can continue on Page 3. There is at 1981 Portage Avenue, Gordon Motor Inns is the landlord and it says "not assigned, 2,000 square feet." Right below that one is 379 Broadway,

5,100 square feet, not assigned. Are these all temporary vacant spaces, or is the government cutting back and are we trying to buy our way out of some of these leases, because some of them don't expire until 1987?

**HON. J. PLOHMAN:** Well, it varies. Obviously there is always a certain amount of lease space that the government has that is vacant for various reasons, moves that have taken place, and a short period before a new occupant is moved in, or the case where the particular location is not suitable for leasing for a particular branch and it's required to have different occupants located there.

I don't have the particular circumstances of those particular leases, but generally what we're dealing with here is a situation of a temporary non-assignment and that would be filled as soon as possible, but I can get the details on those particular leases for the member.

**MR. W. STEEN:** In going through this listing of leased accommodation, which the Department of Government Services handles for the other departments of government, I can't find one in there for the Horse Racing Commission, which has office space in the Assiniboine Downs and utilizes the building that is on the race-track property. So it's obvious that either the government owns the building and leased the property rights, or leased the space within a building owned by the race-track.

**HON. J. PLOHMAN:** Well, I wanted to comment on two of the matters that were raised by the Member for River Heights with regard to vacant leased space. 1981 Portage Avenue, 2,000 square feet of 9,924 square feet that are leased; there's 2,000 square feet vacant. It is not assignable in the present configuration. The entire building was once a supermarket and the vacant area is that section formerly used for fruit and produce preparation and packaging. It still contains stainless steel counters, sinks, etc., and would require extensive renovations in the short-term lease facility to convert it to office space. So there's some concern about getting into that major cost to make it suitable for occupancy.

As far as 379 Broadway Avenue, there's 5,100 square feet that is vacant of the 7,574 that are available, or at least it was the case. The reported vacancy is no longer applicable as this space, previously vacated by the Department of Culture, Heritage and Recreation, has since been reoccupied by the Electoral Office. It's from the Legislative Building and by the Advertising Audit from the Woodsworth Building.

**MR. W. STEEN:** I didn't hear whether the Minister said that he would undertake to check into where the Racing Commission is located?

**HON. J. PLOHMAN:** Well, I don't know their location but I'm advised that the department is not involved with their lease arrangements.

**MR. CHAIRMAN:** 2.(d)(1) - the Member for Virden.

**MR. H. GRAHAM:** Mr. Chairman, is the Department of Government Services involved in schools and that, for the Department of Education, or is that handled by a different authority?

**HON. J. PLOHMAN:** The schools are not, unless by advice, we do the community college additional space, assisting with the lease renewals and requirements, and advising, but I don't believe that any of the schools are handled through the department. I just want to check it. Apparently there hasn't been any involvement by the Department of Government Services in the area of schools. There was some involvement with the Frontier Division but not for some time.

**MR. H. GRAHAM:** Can the Minister indicate why your department would be involved then with the community colleges?

**HON. J. PLOHMAN:** I indicated that we do provide assistance to the Department of Education with regard to community colleges. The major buildings, the major community colleges like Red River Community College, are owned by the Government of Manitoba and operated by the Department of Government Services, so there's an obvious relationship there.

However, a lot of the additional leases, extension leases and so on that the Department of Education has for the community colleges, are done through their own department. We do provide a review of some of the arrangements that they make to provide them with technical expertise and assistance. However, they undertake most of the leases themselves that are not part of the major complexes.

**MR. H. GRAHAM:** Does the Department of Government Services get involved at all with, say, the University of Manitoba?

**HON. J. PLOHMAN:** I don't believe so, Mr. Chairman.

**MR. H. GRAHAM:** Well, if the department doesn't get involved with any of the schools or with any of the universities, why would they get involved with the community colleges?

**HON. J. PLOHMAN:** We own the buildings, the province owns the buildings of the community colleges. However, as far as the University of Manitoba, I think there's only one building that the department is responsible for and is directly involved with.

**MR. CHAIRMAN:** 2.(d)(1)—pass; 2.(d)(2)—pass.  
The Member for Virden.

**MR. H. GRAHAM:** Mr. Chairman, the Minister has indicated that he was going to provide us with answers to the various questions. I notice by the clock that it's 10:20, is there any indication that the Minister would be prepared to hold this item until he provides us with the answers?

**HON. J. PLOHMAN:** Mr. Chairman, I'm not certain what answers the member is referring to. If he's asking for the information that was requested with regard to specific buildings, in terms of the leases, I don't feel that will affect - it's up to the opposition obviously, if they don't want to pass a particular item, but I have no particular problem with passing it and still providing the information. It's not going to affect the decision as to whether we can provide all that information or not.

I've indicated that I want to discuss it with the Department of Finance to determine whether there's any difficulty with providing that information. If there isn't, I will be providing it regardless of whether this item is passed or not.

**MR. CHAIRMAN:** 2.(e)(1) - the Member for Virden.

**MR. H. GRAHAM:** Mr. Chairman, it does pose a bit of a problem because the Minister isn't giving us a guarantee that he'll provide the answers. He said he wants to discuss it with the Minister of Finance. Now, if the Minister comes back and says, no, that he will not provide us with the answers, then there may be some more questions that we would want to ask of the Minister if he didn't provide the answers, so you can understand our reluctance to pass this issue at this time when we haven't had that assurance from the Minister.

**MR. CHAIRMAN:** The Honourable House Leader.

**HON. A. ANSTETT:** Mr. Chairman, the Minister has made it clear half a dozen times that he has to consult with the Minister of Finance regarding the information the honourable member has asked for. He cannot give the guarantee the member has asked for, but aside from that it's conventional practice that where questions are asked about an item the information is provided some time before the end of the Estimates. If the information that the members receive raises more questions, that those questions, rag the clock about leasing the Minister's Salary at the conclusion of the debate.

Usually the information provided satisfies the member's inquiry. In this case, the availability of the information is in some question, and the Minister has said he will get the answer to that question. If members are unhappy with that, there's not a darn thing we can do about it. For two and a half hours, we've had members, who know better, rag the clock about leasing questions about MPI's holding of property and the province's leasehold interest in that property, when they know it was purely a financial arrangement based on Bill No. 26 or 27, which was brought in last Session. We've played games with the Minister of Government Services on an item that was purely the administrative and financial responsibility of the Minister of Finance.

Now, we're going to continue to do that and hold up the Estimates, because members forgot to ask those questions of the Minister of Finance. I think that's a charade, Mr. Chairman, and I think members of the opposition have been very unfair to the Minister of Government Services tonight, who's tolerated them rather well I dare say.

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

**MR. H. GRAHAM:** Mr. Chairman, it would appear from the Government House Leader that he is spoiling for a fight. He is imputing motives to members of this committee and that is . . .

**HON. A. ANSTETT:** I called "foolishness" foolishness, I didn't impute anything. Foolishness is obvious.

**MR. CHAIRMAN:** The Member for Virden has the floor.

The Member for Virden.

**MR. H. GRAHAM:** Mr. Chairman, I felt that the questions that have been asked of the Minister tonight have been very good questions. We are pointing out to the people of Manitoba the inept way that this Minister has prepared himself for his Estimates, and that is our proper role to play. If it takes us two-and-one-half hours to do it, that is the role of members of this committee and we have done our job. So the Minister of Government Services (sic) had better not get up on his high horse and accuse members of ragging the clock and various things of that nature, because if the Minister wants to find co-operation in the operation of this House, he's certainly not going about it in the present way he's going. He'll find that things do get difficult from time to time.

**HON. J. PLOHMAN:** Yes, Mr. Chairman, I certainly resent the suggestion, and more than that, the allegation, that I have been inept in preparing for these Estimates. It's obvious that I'm not about to prepare, in addition to the Estimates of the Department of Highways and Transportation, and the Department of Government Services, for the Estimates for the Department of Finance, and that is exactly what these members have attempted to do this evening. They knew very well it was a financial arrangement and they bet before they came in here that I would not be aware of the details of that and they attempted to show that off as something that would make me look as if I am not aware of what's happening in the department.

I think, as the Minister of Municipal Affairs has said, that it has been a charade, and one that I don't believe is fair. But I've accepted it and I believe that the members have continued and persisted throughout this evening's proceedings to waste the valuable time of this committee simply to try to entertain themselves with the silly game that did not involve this department directly and they knew that.

**MR. CHAIRMAN:** The Honourable House Leader.

**HON. A. ANSTETT:** Mr. Chairman, for the benefit of the Member for Virden, I don't want it left on the record by him that I was imputing motives, I was describing behaviour. If there was any imputation of motives, I'll withdraw that. I described the behaviour as foolish and a charade. I'm not sure that's what the member intended; that's how it looked to me. I wouldn't attempt to characterize what he intended his behaviour to look like tonight, that would be imputing motives. I only described what I saw.

**MR. CHAIRMAN:** No one can look into the mind of another.

The Member for Pembina.

**MR. D. ORCHARD:** Mr. Chairman, the Minister of Government Services was not and is not prepared to handle this line in the Estimates. He demonstrated his total ignorance of the situation tonight. No matter how hard his hireling, the Government House Leader, tries to bail him out, that is clearly the facts.

Not only did he change the story several times tonight in terms of his answers that he gave to questions posed

over the last two-and-a-half hours, that only further demonstrated how little he indeed knows and how ill-prepared he was to deal with that item.

The questions that were posed were regarding the lease that this Government Services Minister is requesting some \$36 million of funding authority for tonight. That happens to be something that is not considered foolish in the eyes of the taxpayers. It may well be foolish in the eyes of the Minister of Government Services, but then to him \$36 million probably doesn't mean all that much since it isn't his money he's spending.

Mr. Chairman, we would like the Minister of Government Services to attempt to find out a little bit more about this line, provide us with the answers to the questions that we have posed to him tonight. For instance, I'm very interested in knowing what the conditions are that will be exercised in renegotiating the lease five years out. That's a very good question that this Government Services Minister should provide to this committee.

Now, if the government decides that they don't want to answer that because it's embarrassing to them and they want to hide the information, that's fine, but don't play games; tell us you don't want the people to know what kind of a bad deal you made. Then simple as that, we'll just tell people we can't get the information because they're hiding it, but don't play games with time. Get the answers, go home and do your homework, and come back here tomorrow afternoon and attempt to answer the questions that we've posed to you, and then we may be able to continue on with the Estimates.

The games were played by the Minister of Government Services and they weren't games of learning what his Estimates were, they were games of something else, because he wasn't prepared to deal with his Estimates tonight.

**HON. J. PLOHMAN:** Mr. Chairman, the questions that the member was asking during the greater part of the time dealt with financial matters dealing with the creation of MPI and the involvement of the Department of Finance directly. There were some aspects of the questioning dealing with leases that were dealt with, and I believe quite clearly, so it is to me quite clear that all of the information that is required, except for the fact that they wanted to get some detailed specific information that the members wanted with regard to various buildings, in terms of the values that were assessed to them and the lease arrangements that were allocated under the global aggregate lease, and that this was simply set up as a matter of direct involvement by the Minister of Finance through his department; that there was no negotiations and no involvement of the department other than to supply some basic information where they have expertise dealing with the assessment or the appraised value, the replacement value and market value of buildings that are owned by the department. Other than that, there is no involvement by this department.

**MR. D. ORCHARD:** Is the Minister now saying that he won't provide us with the answer to the question as to what is involved in the five-year renewal on this lease, this 99-year lease that's renewable in five years? He

won't provide us now with the terms of renewal and what is considered in terms of setting the rent after the five years, is that what he's telling us tonight, that he won't provide us with that information?

**HON. J. PLOHMAN:** Mr. Chairman, I don't believe that is a substantive point, but I will be pleased to determine whether there are certain provisions that have been outlined or laid out with regard to the renegotiation after five years. I have no difficulty whatsoever in providing that information, but that does not mean that this particular line has to be held up in the Estimates.

**MR. D. ORCHARD:** Then why doesn't the Minister simply provide members of the committee with a copy of the 99-year lease?

**HON. J. PLOHMAN:** Mr. Chairman, I've indicated on numerous occasions this evening and it was reiterated by the Minister of Municipal Affairs . . .

**MR. D. ORCHARD:** We don't need his help.

**HON. J. PLOHMAN:** . . . I have indicated clearly that I'm going to be discussing this and consulting with the Department of Finance and the Minister of Finance as to what information with regard to MPI can be released. Once that has been determined, I will supply the information that I can release to the committee.

**MR. CHAIRMAN:** 2.(d)(1)—pass; 2.(d)(2)—pass.  
2.(e)(1) - the Member for River Heights.

**MR. W. STEEN:** Mr. Chairman, this is a brand new area of Employee Housing, as there others, Security and Parking and so on, and three other sections, (g), (h) and (j), I would suggest that the committee rise and that we start tomorrow with whatever information the Minister can provide based on tonight's conversation and we'll carry on into the Employee Housing.  
i move that committee rise.

**MR. CHAIRMAN:** Is that agreed? (Agreed)  
Committee rise.

## SUPPLY - AGRICULTURE

**MR. CHAIRMAN, P. EYLER:** Committee, come to order. We are considering the Estimates of the Department of Agriculture, Item 4.(c) Veterinary Services Branch (1) Salaries - the Member for Arthur.

**MR. J. DOWNEY:** Thank you, Mr. Chairman. Prior to dinner hour, I mentioned a couple of areas of concern, and I'll deal with the artificial insemination licensing. A concern that has been brought to my attention, that a individual who is fully licensed and accredited under the department, and has been carrying on a business in the Westman region, has recently got into some difficulties with the fact that a person who has been given an assistant's job, or licensed as an assistant, has now tendered as a fully licensed practising AI technician and is causing some concern for an individual who has been carrying on an artificial insemination business. His concern, and I relay it to the Minister, is

that this individual, who is only licensed as a helper, is now tendering for a job as a fully licensed technician and it causes him some concern.

The situation, I'm sure the Director of Veterinary Services Branch and Dr. McPhedran is aware of the situation. It is in the Brandon area - the work which has been tendered was the work at the Federal Government Research Station in Brandon - and I would ask that the Minister take a look at it, because I think the person has a legitimate concern, and would ask the Minister to report back after he has an opportunity to look into the situation as far as the eligibility of a part-time or the person licensed as a helper, is now given the opportunity to provide full service. So if the Minister would look into the particular situation, I would appreciate it.

As well, I had some questions to raise dealing with the computerization of the drug centre and to what impact it's had on certain individuals throughout Manitoba in the Veterinary Services Branch.

I asked the Minister earlier if he could comment as to whether he has had any complaints, or concerns brought forward from any individual veterinary districts, or veterinarians, who had some difficulties with it.

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

**HON. B. URUSKI:** Mr. Chairman, I understand on the first item that my office has received correspondence from the gentleman in the Brandon area, and we are in fact investigating it and looking into the whole matter as to what is the background of this tender to the Brandon Research Centre and we are investigating that. I won't go any further than that, we're having a look at it.

Insofar as the problems with the new computerization, Mr. Chairman, the program is presently just being developed in terms of computerization. There are no major difficulties vis-a-vis the computerization program. Much of the discussions that have been held between the Veterinary Services Commission and veterinarians, and fee schedules, and sharers and the like have been done in a manner, I think, no different than they have in the past, and there have been compromises reached on fee schedules and the like.

There was a complaint raised about the fee for testing of blood and the way the Vet Services Commission now handles the blood testing. Initially, when staff sat down with the veterinarians who, in fact, raised their concerns they, of course, realized the scope of tests have increased virtually twelvefold in terms of the amount of testing. Because of new equipment we were able to purchase in 1984 to widely expand the scope of testing of blood, and once the whole process was set out and the scope of the testing that is being done, specifically in that one area - that was a major complaint that we did receive from several veterinarians - there have been basically no difficulties since then in terms of the service.

I should point out that the Vet Services, in terms of diagnostic fees, are, if not among the lowest, the lowest anywhere in Western Canada even today.

**MR. J. DOWNEY:** Mr. Chairman, I'm sorry I can't delve further into the concerns dealing with the

computerization of the drug centre, but will proceed to do so, probably on his Salary or we'll take the opportunity to do so when we deal with the supplies under the drug centre and the AI.

I just make reference to the fact that I have to do a little more checking into the concern and I'll have to bring it forward at that time. In view of the fact that we have another chance to debate it, then I will bring it forward.

I appreciate the Minister looking at the specific situation at Brandon, as far as the AI business is concerned, and am prepared to pass Veterinary Services Branch.

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

4.(d)(1) Soils and Crops Branch, Salaries - the Member for Arthur.

**MR. J. DOWNEY:** Mr. Chairman, I think this is a good opportunity to bring forward - and if the Minister is sensitive about it, maybe he can tell me that I'm in the wrong place, but if it doesn't come here, it comes in the next area, and that is dealing with the lack of support by this government, and lack of support by this Minister in supporting the Manitoba farm community, the rural municipalities in the western region with a grasshopper control program.

I would think under Soils and Crops that would be one of the areas in which he would want to deal with it, but if it's not, Technical Services would be and, whether he deals with it now or in a couple of minutes would be no different to me.

The point I want to make, and there are two of them, Mr. Chairman, and one is that last year we saw thousands of acres, we saw hundreds of livestock producers devastated, and grain producers, by the infestation of grasshoppers. We saw the expenditure of 98,000, I believe it was, for road allowance spraying to support the municipalities, which in some areas helped, but virtually was not, in any major way, effective in killing of the grasshoppers. I, personally, in the last couple of days, over the weekend, have checked certain areas of southwest Manitoba, and we are going to have, again, a heavy infestation of them.

He has hired individuals to count the grasshoppers and I say, rather than count them, he should be killing them. We know how many grasshoppers there are; we know the areas that are affected, the municipalities know the areas that are affected. Certainly, it's important to identify them, but I think it's also important to follow up with a program of support, and there were specific areas last summer that, if the government had provided the spray, that the farmers would have provided the labour, they would have supplied the equipment, and they would have, in fact, controlled and provided more feed for some of the producers in the southwest area of the province, in the western region generally. This year, because of lack of control or mechanisms of control last year, we are again going to see, as his department has indicated, a major outbreak.

Now, I ask the Minister if he's going to be prepared to expand his program in any way. I cannot see any funds either in Soils and Crops, or I cannot see any in Technical Services, any area of expansion, and I criticize the Minister for it because he, last year, the

Federal Government and he joined together, they put together a Feed Support Program. It may have cost less than a Feed Support Program if, in fact, they had provided a grasshopper control program; but, as well, it's incumbent upon him to urge the Department of Natural Resources to control the grasshoppers in some of the wildlife management areas, which are real breeding grounds, or nesting grounds for grasshoppers.

I would like the Minister to take seriously the problem that is faced by many of the farmers of western Manitoba, and if he's just going to stand up and say, well, there is a program in place to spray road allowances, well, then we know that he's not prepared to do any more.

I find it hard to swallow, and the farm community find it hard to swallow when his government provides flood assistance for basements in Winnipeg where, in fact, they can buy insurance for that kind of protection, and yet there isn't any support from the Department of Agriculture for the control of grasshoppers, which it is very difficult for farmers to buy insurance for the devastation of their pastures. Yes, they can buy insurance for their hay ground, they can buy a Beef Security Program for their winter feed supplies, but they can't do anything for the devastation of their pastures.

That, I think, Mr. Chairman, is where the Minister should speak out a little more firmly. I think he should go to his Cabinet, and I think he should have his department prepare a far greater spraying program not only for the farm community, but as well he should encourage the Department of Natural Resources with his department a control measure for wildlife management areas.

I used this one area for example. In the R.M. of Cameron, which is next to Sifton, there are 11,000 acres of wildlife management area basically in the sandhills around Lauder. The municipality does not get one nickel of taxation off that 11,000 acres; there isn't one nickel of revenue that comes to the province. There is wildlife produced there and it is a tremendous area to produce grasshoppers. Every farmer bordering that area has an extremely difficult time in controlling them. I think it's incumbent upon the Minister and the Department of Agriculture and their resources to put a control measure or to spend some money to control them.

Now, last year we had a meeting his chief entomologist at Pipestone and we were assured that there was a program being worked out. It never came about, Mr. Chairman.

I think if we're going to expect people to feed wildlife, if we're going to expect people to continue on in the livestock business and we're going to expect municipalities to deal responsibly with problems that they have to cope with, then we should see an expansion of the Grasshopper Control Program.

I ask the Minister if he wouldn't in fact give some consideration to it and I don't need to hear a lot of baffle-gab about counting grasshoppers. As I said earlier, rather than count them I'd like to see them killed. Has he got an up-to-date report as to what's taking place? Because I can tell him right now, from my own personal experience, there are lots of them hatching, the ground is moving with them in certain areas of the southwest. Is he going to do anything more than he did last year, which was nothing?

**HON. B. URUSKI:** Mr. Chairman, I want to indicate to the honourable member that there's no doubt that given the right weather conditions, the infestation for grasshoppers could be as much as two and a half times as severe as 1984 according to our forecasts. The area of infestation is quite large in the western part of the province extending from Inglis in the North to the United States border, and southeast through Miniota and Oak Lake to Boissevain. A severe area of infestation is located between Hartney and Pipestone extending south to Medora.

A large moderate area of infestation extends southwest from Pipestone to the Saskatchewan border, and from Medora south to the United States border. Smaller areas of moderate infestation occur west of Miniota, south of Oak Lake and east of White Water Lake.

In central Manitoba, a very large area of light to moderate infestation lies approximately between Neepawa, Brandon and Wawanesa; on the west, extending to Fannystelle, and Roland on the east.

In the Red River Valley, areas of light infestation occur between Kane and Brunkild extending east to Glenella, and between Otterburne and Dufrost east of the Red River.

In western and central Manitoba, the clear-winged grasshopper is the dominant species occurring on pastures, roadsides and hay land.

In the Red River Valley, the two-striped grasshopper is dominant and occurring along headlands, roadsides and drainage ditches.

This forecast, Mr. Chairman, is intended only to provide a general indication of where grasshopper infestations will occur this year and at what level. Under hot, dry conditions, infestations will be more severe than forecast, and economic infestations may occur outside the forecast area.

Cool, wet weather, favourable for crop development, will lessen the impact of grasshoppers.

Mr. Chairman, meetings have been held with a large number of municipalities, particularly in southwestern Manitoba, to outline the potential grasshopper problem and plan a co-ordinated program. Farm meetings were also held to ensure that farmers were informed of the potential hopper problems and the most effective control measures. An expanded series of similar meetings will be held during - and they were held - during January to April of this year.

Mr. Chairman, Manitoba is the only province in Western Canada that does provide financial assistance to municipalities in the provision, or the rebate, of the cost of chemical to spray on Crown land and roadsides.

We assisted municipalities last year, in 1984, 28 municipalities received a total of \$90,000 compensation under this program. Mr. Chairman, we have hired a number of summer students, the department has, and through the Careerstart Program, a number of municipalities have hired students to do the monitoring and the assisting with whatever spraying programs that municipalities are prepared to undertake.

The honourable member is suggesting some greater area of compensation. Mr. Chairman, it has not been the case that the province ever has dealt with grasshoppers any differently than any other major infestation in terms of crop damage, primarily, as the member indicated. The Crop Insurance Program does

provide coverage for the losses and that's not to lessen the severity or to downplay the severity or potential severity of the infestation. That is to say that, within the province's means, this is about the extent to which the province is prepared to go and does deal with the areas where the greatest infestation does occur, and that is, along roadsides and in Crown lands and those areas, and the province is prepared to reimburse the municipalities for the cost of those chemicals.

If the honourable member is suggesting that we go further, Mr. Chairman, any change in policy that we would make at any time in the future, the funds would not be budgeted for it; in fact, the funds are not budgeted for the amount that we will be paying out this year. They are paid out through the Special Emergency Program that the province has and there would be no amount of funding shown in the department's Estimates at the present time.

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

**MR. D. GOURLAY:** Mr. Chairman, this is what I have a hard time understanding, is why. The Minister stands here and he makes a prediction - let's follow this through - that the infestation of grasshoppers will be two and one-half times greater than they were last year, okay; so what is his plan of action? His plan of action is, No. 1, you hire a student or a group of students - which I'm not opposed to, I'm not opposed to giving students employment, but the first plan of action is to hire someone to count them. He already knows they're going to be two and one-half times greater than they were last year and that they're going to be that much more intensive, so the first thing you do is you hire students to confirm what he's just said; that's what his plan of action is.

Then we know now, he confirms that there's a severe infestation of grasshoppers, so he goes to the municipality and he says you've got a severe infestation of grasshoppers on Section 37-128, the northwest quarter. Did you catch that, Pete? Pete has farmed the northwest quarter of 37-128 all his life, but Section 37 was the important number.

Anyway, there's a severe infestation. So the Minister says to the municipality, we have a severe infestation. So what happens, Mr. Chairman? The municipality is notified. The government say, well, we're going to spray the road allowance. We'll give you a spray to spray the road allowance. The farmer has his cattle on the pasture and the hoppers are eating all the grass. The farmer hasn't got any support. The municipality isn't going to spray it, so what have we accomplished? What have we accomplished? What has the Minister accomplished? I mean, here we are and that's what bothers me. We know where the grasshoppers are. We've got it pointed out by the Minister of Agriculture that they're two and a half times more intense than they were last year. We know where they are. We've got people confirming that they're two and a half times greater. We go to the municipality and the municipality says, so what? We know they're there. We knew they were there last year.

Now, what does the municipality do? He goes to the farmer and he says you're going to have two and a half times greater intensification of grasshoppers than

last year. The farmer says, so what? There wasn't any grass there last year, so what are they going to eat this year? Who's going to finally take a hold of and control some of these problems? What I'm saying is that the Minister, after identifying the problem in the area, said to the farmer, you have a problem, you need the grass and the hoppers are eating it. If the Minister were to tell the farmer and say we will provide the spray for that piece of property, you apply it, the farmer would go for it right like that.

**HON. B. URUSKI:** I guess he would.

**MR. J. DOWNEY:** Yes, he would. Sure he would. He makes reference to the fact that the province doesn't take on any other responsibilities and I've heard this argument last year. — (Interjection) — Yes, and he's coming right along nicely. He says, flea beetles and army worms, and corn borers. Mr. Chairman, when a person plants corn as a farmer he knows he's going to have to do something about corn borers. When he plants rapeseed or canola, he knows he could invite the flea beetle and has to spray them; but just living in Manitoba, just owning a farm and having livestock and producing any kind of grain, he does not have any say as to whether or not grasshoppers come on his farm, but if he produces corn, he's inviting them. If he produces rapeseed, he's inviting them; but the grasshoppers come uninvited.

The Minister laughs about it, but they are a hazard, regardless of what crop you plant.

**HON. B. URUSKI:** I am not laughing at the problem, I'm laughing at your analysis.

**MR. D. GOURLAY:** My analysis is very accurate. If you plant rapeseed you can be sure you're going to get flea beetles. If you plant corn you're going to get corn borers; but you can't help the fact that you get grasshoppers.

Well, laugh if you like. It may be a laughing matter to him, but it sure as the dickens isn't to the farmers who have been devastated by a heavy infestation of grasshoppers. — (Interjection) — Well, the Minister of Agriculture's answer is, buy turkeys, but you can't buy turkeys because he's got all the quota tied up, you see. I'm not taking it lightly, as maybe the Member for Springfield is or the Minister of Agriculture.

**MR. CHAIRMAN:** The Member for Springfield on a point of order.

**HON. A. ANSTETT:** Mr. Chairman, I think the Member for Arthur should know and be pleased that I take him lightly but not the subject of grasshoppers.

**MR. CHAIRMAN:** I thank the member for that clarification. It is not a point of order.

The Member for Arthur.

**MR. J. DOWNEY:** Thank you, Mr. Chairman. So I ask the Minister if, in fact, he won't consider the two areas that I've asked him for support in. One is to provide spray for those farmers who have been identified that they've got a problem. He's got students employed

with taxpayers' money to point out where the problem is. Will he now provide spray to the farmers to help suppress the infestation of grasshoppers; and, No. 2, will he take action to encourage the Department of Natural Resources to control the grasshoppers that come out of some of the wildlife management areas? Flea beetles don't come out of the wildlife management areas; corn borer doesn't come out of the wildlife management areas, but grasshoppers do. — (Interjection) — Sure they do, but flea beetles and corn borer doesn't because Natural Resources doesn't produce corn or doesn't produce rapeseed. But hoppers come out of it naturally.

**HON. B. URUSKI:** You don't think that they stay over there in wintertime?

**MR. J. DOWNEY:** What?

**HON. B. URUSKI:** Flea beetles.

**MR. J. DOWNEY:** No, they sure as hell don't. Here's the story of the Minister of Agriculture of Manitoba. He thinks that flea beetles from the rapeseed crops go into the wildlife management areas for the wintertime. Now that has to be the height of laugh as far as this province is concerned, and the Minister of Agriculture, it says that the flea beetles go to the Natural Resources Wildlife Management area for winter harbouring. I ask the Minister, does the corn borer go to the Natural Resources reserves as well to winter? It's like the migration of the deer, or whatever you have migrate, the ducks. They all move into the Wildlife Management area to spend the winter.

Mr. Chairman, it's incredible that the Minister of Agriculture doesn't have a better understanding of what's going on in Manitoba.

**HON. B. URUSKI:** Do you know where the flea beetles come from?

**MR. J. DOWNEY:** Mr. Chairman, I can tell you one thing, if you don't grow rapeseed you don't have trouble with flea beetles.

**HON. B. URUSKI:** But that's not the point, where do they come from?

**MR. J. DOWNEY:** Yes, that's the point.

**HON. B. URUSKI:** Where do they come from? You don't know where they come from.

**MR. J. DOWNEY:** They don't come from the 11,000 acres in the Cameron Wildlife Management area, I can tell you that.

**HON. B. URUSKI:** You don't know that.

**MR. J. DOWNEY:** Yes, Mr. Chairman, I know that.

**HON. B. URUSKI:** No, you don't know that.

**MR. J. DOWNEY:** Yes, I do know that.

**MR. CHAIRMAN:** Order please.

**MR. J. DOWNEY:** Mr. Chairman, the question is, after he's found out that he's got X number of grasshoppers in an area, what is he going to do about it? What good is the information that he's assembling, expenditure of taxpayers' money dealing with grasshoppers, what's he going to do with the information after he has it? Is he going to spray them? Is he going to force the municipality to spray them, or the farmer? But what is he going to do?

Every farmer that I know of that knows there's a possibility of grasshoppers, the last week has been out checking his crops, he's been out checking his forage, he's been out checking his pastures, and you know what they find out? They find out they've got them. I know, I walked through my pastures last night and I've got grasshoppers moving pretty thick on the ground, and they're very small but they get very big. I know I've got a grasshopper infestation. Should I phone the student that's supposed to be counting them and have him come out and count them and tell me that I've got grasshoppers? Is that really what I'm supposed to do; or should I just phone the sprayer and tell him to come and spray the grasshoppers?

What is his policy? What is his plan in dealing with it? He's not very straightforward in how we're supposed to do this. He hired students to count them; he's not going to buy spray to kill them. I have a hard time understanding really what he is doing. — (Interjection) — Yes, I'd like you to tell me, I'd like the Minister to tell us what he's really doing. I know he's counting them; I know that he knows that there's two and one-half times as many as there were last year, but really what is he doing that's effective to support the farm community when it comes to grasshopper control?

**HON. B. URUSKI:** Mr. Chairman, I wish that the honourable member would have availed himself to the public meetings that our staff had in his areas.

**MR. J. DOWNEY:** I wasn't invited.

**HON. B. URUSKI:** If he needs an invitation, Mr. Chairman, I regret we did not invite anyone. The meetings that were held were public meetings and certainly the honourable member would have been one of those that would not have been excluded from any of the meetings.

I wish to elaborate for him - I guess he needs some elaboration - on the process that we went through beginning last winter in setting up meetings with the municipalities in the most seriously affected areas. We did develop plans with municipalities, a co-ordinated plan, for action with the municipalities as to . . .

**MR. J. DOWNEY:** What action? Count them.

**HON. B. URUSKI:** . . . when and what the process would be in terms of identification; when it would be the most optimum time to do the spraying, because that is very crucial. If the honourable member is so perceptive as to know when the spraying should be undertaken then, Mr. Chairman - I'm not sure that he does because . . .

**MR. J. DOWNEY:** We know when we have to spray, we don't know what we're going to do it with, that's the problem.

**HON. B. URUSKI:** Mr. Chairman, now he's getting to the issue. In the meetings and the co-ordinated plans that were set up with the municipalities, there is a responsibility on the municipality, as well, as to whether or not they intend to participate in any spray program, because it is totally ineffective for the province to do spraying on public lands if the entire area surrounding those spray areas is not done as well, and there has to be a co-ordinated approach. The municipality can, in fact, pass appropriate by-laws to then indicate that we will have a co-ordinated spray program, either in this township or in this municipality, and that has to be done on a co-ordinated basis so that the spray, if it is to do an effective job of doing the kill necessary it has to be done on a co-ordinated basis and the whole area that is infested should be done at the most optimum time. Those were the types of meetings that were held and that's the type of monitoring that is going on.

The Department of Agriculture and the Department of Natural Resources have a co-ordinated plan internally that when we move in to spray roadsides we will also be doing the management areas and the infested areas in the wildlife management areas. That is the co-ordinated approach that we have in place, Mr. Chairman, and that is the approach that we will be using.

Mr. Chairman, the member from his seat says, "Ha, ha, I will believe it." Mr. Chairman, we didn't spend \$90,000 last year just to spray roadsides. There was — (Interjection) — Well, Mr. Chairman, it appears that the honourable member is in fact making jest of the problem and of the situation.

**MR. J. DOWNEY:** Program and your lack of action.

**HON. B. URUSKI:** Mr. Chairman, we are the only province in Western Canada to supply the spray on public lands. That is the only program and, in fact, Mr. Chairman, the honourable member has not mentioned that there is no program to the provinces in the west.

The Province of Saskatchewan has an infestation area far beyond . . .

**MR. J. DOWNEY:** Provincial program.

**HON. B. URUSKI:** Yes, Mr. Chairman, there is a program. There is a program, true, of the payment of a portion of the chemical that they bought about the same time as we did - we have run out - that they are selling, a reformulated hopperox and dimetholate 7, on whatever - I'm not sure that's the case - on whatever chemicals that there are available till supplies run out at half the cost of whatever they purchased it at. That's what I gather is the program there.

We know that we had to reformulate our stocks when we had bought them in the mid-'70s and did not use up the stocks that we had until about two years ago and we shifted to a policy of provision or rebating to the municipalities the actual costs of spraying on roadsides and public rights-of-way. The municipality through the municipality as themselves, provide the

equipment and the manpower to do the spraying. The Province of Manitoba supplies the chemicals.

That is basically the co-ordination that took place and the meetings and discussions with farmers and municipalities during the winter months and into early spring. The identification is there but there is, and I will repeat again, a decision that municipalities will have to make with their ratepayers as to whether or not they are prepared to pass the appropriate by-laws to do a complete spring program, if they do undertake it.

The member earlier indicated that you could have had a party with the amount of money that we spent last year. Well, Mr. Chairman, he can belittle \$90,000 all he wants. I won't because of whichever municipality has decided that the spraying should be done, it was worthwhile.

The decision, of course, that has to be taken and is not an easy one is whether or not the entire municipality or the entire area infested shall be sprayed and that is a municipal decision not a provincial decision and the municipalities will, in fact, have to deal with that.

**MR. J. DOWNEY:** Mr. Chairman, again the main point that has to be made is that all the talk that the Minister of Agriculture talks about, about the transfer of federal responsibilities to provincial responsibilities, he's equally as guilty because he's transferring provincial responsibilities to municipal responsibilities. That's really where it's at.

**MR. CHAIRMAN:** Order please, order please.

The Minister of Agriculture on a point of privilege.

**HON. B. URUSKI:** Mr. Chairman, the honourable member doesn't know what he's talking about when he talks about transfer of programs. There's never been a program in this province in the recent history of this department where the province, in fact, paid for costs of chemicals on farm communities.

Mr. Chairman, I ask the member to show where, in fact, there's been a transfer of responsibilities. Put up or shut up.

**MR. CHAIRMAN:** Order please. That is not a point of privilege.

The Member for Arthur.

**MR. J. DOWNEY:** Thank you, Mr. Chairman. That truly points out the Minister is very sensitive about it but it's, in fact, what's happening. The Minister of Agriculture is now telling this committee tonight it is the responsibility of the municipalities to totally look after any grasshopper problems that they have, that they'll provide chemicals for the road allowances. When you spray a road allowance what happens? The hoppers all around it move into the fields. There is no support from this Provincial Government. They are, in fact, transferring responsibilities on the municipalities and their responsibilities are not being looked after by the Minister of Agriculture.

Mr. Chairman, there's another area of concern that I have, and my colleagues have and the farm community have, that there was recently a report by the Senate of this country dealing with the soil erosion and the massive loss of topsoil in Canada. But particularly what

I am concerned about in the last few years is the tremendous amount of wind erosion that we've seen, the tremendous amount of continued erosion by drainage and loss of water and potential for maintaining our soil base. I asked the Minister of Agriculture if he is planning to increase his support for the return of marginal soils to forages, if he has got any plans to support in any greater way the conservation districts with programs through the Department of Agriculture, and if he hasn't increased his support or hasn't planned to, why hasn't he?

I think it's a warning that each and every Manitoban should take and each Canadian should take that if we don't look after our soil and water base, then we are going to run into the kinds of situations - and it won't happen tomorrow, it won't happen in 10 or 15 or 20 years - but we looked at what happened in Ethiopia and some of the African countries where they have continually harvested the resources and not paid attention to the kinds of conservation projects that should have been looked after, and in fact some of the country turns into a desert, and as I said, that wouldn't happen this year or next year or within 10 or 15 years.

But I say in the longer term, Mr. Chairman, if we don't arrest some of the erosion problems that are currently before us, if we don't encourage through government programs the protection of our soil base and the implementation of water projects that are going to enhance the production of forages and conserve water, then we will in fact run into some long-term difficulties.

I ask the Minister, under the Soils and Crops Branch, is he planning to implement any programs, or does he have any programs in place that will in fact encourage farmers to take marginal land out of cultivated production and turn it to production of forage or to production of windrowing as far as trees or tree strips are concerned? Does he have any initiative in that area as far as the department is concerned for this coming year?

**HON. B. URUSKI:** Mr. Chairman, I want to briefly deal with the honourable member's earlier comments regarding the grasshopper program because I don't want to leave it on the record that somehow the province is shifting responsibility onto the municipalities.

Mr. Chairman, the clear authority for concerted and co-ordinated spray activities are clearly the responsibility of municipalities and always have been in The Municipal Act.

The Honourable Member for Swan River, as a former Minister of Municipal Affairs, can clearly clue in his colleague, the former Minister of Agriculture, that the authority does exist and has always been there for as long as any one of us can remember, or have been in this Chamber, long before any one of us were in this Chamber.

There are in fact a number of soil conservation and management activities that staff are being involved in with producer groups in carrying out conservation practices within their normal farm operations. The groups that staff have been working with are, for example, the Keystone Potato Growers Association, the Morden-Winkler Vegetable Growers group, the Peatland Farmers Association, the SPADA Group in

southeastern Manitoba, the Zero Tillage Association, the Association of Irrigators of Manitoba, those are just some of the actual organized groups that the province has been involved in. In terms of specific programming those details in terms of work on actual conservation projects, we can discuss those measures under our whole Agri-Food agreement and specific measures.

If the honourable member wishes further elaborations on some of them, we can certainly provide what kind of work generally that it's taking because all the projects that will be included under that agreement are still to be finalized, but they certainly are in the whole area of planning. There have been a large number of requests throughout the province for conservation measures and certainly we, as a department and as a government through our Provincial Land Use Committee, are developing in consultation with the Union of Manitoba Municipalities guidelines for soil conservation as part of the provincial land use policies.

In fact, work on those guidelines have begun and discussions were held with the executive of the Union of Manitoba Municipalities recently and work is being undertaken so that the entire structure of the province's land use policies do have a component in terms of policy component, an area dealing with conservation and land use measures which will complement some of the specifics that we will be dealing with in the department and through the Agri-Food Agreement.

**MR. J. DOWNEY:** Mr. Chairman, the Minister has invited me to again respond to the grasshopper situation and he makes special reference to the fact that never has the province been involved in spraying or in that area.

Let me tell you, Mr. Chairman, and I realize there is a human health factor involved in what I'm going to say and I've never been in opposition to it, but the province take it upon themselves to spray for the control of mosquitoes - yes, they're all over; grasshoppers are all over - and I made reference to the flooding of basements in the City of Winnipeg where people can get insurance, but yet this government felt fit to bring in support to refurbish basements.

It's pretty hard for a farmer sitting out being devastated by grasshoppers and he reads in the paper where there is X number of million dollars going to refurbish the basements in the City of Winnipeg because in fact millions of dollars — (Interjection) — yes, millions of dollars and I am sure of it, read the press once in a while. Last year, there was commitment by this province to refurbish and look after the basements of the citizens of the City of Winnipeg and the farmer says, "My God, do they depend on their basement for their livelihood?" And you turn around and say, "No, they don't. In fact, they can buy insurance for the flooding of their basements." They can, yes, and the farmer is sitting there being devastated by grasshoppers. — (Interjection) — That's right. Yes, you can insure for the flooding of basements that the Minister of Agriculture's government made a lot of to do about last year.

The other one is the mosquito thing, and I realize it's a human health factor and I support the spraying of it. The farmers who say, "My God, my livelihood is being eaten up by grasshoppers." The province aren't doing anything as far as spraying of them is concerned.

But they're spraying mosquitoes. They see a big plane going over the rural communities spraying mosquitoes and the farmer says, "Why not me?" Sure it gives him protection against mosquitoes.

But the point I want to again make is that, yes, the government does spend money to help citizens of the province in areas that in fact is the Provincial Government's responsibility. The point I want to again make is that there is a responsibility by the province to control in some way the grasshopper infestation of this country, and he is transferring the Provincial Government costs to municipalities, something which he criticizes the Federal Government for doing and he's doing it the same way within his responsibility, so we don't want to leave it on the record that he doesn't have a responsibility because he in fact does. He shouldered the responsibility in other areas, he should do it as well with grasshoppers. Mr. Chairman, I will in fact take the opportunity to get into more discussion on soil conservation mechanisms and projects.

I want to ask the Minister of Agriculture what work is being carried out by his department when it comes to the research and further promotion of rust resistant winter wheat crops in the province because we are seeing a tremendous desire by the farm community to produce winter wheat. We are seeing a need for it because of some of the shortages of moisture in the western region and the fact that it's now an accepted crop. We cannot buy crop insurance, as was found out the other night, even though he's going to take a look at it. I ask the Minister what work is being done in the Soils and Crops Branch dealing specifically with the development of a rust resistant winter wheat crop for the Province of Manitoba and, if there isn't any work being done, why isn't there?

**HON. B. URUSKI:** Mr. Chairman, there is a program at the University of Manitoba, a research program, dealing with the incorporation of stem and leaf rust resistance into the North Star Winter Wheat development, as well work in the development of early maturing distinguishable semi-dwarf feed wheats for high moisture areas of the eastern prairies. Those are the two research projects which we support financially at the University of Manitoba.

The honourable member raises an interesting point about why this and why not that for agriculture. Mr. Chairman, does he realize what he is really saying when he makes those kinds of comments, Sir, on research? Does he realize the impact that the \$65 million reduction from the Federal Government in last November made on farmers in this country and on research programs, an additional \$50 million in this budget and an additional \$50 million each year in the next four years?

Mr. Chairman, if in fact the department would have held its expenditures, one could understand that yes, times are tough. But to take it out on the farmers of this country, Mr. Chairman, is something else and for members of the opposition to sit silent and in fact take the reverse tactic when our budget over the last four years was on a curve rather than the previous four years where the budget started declining in terms of absolute dollars, I have some difficulty being admonished by members of the opposition saying that somehow we're not providing enough in terms of research dollars.

Mr. Chairman, our budget and research has not expanded as much as we can, but it is not being reduced even though the province's income has been reduced from the Federal Government, the transfer payments and the like, and we have maintained the services that we are responsible for in the Province of Manitoba. But there will be more and more attempts to shift the costs on to the producers of this province, Mr. Chairman, and it will be very clear as to what will be happening and it will be those members who will be the apologetes for the Federal Government.

**MR. J. DOWNEY:** Mr. Chairman, he is doing the same thing when it comes to transferring costs to producers - an increase of the cost of feed sampling, an increase in the cost of soil testing sampling - he's doing the same thing. It's the kettle calling the pot black. So let him not be so pure, Mr. Chairman. What we say is, he's got to deal responsibly and he's not doing it.

Mr. Chairman, in this section we have Northern Development Agreement and I want to ask the Minister - I know we're not in that, but Salaries would apply to it - what is the Minister carrying out as far as development of agriculture in the North, under the Northern Development Agreement; and as well I have some specific questions dealing with the Northern Agricultural Review or report that was done by - and I can't think of the name, it should be right on my fingertips, he was a former Wheat Director in the province, Jack Forbes, I'm sorry, I should have known Jack Forbes - who did a study of northern agriculture and made some recommendations. Is there anything being carried out at all by this government in the area of the Northern Agricultural Development projects or programs, or is he totally ignoring the North's desire to feed the North?

**A MEMBER:** They figure they've got the North so they don't have to cater to them.

**HON. B. URUSKI:** Mr. Chairman, the work that is being done in terms of agriculture in the Northern Development Program has the following objectives: to assist in the identification and orderly development of land suitable for sustainable arable culture of regionally adapted crops; to evaluate agricultural programs and projects proposed for northern areas and to support these programs which would enhance the quality of northern living; to support selected projects which will provide added knowledge about crop production technology for northern soil and climatic areas; and to assist in the production of northern grown foods, either for direct consumption or for the processing through livestock or other means.

Mr. Chairman, existing projects include the evaluation of their resource use suitability in the Washow-Fisher area peninsula. The physical resource evaluation is complete with the final recommended resource-use allocation report being completed late in 1985.

Mr. Chairman, evaluation of the resource-use suitability of the St. lakes which is the area bordered on the south by Peguis Reserve and on the north by Lake Winnipeg; evaluation of the agricultural land improvement potential for the Dallas-Red Rose area; evaluation of the agricultural development potential of

an area around the Jackhead Fish Station; an evaluation and analysis of the agricultural use of the Wabowden area with particular emphasis on existing agricultural activities.

Mr. Chairman, we do continue to provide, as I indicated last Session, assistance throughout Northern Manitoba, through northern 4-H programming, the provision of community gardens and the assistance of communities to develop gardens, and that is the kind of direct work that the department is involved in encouraging people to do things for themselves.

Mr. Chairman, we are not, as I indicated in the last Estimates, force-feeding and setting up development work that is doomed to failure, unless there is community involvement and community participation. In the effort, many projects would be doomed to failure; there has to be a community will and a community desire, and that is the work that our staff are undertaking in co-operation with many northern residents.

Mr. Chairman, as well, we do have a northern agrologist who services the entire northern area stationed in Thompson, providing advice and information to residents in various northern communities, as well as the assistance, as I indicated, in the community gardens.

**MR. J. DOWNEY:** Mr. Chairman, as my colleague said from his chair, the record of this government is dismal as far as dealing with support of agriculture in the North and the desire to develop and expand. Mr. Chairman, I think it's extremely important that the government show some initiative in supporting the communities in the North. I'm not saying that the government have to do it for the people; they have to create the environment and the encouragement to see the expansion of agriculture in the North and we haven't seen any of it come. We make reference particularly - I'm sorry the Minister for The Pas should have spoken out on this - that there is a tremendous desire in that community to expand their agriculture and their crop production in the development of the base which services the agricultural community. But we've heard nothing from this Minister of Agriculture in reference to the development of an agricultural crops base in that area.

We make special reference to the fact that he's had a few programs that he's brushed over, 4-H being one of them. Well, Mr. Chairman, 4-H is extremely important, but it's important that the government have, in fact, more emphasis placed on northern agriculture and a diversified base.

Today we've seen single-industry towns across Canada meeting to try and develop other communities, other resource bases or diversification of their communities.

Yes, Mr. Chairman, there are many things that the Minister of Agriculture could do to encourage the agricultural development in some of the communities in the North, particularly when you look across Canada. Some of our northern communities aren't really that far north when it comes to the production of food and production of fibre in this province, and it is a good opportunity. I get extremely concerned when I hear people from northern regions of the province say, you know, it's too bad that we can't produce milk. It's too

bad we can't produce eggs or broiler chickens or products in this community because, if we do produce it, it's got to be sent to Winnipeg to be handled by a marketing board to be sent back to us. They aren't given the regional freedom that they should be to develop, and I think a policy of regional freedom, of regional development should be encouraged within the supply-management structure. I don't think that eggs produced or milk produced in The Pas or in Thompson, for example, should be sent down to Winnipeg to be sorted and handled by a marketing board and processed. I think this should be done right in that region, Mr. Chairman, because all you're doing is adding expense to the producers and expense to the consumers.

**A MEMBER:** The Pas is a good example.

**MR. J. DOWNEY:** Yes, The Pas is a good example, I use it as an example.

So I think for regional development in the North that there should be some special preferences given to the development of agriculture in that community. I know there are certain projects that could be carried out, particularly dealing with water levels, management of our water levels in some of the communities, that would enhance the production of forages, would enhance the livestock production in the North and probably - my colleague I know from Swan River has a comment to make in this regard and hoped that he would put it forward to the Minister as to why there hasn't been more work done in this area.

**HON. B. URUSKI:** Mr. Chairman, I want to I think provide the honourable member some very useful information as to both youth development and extension of the information that I gave them, an expansion. I thought that this might help them.

Mr. Chairman, our thrust in Northern Manitoba, in terms of development of our human resources and through the use of our 4-H Program, we have doubled the number of participants in the 4-H Program in two years in rural Manitoba from 1981 to 1983. Mr. Chairman, we have two 4-H specialists; one in The Pas and one in Thompson. There are 4-H Clubs in Grand Rapids, Split Lake, Pukatawagan, Shamattawa, The Pas, Wanless, Gillam, Cormorant, Flin Flon, York Landing, Thompson, Easterville, Carrot Valley and Cranberry Portage. Mr. Chairman, there are a great number of requests and, as well, the community participation, the active community participation in terms of leadership, the number of leaders has virtually tripled in the program in the last two years, from 45 to over 112. Mr. Chairman, that is performance in terms of building, community spirit and community support for a program that will develop the leadership and the community well-being of the young people in the North. There are requests, Mr. Chairman, from Grandville Lake, Norway House, Sheridan, Nelson House and Oxford House. The challenge, of course, is in providing service to these remote communities and this is the continued challenge of our 4-H Program.

Now, Mr. Chairman, I spoke about gardening in a general way. I want to deal specifically in what has happened in the North. Services were provided in total

or in part to 39 northern communities: the promotion of crop production through co-operative vegetable garden demonstrations in 13 communities; youth gardening activities in 15 communities in co-operation with the Frontier School Division; demonstration of production under plastic tunnels in 19 communities; and production workshops at the community level. We've also been involved in land breaking and tilling services. We provide roam disk for commercial land breaking - the department does - and the department provides initial land-breaking services for home gardens, total of 162 plots in 1984. Mr. Chairman, we also supply small rototillers to 16 communities for servicing home gardens.

Mr. Chairman, I agree, I have to admit, that there could be an expansion, but when faced with the kind of prospectives that Canadian farmers will face, in terms of financial support nationally, I would say our record is here, and the federal record and the national record in Canada towards agriculture is down below my heels. That's how you can compare as to what is enough and what isn't enough, whether it's adequate or not. And that, Mr. Chairman, we will continue to encourage at the community level to work with our youth, to work with our community leaders to enhance the community spirit, to do projects for themselves for their own betterment, and that will be the support of this government.

**MR. J. DOWNEY:** Mr. Chairman, I'm extremely surprised at the Minister criticizing the Federal Government again when we're dealing with both provincial and federal support. — (Interjection) — No, both federal and provincial support is what we're debating right now. That's what it is. He's condemning the Federal Government, which is part of the agreement, which has just helped him to accomplish what he's accomplished. It's not all provincial money at all; it's federal and provincial. Yes, this wasn't done totally by the province, but it was with the support of the Federal Government. Will they be happy to hear what he just said about them? I think he should be a little more appreciative. This Minister should be a little more appreciative of what has just happened. He brags about all the support and all the work that's done; it's been federal and provincial agreements that have done it. Yes, Mr. Chairman, and he condemns them for it. What thanks is that, Mr. Chairman? How great he is pretending, when it has been federal-provincial. So let the record show again that he's trying to take the best positive support and credit for himself and not giving credit where credit is due. It was a federal-provincial agreement that provided the kind of programs and expansion in the North. That's what the record should show, Mr. Chairman.

**HON. B. URUSKI:** I can share some of the responsibility in terms of criticisms. I criticize the Federal Government and I will continue to do so in the general approach to agriculture. Where the Federal Government and the provinces will co-operate, we will work co-operatively, but where we stand apart and very clearly, and let it be very clear to the honourable member, who did he criticize in his remarks just earlier? Obviously, if he were criticizing us, he had to be criticizing the Federal

Government, Mr. Chairman, obviously that had to happen.

So, Mr. Chairman, I will continue to criticize the Federal Government where we stand apart where services to producers are going to be cut, where massive increases - when we talk about 1500 percent increases in fees - then we will criticize them. We have never criticized the Federal Government for increasing fees at a level which can in fact be not only agreed to but can be justified. But, Mr. Chairman, when you go from zero and have an increase of infinity or 1500 percent for testing fees, not a \$1 or 10 or 20 percent increase in terms of fee increases, no one has criticized them, but we certainly will continue to criticize the Federal Government in those areas, where in fact the increases are excessive.

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

**MR. D. GOURLAY:** I would like to put on the record and I think it has been put on the record many times before, but the Canada Department of Agriculture undertook to establish a substation at Wabowden and I think operated there for some 10 years under the supervision of the Brandon Research Station and carried out the testing of a number of agricultural crops. After 10 years of testing vegetables and hay crops, forages, and shrubs, ornamental trees and the like, they felt that they had sufficient information available until such time as there was more development taking place in the North.

I was interested to hear the Minister indicate tonight that an agrologist was established in Thompson. I'd like to ask the Minister just how long that agrologist has been there? I presume the list of activities, gardening and breaking of plots and so forth, is part of this individual's work, although I would be interested in hearing from the Minister a little more detail as to the job description of this agrologist that is at Thompson.

Last winter when I was up to The Pas, I met some people from Cormorant who have been trying to increase their agricultural production in the Cormorant area, but they have been running into problems with excess moisture and I believe they have requested the government to put in a pump to regulate the water levels in that whole general area there. I believe there are several hundred thousand acres that could be brought into production not only for livestock and some forage production and vegetable gardens but also in the increased production of muskrat farming. Right now the levels fluctuate too greatly, and I believe the government has not seen fit to move on regulating the levels because of possibly one or two commercial fishermen who have been raising some concerns about tampering with the water levels.

The individuals in the Cormorant area indicate that there is a large potential for more job opportunities in agriculture, in muskrat farming and in some of the other areas that I've mentioned. I believe that under the Northern Affairs Estimates the Minister did indicate there was a committee of government and local people there looking at the feasibility of putting in a pump to regulate the water levels there and to generally look at the overall feasibility and cost factor in doing this.

So I would be interested in hearing from the Minister as to what activities his department is playing in the overall development of more agriculture in the Cormorant area, in the Wabowden area, where we know there is a fairly large tract of land. We know we can produce many different crops, some cereal crops and many different forage crops as well as vegetable production.

Perhaps the Minister would like to respond to some of those comments.

**HON. B. URUSKI:** Mr. Chairman, I am advised that our staff have been in discussion with people from the Cormorant area in terms of looking at larger scale agricultural development.

There is a concern in the department, and it has been a cautious approach to these suggestions, that it's one thing to develop the land, or have it opened, it's another thing to be able to fund the necessary drainage works that I understand would be necessary in that area. So in terms of any future development, it would have to be a staged development that would have to occur, but the department of course has no direct funding for the provision of drainage in terms of Crown land development.

**MR. D. GOURLAY:** Mr. Chairman, I believe that agriculture had maybe some responsibilities in the area as far as agriculture is concerned, but they were part of a multidepartmental study in co-operation with Ducks Unlimited, I believe, and perhaps the local people of Cormorant.

I am just wondering if the Minister can indicate at what stage that whole situation is at right now. Is it an ongoing thing? Is it at the point where they're ready to maybe make a decision? Or is it very much up in the air at this point?

**HON. B. URUSKI:** Mr. Chairman, we will have to check that out. I am not aware at this moment in terms of where those discussions or the studies that the member alludes to are. I will try and get some information for him and bring it back as soon as we check internally. I am sorry that the three of us here cannot specifically give the honourable member any information on this matter. We'll endeavour to get it as soon as we can to give you a bit of an update and a status report on this whole matter, specifically of the Cormorant area, as I understand it.

**MR. D. GOURLAY:** I am wondering about the Wabowden area where there is a fairly large identifiable area that could be brought into production. Is there any demand or any request to further develop that area into agricultural production, and does the department feel that more research is needed? Does the Minister feel there is more research needed in the Wabowden area?

As I understand it, the federal people decided to pack in their substation operation because they had sufficient information, but that's going back to 1965, I believe, when they had completed 10 years of research work. Until such time as requests were received for more data regarding potential agricultural production in the area, are there any people who are currently

looking at any type of agricultural development of any consequence or any size in that general Wabowden area?

Is the agrologist who is stationed in Thompson involved in any activity in the Wabowden area?

**HON. B. URUSKI:** Mr. Chairman, the agrologist in Thompson, along with the ag rep in The Pas and some of our staff in Winnipeg, have been involved with people in the Wabowden area and particularly there as I understand it. I have not visited the farm myself, I have spoken to Mr. Braun on the telephone once or twice personally in the last several years. I have not had any recent discussions with him but there has been some further land development in the area and staff are prepared to respond.

As I indicated before, our whole development has been and will continue to be on a response basis and on a fairly cautious basis rather than going in and saying we will develop a major area.

The one area that we are working on presently is in The Pas area dealing with the Polder III. The engineering works in that whole area I believe are nearing completion and we expect some further work will be done in that area within the next year or so.

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

**MR. S. ASHTON:** Thank you, Mr. Chairman. I find it interesting that the members opposite have changed their tune on northern agriculture. When the Member for The Pas and myself introduced the resolutions on this subject matter a couple of years ago, I remember the very lukewarm support it received from members opposite. I remember the comments from the Member for Morris who stated quite specifically that he felt that higher priorities should be given to existing agricultural developments rather than development in the North.

I must comment because I find it interesting that the members opposite travel to the North perhaps once in three years, and they come back and they are instant experts on the North. I said I find that interesting; I don't necessarily say it's bad, though, because if they would only get up in the North more often we might get a bit more support on issues such as this.

I actually appreciate the interest of the Member for Arthur in agriculture in the North. I would suggest, Mr. Chairman, that . . .

**MR. CHAIRMAN:** Order please. The Member for Minnedosa on a point of order.

**MR. D. BLAKE:** The Member for Thompson said the members opposite only go up North every two or three years. I will have the Member for Thompson know that I visit the North once or twice and more frequently if it's possible and that includes Flin Flon, Thompson, wherever, and I don't want it to remain on the record that the members opposite, which includes all the members opposite, do not visit the North.

**MR. CHAIRMAN:** I thank the member for that clarification. It is not a point of order.

**MR. D. BLAKE:** Pretty close though, eh?

**A MEMBER:** Yes, you were running for the leadership, you're on a different point of order.

**MR. CHAIRMAN:** I would remind members that points of order are not to be used to interrupt debate.

The Member for Morris on a point of order.

**MR. C. MANNES:** Mr. Chairman, I know that the member opposite would not want it left on the record that all of us have in fact visited the North many times. In my case, I have into Northern Manitoba about half-a-dozen times over the last half-year. I would therefore ask the member to point out specifically which of the members on this side he may be referring to.

**MR. CHAIRMAN:** That is also not a point of order, and it should have been easily recognized beforehand as not a point of order.

The Member for Thompson.

**MR. S. ASHTON:** I will correct myself, Mr. Chairman. Perhaps some two members opposite, possibly more, have been to the North. It is unfortunate though that in many cases when they do travel to the North all they're interested in is the fish and the ducks, and they don't talk to Northerners while they're up there. I know certainly for the first three years I was in office, Mr. Chairman, the appearance of a Tory MLA in the Thompson constituency was considered a rarity.

But, as I said, I make that comment, Mr. Chairman, to say what a difference it makes when members opposite finally get up and talk to Northerners. Mr. Chairman, they have discovered that Northerners are interested in agriculture. Brilliant, Mr. Chairman; the Member for The Pas and myself tried to tell them that some years ago.

Unfortunately, Mr. Chairman, they failed to appreciate that there had been a number of initiatives taken by this particular Minister in this particular area. He outlined previously some of the development that had taken place in northern agriculture over the past few years.

Mr. Chairman, they also fail to recognize what I think are some of the major problems in developing agriculture in the North. It's not strictly a matter of government assistance, as in putting additional staff resources in or putting budgets in, Mr. Chairman, there are problems in terms of availability of land, for example, clearing of land, of surveying of land. If you talk to anybody who has ever tried to set up an agricultural operation in the North, and they will identify those particular points.

So I would suggest that, perhaps, when they do get the chance, that they do a little bit more research on the matter instead of getting up and taking this new conversion to the cause of northern agriculture and trying to use it as a way of hammering the Minister. I would suggest that they look at those specific three items to begin with, and a number more that I could outline if we had the time, which we don't, Mr. Chairman, but if we could identify the real areas of concern and all agree on the need to develop agriculture in the North, I think we'd get further ahead.

As I said, it's an improvement over a couple of years ago when they were against agricultural development in the North; I welcome that. I just hope that, perhaps

in another two or three years, we could progress to the point where we could get some really good discussion and get some really constructive ideas about ways of getting agriculture developed in the North, as is the desire of the vast majority of Northerners.

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

**MR. D. GOURLAY:** Thank you, Mr. Chairman. I would just like to put on the record that I worked in agriculture in Northern Manitoba when the Member for Thompson was still wearing diapers; 25 years ago I went up to The Pas and I worked in The Pas for three years. I worked in the Cross Lake area, and we developed the potato production, some 10 acres of potatoes in Cross Lake. We developed, in co-operation with the ag engineer in the Department of Agriculture, a potato-storage facility in Cross Lake, and if the Member for Thompson would listen he'd know what the hell he's talking about when he does get up . . .

**MR. CHAIRMAN:** Order please.

**MR. D. GOURLAY:** . . . saying that we don't know anything about agriculture in the North, and all the time we go up there is to fish. I don't fish very much; I fish if I get a chance, but I don't do it very often.

But I would just remind the Member for Thompson that we on this side have a lot of knowledge on agriculture in the North. The members on this side of the House have spent a lot of years developing, not only The Pas, but other parts of Northern Manitoba. I just heard recently where they are going to try and get into a potato-growing project in Cross Lake, either this year or some time in the near future, and perhaps the Minister of Agriculture can indicate that the agrologist at Thompson is going to be involved in that project. I don't know if he is or not, but I worked with the United Church Minister in Cross Lake at the time when we developed some 5 or 10 acres of potato production for two years with local growers, local Native people. They were marketed through the Hudson's Bay store. The potato-storage facility is still in Cross Lake, perhaps you don't know that, but it's still there, an underground type of potato-crop storage.

So the research that has been undergone in Wabowden, some 10 years of extensive agricultural research, when there wasn't a great demand for the promotion of agricultural production in the area, but still the information is available. We know that agricultural production can be carried out successfully.

As I asked the Minister earlier, I would like to find out just when the agrologist was established in Thompson and, specifically, the types of activity he's working on right now.

**HON. B. URUSKI:** Mr. Chairman, the position of the northern agrologist is filled by a woman in the Thompson area. That position evolved, as did many of our assistant ag rep positions, where they worked with ag reps and gained experience, and then the position evolved into a full-time agrologist position; that's basically how the position in Thompson evolved.

The individual would, in fact, go to whichever community, as the member knows by our record with

4-H and many of the community gardens. It is an expensive program from the point of view of going to all the communities, but it has been very worthwhile. I'm sure that the individual involved would be in Cross Lake, or whichever community, on a rotating basis in setting her priorities as to how one reaches the communities, because basically transportation is the difficulty into many of the communities that we're involved in. Some of them are, in fact, remote while, of course - I don't think Cross Lake is remote now, the road is through into Jenpeg and into Cross Lake, however, the other many communities that we're involved in, transportation is a problem.

The work that is being undertaken by our agrologist generally is of an ag rep nature, the kind of work that the honourable member, when he was on staff, performed in terms of assistance, demonstration, working at provision of information and consultation, liaison with our own staff for furthering her technical knowledge. That's basically the kind of extension work that goes on in co-operation with our two 4-H specialists. We have basically a corps of three in the North.

I have to say, they've done a commendable job in terms of building up the community spirit, the desire to do things for themselves, the interest of the youth and the interest of our volunteers in the 4-H program. They've done an excellent job, and I commend our northern staff for the work that they've done and, of course, the people who have wanted to become involved. It is a very good sign in terms of people doing for themselves the development and the work, and I commend our staff for setting the seeds and working on it because they've done an excellent job on 4-H and community work.

**MR. D. GOURLAY:** Could he enlighten us a little more on the current project at Cross Lake with respect to, I think it's potato production or maybe it's other vegetables as well?

**HON. B. URUSKI:** Mr. Chairman, we'll have to get that information for him. I don't have any information in my notes, or at hand. We'll provide that information for him, as well as the update on Cormorant.

**MR. J. DOWNEY:** Mr. Chairman, I just want to add to my colleague for Swan River's comments in response to the Member for Thompson. You know, it's extremely important that we do respond.

He made three points in which my colleague has covered the major part of them. It's extremely important again to point out to the Member for Thompson and The Pas our commitment as a government and an opposition to the development of agriculture. We hired, I said earlier, Jack Forbes to do a major study of the development of northern agriculture. I would be interested to know what has been carried out by this government.

It was our commitment, our administration, to lay a blueprint or to try to identify areas where we could get a major economic expansion in agriculture. It was our government, Mr. Chairman, that committed money to the North Feeding the North Program at a conference that was held in Northern Manitoba.

Yes, Mr. Chairman, our record speaks very clearly for itself. Now I can further comment on it, and I would hope he would read the record. — (Interjection) — well, read the record. But it was our government that hired Jack Forbes to do a major review and identify work activity in agriculture and projects that could be carried on for the development of northern agriculture. We were very much involved in provincial funding at the Conference on The North Feeding the North.

Mr. Chairman, what has the Member for Thompson contributed in any area? I really haven't heard a positive recommendation come from him as a member in the North. As well, Mr. Chairman, we're well aware of the fact that many of the people that work in the mine in Thompson are from agricultural bases in Saskatchewan, that a lot of the northern mining people have come from agricultural bases in Manitoba and Saskatchewan; they're agricultural people.

Agricultural people tend to stay in resource production and development. There is a lot in common with the mining, with the production of our resources, both non-renewable and renewable. They have a good understanding of resource production and development. I haven't heard very many positive recommendations come from the Member for Thompson. In fact I haven't heard any.

Who has spent more time? There is reference made by the Minister of Agriculture on the development of Polder III. Who does the Member for Thompson think put that whole thing in motion? It was the Progressive Conservative Government that put the Polder III Program in motion, a commitment by the former Minister of Natural Resources to the development of Polder III. Who was it that encouraged the development of the Saskeram and the expansion of it for the use of agriculture in The Pas? Yes, Mr. Chairman, who started the whole Pasquia Project? - the former Honourable George Hutton - yes, that was a Progressive Conservative Government that set that whole program up.

Yes, Mr. Chairman, let the record stand truly on its own. There hasn't been one initiative set forward by the New Democratic Party as far as agricultural development in the North, not one initiative and not one recommendation coming from the Member for Thompson. Yes, Mr. Chairman, let's look at the facts. Let's look at the record of the little contribution that came from the Member for Thompson, absolutely none.

As my colleague for Swan River and other colleagues have brought forward, there is a desire by the Progressive Conservative Party to develop agriculture. — (Interjection) — Mr. Chairman, the Member for Thompson says, did I say anything? Did I say anything? I had the responsibility and carried out many good work projects and government projects and programs in Northern Manitoba to support that community.

Yes, Mr. Chairman, I'll campaign in any community in the North with the Member for Thompson at any time, and stand on our record and what we will do to the development of agriculture. Mr. Chairman, I have no difficulty in standing to defend and also to tell him what we've got for future programs for the development of agriculture in the North.

So, Mr. Chairman, let the Member for Thompson sit and suffer for awhile, because he is totally inaccurate in what he has said earlier as far as agriculture in the North.

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

Item 4.(e) Technical Services and Training Branch:  
(1) Salaries - the Member for Arthur.

**MR. J. DOWNEY:** Yes, Mr. Chairman, I continue to find in each area that we come to areas for major criticism of this government and their inability to deal with agricultural issues.

Mr. Chairman, several months ago this Minister of Agriculture was contacted by constituents in the southwest area of the province to do something about a fuel contamination problem in their farm tractors, their farm combines; and a major problem of a very serious concern which, yes, the Minister of Agriculture was receptive to them, we asked him for a meeting. We asked him for basically two things, two areas of support.

One was dealing with past losses by the farm community in trying to get corrective motors that had been blown up by overheating, because of fertilizer in the fuels. They needed some support from the department and the Minister of Agriculture in getting corrective measures taken by oil companies or trucking companies, whoever was held responsible, one major area of concern which we thought was extremely important for the Department of Agriculture and the Minister to get involved in.

The second area, Mr. Chairman, was we were looking for and the farmers were looking for - and they called themselves Farmers for Clean Fuel - were looking for support from the Minister of Agriculture in assuring that future fuel purchases were, in fact, free of contamination from fertilizers. Mr. Chairman, again we have the Minister of Agriculture and the New Democratic Party failing the farm community, failing to give support in a meaningful way. We have not seen anything but this Minister of Agriculture's Department come forward with recommendations as to how to clean your farm fuel tank. That's basically what his recommendations were, how to clean your farm fuel tank.

Mr. Chairman, farmers know how to clean their fuel tanks. What they do need and what they did need was again some support from the Department of Agriculture in dealing with some of the larger fuel companies and trucking companies to get compensation for very expensive motors that had been blown out because of contamination in their fuels - yes, Mr. Chairman, proven contamination. Proven, yes, proven contamination.

**HON. B. URUSKI:** Then there should be no difficulty.

**MR. J. DOWNEY:** Well, the Minister says, there should be no difficulty. Well the difficulty, Mr. Chairman, was getting recognition and support by the Department of Agriculture and this Minister in providing proper means in which to challenge some of the fuel companies and the trucking companies when it came to contamination of fuel. But we didn't get it, Mr. Chairman, we didn't get it. We got a warm, friendly handshake, and that was all.

I asked the Minister of Agriculture, why didn't he become more aggressive and more involved in supporting the farmers when it came to the loss of

motors and engines dealing with the contamination of fuel. No. 2, what has he done, Mr. Chairman, to assure the farm community that the fuels delivered to them by the fuel companies are free of contamination? What has he done, Mr. Chairman, to give the farm community the assurance that this isn't going to happen or continue to happen in the future? He has done absolutely nothing to help the farm community in an area which has been very costly to them.

Mr. Chairman, let us deal with a couple of numbers, for example. Let's look at the fact that today the farmer buys a tractor - well, he could spend in excess of \$100,000 - and the motor in that engine - if in fact the company who is supposed to carry the warrantee on it says because of fuel contamination there's no warrantee on it - and the motor blows out. What does the farmer do, Mr. Chairman? What does he do? The last thing in the world that he's been able to look for was any support from the Minister of Agriculture in assuring that he would get proper settlement from any fuel company, or would in fact get any assurance that his next tractor he bought would be clean of fertilizer contamination.

I would like to know what the Minister has done in dealing with the whole area of compensation to get fair settlement for the farm community and, as well, making sure the problem won't happen in the future.

**HON. B. URUSKI:** The honourable member asks for assurances that I don't think anyone in this office can give in terms of trying to commit oneself to give someone an assurance that fuel will not be contaminated in the future. I think - and I say I think - that we have in terms of publicity and the setting up of the technical committee of industry farmers in our department have gone up to this point in terms of making sure that the industry is well aware that they will be held responsible for their actions in terms of the fuel that allegedly - and I say allegedly - because unfortunately up to this point we have not been able to clearly, from all the testing that has been done and information that I have up-to-date, identify the source of contamination. Admittedly, some of the filter testing that's been done did have traces of phosphorous and nitrogen.

As I understand it, a number of claims, in terms of the testing done, the insurance companies did pay for the rebuilding of injectors and injector pumps. However, testing done at the University of Saskatoon, in consultation with a major engineering firm here in Winnipeg, failed to prove conclusively that any damage was done to the inner ware of pistons, I believe. Sleeves of the diesel engines could not be proven that they were done as a result of elements, such as the fertilizer components that I've mentioned, have in fact done the damage to the internal working parts of the engine. That's where the difficulty lies.

Mr. Chairman, we did set up - we met with the industry - a technical committee to try, and through our Department of Industry, Trade and Commerce, the Technology Centre, and have done an entire inventory of world information dealing with contamination of diesel fuel to see if in fact there is some data to support the contention that in fact the damage that fertilizers could cause to engines. We have failed to come up with any

further information. Further testing is being done on fuel, both at the tank level, at the storage tank level, and we finally - and I say finally - because there was some resistance from one of the major oil companies to co-operative testing of bulk fuel tanks and the like.

Fuel companies have in fact gone ahead and cleaned out farmers' tanks at their expense. Fuel has been replaced but it is clear that short of having a court case, a case proven in court, and basically I would have to say, Mr. Chairman, on circumstantial evidence, because we have not been able to conclusively prove the source of contamination, it would have to be any case that would be one I believe, from my albeit limited knowledge of legal terms, the results would have to be and the court case would have to be based on circumstantial evidence leading up to what had happened as a result of or how the breakdown was caused and how the fuel was contaminated.

Mr. Chairman, I guess the best way that I can provide it, our staff have done some extensive testing of farmers' tanks and bulk storage tanks. In general, I'm advised that the nitrogen and phosphorous levels do not appear to be extremely high. In fact, they may be within the limits that would be considered almost normal for diesel fuel, because there are both nitrogen and phosphorous, naturally, in diesel fuel. The general exceptions to this are when samples are taken from sludge or from water-drained taps, and it certainly would not be normal to remove fuel for engines from either of these sources.

Some of the readings, I am told, have had zero contamination for phosphorous. But, Mr. Chairman, there are some tests, I might say, that have readings of micro-organisms, measured in whatever measurements they use in a litre of fuel, and it may be that these micro-organisms are part of the pollution that is in the fuel; that is yet to be determined. There are pending court cases on this matter and we have, and I must say that I have, in fact encouraged farmers to pursue that course of action because of the inconclusivity of the proof. We are still working as a technical committee and as a staff in our department, the engineering staff as well as the staff of the Industrial Technology Centre, doing the testing on the fuel.

As I said, we've done the farm survey; we've done the fuel sampling of farm storage tanks; we've done the dealer bulk storage tanks; we've given the farmers - as the member makes light of - information on proper farm storage tank sampling and cleaning procedures and, as well, ongoing monitoring of fuel supplies. That's the kind of work that we have been doing in co-operation both with the industry and with the farmers, Mr. Chairman. Until we are able to assist the farm community in definitively proving the source of contamination, we can make all the accusations we want, but we will not be able to prove the case and actually provide for the repairs of the diesel engines that have been hampered, whether it be the pumps, whether it be the injectors, or whether it be, in fact, damage in the engine-moving parts as has been experienced in a number of cases.

There have been, in fact, reports of about 200 cases of filter contamination. That's the difficulty, some of those filters were new and some of them had been on the engines a fair length of time and, of course, the buildup and the source of contamination has yet to be determined. I know that the oil industry are moving

toward single dedication units which should, in fact, deal in most of the instances of further contamination. But that's not to say that we have solved the problem, Mr. Chairman, and that's the most frustrating part of this situation.

So for the honourable member to say that, yes, you should have been able to solve this problem for the farm community, one could have, Mr. Chairman, passed regulations to say that we are banning contaminated fuel. The fact of the matter is how do you then enforce it, Mr. Chairman? Short of, in fact, testing every truck, every tanker load everywhere, you would not be able to even totally effectively monitor the supply of clean fuel if, in fact - and that's the difficulty - it may be other than source supply, the contamination. There may be other areas in the fuel that in fact are allowing the fuel to be contaminated as it sits in storage, and that is still a theory that is being explored.

So the entire matter, certainly at this point in time, is not very clear-cut, and we continue to work with the farm community to try and determine the source so that, in fact, the costs incurred would be able to be reimbursed to the farmers.

**MR. J. DOWNEY:** Well, Mr. Chairman, I appreciate the fact that the oil companies and fuel companies, particularly in the areas which were highly identified as a major problem, have gone through a fairly extensive cleansing program, but what we haven't had is a very active involvement by the Department of Agriculture. I think that the Minister is almost to the point tonight of saying, well, maybe they are kind of dreaming about what's going on out there, maybe the farmers aren't really understanding what is going on. He admitted that there were some 200 filters contaminated.

I have constituents who it has cost thousands of dollars in motor repair. We have got tractor dealers, machine dealers, where their shops are extremely busy, and have been this spring, in changing pumps, overhauling tractors, not a normal kind of an event or activity. Yes, there are certain motors that do not withstand a long-term use and have to have overhauls, but it was really in excess this year in the area which I represent. I am surprised at the Minister's response. I wonder why there is a delay in finding out what can be done to determine the cause of it. Is he not getting co-operation from some particular group, or what is it? It certainly isn't that the problem isn't there, it's very real, the problem is very real.

So what I am concerned about is where is the breakdown? Has he not directed his technical services people to get fully involved in it? Where are their priorities, Mr. Chairman?

I question the Minister, if his departmental staff had been as aggressive as they should have been in getting the information. What have they been doing? I question the anxiousness of the department to get involved. I questioned it when I sat in on a meeting with the Minister, I didn't feel overly comfortable that his staff really thought, at that particular time, that the problem was really there, probably it was the imagination of some of the farm community. One has to make a determination as to the sincerity of the staff who are working on it. It's maybe unfair to criticize them, but I can only assess what I saw.

Now we are having the Minister come forward during the Estimate process really with unacceptable answers that really he can't get a handle on it. I suppose that we could let it pass by and say, well, we accept that you are doing everything possible, but what about the farmer who has a very high repair bill, almost unacceptable and unable to cope with? What do we tell him? What do I respond to him? What do I tell the Farmers for Clean Fuel Committee that really there is not much going to be done but plug the exhaust pipe?

However, I would hope that every effort is put forward, that the Minister continues to put forward every effort on behalf of those farmers who have incurred expenses, severe costs to their operations; that the fuel companies - and I do give them credit, they have done a fairly major cleanup as far as the system is concerned, I know of a lot of activity that's going on in cleaning bulk tanks - I hope that they are as generous when it comes to sorting out and paying for the damages already incurred because for many many years most farmers who purchased fuel - in fact, all farmers that purchased fuel - expect, when it's put in their storage tank, that it's ready to be used, it's clean and free of contamination.

So I would hope that the Minister could give us the assurance that he is going to continue to work on behalf of the farm community in getting this matter sorted out.

**HON. B. URUSKI:** Mr. Chairman, I was, to say the least, unhappy with the honourable member's criticism of our staff in our department in this area because if ever there was a case where our department wanted to get to the heart of the problem and have been frustrated, and I don't say only the department in this whole area because, Mr. Chairman, we have received the advice and the expertise of probably some of the top engineers anywhere in this province or anywhere in this country. We've received the advice of engineers from engine companies who really don't have any axe to grind, their engines may not be involved. They have sat on a technical committee to give their advice and expertise who really have nothing to lose. In fact, they would probably maybe gain in terms of the repairs that they would have when the engines would come to their operations.

We have had representatives from the tractor manufacturers whose engines are in some of these units. They would want to get at the root of the problem and, if anybody points the finger at somebody to be responsible in terms of their own self-interest, they have not been able to come up with any solutions or point any fingers because the information is inconclusive. Our staff, I would say, have worked as diligently as one can in trying to pull together the technical committee to get at the root of the problem.

Mr. Chairman, since when, for example - and I hope the honourable member isn't suggesting - do you find a government and a department willing to go out and spend its staff resources and do the co-ordination to solve a legal problem for individuals? We have done that. We have been prepared to step out and work towards the resolution of a very difficult problem that may be industry-wide. Unfortunately, we haven't been able to solve it.

Mr. Chairman, I'm assuming that the honourable member has not suggested that we should have gone out and repaired engines and gone ahead and paid for engine repairs without knowing what the cause of the contamination or the cause of the problem has been. We're hoping, as I indicated earlier, that some of the information that is still being worked on will bear some conclusive proof so that the cases which are pending can in fact be resolved and be handled in the damages that have occurred. There is no figment of anyone's imagination, Mr. Chairman, that the problem doesn't exist.

The question is the source of the contamination and to what extent has that contamination occurred. No one can prove it, and we've probably, as I've said earlier, had some of the best engineering minds in terms of mechanical on this issue, from industry representatives who have really nothing to hide and nothing to gain but wanting to prove where the source and what the source of contamination is and the extent of damage that it can cause. We have not been able to do so. It has been very frustrating, I admit.

We will continue to work on this and in the meantime we believe, as best as we can, that the industry has recognized the problem that has occurred and is doing something about it. It's our hope the exercise that we've been through since early 1985 is as such that the industry will have the necessary precautions in place; that clean fuel will be available to, not only Manitoba farmers, but western and Canadian farmers as a whole.

**MR. CHAIRMAN:** Item 4.(e)(1)—pass; 4.(e)(2)—pass. 4.(e)(3) - the Member for Arthur.

**MR. J. DOWNEY:** Mr. Chairman, dealing with agricultural societies, I notice that the amount of funds provided from the department for supporting agricultural communities through the agricultural societies has not increased. Does he not appreciate the fact that their costs go up on an annual basis as well as his own, within the cost of doing business? Why is there not more consideration for the support of agricultural societies?

**HON. B. URUSKI:** Mr. Chairman, basically, the branch does provide building grants, fairs, prize money, the Agricultural Extension Centre, judges, horse racing meets, the Keystone Centre, the Agricultural Hall of Fame and the Austin Museum. Mr. Chairman, in all these areas, it is true that we have not increased the support for agricultural societies. We have maintained their budget which in fact one can say with inflation would have eroded, but we have not cut anyone in terms of the budget.

Mr. Chairman, I should mention that over the years the province has - and the honourable member should be aware - that Manitoba has in fact received the least share amongst the major and I shouldn't say the major, but with the exception of Prince Edward Island and Newfoundland who have no fairs - the Province of Manitoba receives virtually about between half to one-third the amount of support for our fairs than any other province in this country from the Federal Government.

We have raised this matter of concern with them because we believe we have been shortchanged over

the years and at least our support there should be commensurate with the support that they provide other provinces - and I don't have the letter here - but our support to Manitoba is somewhere in the neighbourhood of about, I believe, \$50,000 as compared to most provinces in excess of \$100,000 with the exception of Prince Edward Island and, as I said, Newfoundland which does not have any fairs whatsoever.

We do provide the same level of support as we did last year on the basis of judges and building grants, fairs and prize money, but we have not increased that budget in these Estimates.

**MR. CHAIRMAN:** 4.(e)(3)—pass; 4.(e)(4)—pass.

4.(f) Marketing Branch: (1) Salaries - the Member for Arthur.

**MR. J. DOWNEY:** Mr. Chairman, I would like to deal specifically with a few items with the Marketing Branch and I'm wondering if the Minister would like to do it this evening or wait until tomorrow to proceed to deal with the questions.

**HON. B. URUSKI:** Mr. Chairman, I should mention that in terms of specific information over and above what we have in our notes, we would have to get from staff in the branch. The member should be aware that our director is away so that we would have to get it from the staff anyway. So we may as well continue on in terms of, if there is no information that we cannot provide the honourable member in this section, we will have to get it later anyway. We pretty well have to handle the Estimates here. Our Director of Marketing is out of the country at the present time.

**MR. J. DOWNEY:** Well, Mr. Chairman, I guess the major question before us is, and I know the Minister didn't want to deal with it earlier in the day and the question has to be asked: what emphasis is he now placing on the development of markets for commodities that the producers, particularly cream, are having difficulty with? What is his Marketing Branch doing to promote the development of markets for those kinds of commodities? He says his director is away, well, what is he away doing? Is he away producing commodities that are within the provincial jurisdiction or areas that would help the general farm community? Does he have programs emphasizing the marketing of Manitoba products to encourage the consumption of dairy products, particularly cream or cream products, at this particular time? Has he had his marketing branch address this particular problem?

**HON. B. URUSKI:** Mr. Chairman, our Marketing Branch works with all the commodities produced within Manitoba. The honourable member should be aware that the dairy industry in particular, and the Marketing Board does participate in a national market promotion program as well as provincially-run programs for the promotion of dairy products.

We do not, as a government, or as a department, promote specifically one product. What we do is promote Manitoba grown, and whether it's dairy products, whether it's vegetables, whether it's poultry,

in terms of Manitoba promotion, that is the tack that the branch has taken for a number of years, even when the member was in charge of this department. We continue to promote our products in terms of saying that we, in Manitoba, and our citizens of Manitoba should promote and consume Manitoba-grown products.

Mr. Chairman, the branch invites participation from marketing boards and producers' associations for shopping mall exhibitions of promoting products of Manitoba. We had 11 such events in 1984; seven in Winnipeg; one each in Dauphin, Brandon, Steinbach and Portage la Prairie. We've tried to co-ordinate the advertising approach of marketing boards because it's really been seen as a more effective tool than individual promotions by boards or associations themselves, and of course less costly if we do it in a co-ordinated manner and a co-ordinated approach.

Mr. Chairman, an average of eight to ten boards and associations have participated in this co-ordinated approach and it really has been a co-operative and excellent support from producer groups. The branch does the co-ordinating role and assists the groups in promoting Manitoba products.

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

**MR. C. MANNES:** Mr. Chairman, I've watched carefully the announcements for major export opportunities of all of our agricultural products for the last two or three years. I continue to see reports with respect to livestock breeding stock that finds its way particularly into the Mexican market, but other than that I don't see very much about grasses and let's say special crops particularly as to where there are new developments and new markets being found. Is there not the emphasis being given to these crops or is the marketplace outside of Canada just that competitive? What is our problem?

**HON. B. URUSKI:** Mr. Chairman, yes, there has been emphasis on all agricultural products. One of the major areas within the special crop area - in fact, when I was in Japan as well, part of our activity was on special crops, met extensively with the entire Buckwheat Millers Association of Japan and buckwheat is one of the areas that — (Interjection) — pardon me?

**A MEMBER:** We lost that market . . .

**HON. B. URUSKI:** Well, we had a bad crop, but we didn't lose the market. We lost some of it, Mr. Chairman, but we did have a — (Interjection) — I don't know how you read that situation. We haven't lost the market. We had a bad crop in 1984. In fact, Mr. Chairman, we had a delegation of the Buckwheat Millers Association here to Manitoba this year. They certainly are very much interested in the whole area.

Mr. Chairman, we assisted with the Manitoba Pulse Growers and responded to numerous inquiries from potential buyers. I guess there is a bit of reluctance, and I say this from the traders involved in the industry as to the sale of pulses, it seems to be a fairly, what I would say, the information is held very close to their person as to their context.

We did assist them in making contacts a number of years ago in Venezuela and those markets still continue to produce, but in terms of requests for assistance our staff are prepared to work with the pulse growers, have met with them and are prepared to do further promotion. But let's just understand that the development of markets and the working with groups is a two-way street and there has to be the give and take in the industry. We intend to work with the industry as well to prepare an export marketing brochure on pulses and to increase the awareness and consumption within our own province.

Mr. Chairman, we, as well, assisted the Canola Council of Canada with incoming foreign missions from Japan, Finland and Eastern Europe. A staff market development officer is a member of the Canola Market Development Committee and of course, as members know, that Japan is and continues to be a major customer. We will continue to work with the Canola Council on market development.

On special crops, Mr. Chairman, we've also worked very closely with the Manitoba Vegetable Producers' Marketing Board that co-ordinated the pesticide analysis for the board and have met with the food service industry in an effort to increase usage of Manitoba vegetables; initiated a project with the Canadian Food Products Development Centre to improve processing and packaging, as well, detailed locations of farmers markets and roadside stands.

We provided display and staffing assistance to boards for the Annual Convention Trade Show at the Canadian Food and Vegetable Wholesalers Association in Toronto. We also began the production of a new vegetable brochure; it's a joint project with the board. We've also conducted numerous promotional programs initiated and co-ordinated by the branch: assisted the mushroom growers in their marketing activities; and as well assisted the silver-skin onion growers in finding markets; co-ordinated one incoming mission from Eastern Canada. Samples were sent to numerous pickle companies in Canada and the United States. One mission to Eastern Canada on silver-skin onions, sales of 2,500 barrels of onions in brine and 40,000 pounds of frozen onions occurred as a result of that contact.

We will endeavour to maintain and expand markets for Manitoba vegetables across this country in conjunction with the Manitoba Vegetable Producers' Marketing Board and industry.

We, as I indicated earlier, expanded the use of local grown vegetables in hotels and restaurants and institutions and continue to promote support of our vegetable industry with in-store materials, malls, trade shows, etc.

As well, Mr. Chairman, we are involved in the promotion of wild rice and have responded to numerous inquiries and directed them to Manitoba wild rice companies. We've produced and distributed a new wild rice booklet through the University of Manitoba. We helped to develop wild rice flour using second-grade rice.

We've done a world survey of markets through 92 Canadian embassies and consulates. As a result, samples have been sent to France, Denmark, U.S., Japan and New Zealand. We have provided assistance to producers on documentation for exporting. Sales have been made to New Zealand, Japan and Germany.

So we will continue to work with that industry in developing more sales domestically and abroad, as well to encourage more use of wild rice by the food service industry.

The branch maintained a very close relationship with the Manitoba Strawberry Growers Association in '84-'85. We helped design and produced 20,000 U-Pick farm maps and 50,000 recipe brochures, and tested all those recipes and promoted same on two free TV programs. We intend to assist and promote the present activities with the Growers Association and encourage more raspberry production.

I am hoping, Mr. Chairman, that we may expand that into other areas. We do have a natural crop of saskatoons and the like. It may be possible that this is an area that might receive some promotion and/or development if some producers are encouraged into growing a few bushes.

**MR. J. DOWNEY:** Mr. Chairman, I guess the bottom line question is in this whole area, is the Minister satisfied that the \$513,000 that is being spent here, that we are getting more than that in return through increased market development for the province? Can he put any hard figures to it? Can he give us any real firm response as to whether or not we are getting paid in excess of what we are paying out in market development? Can he give us any hard figures in that regard?

**HON. B. URUSKI:** Mr. Chairman, one could prepare a fairly lengthy list in terms of actual sales that have been made on whether it be breeding stock in swine or in beef or in dairy or red meats and poultry, pork, beef products, geese, chicken, turkey, vegetables and the whole host of responses that the branch does. I guess the question one can answer it in this way, what would the promotion be if there was no co-ordinated approach from government with industry?

I believe generally speaking, we do receive our money's worth in terms of the branch, in terms of the co-ordination. I don't have from my notes, and if the members want, we could start going through all the sales that have resulted. I am not sure that one achieves anything, but in terms of a marketing approach one never realizes - and I have to admit and maybe at times I have been critical in terms of promotions that have been done - one never realizes what potential one can gain by a contact today a year or two down the road in terms of contacts made.

The member well knows; I think he attended a mission, I believe, to Mexico or somewhere in the south. It is invaluable because people do remember the contact. I guess there is a feeling from my experience that in terms of the high level promotion that a province and a government gives to some of the delegations that we send - whether it's the director, whether it's the Minister or the deputy - to some of these missions, does open some doors.

In fact, I will give you a personal experience of the trip that I made to Japan a year ago. Just a follow-up by one of our commercial processing plants from Manitoba opened many doors because of the contacts we had made. I had seen in the neighbourhood of I would think probably 500 to 600 business people in

the short time that I was there and met with a whole host of people. Those contacts were used to open the door to have further discussions on the processing level. As a result, the gentleman met with him just recently, is now shipping about \$100,000 or \$150,000 worth of pork every month and the doors were opened. One can't clearly say that, yes, it was as a result of us being there, but certainly those doors were opened, those contacts were there, and that helped to bridge the gap and make sure that the trade and that sale of the product is made. That does help.

I have to say, I am gaining a bit more of an appreciation of the necessity of doing these kinds of contacts especially in terms of potential countries who are developing and on the verge of either using Canadian technology in terms of food production and processing, and/or countries who are financially in the position of purchasing our products and our products can be sold abroad. But generally speaking, I am quite pleased in terms of the support and the efforts that we have from our branch.

**MR. C. MANNES:** Mr. Chairman, before the Government House Leader comes in and calls closure, I am wondering if I could ask the Minister whether we could revert back and would allow a question in the Technical Services area. I had one and I had forgotten to pose it at that time.

Mr. Chairman, I had posed a question to the Minister about three weeks ago in the House. The question was with respect to aerial applicators and their request that the Department of Agriculture, or some departments of government, consider the wisdom of becoming involved in directing some \$5,000 towards equipment that would be shared between the prairie provinces and which would measure I suppose, spray drift and I believe other calibrations.

The Minister indicated to me at that time that he would look first-hand into that request and that he would report at another time. I am wondering if this doesn't provide the best time for him to report.

Can he indicate whether the government is giving any consideration to support of the aerial applicators?

**HON. B. URUSKI:** Mr. Chairman, yes, we have considered it and, in fact, we looked at it very closely. There is, I can say, a fair degree of support within our department for that. Unfortunately, due to the position in terms of our finances, we have declined the request but certainly it is not for the reason that we do not support the work that is being done in terms of analyzing the drift. But we have declined to participate in the support.

**MR. C. MANNES:** Mr. Chairman, can the Minister indicate what alternatives then his department has laid before the association. Are they on their own to either fund it totally themselves? I believe it was a \$10,000 contribution somebody from Manitoba had to come with; or is he saying to them that maybe this particular special equipment should become the assets of provinces to the west of us, and that Manitoba applicators maybe should set a day in which the equipment could come to Manitoba and they could rent its capabilities; or did he give them any suggestions

as to how they could use this equipment that now will, obviously, be most likely owned by the provinces and the aerial applicators to the west.

**HON. B. URUSKI:** Mr. Chairman, I'm advised that the aerial applicators have raised half of the funding, I believe, in the letter to me that they've raised \$5,000.00. I would assume we did not, and in fact, the correspondence and the detailed information in our analysis that came to me, we did not put any alternatives out to the industry. I think we'd be open to further discussions because we do support the need for the instrument. I don't think there is any denying that the intent and the need of that kind of an analyzer certainly is not one that we knock at all, but we have declined in terms of participating directly. If the honourable has any suggestions that we should consider, I'd be pleased to hear from him.

**MR. C. MANNES:** Well, a final question, Mr. Chairman. I did make a suggestion to the Minister some three weeks ago, I asked him to enter into some discussions with his colleague, the Minister for the Environment, so as to determine whether there may be some funds that maybe could be freed from that department, that obviously he would be very interested also in this whole matter, and I question him as to whether he took my comments seriously and whether he did, in fact, approach his colleague.

**HON. B. URUSKI:** Mr. Chairman, we did have in other areas of funding of research, the Department of Agriculture and Environment, have undertaken joint projects. One might consider, and we didn't explore it, and we could, a sharing on a proportional basis in terms of the acreage amount; or we could, in fact, look at the whole area of the Prairie Agricultural Machinery Institute with some formula of doing that kind of, I guess it's calibration and testing, that is required. We could look at that and I'd appreciate hearing from the association, and the member I am sure is familiar with them, if they wouldn't mind either dropping me a note and we can set up a meeting and we can follow up on that.

**MR. J. DOWNEY:** Mr. Chairman, just reverting back for a couple of minutes to the Marketing Branch, I have to say I am extremely disappointed that the Minister has not asked his Marketing Branch to look at what may be done to encourage the use of Manitoba-produced dairy products - cream, in particular, and cream products - in view of the extreme crisis that we're faced with. I am extremely disappointed that we haven't had from the Minister of Agriculture a commitment that he's going to deal with the crisis that the dairy cream producers are facing today, that he, in today's Estimates, when the evidence was about to be provided that the dairy policy under our government, the cream producers' policy was, in fact, unlimited, unrestricted, that there weren't the kind of regulations or restrictions imposed on them to prohibit them from producing, shipping and providing their incomes.

And it's with great reluctance, Mr. Chairman, that I pass this section today, but it's extremely unfortunate that the small farmers, the small hardworking cream

shippers have to suffer under this kind of administration who, at the stroke of a pen, could in fact, alleviate the extreme difficulties.

Mr. Chairman, we're prepared to pass this Marketing Branch and have committee rise afterwards.

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

Resolution No. 9: Resolved that there be granted to Her Majesty a sum not exceeding \$11,433,900 for Agricultural Development and Marketing Division for the fiscal year ending the 31st day of March, 1986—pass.

**HON. B. URUSKI:** Committee rise.

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

### IN SESSION

**HON. J. BUCKLASCHUK:** I move, seconded by the Honourable Minister of Agriculture, that the House do now adjourn.

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