



Second Session - Thirty-Seventh Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

on

Agriculture

Chairperson

Mr. Stan Struthers

Constituency of Dauphin-Roblin



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

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WOWCIUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON AGRICULTURE

Monday, April 23, 2001

TIME – 10 a.m.

LOCATION – Dauphin, Manitoba

**CHAIRPERSON – Mr. Stan Struthers
(Dauphin-Roblin)**

**VICE-CHAIRPERSON – Mr. Tom
Nevakshonoff (Interlake)**

ATTENDANCE - 12 – QUORUM - 8

Members of the Committee present:

Hon. Mr. Ashton; Hon. Ms. Friesen, Hon.
Messrs. Gerrard, Smith (Brandon West),
Hon. Ms. Wowchuk

Messrs. Cummings, Maguire,
Nevakshonoff, Penner (Emerson), Pitura,
Schellenberg, Struthers

APPEARING:

Hon. Gary Doer, MLA for Concordia

WITNESSES:

Mr. Murray Downing, Grassroots Farmers
Mr. Ed Melnyk, Private Citizen
Mr. Donald Krieser, Private Citizen
Mr. Tim Kleebaum, Private Citizen
Mr. Lloyd Pletz, Private Citizen
Mr. Al Marshall, Private Citizen
Mr. Cameron Flett, Private Citizen
Ms. Gaylene Dutchyshen, Private Citizen
Mr. Sydney Puchailo, Private Citizen
Mr. Lorne Boguski, Parklands Urban
Director, Association of Manitoba
Municipalities
Mr. Fred Embryk, Private Citizen
Mr. Walter Kolisnyk, Private Citizen
Mr. Gordon McPhee, Keystone Agricultural
Producers
Mr. Joe Federowich, Private Citizen
Mr. Lorne Arnold, Private Citizen
Mr. Lavern Elliott, Private Citizen

MATTERS UNDER DISCUSSION:

All-Party Resolution on Federal Support for
Agriculture; Proposition présentée par tous
les partis au sujet de l'aide fédérale à
l'agriculture

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Mr. Chairperson: Good morning, everyone. I would like to call the Standing Committee on Agriculture to order. I want to begin by welcoming everyone to God's country. I am a little biased in saying that, but I think I can be excused.

I want to say that today the committee will be hearing public presentations regarding the provincial all-party resolution on federal support for agriculture. For the benefit of both committee members and members of the public who are joining us here today, I would like to take a moment now to review some of the general information regarding proceedings in this committee.

First of all, I would like to mention that all of the normal rules, traditions and practices which apply to standing committee meetings held in the Legislature shall apply here today in this room. Second, it was agreed by this committee at our organizational meeting on April 18 that members of the public would be allowed 15 minutes to make their presentations, followed by 5-minute question-and-answer sessions. While this agreement will apply to all meetings of this committee considering this matter, the committee did also agree to allow some flexibility to the 15- and 5-minute guideline.

It was also agreed at the April 18 meeting that, following our usual practice, an individual make no more than one presentation to the committee on this matter. Also, following our usual practice, it was agreed that presenters will appear before the committee in the same order as

the registrations are received by the Clerk's office. I would ask that everyone with a cell phone please turn their ringers off. As always, if members agree to do so, the committee has the right to make exceptions to any of these agreements and practices.

As a point of information for all in attendance, this committee has been scheduled to meet again to hear further presentations on this matter at the following times and places: This evening in Brandon, at 6:30, at the Keystone Centre Assembly Hall, Main Concourse; next Monday, April 30, at 6:30, in Beausejour at the Brokenhead River Recreational Complex in the Beausejour Room; and Tuesday, May 1, at 6:30 p.m., in Winnipeg, in Room 255 of the Manitoba Legislative Building.

I will now read the names of the persons who have registered to make public presentations here today, and there have been some additions to our list as of this morning. First presenter is Murray Downing; second presenter is Ed Melnyk. Mr. Melnyk had registered previously and, because of a mix-up with the data base, was left off of the list. Ed was the second person to register—Donald Krieser, Tim Kleebaum, Lloyd Pletz, Al Marshall, Cameron Flett, Gaylene Dutchyshen, Maxine Plesiuk, Leonard Gluska—I am told that Leonard may not be here today, but he may present in Brandon later—Sydney Puchailo, Lorne Boguski, Fred Embryk, Walter Kolisnyk, and Gordon McPhee. Those are the persons who are registered to speak here today.

If there is anybody else in the audience who would like to register or has not yet registered and would like to make a presentation, would you please register with our staff sitting at the back of the room. I would like to mention to presenters that 20 copies of any written version of presentations would be appreciated. If you require assistance with the photocopying, please see our staff at the back of the room, as well.

How does the committee propose to deal with presenters who are not in attendance today but have their names called? Shall these names be dropped to the bottom of the list, and shall the names be dropped from the list after being called twice? In our first committee meeting here in

Dauphin, we have also the option of asking the people who have been called twice and suggesting to them to meet either in Brandon or in Beausejour or in Winnipeg. Is that acceptable to the committee? *[Agreed]*

I will now call on Mr. Murray Downing to present to the committee. Good morning, Mr. Downing. Do you have written copies of your brief for distribution to committee members?

Mr. Murray Downing (Grassroots Farmers): No, I do not.

Mr. Chairperson: Okay, please proceed with your presentation.

Mr. Downing: Good morning, Mr. Chairman, and members of the Standing Committee on Agriculture for the Province of Manitoba. My name is Murray Downing. Along with my wife, Linda, and a nine-year-old daughter, Lindsay, we operate a 2250-acre grain and oilseeds farm eight miles north of Reston. Of that, 550 acres is owned or trying to own it and 1700 acres is rented. The land is class E and is in risk area 3.

We used to have a cow-calf operation until the spring of '99. At that time, we chose to liquidate the herd to deal with the accounts payable left over from the crop of 1998. In June of 1998, we had over 15 inches of rain which devastated 1000 acres of Canola and 850 acres of flax. Canola yields were eight bushels and the flax was six, both just above crop insurance. The farmer's first line of defence, crop insurance, did not work in this case. Loss for the 1998 crop year was approximately \$185,000.

In the winter of 1998, we refinanced the machinery to get working capital for our farm, which we were always short of. Due to the poor crop in 1998, we lost every bit of that working capital and more. Then along came AIDA, filled out the application forms myself, put in a claim for \$57,000. That is what we received.

On to the 1999 crop year, who would ever think it would go from drought, which we were so used to in the southwestern corner, to excessive moisture. Many of us could not get onto the fields. The fields that were planted turned out to be a disaster because of every

disease possible due to excessive moisture. In our case, we planted 1300 acres after three cultivations to get the fields fit to seed. We ended up with 950 acres which were impossible to deal with.

Off to Melita to hear the announcement from the government of the day. The announcement was \$50 per acre for unseeded land with no strings attached. Received \$47,850 as an unseeded acreage cheque, which in turn we had to declare as income when we filed our 1999 AIDA claim, which in turn inflated our 1999 income, meaning the AIDA cheque was \$47,850 less. We thought we had different programs to work with. In the turn, to me, that was one program. Also, for the 1999 year, the Province did not take part in negative margins, which also had a huge impact on the southwestern corner. My farm was \$8,200 difference in the claim.

Looking at the new CFIP program, why are the disaster payments considered income in our claim years and not income in our reference period? I am referring to the AIDA cheques, the CMAP cheque and the \$50-per-acre program. It seems to me, you as government people tell us we have Crop Insurance, we have NISA, we have AIDA, now CFIP, but they all turn out to be just a cash injection or a cash advance of another program. It has got to change.

So when I make the comment, and I have said this time and time again in the media and to you people before me, we need that substantial cash injection for the failure of our existing safety nets programs. After hearing some more details, I hope that is clear now.

I live in the R.M. of Pipestone. There are 432 sections of land, and there is less than a hundred active farmers. When I look at the municipal map and the areas, out of that, to the west of us, we have a Mennonite community. Thank God we do, or we would probably be down to 60 farmers.

Just to bring that into perspective of what that has done in our corner, I did not realize that this morning driving up here, and I got thinking, 432 sections of land, 640 acres on a section is 276 000 acres, which I said 60 percent of that we could produce grain on, 165 000 acres. The

average yield for the area is 35 bushels; I am thinking all crops. That is over 5 million bushels of grain. We have one elevator. That is all that is left in our R.M., one elevator, so you know what happens to this grain. In come the semis; we pound the roads. The roads are not capable of handling that type of stuff.

The railways were put there by my forefathers, I think. I have to ask you people as government. We have to stop these elevator shutdowns, the rail line abandonments. There have been many go, but let us put a complete stop to that. Let us have a look at that before we totally destroy the infrastructure which was put there, also, out of that, I say we need to put in place immediately a moratorium on farm foreclosures, rail line abandonments and elevator foreclosures.

Getting back to that infrastructure, I think it is quite plain when I drive down No. 1 Highway, she is getting very rough, and it is not going to be many more years when that starts to break up. It is going to take a massive amount of money if we destroy that. The rail lines are already there. Let us use them.

The excessive moisture of the 1999 year has not been dealt with yet, and I guess the point I would like to make from my vision of this is I hear the government people say we want it to be dealt with the same way as the flood of the century was in 1997. In some discussions I have had with some bureaucrats in Ottawa, take it for what it is worth, they come back and say to me as a farmer, the flood of the century in 1997 versus the flood, excessive moisture in western Manitoba, you have an AIDA program that is supposed to compensate that. Okay, I guess I have to agree with them because, if I put fertilizer on in the fall of '98 and I could not seed in '99, it is on my AIDA claim, which reduces my margin. I am saying let us deal with that in a different matter, because I have already explained to you that I lost \$47,000 off my AIDA claim. Let us go back in there, and bureaucrats love after-the-fact numbers. Let us go back in there and pull up the files and say Murray Downing, unseeded acreage cheque \$47,850, crop insurance cheque, this. That is how we deal with it. We are not out drawing

borders to determine who had what. It is already facts and figures; it is there. We can deal with it.

I guess another point I have to say, when the federal government is targeting money, we hear the Government say we are targeting it to the grains and oilseed sector, which has the biggest hurt. That is great, but that split has to be done first at the federal level. Do not split it, cash receipts and then target it, because we have lost the effect of that. Cash receipts, the east is going to win every time, and the west is going to lose out. That has to be changed. I do not know how we change it, but it has to happen, or else we will never get anywhere when it comes to dealing with the federal government.

That is why we say the safety net formula needs a complete overhaul so every farmer in Canada is treated equally, so we do not end up with an Ontario farmer getting 20 bucks and a Manitoba farmer getting \$7.50 and a Saskatchewan farmer \$4.25 because, when you come back to think of it, we have all had the same loss per acre. I do not care if you are growing corn or I am growing wheat, we have all had the same loss. Treat us fairly. We are all Canadian citizens.

The Manitoba Department of Agriculture is showing a \$400-million difference between the provincial government as being in parity with the U.S. How I see that, we have \$92.5 million on the table now. In my math, there is quite a little difference. I think that is why we do not have many farmers left in Manitoba and much future because, believe me, when you get down to our corner, you wonder why we maybe have to drive new vehicles or be as close to new as we can because, if we get stopped on the road in the winter, we will be quite stiff before somebody finds us.

Another thing we hear in governments, we have to diversify value-added. I have a problem with that. On our farm, this is the first two winters we have not had cattle. We have had lots of cattle, lots of different crops; it has not solved the problem. All it did is created a different workload for different parts of the season. When I bring up diversification, I think we are in a community right now where they tried a hemp plant, hemp processing. I do not think that is

working today. I know there are guys still down my way who still have hemp seed in the bins. When I look to Elie, strawboard value-added, it has not worked. What I am saying is, before we say that word, let us do a little bit more study into it and see what the impact is.

What I am saying is, when I hear a hog barn going up, an intensive livestock operation, I have to ask: How does that help Murray Downing, the farmer, because the price of my barley has not gone up? It has maybe created some jobs, but you people tell us that we are responsible for one in ten jobs in agriculture. I just found out the story was that in Killarney they are trying to gain seventy new jobs with this intensive livestock operation. Help me save seven farmers. We probably could get awful close to accomplishing the same thing.

That is the short and long of what I have to say. Maybe one point in closing, and I know this is off topic. MACC's mandate, as a farmer, I feel it has been lost, in a way, what its original mandate was set out to be. Some of the programs that are offered, that Manitoba government guaranteed operating loan, to me, as a farmer, that has helped the banks out more than it has helped producers, because what the banks have done here is they have taken on a group of producers to help build up their pot to pick on that guy in the fall they know they are going to foreclose on, and then they come back to you guys to collect the difference. That is going on with a neighbour right beside us. The banker in my yard, I said I do not care what I get out of that farm sale, because I can go back to the Government, and I am going to collect it. That is going on. That does not help us, the farmer.

So, short and long, there are a lot of speeches ahead of you, and hopefully we can get some changes done. I have got some crop insurance here. This is my final thing. When we hear you as the Government saying we have made changes to our crop insurance, I am going to highlight five crops off my farm, 2000 compared to 2001. My red spring wheat is up \$22 an acres; premiums up 45 cents. My barley is \$14 up, premiums up 31 cents. Canola is up \$4.88, premiums reduced 64 cents. Flax is \$7.85 up, 11 cents difference. Oats is \$4.33 up, 8 cents difference. The very interesting thing is my

coverage for this year's wheat is \$90, barley \$54, Canola \$67, flax \$50 and oats \$54. On my farm, when I need probably \$160 to \$170 to break even, and I have to pick up the phone and phone Manitoba Crop Insurance. I think you can see there is a problem.

Thank you. I will have any questions back if there are questions.

* (10:20)

Mr. Chairperson: Thank you, Mr. Downing. Just before we have some questions, I want to remind members around the table that the microphone system is different than what we are used to in the Legislature. It is not as sensitive. You will have to lean forward a little bit into the mikes to make your voices heard.

I have Minister Rosann Wowchuk on the list first, followed by John Gerrard (River Heights).

Hon. Rosann Wowchuk (Minister of Agriculture and Food): I am not going to take very much time. I first want to thank you, Murray, for making a presentation and offering your suggestions on what we can do different and outlining some of the challenges facing producers.

I also want to thank the Hansard staff who is here. Just to outline for people, we were not quite sure what the setting was going to be like here, but they have done a very good job of setting up a similar setting to what we have in the Legislature, and I want to commend them. I understand they were working until about ten o'clock last night to make sure we had an environment that everybody could hear what was going on and that everything could be recorded.

Murray, just on your comments, I thank you for them and look forward to having a little further discussion with you on your issues on crop insurance.

Hon. Jon Gerrard (River Heights): A couple of issues, the first one you point out that, because the overlap in the AIDA and in the \$50-an-acre payment and in the CMAP payment, that you would in fact be much better off if that was

not considered as income, the other payments on AIDA, and if that were the case, it would (a) help you significantly and (b) would that target areas where people have been most hurt, as well?

Mr. Downing: It sure would, because the simple reason, the southwestern corner had that excessive moisture—

Mr. Chairperson: Mr. Downing, just if I could, for the purposes of Hansard, you will need to wait until I recognize your voice so that they can record that.

Mr. Downing: I guess what that would do, for the excessive moisture for 1999, that would pick the individuals out that had that situation, because I am thinking of somebody south of Reston did not seed an acre, and they have come back to me and said, you know what, I do not have an AIDA claim this year. Why? Because of the excessive moisture cheque. It took us out of the program, and we were led to believe this was a disaster cheque. It should have been different programs. They have turned out to be one program because they were all a cash advance of another one, and that is why that had that big impact. What I am saying is you put those cheques back to my farm \$47,000, \$10,000 for CMAP, we are awfully close to \$58,000, and that is exactly about what we were short last year.

Mr. Larry Maguire (Arthur-Virden): I just wanted to point out as well, thanks, Murray, for pointing that out again one more time. The overlap on these programs is something that has been brought to our attention. I am glad you have done it again in this forum. I just wanted to point that out, Mr. Chair. I guess there is still quite a difference, and I have to thank you for coming to Dauphin to make your presentation. It is a little further away for you than being in Brandon tonight, Murray. What would your feeling be in regard to the kind of shortfall that was still there from the differentiation of the flood in '99 as opposed to now? We are here because of the overall grain prices being lower, that severity, but I know you have talked with many farmers in regard to what they feel could have been done or was needed in that area. Could you point that out to us?

Mr. Downing: I think we are probably running at \$45 to \$55 an acre shortfall after. That is on top of that situation. What I am getting at, like in our case, I sold the cattle herd to pay off bills, refinanced the machinery debt that we did have. It is totally gone, to offset that.

Mr. Jack Penner (Emerson): First of all, to the minister and the government of the day, the Premier, I think you need to be commended for having called the agricultural committee and taking it outside of the Legislature. I think the people need to speak, and we need to listen to the people. This is one way of doing so. We congratulate you for that.

The question I have, Murray, is according to the Department of Agriculture statistics, the shortfalls from last year's cost of production versus the incomes, there is roughly a shortfall of anywhere between \$35 and \$50, almost \$60, an acre, depending on which crops you used, whether it was Canola, wheat, barley or oats. When you look at what the Americans have done to underpin and ensure their farmers an income, even though they passed legislation, that would give them the freedom to farm, in other words, give them the freedom to plant and produce what they chose to, and normally farmers will choose and produce what gives them a net return. When I look at those shortfalls in comparison, they are even much greater than the cost of \$35 to \$40, according to the federal and provincial estimates.

How can we, as a provincial government, address the issue of allowing farmers to secure an income base that will be adequate to support their expenditures? How would you address that? What sort of programming would you put in place? The second part of the questions is: How would you, as a farm leader, direct the effort to give us at least some level of equality under a trade agreement with our American friends because we are a North American market? How would you do that?

Mr. Chairperson: Mr. Downing, just before we proceed, there is about one minute left on the time clock.

Mr. Downing: I will try to answer to the best of my ability. This is a new experience for us here

too. I do not know if a cost of production formula would—it has worked in Québec, called the ASRA program, but they do not export a lot of the grain. Basically, they use it. Here we export it. So, with the trade rules, we are saying we do not know if it would work. We do not know, but I know in the U.S. they have got what they call their loan deficiency payments. They work. So that is what I am saying. Maybe that is what we have to use here. We as farmers are not fussy what you call it. If the money is in the bank, we will remember the word. We need something.

Mr. Chairperson: Thank you, Mr. Downing. I would like to call Mr. Ed Melnyk. I should point out that Murray Downing represented the Grassroots Farmers and that Mr. Ed Melnyk is registered as a private citizen.

Mr. Melnyk, do you have written copies of your brief for distribution?

Mr. Ed Melnyk (Private Citizen): No, I do not.

Mr. Chairperson: Please proceed with your presentation.

Mr. Melnyk: Good morning. I am a farmer in the R.M. of Rosburn, and I farm with my wife and my son. I have done so all my life, and we have seen disparity on the farm, starting probably from the beginning when I first started. There was promise in a livelihood on the farm when I first took over from part of the operation that my parents had started. Since then, we have seen a deterioration of our income. We have seen a deterioration of our viability, our assets. We have gotten larger, but at the same time we have not improved our standard of living. I think everything that has been said here at the meeting this morning is relevant. I think an immediate cash injection is necessary on the farm right now, a realistic figure that addresses the losses incurred in the previous year. I think that is one point that has to be addressed. I think it is important. Establishment of a cost of production program, whatever it is called, to replace the flawed programs that are in place right now, including whatever it takes, whatever the numbers are, whatever the name of the program has to be and in what form, and probably a third, a debt moratorium on any farm debts right now

that are outstanding, that people cannot handle because of the current situation with the low grain prices and the high input costs.

One other note here, the R.M. of Rosburn tax roll values are around \$745,000, and the arrears as of April 20, 2001, is \$205,000, which shows about 27 percent of the tax roll has not been paid as of October 31. I think that is significant, as well. That is about it.

Mr. Chairperson: Thank you, Mr. Melnyk. Questions?

Ms. Wowchuk: Thank you, Mr. Melnyk, for taking the time to come to Dauphin this morning and share your thoughts and certainly outline for us the challenges in the R.M. of Rosburn, and those are similar in other parts of the province as well. You talked about the need for more cash injection, and certainly the resolution that we have before us outlines calling for an additional \$500 million from the federal government to help with the crisis that we are in right now. I would ask that, whether you support that step to call on the federal government or what suggestions you have for how this money should come about or what should be done.

* (10:30)

Mr. Melnyk: I think the first step that the provincial government took in accepting the first \$500 million, I guess, was a step that you guys had to take. It was based on this is what is being proposed by the federal government, and it would just be the beginning. The problem is that it translates to very few dollars per acre on our farm operation. If we look at it, it relates to about, in the neighbourhood of, \$7. We are not going to get into the exact figures. I do not know how it is going to be sorted out yet, but \$7 is an amount that can barely cover our taxes. We have losses that are greater than that, and the next \$500 million, I guess, would be another step forward.

I was at the rallies that we had in March. We stayed over the other two days, and we met with all you people. The proposals were set out, what we think we need, and those figures were quite a bit greater. Again, it is a question of losses anywhere from \$30 to \$70 an acre based on the

figures that are in Manitoba, and we have to do our best here provincially and go to the federal people and have to relate these figures to them.

Mr. Gerrard: Your figures, in terms of the tax arrears in Rosburn, are clearly disturbing. In some municipalities, I hear that there is a fair bit of land which is up for sale or rent, and there are no takers. It does not look good. Is that similar in Rosburn?

Mr. Melnyk: I know there is land for sale in the area. A particular farmer that is 70 years old has his entire equity in the farm, and he is trying to get a reasonable price at this time on the farm. He has not been able to sell. He has advertised in the European market and everywhere else. I know locally we cannot afford to buy it or purchase it. The rent, I know we have made a few phone calls about people advertising rented land for rent, and I know that the figures that they were getting is not anywhere near to what is being offered right now. It ranges because of the types of land, but it also ranges in the drop as well.

Mr. Glen Cummings (Ste. Rose): The point that you were just discussing regarding the arrears in the R.M., I think, is really a significant portion of the concern that we want to hear expressed at these meetings. This is rapidly becoming more than just an individual farm problem. It is going to take out some of our communities if something is not reversed very quickly.

Just two short questions, one is: Do you have any thoughts in regard to the former GRIP program that was in place, a restoration of that, would that in fact even be useful at this point? Secondly, the percentage of arrears that you indicated, do you have any sense of whether or not there is a possibility of the R.M. collecting that or, if they do not, then the R.M. is going to have a severe shortfall.

Mr. Melnyk: With respect to the GRIP program, of course it has been something that has not been around for a while already, and I think there were problems there as well, but we need just to maybe look back even further to some of the programs that were replacing the GRIP, like stabilization and everything else, and

put all those programs together and get the best value for the dollar for the taxpayer or whoever is going to be paying for this. Of course, the taxpayer, a lot of it, is us as well.

I was just going to make a comment about the rural municipalities. We were just coming down here, and coming down the road a quarter mile from our yard we have water running across the road right now that is backed up, and it is cutting into the road. There is the beginning of the problem. The municipality has not had the time or the effort or the energy to be able to condition these roads.

We ran into the same problem here, just before the highway here. The road was closed because the road had actually almost been washed out. It was breaking through. There was an official, probably a councillor or something, who was standing in the road and waving us off to make sure we did not cross it. Maybe that is where the problem lies too. The monies are not there for the municipality to get these roads into condition.

Mr. Jack Penner: A very brief question. You have touched on the taxation and the tax arrears in the municipalities. School taxes have increased very dramatically onto farmland over the last number of years. What, in your view, should be done to either eliminate education taxes on farmland, or are there other ways that you see that might be applied? For instance, in some municipalities that I represent, school taxes this year alone have gone up between 12 percent and 15 percent on farmland. It is simply becoming an unaffordable life. When taxes in general start reaching \$10 and \$12 an acre, it is prohibitive.

So is there a way that you would see that the Province could make an effort to eliminate or reduce education taxes on farmland very significantly?

Mr. Melnyk: I agree with you. I think efforts should be made. Again, I do not know the procedure on it. We have lost our population in rural areas, so I guess at the same time we have also lost our young people and people who are going to be raising children in that area in the future.

So it is something that should be addressed and reductions should be made. It is possibly a help as well. I am open to any suggestions.

Mr. Chairperson: Seeing no more questions, thank you for your time, Mr. Melnyk. I call Mr. Donald Krieser.

For the members of the public, at the back of the room there are available copies of the resolution, the all-party resolution that we are discussing. If you wanted to have a copy of that, you are welcome to it. I want to also indicate for members that Joe Federowich, private citizen, has been added to our list.

Mr. Krieser, do you have copies of your presentation for members?

Mr. Donald Krieser (Private Citizen): Yes, I do. I will just pass it out to you.

Mr. Chairperson: Very good. Mr. Krieser, would you present to the committee, please?

Mr. Krieser: I am not a very good speaker, so I thought I would just write a bit of a presentation out to you—and thank you for being here—just to give my view on what I think part of the problem is. I do not know about too many solutions for it. There are so many ideas out there. That is about all I have to say, I guess. I will just let you read that and go from there.

Mr. Chairperson: Thank you very much, Mr. Krieser. Are there any questions that any of the members have for Mr. Krieser at this point?

Mr. Cummings: I note that you are indicating that, even with diversification, shifting to ethanol production, it still is not helping out your cash situation.

Something that has concerned me when we were talking about diversification is that there is considerable discrepancy across the province in term of frost-free days, what is actually available to us. I wonder if you could indicate to the committee where you farm, what your options are for diversified crops. It seems to me that your location, your frost-free days are somewhat of a limiting factor.

Mr. Krieser: It is quite limited. I do not think you could grow corn for ethanol, but I have tried to sow the crops that they naturally use. What I do not understand is that when I take my grain there, I still have to pay the freight rate to Vancouver or Thunder Bay. I do not see what kind of an advantage that is for me to do that.

I do not have the exact price, but I just looked up at the board there, and the product that I take there and the product after it has gone through their process, I call it the mash, they can sell it for either the same amount or even more, and they still have the ethanol out of it, sort of. I would think it is just about as bad as making home brew, but the guy who makes home brew gets the profit.

* (10:40)

Ms. Wowchuk: Thank you Mr. Krieser. That is an interesting analogy. The point you make about paying the freight is an important one.

But I look at the bottom part of your presentation where you talk about promoting continuous cropping and your need to go to more summer fallow and then have increased costs. This is a problem we are all in together, the provinces, the federal government, municipalities and farmers, as well. We are all looking for solutions and looking at ways we might reduce our input costs.

You talk about having to go to summer fallow. Have you thought about other things that farmers, in general, might be able to do to reduce input costs?

You talk about diversification not necessarily helping you. What are things that you might suggest that we as farmers can do to reduce our own costs, our input costs, as well?

Mr. Krieser: What I have done is, for the last number of years, I have cut costs by going to winter crops, and I have virtually got totally away from—especially with rye, I have just had the same results with no fertilizer as with applying it. For rye and the winter wheat, you do not have to spray it, or very seldom if you do sow it on summer fallow.

Like I say, the Department of Agriculture and the environmentalists have pushed us into this continuous cropping. I think there is supposed to be a surplus out there. I have taken a lot of my land out of production for grain into hay. Actually, a lot of it I have just let it go back to nature. That is how I have cut my costs, but I still do not seem to be getting any benefit from it.

Mr. Gerrard: I would like to follow up on the comment on the freight rates that you have to pay in addition, how much that contributes to your cost and what kind of a difference would it make if you did not have to pay that. Perhaps you could also comment further whether or not the ethanol industry and additional production like that at the Mohawk plant, do you see that as a good thing and a way of expanding the market if this problem of the freight rate could be done away with?

Mr. Krieser: Certainly with the ethanol plant, it adds right off the start because our local elevator has closed as of the 31st of December. To Minnedosa from my place is around 20 cents a bushel. The freight, I believe it is around \$30 a tonne to Vancouver. So that would make a substantial difference on my income.

I just forget the other question.

Mr. Gerrard: Whether, in fact, the Government should promote further expansion of the ethanol industry in Manitoba, whether that would be a good thing or a bad thing, if you could get rid of the freight rate problem.

Mr. Krieser: Definitely, it would. I have no trouble getting rid of my grain at the ethanol plant. It would really increase production in that way.

Mr. Jack Penner: Don, I think what you touched on needs to have more discussion and consideration. The word "diversification" sometimes just scares me because I also farm. I farm close to Emerson. We have diversified seven times on our farm now. Every time we diversified, we ended up spending more money. Every time we spent more money, the prices of

the products that we diversified into collapsed around us because we overproduced.

That is the nature of farming. We are very good at what we do. However, nobody has ever considered compensating farmers for diversification. That is my biggest beef about the term that governments use and that organizations use: Well, go ahead and diversify. Well, we have diversified from grain into peas, from peas into lentils, from lentils into sugar beets, and government refused to act on sugar beets, so we lost that industry. From sugar beets, we went into beans. Then we went into dry beans, then into soybeans. Yet every time we have done that—our white beans, for instance, went from 40 cents a pound to this year where they are at 18 cents a pound. You tell me a farmer who can produce white beans at 18 cents a pound. It is impossible. Black beans are at 18 to 19 cents a pound. Who is going to produce them?

We have spent a quarter of a million dollars on our farm getting into beans, and this year we are going to lose our shirts on beans if we produce beans. What are we going to diversify into next? What are you going to diversify into?

I will give you a good example. I get a bit excited about this. I will give you the example of corn, because corn is sold to Gimli on our farm. The Americans also produce corn. They get 50 percent of their corn price from Uncle Sam. The other half is from the marketplace. That allows them to sell their corn at half the price into my feed grain area, to my hog producers, to my beef producers, to my chicken producers. They can sell at 50 percent of the cost.

My corn goes to Gimli. The Province of Manitoba and the federal government make \$67 a bushel on taxes that they garner out of that corn that goes to Gimli. Do the numbers, and I challenge the Premier (Mr. Doer) to do this, because he gets \$27 a bushel. The federal government gets the rest. I get \$3.15.

Now, where is the fairness? Can we afford to support the agricultural industry through our tax system? I say government cannot afford not to do it.

Now, the question I have for you is: On your farm, what are you going to diversify into next?

Mr. Krieser: I know from example, like Mr. Penner says, a few years ago there was not very much rye sowed and it went to a record price, I believe about four years ago, of around \$4.50 a bushel. Last year, there were some elevators, they would almost hang the phone up when you mentioned rye, because our biggest problem is we produce too much too fast.

For my diversification, I guess it will be the old D7 Cat taking somebody else's job. That will be my diversification and summer fallow. I will not be buying any fertilizer, very, very little this year, or spray. The companies can take it from there.

Mr. Chairperson: Thank you very much Mr. Krieser.

I would like to call Mr. Tim Kleebaum, private citizen. Mr. Kleebaum, do you have written copies of your presentation to be distributed to members?

Mr. Tim Kleebaum (Private Citizen): I do not.

Mr. Chairperson: Please proceed, Mr. Kleebaum.

Mr. Kleebaum: First of all, I would like to say good morning. My name is Tim Kleebaum, of course, which you have already said. I would like to thank you for coming to Dauphin to hear first-hand the problems that are associated with agriculture and agricultural producers and for the opportunity to give this presentation. I hope this will lead to a more sanitary type of agriculture that has some direction and some concrete solutions in the future.

I live near Inglis with my wife and my son, six years old, daughter, four years old, and another son, six months old. This land we live on has been farmed by no one else but Kleebaums. It was Hudson Bay land before my grandmother bought it. We grow grain and oilseeds and also some forages.

The big issue on the farming is the loss of equity. I guess there is a saying about how a farmer should wear a belt with holes all the way around because when the going gets tough, you just pull it up one more notch. But we do not have any more notches left because we are right down to nothing. We are losing our equity by keeping on farming, hoping for the next best year, and it is not coming.

* (10:50)

My situation has been that I refinanced in 1999. I am not seriously in debt now, but it just keeps getting worse and I cannot see any better and I cannot see any other solution.

Diversification is not the situation for me because I do not have any confidence in this agriculture economy. Why should I go and borrow from the bank, even though I could go to the bank, and they have always given me whatever I have asked for. Why should I go to the bank and ask them for more money to diversify to what, just as it has been mentioned here? Diversified seven times, and always the bottom falls out.

I was in a bigger part into the hay business at one time. When the last downturn in the grain economy happened, so did hay also. In '89, I got out because grain, at least you can sell it cheap. It is way below cost, but at least you can get rid of it. But hay, I burned stacks of it.

The other example that I had for diversification is I decided to get into caraway, producing caraway, a spice. It is not used much in Canada, but it is used in Europe. When I got into it, the price was \$1 a pound, \$1.25 a pound, what you could get if you had it to sell it. Of course, I did not have it, so I had to go buy the seed at \$2.40, put it in the ground. It is a biannual. You put it in with a nurser crop, and two years later I get my crop. It was down at two bits a pound.

Should I diversify now to cattle also which are at their high right now? I think not. Like I said before, my confidence is gone from the agriculture situation because of the way it is.

The one other issue I would like to speak about is lifestyle in the country. I think this is something we really should try to preserve because generally, as you mentioned before, this is God's country. We do not have home invasions here, very few or no murders, and stealing is not of great significance. People still leave their houses unlocked. I will not mention whom, but they are in the neighbourhood. I get stuck, and I go over to the neighbour. He is not home, so I go in and just phone up my wife. She comes with a pickup and picks me up, and I leave a note, "Thank you for the use of your phone," and I leave. Many people still do that in the country. You do not do that in the city. You lock the house behind you as you walk into your house and have a baseball bat behind the door.

My wife and I speak over things quite regularly, and we talked about the situation. Well, let us sell out. Like I said, we have some equity left. We could buy ourselves a really quite nice house in the city and work out. I have worked two winters in Winnipeg in my earlier farming years. Why not sell out? But my wife does not want to be a part of that in the city. We have got three kids. With the child abductions, we do not want to be there. We have a good lifestyle here, and why not preserve it?

The honourable Member for Dauphin did a very eloquent speech when he talked about Rorketon and how there was this, that and everything else in Rorketon. Inglis is the same. They had a theatre; they had a farm dealership; they had everything. We have just depopulated down to where we have so few people that nobody wants to really live there anymore.

I have an article here that is a little close to me: Single men have tough time in Manitoba town. Inglis, Manitoba. It is not easy being a bachelor in the Rural Municipality of Boulton—I am from Shellmouth-Boulton; they have gone together—where the odds of finding a single local woman, never mind dating one, are slim. According to Statistics Canada, the rural municipality, which is between Riding Mountain National Park in western Manitoba and the Saskatchewan boundary, has the highest per capita ratio of single men to single women in the province. The area of single population, divorced, separated, and widowed residents

between the ages of 15 and 65, 86 percent are male and 14 percent are female.

So, when my marriage went on the fritz, like so many do, back in '89, what do I do? I drove to Winnipeg to go out with ladies. When they came out here, they said: Where are the people? It did not work, so I tried something different. I started it in '92, and in '93 I was married in Hong Kong to a foreign lady. We live happily. She is the lady that does not want to move to Winnipeg.

I have two pages here from the *Manitoba Co-operator*, where there was a conference north of Winnipeg put on by the Canadian Council of Churches, the Canadian Foodgrains Bank, the Evangelical Fellowship of Canada, and the Inter-Church Action for Development, Relief and Justice. At that conference, was a lady and apparently she had taken a tour of the farms. She made some comments, again concerning the men. She says men do not want to farm because women do not want to marry them because there are so few people in the country. She made some very striking—how shall I say?—observations. I had phoned the lady that wrote these two pages, Laura Rance. She said that this lady took only a one-day tour.

Maybe some of our answers are not necessarily in just the dollars and cents, but talk to other people from other countries and see what they have to say about what goes on here. She made the comment in here that the average farm size in Bangladesh is five acres. You cannot turn around the big machinery that we have got on that five acres. I will go into that later, the lifestyle, though.

The third thing that I would like to talk about is solutions. Because of the lack of confidence that I have in agriculture, we have to get money from somewhere. The province has done some, but I believe that they can do more. The federal government is the government with a big pocket. They have a bigger pocket than any provincial government and they can do it, but the problem is the political will. They do not have the political will.

I wrote a letter to one M.P., three pages. I get back the response. Basically, thank you for your March 8th letter regarding low grains and

oilseeds prices. Your comments have been taken under advisement and will be conveyed to the appropriate department or agency. Thank you for your correspondence. Signed by the special assistant. I really question whether the M.P. himself even read the letter.

I have before me here basically a presentation that was made in Dauphin over a year ago, December 1999, to the federal Ag committee. It was chaired by John Harvard. I spoke also to John Harvard recently on the phone. He seemed to be very open to the ideas. He said, yes, yes, I understand you. This cousin of mine that did this presentation mentioned everything that has been mentioned here, what has been done. I said to my cousin: If you made that presentation, maybe you could come to this Ag committee. He said: I do not want it anymore. Nothing is going to happen anyway.

I believe that if we do not do anything, then we only have ourselves to blame. How many times do we have to do it again and again and again? There is again another federal agriculture committee that is supposed to take a year and half before they are going to come up with a finding. Then what will they find? To give us another AIDA? Because AIDA came out before the report from John Harvard came out.

We need cash now, and we need it badly. If diversification is the answer, and I think to an extent it is, but not everybody can diversify together to the same thing. We cannot all go away from grain because grain is the basic industry. Without grain, you do not have the hog industry; you do not have the poultry industry; and you do not have the cattle industry. You need grain to finish the cattle. So why are the grain farmers the poor paupers at the bottom that do not get the due resources put their way? The marketplace just simply does not do it anymore. The U.S. and Europe are supporting their farmers. We need government in this country. As I said before, they are the only pocket big enough.

The solution to it is that GRIP was a good program, for the most part. Yes, there were some problems, but it supported more production, less and less production. Part of the problem is at least there is a perceived notion that there is

overproduction. That is why we have got such poor prices. Well, why not support agriculture in a different way? Lack of production. Summer fallow is one way, and if you do not like it, there is chem fallow and there is sowing to forages, forages that simply would sit there and be good for wildlife.

Alfalfa is a great thing. In a few years of growing alfalfa, you can plow it up and go to organic. Organic is another diversification project that is growing. When you are selling your products, you go foreign. We go foreign with a lot of our stuff. Europe wants organic. Give the customers what they want. Do not give them genetically modified stuff if they do not want it. Do not try to sell refrigerators to the Eskimos.

* (11:00)

Again, I have spoken about the problem with the federal government, and basically I guess I have covered everything here except that if the federal government does not move. At this point, everything that I hear from everybody associated with this problem is—the problem is not the provincial guys. It is not the parties. There is a little bit of bickering, but it is not a great deal. The problem is the feds. So what do we do with them? I have suggested to one politician that maybe instead of heading over to Ottawa, let us head down to Washington and check out this situation of maybe becoming state No. 51 in the U.S. We would hate that idea, would we not? But what other options have we? If Ottawa will not be moved, what do we do? Thank you.

Mr. Chairperson: Thank you, Mr. Kleebaum. Are there questions from members on this presentation?

Mr. Cummings: Thank you for your presentation. You made a most important point about putting forward a united position, particularly to Ottawa. I was only going to ask if you would elaborate, or if you are interested in elaborating on the loss of equity on our farms. I think one of the most telling comments that I heard from a producer in recent months is: When I am losing equity year over year in my business, I am going to be out of business shortly, and,

furthermore, I make no apology for seeking support if the country indeed believes I have an important industry.

You mentioned that you believe you are losing equity year over year. No doubt that is the same role a lot of your neighbours will find themselves in. What do you see in that relationship ahead in the next year or two? Does this mean a total collapse of a number of these farms?

Mr. Kleebaum: I can only speak for myself. I do not know what the other farmers are. People do not put out signs saying I am going broke. I do not put out a sign. Like I say, I have a considerable amount of equity left yet, but I have been losing in the range of, conservatively speaking, \$15,000 a year. We live at below poverty line. This year, the accountant figures it out, well, my personal draw is around \$11,000 to \$12,000. Who can live on that? Well, we do. My wife is a good cook. We do not eat out much, took lunch when we went to the Legislature, three days' worth of lunch. But we live and we live quite well because my wife is a good cook and we have a good lifestyle out in the country.

But, as far as other farmers go, I cannot tell because it is something that is kept so quiet all the time. Until the issue comes out, you do not know. There is one man who is at least five years older than me; I felt he was doing really quite well; and his land is up for sale now. Just all of a sudden before Christmas my cousin phones me from Saskatchewan. Did you hear about this? No, I did not hear anything. Well, the manure cleaner went over there to collect his bill, and he said: No. Go to the credit union. They have the money because my assets are frozen.

So I approached the credit union. He said: Well, we just are starting to go through all the farm accounts now. I said that I had heard a rumour that there are 20 in the area of Inglis, and Inglis is quite a small place. The town itself is a population of only 200, and Roblin and Russell, people go there. So I said: What kind of people are there? He said: It is not 20, but 5 for sure, could be 10. We do not know until it happens, how many people are really in bad shape.

Ms. Wowchuk: Thank you for your presentation and for outlining the situations that are facing many families and the difficulties particularly for families who have been for generations having land and who farmed it and managed the land, and now facing very serious challenges, and as well for outlining the situation at Inglis.

One of the things I want to ask you about is that you talked about, as one of the solutions, taking land out of production. Can you outline how you think that would work or whether you are taking any of your land out of production to reduce your costs and whether you are looking at organic production as an alternative?

Mr. Kleebaum: I cannot afford, I do not know if you know anything about the organic business, but I cannot afford to take regular grain prices. The prices for organic stuff are great, but you have got to have for three years no chemical, no fertilizer—how shall I say?—getting into the business of organics. Therefore, I have to raise it conventionally, not using all those things, and getting the low price before I get the higher price of organics. As far as lack of production, yes, in my area not only myself but a number of farmers, we summer-fallow a considerable amount right now.

Like I said, I was in the hay business. I used to put it up and sell it, but recently I sowed up some land. I had been out of it for a while, and then recently I have sowed in some hay because I had a customer, but that customer bought some more land, so right now I have 66 acres that are up for anybody who will cut it. I sell it on a cutting-fee basis.

You had asked something else?

Ms. Wowchuk: I had asked if you were taking any of your land under your marginal and out of production and letting it go back to natural state, or what are you doing with it?

Mr. Kleebaum: No, I am not taking it out of production. My marginal land is in bush, and I am leaving that. I am not plowing it.

Mr. Gerrard: Two things. One, in Shellmouth-Boulton, to what extent has land there come up for rent or sale which is not being taken up?

Secondly, any further thoughts or comments on what we can do with encouraging women to be involved in rural areas and farming. There are quite a number who are getting much more active in the farm organizations and in farming. There must be some positive things we can do here.

I should add that we have just one minute left of your time.

Mr. Kleebaum: As far as subsidies and where to put the money, the National Farmers Union has proposed an idea of starting at 5 percent, going up to 20 percent of your land, either in summer fallow or in forages or chem fallow, and you would get paid more as you took more and more of your land out of production.

As far as the ladies go, the Philippines is less than half the land area of Manitoba. There are 70 million people there and way more ladies are born than men. Now you have gotten a bunch of nurses already to come to Brandon. Just bring out more nurses.

Mr. Chairperson: Thank you, Mr. Kleebaum.

Mr. Kleebaum: Thank you.

Mr. Chairperson: I will call Mr. Lloyd Pletz, private citizen, to the microphone please. Mr. Pletz, do you have a—

Mr. Lloyd Pletz (Private Citizen): Yes, I do. I would like to share some facts, figures and numbers with your group here today.

Mr. Chairperson: Thank you very much. We will just take a minute to distribute them and then you can begin with your presentation.

* (11:10)

Mr. Pletz: Good morning. Mr. Premier, Mr. Chairman, fellow members of the Legislature, for those who do not know me, I am a farmer from Saskatchewan. I have been lobbying and rallying now for about three years, met Murray Downing two years ago, spent a number of weeks with Murray down in Ottawa last year and this year. We have been working kind of hand-in-hand. He has been over to my province

meeting with my politicians and we have been down in Ottawa, like I said, meeting with the MPs and the bureaucrats down there.

I am more into the facts, figures and numbers as what was handed out to you there. Our problem, I feel, is the numbers. It is the numbers that Ottawa is using against us. Those numbers are the cash filing numbers. Why and how they are getting away with it is the majority of our losses are not in the income tax system of today. That front sheet, if you look at the bottom there, you have seven out of the ten provinces making money. Look at B.C.; they made 105 percent over the '95 to '99 average. The number I believe that Mr. Martin, Mr. Chrétien and Mr. Vanclief looked at was that bottom Canada's average of a negative 7% net farm income. I believe that is the number why we have little or no farm aid or why we have little or no response out of our federal government today.

It is time to fix the numbers. At the top of the page is our safety-net formula. Basically I broke it down into acres, and, yes, it is not being paid out on acres, but I did it so everybody could relate to what amount of dollars are coming to each province, why Newfoundland is getting \$46, why Manitoba is getting \$7.45 and why in Saskatchewan we are getting \$4.24. Even if you bring in the flawed income tax system, the numbers at the bottom where Saskatchewan has approximately 62 percent of the hurt, we are getting the least amount of the money. That is how ludicrous it is. Cash receipts do not work. The safety-net formula is flawed because it is based on cash receipts only.

Provinces, I will give you an example: Québec has for 21 and 22 years had a cost-production program plus 90 percent of a skilled worker's wage. They come out of this cash injection in Québec with over \$21 an acre. We in Saskatchewan and Manitoba here, we do not have a cost-production. We do not get a skilled worker's wage of 90 percent. We have excessive freight rates and Manitoba gets \$7 and Saskatchewan gets \$4.

There is a serious problem. It is time to fix the numbers. I am going to offer you some solutions. They are on the back page. I put them in the form of resolutions.

The first resolution, I will read it for everyone present, is:

BE IT RESOLVED that the Manitoba Legislative Assembly demand that the federal government amend the present day safety-net formula from cash receipts.

I want them discarded completely and I want included a percentage of provincial losses, a percentage of provincial acres. That includes grains, oilseeds and horticultural, and a percentage of provincial taxpayers to fix the 40% provincial share flaw, to put fairness and equality at both taxpayer levels, that is both federal and provincial, and put fairness and equality at the farm gate across Canada.

On page 2, on the bottom example, I brought in the percentage of grains and oilseeds acres. On that second example, too, I brought in the percentages of taxpayers, on the side there; that is handwritten. If you know the dollars per cultivated acre, something happens. We all get treated equally. Every acre in Canada gets \$8.20 an acre versus the top scenario where one is at 46 and the other one is at a low of 4.24.

So there is a solution. Fix the safety-net formula. Even that bottom scenario where I brought in percentages of acres and percentages as taxpayers, that is two out of the three that I recommended in my resolution. That is still a big plus. It will be a big plus in bringing more dollars to the west and putting more equality across Canada and more equality on the federal share across Canada.

Look at the discrepancy on my example 1 on the first page at the top there, the federal dollars. Why is Newfoundland getting \$27 an acre federal where your Manitoba farmers are just over the \$4 federal coming in? That is over five times more federal dollars going to Newfoundland than there is this province. That is not fair. That is ludicrous.

My second item I would like to talk about, which I already mentioned, is the flawed income tax system. The previous gentleman, or two, mentioned that our federal government does not have the will. I do not believe it is so much the will as they are looking at the numbers of that

negative 7% farm net income for last year. They only have a portion of the story. Using my Saskatchewan numbers I will throw at you here, our '99 income dropped by about \$12 an acre versus the '98, but my Department of Sask Ag and Food put out numbers that we lost \$65 an acre in '99. Using those two numbers there is only about 18 percent of our Saskatchewan losses in the income tax numbers. So over 80 percent of the story is missing. Eighty percent of the losses, you know where they are? At home in our bill drawers, unpaid, most of them, or they are being paid with our equity and assets that the income tax system does not show.

Just to mention here, last Thursday I met with my provincial Finance Minister, Mr. Eric Cline. He has agreed to change the income tax system at the farm gate. So I am hoping your provincial government will do the same here and pressuring Ottawa and changing it, because that is our only solution here. We fix the numbers. We get 100 percent of the farm loss story at Ottawa's door and they can no longer pretend that there is not a farm crisis. Basically that is what AIDA attempted to do was identify some of the losses, but it was all flawed and jimmied and whatever else under the sun.

So the second resolution I would like to read here is:

BE IT RESOLVED THAT the Manitoba Legislative Assembly demand that the federal government amend the present day cash filing income tax system, which I believe is a positive system only, at the farm gate to a filing system that includes and exposes 100 percent of all farm losses.

I would like to make a recommendation that the cash filing basically be changed to a modified net worth system. It is a positive and a negative system. It is a system where 100 percent of our losses would show up. It is a system where farmers would no longer pay income tax while they are losing money, because that is what they are doing under cash filing today, thousands of us. It is a system where 100 percent of our losses would show up. It is a system then where future farm aid support could be based on 100 percent of our losses.

Modified net worth, most of us are doing net worth statements for our banks already anyway. We hand them in to get credit. We hand them in to buy equipment. We hand them in to buy land, whatever. The net worth would show everything, would show our lost lines of credit, our accounts payable, our arrears, our lost equity and assets and basically our lost net worth. That is why I called it net worth. Most of us are already doing it, so it would not take that much to change it.

For an example, your cash filing, you just have to tweak it or modify it, bring in your cost of living and your principal payments in on the expense side and bring in all the other things like accounts payable, arrears, lost lines of credit, lost equity and assets. It is done. The system is already there. Just modify it.

* (11:20)

By doing this I believe this could be our new super program. We could eliminate crop insurance. We can eliminate NISA, AIDA and CFIP. By doing a modified net worth, you are basically identifying 100 percent of your losses, right? It is equivalent to Québec's ASRA cost-production program. Cost-production basically identifies what your costs are, or basically 100 percent of your losses. This modified net worth idea is the equivalent of today's NISA and AIDA. It is green. It is GATTable. It is whole farm. It could probably identify to the penny how much hurt is and in which sector, independently. Money could be targeted independently. Also it is bankable. If I could go to my bank and say I am insured for 70 percent of my losses, which is basically stated in the GATT rules, it is bankable. Whereas today AIDA, NISA, Crop Insurance, all of them, there are no bankable two butts about those programs. The bank will not even lend you a dollar on those programs.

So there is another solution. One thing also I would like to bring to your attention is my third resolution. I would like to see the Manitoba Legislative Assembly demand that the federal government implement the present day GATT rules that state that Canadian farmers are allowed 70 percent of their losses, not 70% coverage, like they have in today's AIDA and CFIP programs. It is in the GATT rules.

Quick scenario, a \$300,000 gross farmer, he only grossed 200 this year. He lost 100. You throw those numbers into AIDA. What do you get? You get nothing, because the farmer takes the first 30 percent loss, but you throw that \$100,000 loss into the GATT rules, that farmer gets a \$70,000 cheque. Two different things. I wanted to bring that to your attention. Go for it. It is in the rules. Pressure the federal government. Maybe go back and get our 70% losses for the last two or three years. Maybe we will get ourselves back up on our feet and save our industry, because everything we got so far is a recipe for bankruptcy.

I just read your resolution here where you are asking for another \$500 million in assistance for grains and oilseed producers. Well, if all you are going to go is from \$7.50 up to \$15 by getting another 500, it is still a recipe for bankruptcy, especially when you said you lost 30 to 60. You are going to get back 15. That is what we are hearing and seeing here. This is the game plan. We are going to see this again next year. We are saying: No. We quit. A lot of us are quitting. A lot of that wheat board cash advance that we have coming out, our banks back in Saskatchewan are just laying claim to it and seizing it on us, paying some of last year's bills. So we still do not have credit to put a crop in, do not have a dollar, a lot of us.

You are going to see way more summer fallow. I have a gentleman here a couple of weeks back who dumped 50 quarters of land. It is going back to 60-, 70-, 80-year-old farmers who, I know, are not going to pay the rent and keep the weeds down with their pension cheques. You have a complete melt-down coming down the pipe here at us and it is all basically because of the income tax system. Fix it. Please fix it.

Mr. Chairperson: Thank you, Mr. Pletz. I have Mr. Penner next.

Mr. Jack Penner: Thank you very much, Mr. Pletz.

Mr. Chairman, I would like to ask Mr. Pletz how he does his calculations on the provincial share of the funding. There are some people who are saying your numbers are not correct. Could

you tell us how you arrived at the \$7.45 an acre for Manitoba's share and \$46 for Newfoundland?

Mr. Pletz: Basically, I got the percentages of the safety-net formula, and they are fairly accurate. I verified them with some of the numbers that Vanclief quoted off the Internet there last night. So using the percentages, you basically take the percentage times the pot of the 833, and that basically dictates the amount of money coming to the province. Then you just divide it by the provincial acres. It gives you the \$7.45 for Manitoba. You do it the same with all the provinces.

As far as the second page scenario with my percentages of the taxpayers and percentages of grains and oilseeds acres, it is done the same way. You take the total. Let us use the grains and oilseeds. I have the cultivated acres there. You take the cultivated acres, divide it into the acres for Manitoba, the 12 000 acres, and you come up with the percentage of 12 percent. So then you just take the 12 percent times the total federal-provincial pot of \$833 million. Then you come up with the dollars for the province and you divide it by the acres. Then you get the breakdown per cultivated acre.

Mr. Jack Penner: Mr. Chairman, just a further question. I spoke last week with a corn producer from Ontario who had just received the provincial portion, the Ontario provincial portion, of their new program, CMAP2. That came to \$21 an acre for him. That was the 40 percent of the program. That means that there would be, if you added the federal portion, another 60 percent coming which, in my view, would be right around \$30 an acre. So that would give him a total of some \$50 an acre. That compares relatively poorly with \$7.45 for the province. Can you explain to me what formula a minister of our province would accept that would draw these kinds of disparities of support to farmers across our nation? You can see the \$4 in Saskatchewan, \$7, and there will actually be some farmers in Ontario getting up to \$50 and \$60 an acre. I do not know what Québec's portion might be. I understand that might even be a bit higher under this new program. Can you tell me how the farmers of this province are going to accept that sort of formula and the

signing of an agreement that would give us that kind of a disparity in programming?

Mr. Pletz: That is why I came today. It is ludicrous for somebody like a grain grower in Ontario to pull those kinds of dollars when a grain grower here gets \$7 and a grain grower in Saskatchewan gets \$4. I cannot believe that our premiers and our Ag ministers agreed to this. Ms. Wowchuk, did you and your Government not look at the numbers before you signed the safety net deal last year? How could you agree to this disparity, where most of the cash goes to the east and we get shorted out here in the west? We are all grain producers right across Canada. I cannot believe this, what I see.

Ms. Wowchuk: I want to thank Mr. Pletz for the work that he has put into this presentation. Your last question, Mr. Pletz, was: How did we agree to this formula? I want to share with you a bit of history. The process of changing the formula, which was based on risk and moving it towards cash receipts, was a process that was in place when we came into government and had been in place for a couple of years. In that process, eight of the provinces all wanted to move toward cash receipt, and Manitoba and Saskatchewan held out for a long time, indicating that this formula was not fair, that the risk had to be taken into consideration.

In the end, what we did get from the federal government was that Manitoba and Saskatchewan would not lose money, as under the formula would happen. In Manitoba, we were given the additional \$10 million to hold us at the same level for three years. It meant that the other provinces were gaining more, and that was unfair. We also got an agreement that the safety net formula will be reviewed in three years from signing.

It came to the point where there was no moving and no support from other provinces on it. We did agree to sign the formula. There is no movement on all provinces of saying that the formula and the programs are not working as they should be and there is going to be a review. That was the reason for signing the agreement, because it had come to the point where we could not argue on it anymore. We had to move forward.

Your whole package here, though, all of these numbers, I was the one who said, well, it is not accurate because all of this money is not paid out on a per-acre basis. It includes all of our programs. I think the other thing that we have to remember is that Ontario's payment that they are getting is additional money put in over and above the 40 percent by the provincial government. They come from a province that has a lot less acres, a larger population, and a lot more resources to make these additional payments. It makes it very difficult for our producers, but they do have the resources.

You have talked about the Saskatchewan government looking at your formula. I want to tell you that I am quite prepared, we are quite prepared, to take this to our Finance Minister as well, and have his department look at your suggestions here, and then look at whether these options are something that we can consider as well, to make improvements for our farmers. I thank you for your presentation.

Mr. Chairperson: Mr. Pletz, we have less than a minute, and Mr. Gerrard is on the list as well.

Mr. Gerrard: Just a quick clarification on your suggestions in terms of income tax, because the federal-provincial systems have now been separated. This would have to be done, I presume separately, at the federal and provincial levels. You are suggesting the changes that would apply just to farmers and farm income, and not to other areas. Is that right?

* (11:30)

Mr. Pletz: Actually, the modified net worth system would work for all Canadians, all businesses that lose money. That is what is needed. I do not care if it is the lumber industry or whatever industry, I do not care if it is the café industry downtown. The cash filing system is a positive income tax system. We need a positive and a negative system, so when an industry is losing money, Ottawa is aware of it immediately. You do not have to have us farmers rallying for three years to tell them there is a problem.

One thing I just wanted to emphasize a little bit further. On the percentage of federal

taxpayers on the bottom of the second sheet, the only province that should be paying the full 40 percent on a 60-40 split is Ontario. All the other provinces should be less on the 40% aspect, based on provincial taxpayers to put equality in at the provincial end, because what is ludicrous, I ran a scenario, a \$60 payment scenario in Saskatchewan and the same \$60 in Ontario. In Ontario, it only cost \$10 per capita, and in Saskatchewan, it would be \$816 per capita, which is ludicrous.

Mr. Chairperson: Thank you for your presentation, Mr. Pletz.

I would like to call Mr. Al Marshall, private citizen, forward. Mr. Marshall, do you have written presentations to be distributed? We can do that now and then you can continue with your presentation.

Mr. Al Marshall (Private Citizen): It is indeed a pleasure to be here to be able to do a presentation. We had the honour of being at the Legislature last week Tuesday. At that time my dad was with me. Our discussions afterwards were that you all put the situation in very eloquent terms. It was a really neat experience to see our provincial politicians work together to resolve this problem.

Over this past month, beginning with the rally in Winnipeg, I learned more about the difficulties in farming than I really wanted to. You see, I retired from the RCMP in 1996. I retired as a staff sergeant after 27 years of service, and I moved out to Russell to help my dad on the farm. My dad is 76 years young. He continues to farm. I help him when he needs that assistance.

What I found out in Winnipeg was that we were actually worse off than we were. One of the things that helped me was this cost of production. At this time, I would like to thank the Minister of Agriculture for all the local people that help us with agriculture here, and who have produced this document called the *Guidelines for Estimating Crop Production Costs for 2001*.

That was very helpful for me to understand where we were going with this. At first I thought

that we were not as successful at farming because we have a relatively small operation, but after I saw the way things were going, I was kind of glad we have a small operation, because that way we can somewhat limit our losses.

When I am told that as many as 60 million acres out of 86 million seeded acres are in deep debt, I can begin to understand why.

Going to the handout, the first point I would like to make here is that our cost of production per acre is too high. I think we need one ag program, much like what Québec has, that protects against weather or prices. In our case, our farm consists of 640 acres, one square mile, and 500 of that are under cultivation. Between 300 and 350 are seeded each year.

This is our cost of production for 2001. My dad intends to seed 140 acres of wheat and 150 acres of Canola. The seed will cost us for wheat \$9.75. That is based on a bushel and a half times \$6.50. The Canola is 7 pounds per acre at \$2.20. This is high erucic acid Canola that we are growing this year. It is somewhat of a specialty crop. It is the first time we have tried it.

Our fertilizer, we are putting 28-28-0-10 per acre, that is granular. We are putting that with the seed. This is reduced significantly from last year because prices have gone up about 40 percent. Our acreage cost there will be \$17.40, or so I am told as of last week.

Our herbicide, we use Platinum and Mustard Gold II. They run \$20 to \$22 an acre.

According to this booklet, our fuel should cost about \$12.50. However, this booklet is done for producers who continuously crop. Because we summer fallow, our gas prices are a little higher. Our gas prices come in at \$22.86 per acre.

Our machinery operating costs, that includes repairs, licences and insurance, comes to \$18.67. Our crop insurance, this is based on 2000 costs, came in at \$2.42 an acre.

Our land taxes come in at \$8.05 an acre. Other costs, hydro, telephone, building and insurance, come in at \$7.62 an acre.

The total of those funds above there are \$32,000. We talk about gambling. We are talking about taking \$32,000 and shoving them in the ground and hoping we are going to get something out of them.

Under fixed costs, our land is paid for, but according to the production guide here, they would suggest \$22.50 per acre there.

Our machinery depreciation is a little lower than the \$20 that the book recommends. We are at \$18.57. We have smaller equipment. Machinery investment, though, anytime we need to buy equipment, we need a full slate of equipment. So ours is slightly higher than the \$10. We are at \$14.29.

Grain storage costs, I took them right out of the book at \$1.64 per acre.

Labour, this is an interesting one, because a lot of farmers do not think about their labour, but Manitoba Agriculture did. They said it takes an hour and a half to produce an acre of crop. That hour and a half is for preparing the land, fertilizing, seeding, spraying, harvesting and then working it again. They allotted \$10 per hour, which gives you \$15 per acre.

The total cost then came out at \$156 for wheat and \$163 for Canola. Of that \$156 for wheat, the cost that the booklet shows is \$187. So you can see we do not have land costs there, so we are doing a little bit less.

Our yield per acre, now these are projected, and everybody knows that projections are the best you can do here. We put in 30 bushels per acre of wheat and 30 of Canola per acre.

You notice that we have reduced our fertilizer. Whether we get that or not will be interesting. But we do seed our Canola on summer fallowed acres, so we do not need quite as much fertilizer there.

Our farm gate price per bushel, and as I told you with the Canola, is locked in at \$7.05. I think we are fortunate to be in that category. In our wheat I am showing \$4. As we get down further, I am going to show you how that may not be as high as we hoped it would be.

Our total revenue for the wheat acre is \$120. Our total revenue for the Canola is \$211, which means that in our 140 acres of wheat we will lose \$36 an acre.

If you look at that \$36 and you go back up to machinery depreciation and machinery investment, it almost equals that. We are losing our equity there. At least that is my analysis of that.

On the Canola side, if we only got \$5.34 a bushel, which is what we sold our Canola for this year, that number, that \$47 that we will hopefully make this year, would have been zero.

So you can see the numbers are really getting down to the fine line.

The second point I would like to make is that grain transportation and elevator fees are way too high. Here is an example. We sold wheat. This was 990 net bushels. Those are net bushels after dockage and shrinkage has been taken off them.

* (11:40)

Our gross pay for that—we got grade 2, by the way. We farm at Russell. Louis Dreyfus out of Virden offered us No. 2 and protein as per each truckload. Not only that, they did a farm pickup for us, so that was a real advantage to us to let them have it. Plus they are down on the No. 1 Highway. They seem to get more grain cars. Our local elevator in Russell was closed during the winter. We could have hauled it to Binscarth, but Dreyfus was anxious to take it, so they gave us \$3,992 for that 990 bushels. That looked really good until they started taking their deductions off. That was actually \$4.03 a bushel.

Then we got into cleaning it. They charged us another 10 cents a bushel. We got into handling it. They charged us another 29 cents a bushel. When we get into the transportation, which includes the freight, we are talking 89 cents a bushel. Our net payout of that was \$2,724, or \$2.75 a bushel.

So now back up here you remember when I said that \$4 may be optimistic that we hope to get for our wheat this next year. The only thing we are hoping for is to get No. 1 red spring

wheat, which will boost that a bit. There will be a bit of a Canadian Wheat Board payment on that, but it does not amount to a whole lot. Like I say, that \$4 may be optimistic.

So here we are on a bushel of wheat, we lose \$1.28 when we haul it to the elevator, or \$1,268 per semi load. I am kind of new at this whole game. From my perspective I would think that most manufacturers sell their products FOB the factory. Why are farmers not selling FOB the farm. I guess it goes back to what Don Krieser said earlier about: Why does he have to pay freight on grain that goes to the ethanol plant?

I am saying: Why do I even have to pay for the cleaning? They have already taken my dockage. They are going to keep that and they are going to use that. The handling, they are charging me even for grading the grain. And these numbers are good. When I talk to farmers around Russell, they say they are paying upwards of \$1.33 a bushel when they haul it to the elevator. I think that there is a real key here that maybe something can be done that could turn farming around.

The third point, and I know you kind of talked about it here, and I have heard Mr. Vanclief talk about it. He said that he is not going to pay big money to farmers so that they can just turn it over to the big corporations, fertilizer and chemical corporations, et cetera. I say the only way that we are going to get around that then is to pay producers to put land out of production. How you do that I do not know, but the U.S. does it very well. I think it must be GATT-able if they do it. It would equalize the marketplace, because as soon as I see that I cannot make a dollar in wheat, I will either summer fallow it or put it into pasture or something. When I see that wheat production or whatever grain I can grow is worthwhile again, then that is what I would do.

Just in closing, I would say that I see one of the major stumbling blocks is our Prime Minister. When Bombardier needs billions of dollars—and his son-in-law is the vice-president there—he is quick to support them. A few minutes after the \$500 million was approved for agriculture, I noticed he gave Toronto \$1.5 billion to clean up their waterfront. No problem

there. When I saw him on TV this morning talking about this democracy clause, I looked at the man and I said: All I see here is a dictator who wants to take away our guns. What is with this guy? Does he not understand what he is doing? Anyway, for me, I trust in the Lord, and I am glad I do, because I do not see faith anywhere else. Thank you.

Mr. Chairperson: Thank you, Mr. Marshall. Are there questions for Mr. Marshall?

Mr. Jack Penner: Thank you very much. Al, I think you articulated the problem on the farm very well. You and I have had many discussions on this whole matter, and it is very, very apparent that discussions I have had with some of the bureaucrats in Ottawa over the last couple of weeks who are doing the calculations of losses and supports clearly do not understand what the situation on the farm is like in this province specifically.

Our loss, when the Prime Minister with one stroke of a pen did away with the Crow benefit, was at the last calculation, I think, somewhere around just over half a billion dollars, and if you went back two years prior to that and the reductions we had then, you could actually calculate it at somewhere around \$700 million that we lost. When I make the case with Ottawa that all you are doing is reinstating \$200 million, probably \$250 million, back into western Canada to offset a loss, that still leaves us short between one quarter of a billion to a half a billion dollars, just on that one decision that Ottawa made alone.

Secondly, I think there must be a real recalculation done of the formulas that have been used traditionally to set program rates when programs are there.

The question I have for you is: How do you see yourself continuing on your farm when I see the erosion of your equity? Let me put it in a different manner. If you were a company and you were the manager working for this company and the company promised you that you would be paid at the end of the year, and if you made money you would receive a bonus and if you lost money you would have to take money out of your own pocket to make sure that the company

still was on an even keel, how do you see farmers continuing to pay the managers, in other words, the owners because they are the manager, a salary on which they can support their families, at a loss of \$5,077 in a given year on your operation? It becomes very clear, I think, to many of us. But how can you change, diversify, or go into organics and assure yourself a market in the future that will pay you enough money that you are able to support your families and even pay your land taxes?

Mr. Marshall: Well, I guess how I would answer that is the other part of the scenario here that we have not talked about is that my dad still has a dozen head of cattle. A few years ago, I said: Dad, let's get rid of these cattle. They are cutting into our fishing time. Dad says, "Well, who is going to eat the grass?" And I said, "Well, I guess you have got a point there." So we do have the cattle and last year we marketed our calves, and there was another \$6,700 that we gained from that part of the operation.

But let us go back, just to follow up on that a little bit further. I have already suggested to Dad that maybe we ought to close up the farm. If we are going to have numbers like these, I mean this year is looking good with this high erucic acid Canola, which we have not grown before. But for my Dad, this is a lifestyle and he has really enjoyed what he is doing. Far be it for me to come along and say, "Dad, close it up, or maybe I should run it." He is doing a great job. He has been doing it since he came out of the war in 1946 and he loves what he is doing. He has high blood pressure or, I think, he would be here doing this presentation. In the meantime, I am going to let him farm and I am going to help him as best I can.

Ms. Wowchuk: Thank you for your presentation and for outlining the costs of producing a crop. I think that is a really important part of this process here because there are many people who benefit from the production of grain but do not really realize how much it does cost and how much time it takes.

When you look at your figures, I wanted to point out that, in your costs that you have put here for your total revenues, in addition to that you would end up getting some programming

money that you have not included. You would get CMAP money. You would qualify for NISA, and with your losses there, you should trigger some AIDA. Have you worked any of that? Those things will also come in to your income. Have you considered that in your operation, about what the impacts of the programs are that are there now and the additional income that would come to you? I know any farmer would much rather get their money from the marketplace than have to count on programs to supplement their income, but I guess the question is: Have you looked at that and considered what impact that will also have on your revenues for your farm?

* (11:50)

Mr. Marshall: Yes, we have. As I said there about the crop insurance, \$2.42. We do not get anything out of that. I do not know why we take it. I think it really boils down to this—the Government gets a survey of what we have and they can use it almost against us, if they so desire. I do not know who they sell it to. As far as AIDA and there was, I think it was in 1999 that we did get unseeded acres. We got something like 30 acres or something that qualified for that, so we got a cheque for that. We did apply for AIDA, and Dad did get a cheque for that. What else would I say about that? I do not think we should be counting on that. From what we are seeing here as a price per acre with the support that we are getting, it is viable for my Dad because he has been doing it for so long. But as far as Al Marshall's taking over the farm and risking my RCMP pension to do it, I think it is not a very wise choice.

Mr. Gerrard: Yes, the figures that you give are certainly pretty grim. Just a couple of questions for you. One is whether there are options in terms of growing high protein wheat that could increase your revenue; and a second question relates to this—with these kinds of projections if there is no more help, whether there are going to be quite a number of people in your area who may not be farming this year.

Mr. Marshall: Very true. You know, we have a hard time with protein. It does not matter what we do. Last year we put in 80 pounds of nitrogen together with, I think, either 50 or 60 pounds of

1152 and we seem to be on the side of the tracks that did not get the protein benefit. You can go a matter of miles away and do much better than that. So I do not know. We are looking at different wheat varieties, but this Domain seems to be the best one for us right now. We looked at Cadillac. It sprouts really badly if it is a moist year. I do not know. We use wheat as a rotation for our Canola and then we summer fallow after that, every third year, so that is that part of it.

I am sorry, what was the second part of your question?

Mr. Gerrard: Without any additional government assistance this year, whether there are going to be a fair number of people who decide not to farm, based on this kind of return?

Mr. Marshall: My feeling on that is that most farmers have not gone to their ag rep office and got this book or sat in a lot of the presentations that the agriculture people have put on, and so I do not think they realize just what they are up against. I do not think they realize how much they are really losing, and that was part of the effort that I did on the back of that form as a letter to the editor that was published in the Brandon paper. I sent that in just trying to get producers to look at the situation they are in. So right now, producers are still going to try to put in a crop, but the ones that go to the bank and find out they do not have a line of credit or do not have the funding to do so, will be very surprised. I do not know what they will do.

Mr. Chairperson: We just have half a minute.

Ms. Wowchuk: I just want to clarify one point. You had mentioned Crop Insurance, and you were not quite sure why they collected all that data or what they did with it. I want to give everybody in this room the assurance that Crop Insurance is set up to protect farmers from risk. They collect data, but it is confidential data and it is only used for crop insurance and Crop Insurance-administered programs but there is no information from crop insurers on producers that is made available to the public.

Mr. Chairperson: Thank you, Mr. Marshall.

I would like to call Mr. Cameron Flett, private citizen. Do you have documents to be handed out to the members?

Mr. Cameron Flett (Private Citizen): No, I do not. I was approached here just about late Friday afternoon to come down here on behalf of farmers in our corner. I understand some of them are going to Brandon today, and I was very pleased to see Al Marshall here and two or three other ones here that have been my past customers over the years.

My name is Cam Flett. I farmed for 34 years and I operated a crop protection business for 27 years. What I mean by that is I ran an aerial spraying operation and then we sold the airplanes out and got into the high clearance machines, got heavily into debt and went into phase three, warehousing which was required here back in the summer of '93 and after the first year of operation in '94, in September, I had a heart attack. So that changed things. I ended up having to unload my farming operation. I rented my land out on a crop share basis. So I have seen the spectrum from both sides. I have dealt with farmers right clear across Manitoba, west to Regina, right to the U.S. border, so I have a bit of feeling as to what is happening here. I have written many letters to politicians, to the editors over the years, and I wonder, like one of the presenters said here, how much is actually read by that politician.

Some of my words today may seem a bit harsh, but I like to call a spade a spade. Over the last couple of years in business here, I was approached by a lot of our customers—at that time we had a customer base of about 500 farmers—that they wanted to do something, to be heard, to make politicians sit up and listen, and they wanted to rally. So I organized a rally which was held on 16 Highway. The police tried to divert that traffic, because there was some festival going on, to 45 Highway. We caught on pretty quick and sent farmers on to 45 Highway. We got our point across pretty good, I would think. Along with that demonstration, there is Murray Downing here and myself and two or three other people, we orchestrated and got the demonstration off the ground on No. 1 Highway out of Virden that same fall.

Many rallies have taken place since—many meetings, treks to Ottawa and to provincial governments, and, for the most part, to no avail. You politicians are not listening. The buck keeps passing back and forth. What is it going to take to make politicians realize the severity of the farm crisis that is a cancer out of control? By not subsidizing farmers to at least the same as American farmers is nothing short of a holocaust to the Canadian farmer. The Americans and the ECC are simply not going to stop subsidizing. Politicians keep clouding the issue and are dreaming and believe in the tooth fairy if they think that the European Common Market and the Americans are going to stop subsidizing. Because they are not. It is just ridiculous for us to be standing here thinking about this and thinking that this is going to happen tomorrow. It is just not going to happen. Maybe in 15 or 20 years if there are enough farmers left, maybe something will happen.

* (12:00)

This AIDA thing, to me, is nothing less than a collusion, a fraud, and a political cesspool. Now this may seem very harsh but I have talked to some very reliable people who know people that work at the offices of AIDA. I just find this appalling: there is an overload of paper, a lot of paper shuffling, a stalling of payments to farmers, and the reason for that is for these same people to hold their jobs. Hey, something is haywire here. How can anyone be patriotic to a country when politicians impale farmers and preach false promises towards them? When land is not producing, it is not producing well for taxes and jobs for people. Anybody who thinks that corporate farms are the answer, or that they can rely on imported food, is out to lunch. Period. This has been proven in the former U.S.S.R. All people that eat have to realize the true value of keeping the Canadian farmer viable. They have to realize that you pay a reasonable amount now, or you pay an extremely high price later with a lot of empty shelves to boot. There is no doubt in my mind that food prices would more than double if this is allowed to happen with corporate farms, because once you have corporate farms, you have the banking institutes that own the land and corporate farms who run the big corporations who handle the food chain right up the line. The

price of food will definitely double. Quite simply, farmers have become too good at producing food as they have had no choice but to diversify, overproduce, in order to survive.

Several things have to happen, and by the way, if you want a form that is down the road, give me your names after the end of the meeting, and I will get something typed up, and I will mail it to you if you are interested.

Several things have to happen here. One, now I have talked to Mr. Doer about this a while back and a lot of people will not like it, but it is going to have to become a reality, a tax on food. And you direct that tax, and you direct it into farmers' hands with the least amount of bureaucracy. For example—I will just pull this number out of the air—a 5% tax with a family of four spending \$300 to \$500 per month would amount to \$180 to \$300 per family per year—\$300 per family per year, a small price to pay in order to keep a cheap food policy. Because that is what it is all about, ladies and gentlemen.

Number 2, and this was brought up today, pay the farmers to sow down 10 percent, 20 percent to grass on their marginal land along with the same rate as American farmers are being paid. Now that should be very, very possible. There is a lot of marginal land that, myself included, and a lot of other farmers, we broke up that we should not have broken up. That should be sown back down to grass, and the farmer should be paid for that along the same lines as the American farmers are being paid.

Number 3, another sticker. Remove all the education tax from the farmland—somebody brought that up today—and put it onto our homes, rented or otherwise. It would be a lot fairer. I know that the farmers, there are very few of us around, the votes are not there. Politicians do not seem to hear that. They hear what happens in the cities. That is where the votes are; that is who they listen to.

Remove all the tax from farm fuels. I believe Mr. Penner brought that up, and that is a great idea because the price of crude has not changed that much over the years, and yet our prices of fuel have just skyrocketed. Along with the prices of fuel goes the price of fertilizer,

because they are all tied together. So that tax should be removed from there.

This would be ways that could help bring the cost of the farmers down. He does not have to make as much money for a bushel, but it is what he has got left at the end of the day that counts. That is the profit.

Here is another one that is going to maybe stir up some people's ideas. Everybody has to pay their fair share of taxes, including native Canadians. When are we going to realize that we are all the same? Native Canadians should pay their fair share just like everybody else. Can anybody in this room show me a treaty where it says that native Americans should not pay taxes, that we had to give them great big fancy schools and stores and you name it. We just hand them, provincial and federal governments, over the years, just basically give the native population a blank cheque. This has got to stop, folks. We cannot continue to do this. This is where a lot of our money is being wasted. I heard of a casino down here, White Bear-Kenosee that went belly-up, and the story that I heard was that a couple of years ago one of the fellows said to one of the big shots there: Hey, you better look into it, so and so is putting money in his pocket. And the comments back to him were, look, you don't see nothing, you don't hear nothing; shut your mouth if you want your job. That casino is broke today from what I gather.

You have seen this past weekend at the Summit of the Americas. You have seen the protesting. It is going to get a lot worse. I hope not. I hope not. I will not be around, but the way things are heading here, folks, and I just dread the thought of it, is civil war in Canada in 20 years. My grandchildren will have to be there and your grandchildren. Do we want this? I think not. So you had better take note and you had better write things down and you had better act and save that Canadian farmer. That is very crucial. This will be mild, as farmers and business related to agriculture have been passive far too long. I just hold my breath hoping that nothing happens. There will be mutiny towards both provincial and federal governments if this mockery is allowed to continue.

In parting, I will leave you with a sobering thought. Picture this scenario. Joe Farmer is losing his family farm, and that was brought up today, that has been in his family for three or four generations. His wife and kids are leaving him as he can no longer support them. He is heavy into the booze. A banker is bugging him for payment—a fuel dealer, a machinery dealer, even a person like myself. I have got to go to court tomorrow to try collect some money from a farmer that owes me money. A politician is in town. This man could lose it. There could be bloodshed in this situation. I hope I never, ever happen to see this, but the chances are there, ladies and gentlemen. The chances are there. This is a human tragedy that is happening right now and there is a lot of tension out there at this moment. Survival of the farmer in rural Canada is at its lowest point in my 60-plus years here on Earth. Please listen, react, bring about change to the farmer's good and put major dollars in his hands, not pocket change.

Thank you for listening and giving me a chance to vent.

Mr. Chairperson: Thank you, Mr. Flett.

* (12:10)

Ms. Wowchuk: Thank you for your presentation and sharing with us some of your thoughts and some of your suggestions as to what we can do. One of your comments was that politicians are not listening, and I think that having this forum here in Dauphin today and the one in Brandon tonight are an indication of how seriously we take this situation, and we very much are listening and want to work with producers to find solutions.

You talked about solutions. The tax on food is certainly one that has been proposed by others, and I am sure we will have much further discussion.

You talked about the removal of taxes from farm fuel, and I wanted to ask you if you were aware that provincially, we do not have any tax on farm fuel. Our Premier (Mr. Doer) has written to the Prime Minister asking that the Prime Minister take the steps to remove the

federal tax off farm fuel, but have had no response, no positive response on that.

As well, you talked about the subsidy level to U.S. farmers and the U.S. farmers are subsidized by their national treasuries. The states, which would be equivalent to our provincial governments, do not support this, and I guess I would ask you for your view on that. We feel very much that it must be our national government, that it competes with our—supports the farmers on the subsidy as it is the national government in Europe and in the United States. There are things for the province that the province can do, and we are doing with many tax exemptions. But I would look to you for your view on that on the fuel tax, and also whether you believe that it should be the federal government fighting the subsidy war.

Mr. Flett: Yes, I realize that the provincial government has taken the tax off farm fuel, and I am sure every farmer in the area thanks you for that. I pose this to Mr. Gerrard. Take this back to Ottawa, as you are the Liberal here, and make sure that this is heard. This would play a big part and help reduce the farmer's cost.

Getting back to your comments, Rosann, you are passing the buck here in some ways, and crop insurance is one of the things. The provincial government is involved in crop insurance, and crop insurance is totally out of whack. In Russell, we have less frost-free days than The Pas. A couple of years back when we had the wet summer there, the seeding dates were changed, and, I believe, wheat was extended to June 19 and Canola about the same thing. This is absolutely ridiculous. It is ludicrous. This should never ever have come to be. What you did, I am not saying you directly, but what this system did was force farmers to try and muck in Canola, to muck in wheat, and in the end they lost money, big time. They should never have done that. The date should have been left alone and should have gone the other way, and it should be adjusted to each area as to seeding dates. That is very important. So in that respect, crop insurance is way out of whack and has to be changed, and changed for the better for the farmer's advantage.

Mr. Chairperson: We have just over a minute.

Mr. Gerrard: What I want to ask you was about your proposal for moving the education tax from farmland, which I agree with you, but some people who I have raised this with have suggested that the problem would be that municipalities have to get their tax from somewhere, and it would just redistribute where the tax comes from.

Mr. Flett: Very true, Mr. Gerrard. You are right. It has to go somewhere and putting it on our homes, whether you rent a home or whether you own a home—if you rent a home, the owner of that home has to charge you more for rent and make it more fair, and everybody has to pay. It can be done and it should be done.

I applaud you all for being here and taking the flack. I appreciated very, very much to have a chance to speak to you and to vent my frustrations because I hear it all the time, and things have to change and crop insurance is one of them.

Mr. Chairperson: We have just a few seconds.

Mr. Jack Penner: Mr. Chairman, just a brief comment. Municipalities do not pay education tax. Municipalities only collect the tax for the education system. They are the tax collectors. So if the tax from farmland was removed entirely, it would just mean that the province would have to generate the tax some other way than gaining it from the—and would not cause any hardship to any municipality.

Mr. Flett: Yes, thank you very much, Mr. Penner. I understand that and you are right, but it has to be changed and that is one way of cutting the farmer's costs down. Like Mr. Marshall said, you know, you lose a dollar here and you lose a dollar there, and the first thing you know you are in the debt.

I can tell you of a case of one farmer at home who is as very efficient as can be. He does not own a bunch of new machinery. He is a very good mechanic. He owns his own farmland; it is all bought and paid for. He has two kids going to university, and he has to draw money right now out of his savings to pay for the university because the farm just simply is not paying.

Hon. Gary Doer (Premier): The other difficulty, just to add to our future venting before we get there, is that there is a shift. The portion for burden of taxation moved up in 1994 on farmland, and unfortunately, even though everybody here has an income crisis and an equity crisis, the values for farmland on a market value are going up. So we have a portioning challenge to also deal with with farmland, to add more venting ammunition to you, but also more challenges to all of us to try to figure out ways to solve that. So I just wanted to make that point. In '94 the portioning went up and now the market values have gone up, so it is another double whammy in terms of what we have to deal with. I appreciate your point.

Mr. Chairperson: Last comment, Mr. Flett.

Mr. Flett: Again, thank you, Mr. Doer, for those comments, and once again, thank you all for being here to let people vent and to express their views and, yes, by you people being here you can make a difference, and that is what it is all about. Thank you very much.

Mr. Chairperson: Thank you, Mr. Flett. I would like to call Gaylene Dutchyshen forward.

Ms. Dutchyshen, do you have a presentation to be distributed? Thank you.

Ms. Gaylene Dutchyshen (Private Citizen): Thank you for giving us the opportunity to speak here before you today. I would just like to start by—I do not know if Mr. Kleebaum is still here, but I thought I would tell him how a farmer gets a farm wife. You take a small Manitoba girl who is as green as grass, does not know the difference between a heifer and a Hereford, you show her this vast expanse of land and tell her that some of it could be hers, but you do not tell her about the debts. That is how you get a farm wife.

My name is Gaylene Dutchyshen, and I farm in Gilbert Plains with my husband, Wayne, and our three kids. Our oldest is 18. He just completed his first year of university and he wants to be a farmer. I wonder why sometimes, but I thought since he wants to farm and since someday I would hope that we could retire in a

rural community, I would come here today and share a few of my thoughts with you.

Today my husband is loading a producer car of non-GMO Canola. I have been trying to market this non-GMO Canola for about two years. We do not produce any of the other kind on our farm and finally we got a bite. It is going into a producer car today with a bit of a premium, and we were quite surprised to open the packing label we got and found out that this was going for birdseed. We do not know where, but it is quite interesting that we haul our Canola to Harrowby and it is crushed and turned into oil. I feed my children with GMO Canola probably and birds are getting the non-GMO stuff.

Before I start, I would just like to apologize to the committee. I was not aware that there would be so many MLAs here to listen to us today, so if my first paragraph seems like I am being a little snitty about it, I was quite surprised to see that so many of you were interested in coming to hear what farmers had to say.

Legislative committee to hold farm hearings. That was the headline in a provincial farm newspaper last week. The Minister of Agriculture (Ms. Wowchuk) is to be commended on her initiative to hold hearings in rural Manitoba.

As I read the article, however, I felt that something was not quite right about that headline. It seemed to me that the Standing Committee on Agriculture should not be alone at the table listening to the concerns of farmers, and it should not be a forum for only farmers to voice their concerns about the farm crisis. This is a bigger issue and a far bigger problem than one in the agriculture sector. It is time that we start talking about this crisis that is going on in rural communities and begin to look at this problem as one that extends well beyond the farm gate.

Will it help government to beg for more money and ad-hoc payments? Probably not. Any money farmers receive is immediately funnelled back into the economy and is spent on farm inputs or equipment. Is the latest federal aid really farm aid? I would argue that there was as much pressure for governments to support fertilizer, fuel and equipment companies as there

was to support farmers. However it was and always is only farmers who get the black eye in public opinion. Ad-hoc payments and Band-Aid solutions do not work. They create inequities and disharmony in the farming community.

AIDA, for example, discounted off-farm income but included income from livestock or custom work. Farmers who were diversified in other enterprises to manage risk were, in effect, penalized for doing so. In our situation, we have a feedlot, cow-calf. I do not work off the farm. I spend all my time on the farm, and we did not get a penny out of AIDA. We had to use up all of our NISA resources.

If governments do intend to support farmers, there should be a long-term guaranteed revenue program like GRIP in place. Ideally, it should take the cost of production into account. It should not be scrapped the moment the farm economy turns around.

Can we expect the Europeans and Americans to stop subsidizing their farmers? Probably not. As long as corporate interests dominate the political agenda in the United States, that country will continue to disguise its corporate support with subsidies to its farmers. The EU has historical and economic reasons for supporting its farmers. Meanwhile, our federal government continues to tell farmers that it cannot compete with foreign treasuries. However, there must be a commitment of some kind to support the agricultural economy. It does not have to be in support payments for specific crops. This only creates surpluses in specific commodities and distorts true market forces. Lowering the price of fuel and fertilizer, eliminating provincial taxes on inputs for farm use and reducing or rebating the education taxes on farmland are specific ways government could reduce cost to farmers. At the very least, fuel taxes collected should be invested in infrastructure and probably in keeping that No. 1 Highway because the number of semis pounding down that highway is phenomenal.

* (12:20)

I have often heard it said since the Crow benefit was eliminated that it probably should never have existed in the first place. Possibly so,

but the reality is that it did and a generation of farmers still exist who rely on a commodity export market to make them a living. There is a symbiotic relationship between crops, livestock and the environment. Perhaps it is time for those who cannot or will not rely on off-farm jobs to fence off some of their marginal land and buy a few cows. I know I am not going to be popular with grain farmers for saying that.

The livestock industry is a bright light in agriculture today, and money might be better spent developing that industry rather than pumping it into ad-hoc payments. There is an environmental and economic benefit into taking marginal land out of grain production. While grass is being established on this marginal land, farmers could be provided with financial compensation for cash flow purposes. Low interest rates and provincial tax exemptions on building materials are ways to provide incentive for feedlot construction. At the same time, governments must be cognizant of the environmental impact of livestock operations. It is government's role to monitor expansion of the livestock industry, specifically of intensive systems.

What is most lacking in government is a vision for rural Canada. I am really, really tired of hearing that industry cannot take place in Winnipeg or Dauphin because we are too far from markets. The world is open for business, and if given the right economic climate, research and infrastructure development support, rural communities should be able to access a part of that market. Should industry in rural Canada be linked to agriculture? Not necessarily, but it only stands to reason that in order for a rural industry to succeed, it should be driven by rural entrepreneurs. Farmers should use the skills they have and partner with others to develop industry around what they know best. Government should assist with research and market development and be prepared to stand behind rural industry when faced by opposition from corporate industry players.

We as farmers know what consumers want and we can give it to them. Safe, healthy food can be produced on our farms, but we need to be protected from the interests of corporate giants with powerful lobbies such as Monsanto.

Consumers do not want GMO products, so what is the point in producing them? Keep GMO wheat out of our system. As government, you must be wary of corporate vertical integration, both in the livestock and grain industries. When corporations or grain companies control the supply of seed, the crop inputs and, in turn, finance these inputs, who really has control of the final product? Farmers assume all of the risk and they must accept the grade, dockage, et cetera, of the corporation when they deliver the grain. Do we really want corporations to have such control over the food supply? This is happening more and more often as farmers are unable to secure operating credit from traditional lending institutions and are having to rely on supplier credit.

Statistics show that the majority of Canadian farmers are nearing retirement age. There should be more financial incentives for young farmers such as the Young Farmer Rebate through MACC. The loan limit should be raised, and the lower rate should extend beyond the first five years. There should be incentives given in the way of bonuses or rewards for success in farming initiatives by young producers, such as an extension on the low interest rate, tax rebates or lower crop insurance premiums.

There could be a greater effort placed on research in alternate uses for plants and plant fibre, such as biomass fuel, paper and fibre or fibreboard. Ethanol is the cleanest burning liquid alternative to gasoline. Using either the fibre or the seed of the hemp plant as a source of biomass energy, for example, would provide a sustainable, renewable and natural alternative to fossil fuels. Maybe it is time that we in rural Canada started to provide our own energy sources instead of relying on the world oil cartel.

Universities must be provided with public funds for research and development. If the public is to benefit from cleaner burning fuels or more environmentally sustainable agricultural practices, then the government must provide resources. Corporate-sponsored research has only its own shareholders and agenda to satisfy. If environmentalist groups are serious about saving the earth by reducing garbage in landfills and saving forests and ecosystems, surely

renewable, biodegradable, plant-based products would have a role to play.

As major grain companies shut down small elevators in favour of the high throughput terminals, there should be an imposed moratorium before the grain companies are allowed to demolish them. This would allow local producers time to examine alternate uses for the elevators. Niche, specialty or organic markets may allow communities to keep an elevator and the tax dollars it generates. Rail lines must be saved as well, so that there is not yet another excuse to tell rural people that industry cannot be located outside of large urban centres.

Does the rural economy and the financially stressed grain and oilseed sector need additional financial support? Absolutely. Farmers bore a substantial burden of the Liberal government's efforts to reduce the national debt during recent years. It is time some of those big bucks were pumped back into rural Canada. If there was money for Bombardier in Quebec, there should be money for agri-industry ventures in Manitoba. Any initiatives to save rural communities and redefine agriculture policy must include rural people who know what it is like to have dirt under their fingernails and manure on their boots. If Canadian farmers are said to be the most efficient in the world, just imagine the knowledge they can bring to the table and share with senior bureaucrats and policymakers. Thank you.

Mr. Chairperson: Thank you, Ms. Dutchyshen. Just before I move on, I want to ask for the co-operation of all the members. I have a situation where we have not had enough time in the question-and-answer period for everybody every time to get on, and I notice that there were several speeches.

This may sound funny, one politician to a group of politicians, but can I ask you to keep the speeches down and concentrate on questions for our presenters. Would that be fine with everyone around the table? Okay, Ms. Wowchuk will show us the way.

Ms. Wowchuk: I want to begin by saying, Gaylene, that there was co-operation between all

parties to have this hearing, and I am very pleased that everyone is able to be here.

There are two areas that you raised that I want to ask you a question about. One is on the GMO commodities. That is an area that I have concern on, so what do you think we have to do to strengthen the position to ensure Canada's markets?

The other one is on the Crow benefit. You talk about its elimination, and I remember a debate on the elimination of the Crow by both federal and provincial governments that said that if we eliminate the Crow, it is going to benefit our rural communities and we are going to have value-added.

So I would ask you: Has the elimination of the Crow done anything for your community other than add cost to the farmer?

* (12:30)

Ms. Dutchyshen: It probably has done more to start to initiate the development of livestock industries. I know for ourselves we do not export a bushel of barley anymore. It is all fed on farm, but it is just another way of marketing the product and it is a lot of work. Every year, we are adding another feedlot pen and sort of offsetting the losses we are taking on the grain and oilseeds, especially the Canola. So I cannot see that it has done a lot of rejuvenation in rural Canada at all.

The second question about the GMO, I think that it is the corporations that chose to research and develop and produce these GMO products, and the world itself and the consumers do not want them. The average consumer, the average woman, does not want to feed these kinds of monster foods to their children, so what is the point in it? It is creating surpluses, and we are just defeating ourselves by producing more and more. We cannot market what we produce now, so what is the point in producing five extra bushels an acre? That is just a personal opinion that my husband and I share on our farm.

Mr. Jack Penner: Two very brief things. I think the minister was probably referring to me when she said there are some who have indicated that

if we had never had the Crow before, we would have a different western Canada. I maintain that.

However, you indicate that the livestock industry is expanding. We had asked the provincial government to eliminate the sales tax on building materials to assist farmers in getting into the livestock industry. They chose not to do that in this Budget, and maybe we can encourage them to look at that again in their next Budget.

The second issue that I want to raise and ask you a question on, we had asked this province to do an impact study of the elimination of the small grain elevators. I notice that in many other countries now there is a real effort being made to segregate to a much greater degree the products that we grow on our farms, and it becomes almost impossible in these large concrete monuments that we are building now in much of rural Manitoba.

Would you believe that many of the smaller elevators that still exist in rural Manitoba could, in fact, be utilized to become a segregatory industry that would help us meet the needs of many of the smaller producers of food products, both nationally and internationally, in the food chain cycle. Do you think there is a possibility of using those older elevators to segregate our products to a much greater degree?

Ms. Dutchyshen: Actually I have heard of one, the Agricore that was slated for demolition, is going to be saved to be used for organic purposes. I think that is probably a good thing. There has to be room in every community for all types of farmers. I know we have often been criticized. We have a very large farm and that is just the direction we took, a decision we made 22 years ago.

But there has got to be room for small farmers, and if they choose to want to grow a specialty crop and they need somewhere to be able to store it or have it put at a place for ready export, then why not let them use these facilities. The larger farmers, it is easier for us to haul our grain further, but I do not think that should be the end of the elevator in Gilbert Plains.

The Agricore is slated to be closed, and I think whatever could be done to save it should

be done. We do not want to see that building torn down. It would be good to have the tax dollars. I am a school trustee, and we do not want to see those tax dollars going out of the community either. There has to be room for everybody.

Mr. Cummings: You made the statement that you see this as a far bigger problem than just the farm gate, to paraphrase your concerns. I wonder if you could expand a bit on some of the problems you see developing for our rural communities.

Ms. Dutchyshen: There are a lot of them. I think we are seeing family problems, we are seeing substance abuse, we are seeing VLTs being some people's idea of perhaps saving the farm. Smaller communities are in danger of losing schools. We are losing services, health services.

I mentioned earlier that I talked about retirement for myself and I am a little ways away from that, but I do not want to have to move to Winnipeg in order to have ready health services available to us.

These things have to be preserved in rural communities. I am not an economist, I am not a politician, I do not know what you have to do to do it but certainly you have to save small town Manitoba, small town Canada in whatever way you can.

Mr. Gerrard: I want to follow up on your comments about the role of government in promoting the livestock industry because, as we heard earlier on, we may be at the high point of the beef cycle and this may be the wrong time to be doing that.

Also, a question for you on foot and mouth disease which is a real problem in Europe and the critical importance of making sure that that never gets here because of the impact that would have at just the wrong time in terms of livestock.

Mr. Chairperson: Ms. Dutchyshen, we have about one minute left.

Ms. Dutchyshen: Well, certainly foot and mouth is something that we lose sleep over

every night as livestock producers. It simply cannot get into this country. Whatever it takes to keep it out, please keep doing it, pressuring the federal government, whoever it is. It simply would devastate us because of the fact that we are so export-oriented in our beef industry. Pork, I am not really familiar with that industry, but I am sure it would be just as devastating.

* (12:40)

Mr. Frank Pitura (Morris): I will try and be very quick here seeing as time is running out. You make a comment, Gaylene, about whether we really want corporations to have such control over the food supply. My question to you is: If the federal government chooses not to support agriculture anymore than it has and to a greater level than it has, do you see that the control of food supplies by corporations accelerating?

Ms. Dutchyshen: I would think it would. I think especially some of the smaller farmers that live in our region and some of them that are in financial trouble that I have seen through my work on the Mediation Board, they are depending on their supply of credit. So, in essence, I feel that they are no more than servants or serfs in some way to the corporate interest. They plant the crop, they take the risk, they have to haul it to the elevator in the fall. It does not really seem that they are the ones pulling the strings and making the decisions on what is going on on their farms anymore. I have a great fear of corporate agriculture. I know ourselves we are a large farm but we are far from being a corporate farm because we are a family farm and we have no intention of incorporating it.

Hon. Scott Smith (Minister of Consumer and Corporate Affairs): Thank you for your presentation, Ms. Dutchyshen. I was very interested in one part of your presentation. Statistics show that major Canadian farmers are nearing retirement age. I believe Mr. Marshall had mentioned his father being in for a number of years and many of us know that many of the farmers around have been in it for half a century. I am not trying to guess Mr. Marshall's age, but he is retired from the RCMP and probably a young farmer here in our province.

You mentioned some of the incentives for young farmers, and rebates or MACC and such. Do you see the other end of it being an impediment, I am thinking, transfer of the producer to the younger farmer and some of the taxation problems that are out there as being an impediment to the sale of farms from the other end?

Ms. Dutchyshen: Certainly, I think one producer here today said that one of the problems is that these farmers in their seventies, they were relying on this to be their retirement, their nest egg. And if their equity has been eroding then I do not even think they have to worry about tax implications because I am not sure they are going to be able to even sell that farm.

I have heard of some cases where older farmers cannot get a renter, and they are just saying do it for taxes or just do it so that the land is not idle. That is not in our region but in the southwest.

I am not really sure that the tax implications, there probably should be some kind of program to allow the older generation of farmers to pass land down, even though it is not in the family, perhaps some way to assist young farmers in being able to purchase land and make a start. Without a dad or a grandpa or someone, there is just no way you can start.

Mr. Chairperson: Thank you very much Ms. Dutchyshen. I would like to call Maxine Plesiuk forward. Is Maxine here? If it is the pleasure of the committee, I will drop Maxine Plesiuk's name to the bottom of the list and call her upon the completion of all the other presentations.

I would like to call Leonard Gluska forward. Leonard does not appear to be here either. He will drop down to the bottom of the list and be called later.

Sydney Puchailo? Syd is here. Mr. Puchailo, do you have copies of your presentation to be handed to the members.

Mr. Sydney Puchailo (Private Citizen): Yes, they are right here.

Mr. Chairman, ladies and gentlemen of the Standing Committee on Agriculture. Agriculture and the farming communities are the food producers of the world. Nations depend on agriculture for their very existence.

Why is it that the importance of agriculture and farming does not rank very high when you get to the source of this production, the farmer? Farmers have no control over commodity prices, no control of the costs required to produce our nation's food. Farmers are facing very tough times at low commodity prices and rising costs.

Input costs, or the cost of production far outweigh the returns. For example, anhydrous ammonia is something like 300-and-some dollars in the fall and right now it is over 700-and-some, 780 or 760, I am not quite sure. It keeps changing from day to day.

Fertilizer prices have increased due to the rising cost of fuel which is another input cost, and then, in turn, elevator closures as the one in our immediate area, Gilbert Plains are beginning to take place, causing trucking to terminals or farther distances with increased costs to producers. Some instances it does not even pay to haul your own commodity but you still have to move it from the field onto your place or to the bins.

The elevator closures are definitely having a detrimental effect on our rural economy and the business and the tax base is lost. Families are lost who worked in them or produced for them, and that bit of local business trickles out of the community into larger centres.

An example is our local Case IH dealership here in Dauphin has closed its doors, and the nearest one is Neepawa and Brandon for people with the red line. So it is another one of those closing in things on us.

All other industries or businesses can adjust or increase their prices when input costs rise. Farmers do not have that option. When there is a small increase in commodity prices, you can rest assured that it is quickly eaten up as chemical fertilizer and fuel will take on. Companies always seem to increase their prices as soon as

the farmer might think he might get a break or there is a price increase on some commodities.

Young farmers can barely survive, never mind trying to get some more young farmers into the occupation. Most farms today must have either the husband or wife working on off-farm jobs. Many leave for the winter months to work on oil rigs or what have you to make ends meet. These are farmers who have been in the business for a number of years.

There must be some incentive so young people can stay on the farm or those who want to start up in farming. Communities would benefit economically. It would be a win-win situation for both rural economy and small towns across the country if we could retain those people, young farmers that is.

Governments have been focussing on diversification and it has been talked about in the presentations from other people here as a saviour for the family farm. It has been alluded to by some of the group here that diversification is not necessarily always a win situation. Livestock is an option for diversifying, however the large megahog operations are not always an option for everybody.

Cattle producers are offsetting their grain and oilseed operation topping it up with their livestock, but it is not helping the situation overall. All you are doing is robbing Peter to pay Paul. If they did not have that livestock, they would sure need an off-farm income in order to survive. Cattle are also not a thing that you jump in and out of real quickly. It takes years to build up a proper herd and to maintain it.

Another small item, well it is not a small item, but it is the tagging of livestock and it is a query to me. The way I understand it is it is not really a plus for the initial farmer that has the cow-calf operation. Sure we need an identification program and everything, but what about everybody else that buys that calf and that calf changes about three different hands along the way and there is a problem brought up. That tag is still registered with the first person that raised that calf. Guess who, it is still the old farmer that gets it in the you know where when it comes down to it. So I have a little query on

that, and I am sure someone will enlighten me on that one.

There are a huge number of acres of rented land out there with turnovers not taking place with new farmers but the existing operations that can take it over are renting it or in some cases not renting it, and the same old adage is still true today that bigger is not necessarily always better.

The hardships are seen by municipalities, taxes are levied, school taxes are paid. We as a municipality have to pay the school levy yearly, whereas if the ratepayer is in difficulty he has two years before it goes on tax sale to come up with the money and some farmers are scrambling to find the revenue to pay their '99 and '98 taxes. Meanwhile, the R.M. has to come up with the money for the school tax right away every year. We have to turn that over.

Lending institutions are being very cautious when it comes to new loans in the agriculture sector. They are definitely analyzing information before new money goes out. Most credit is being carried through the trade business such as the fertilizer companies, et cetera. A lot of farmers are applying for spring cash advances.

And this, on the offset, maybe seems like it will help but what it comes down to is it puts you in a financially strapped position before you even put the crop in because if there is no crop, you are only behind the eight ball again.

Solutions that we should have or that I would like to see is incentives for young farmers to remain or to enter the industry, and all the Canadian provinces must be on a level playing field. How can Canada promote free trade, spend 100-and-some million dollars this past weekend and propose to abide by the rules with other countries when they cannot even provide a uniform program for their own country.

Look at the farm packages in Québec and Ontario. Québec has their cost of production, it is not an issue. Ontario has their own wheat marketing board plus they dip into the Canadian Wheat Board whenever they feel like it. Traditional markets are disappearing or have disappeared due to overproduction by political

forces. Safety net programs have to be tied to the cost of production plus being tied industrial wage similar to the Québec program.

The GRIP program if anytime we needed it, boy it is sure now that we need the thing, at least for a minimum of \$50-an-acre or whatever. Fair prices should be a great incentive for new and young farmers coming up if we are going to ever have them. Promotion of smaller scale farms and aid of some sort will help the communities grow or exist and hopefully farming as an industry can survive.

At present it was mentioned here that the organic elevator in Arden is presently starting off. I have a business proposal here that was set up this past weekend. I am one of the nine directors on the board that was starting this. It is out of desperation, I guess that I went and tried that. I have been on organic, slowly putting some of my production of my land into organic, but it is time-consuming and rightfully so it should have the three-year phasing in period as far as what the OPAM stipulations. But it is a long process.

* (12:50)

And if you do grow those, whatever crops that you hope that will have some value or added-value or whatever, most of the time you are just too damn busy to survive on the farm. You cannot do your marketing for yourself also. My reasoning for joining this Canadian organic commodity marketing group from Arden was to have a place to bring my products so I would not have to go through the rigamarole of sitting around and gnawing at my fingers to see where I am going to sell the stuff. It is bad enough trying to grow it organically.

This Arden group is co-op based, selling shares, so 80 percent of the producers will be the governing group with 20 percent of outside. There is more information in some of the handouts I have here. I think it is hopefully an option for the small farm. Smaller farms—if you do not want to go into a bigger scale, at least you have an option to stay at whatever you are comfortable with.

As a side bar, I would like to mention that a month and a half ago we met with OmniTRAX.

They did a presentation to us asking the local R.M.s to support them in having the running rights to some railways that were in questionable areas as far as CN not servicing properly and that. Well, let me tell you that on our line ever since that formal meeting, or informal or whatever that we put with to OmniTRAX, you should see the CNR moving on that line these last couple of weeks. It is amazing what a little bit of competition, or whatever you want to call it—and Mr. Tellier made a big write-up in the paper, oh, he is going to be efficient. After 10 years he is going to be efficient. He finally woke up he has got to be efficient. Finally.

That is about it. That is all I have.

Mr. Chairperson: Thank you, Mr. Puchailo.

Ms. Wowchuk: Thank you for your presentation, Mr. Puchailo. Just on your "We need solutions" you talked about the incentives for young farmers to remain in the industry, and we talked about our aging farm population. Do you see a role for government to play in that area to help with the transition of farmland from one generation to the other? You talked about lending. Do you have any suggestions with MACC and the role that MACC plays? Do you have any idea whether there should be an additional role for MACC to play in lending to producers?

Mr. Puchailo: Like was said previously, I am not too much of a great economist but I try to make two and two equal four most of the time. Simply put, what would basically be needed is when a retired farmer or the farmers that are in the critical stage of not being able to farm their land on one equation and the young ones that cannot seem to get into farming or would like to, if you could be the vehicle that puts that together and give them a decent chance to start off, I think that would benefit all the communities wherever we are here in Manitoba. It is definitely needed.

Hon. Steve Ashton (Minister of Transportation and Government Services): I want to thank the presenter. I appreciate your comments, by the way, in terms of OmniTRAX. I note from your wearing the Churchill shirt that one other factor there that has been very

important in agriculture as well is the fact that we have a viable Port of Churchill thanks to a lot of their efforts. But what I really wanted to focus in on was your comments on elevator closures because I know it is a particular concern in this area and it is a concern actually increasingly throughout western Canada.

I was wondering if you could give some idea, particularly in your role on council, what that means to the council, to the R.M., and what it means to communities because I know certainly in my discussions I do not think a lot of people realize just what a disruption that can be for communities when elevators are closed, and of course usually with very little warning as has occurred I know in this area recently.

Mr. Puchailo: We experienced United Grain Growers coming down this past fall in Grandview. We are not involved as far as the R.M. as far as the tax base, but the mayor of Grandview will be coming up and I am sure he has some numbers on what the loss is as far as one elevator. I know by this time next year Gilbert will be able to tell you how much loss they have had in their town from two that are coming down of Agricore's. I have not got the dollar value but I know it is substantial.

* (13:00)

Mr. Maguire: Thank you for your presentation, Sydney. The comments that you made in regard to fair trade very much hit, of course, in today's highlight because of the somewhat agreements. We know we depend on trade as an agricultural industry, but your comment about fair trade—and I think the number of trade barriers that we have in Canada between provinces in agriculture alone still numbers over 140. So we have a lot of work to do on our home base within our country.

I think that one of the things you have looked at here and mentioned was the organic co-op that you were looking at, the co-ops or a partnership-kind of mechanism in that way. Do you see more of these kinds of joint ventures helping farmers, helping us to be able to sustain ourselves in the future?

Mr. Puchailo: Yes, to my way of thinking I think that is the only way but it is a long, drawn-

out process. It is not the fix for the people right now. We are going to have to adjust, and we are going to have to rethink farming as far as the future goes. The worst thing we can do is point at each other and say you are big, you are small, you are no good, you are this, you are that. We are all in this together, and it still comes out of that lump of soil you hold in your hand.

Now, if you feel comfortable with going with organic, do so, but do not think that you are going to make a whole bunch of money right off the bat because I know. I am speaking from experience. If I would have put everything into organic I would probably have been walking today because it takes a little bit of more intensive and a little more caring for your land. I am not saying nobody else cares for their land. Everybody does. But it is a little bit of tender loving care, is what I should have said.

Mr. Maguire: Part of the resolution that we are dealing with that you have back here, part of that resolution is to deal with some long-term sustainable approaches as well to make our situation competitive not only with the United States but here within Canada. So we are looking at that; it will be part of that message to go to Ottawa. That is why we ask for your input in ideas in that area. We need to continue to build those rural areas, make them stronger, and I think that is one way to do it to get rid of some of those barriers.

Do you see those then working as well in other areas other than the grains? There are some out there today in livestock. I know one example is the pasta facilities in North Dakota. Can you suggest, I guess, ways that government can help to promote or if they should in fact promote the further development of the kinds of operations that you were partnering in there, not to say that it will be organic and that everybody will get into it, but in any other field as well?

Mr. Puchailo: I can only speak for the organic marketing co-op that I have just been familiar with for this short time. We will be working within Canadian Wheat Board. We will be buying—not "we" but the group will be buying under the Canadian Wheat Board buyback and all that, and we will comply with whatever is going on right now and hopefully get the

premium. Where it sources out from the elevator, whoever wants the product, that is where we go and hope there are no restrictions on it. You know, it should be alright.

Mr. Chairperson: We have one minute.

Mr. Gerrard: A follow-up on your question about tagging. I presume that your issue is not with the tagging itself because it could be critical in terms of preventing the spread of foot and mouth disease, for example. The issue is probably not with the farmers tagging it because it would be a little hard to start with tagged at the other end, but somehow sharing the cost a little more equitably so it is not just a burden on the farmer. Is that right?

Mr. Puchailo: What I am afraid of is once you put the tag on in your farm, that is your tag, that is your number on it, right. Am I wrong or am I right? I think that is understood for that part. But that calf can go to three different homes before it reaches either butchering or whatever. What happens in between there? I cannot see any other identification of where it was, what it was exposed to. After that it carries that tag right to the end, right. I think that is a critical thing. If that tag is that good, they should have inserts in it that every time it is bought and sold it should have a little clip on it or digit code or whatever put on so he can trace it all the way, not just to the source and blame good old farmer. You know, he is not going no place, he will be there to take the brunt of it. That is my opinion.

Mr. Chairperson: Thank you, Mr. Puchailo. I would like to call Mr. Lorne Boguski as our next presenter.

Good afternoon, Mr. Boguski. Do you have papers to be distributed to the members?

Mr. Lorne Boguski (Parklands Urban Director, Association of Manitoba Municipalities): No, I do not.

Mr. Chairperson: Thank you. You may proceed.

Mr. Boguski: Mr. Chairman, members of the standing committee, Mr. Premier, I would certainly like to welcome you to the Parkland.

As the Parkland director for the AMM, it is certainly an opportunity for us to give everyone an opportunity in the Parkland to make a presentation on a very important issue that affects everyone.

My presentation is going to take a different slant to it simply because I am the mayor of an urban centre. The agriculture crisis in fact is very real, but it seems to me that everything that I have read or all the information that is coming out is strictly rural. Well, rural means also urban because as a community such as Roblin—and I will only speak for the Parkland. I am also the chair of a Parkland group known as Park, which represents all the municipalities along Highway 5 and the Saskatchewan border here to Dauphin, both rural and urban. We have formed an economic development body group that is trying to make the best of things and to make sure that our communities survive. And the word "communities" is used as both urban and rural.

From an urban perspective I want to also support the farming community, very much so, because all of us know that as the farmer puts money in his pocket he is also going to spend it, and if he does not have it then the businesses in my community are going to close, and they are closing.

I would like to speak on behalf of all of the towns and villages, certainly in the Parkland but also those in Manitoba, that are affected by the crisis. It is in fact very real. We have rural depopulation. The last census tells us so. It also tells us that as the population in rural Manitoba is going down, a lot of other things are happening as well. Businesses are closing; schools are being depopulated. When I think back to a community like Roblin, we used to have 1200 students. We are down now to less than 600. Next year we are going to have 30 students in kindergarten. That is two classes, hopefully. It is having an effect on the health care facilities as well.

Somebody mentioned about elevators and what it costs to lose an elevator. We lost our elevator in the town, and we lost \$20,000 in taxes. Shell River, on the other hand—sure, we have an inland terminal just outside in the rural area and they have gained, and that is a plus. But

we lost, so that from an urban perspective we have to make up those \$20,000. To us it is nearly a mill.

We also have to maintain services. Everybody recognizes and realizes that urban and rural communities share services. We share services with our neighbouring municipalities of Shell River and also Hillsburg. We have fire agreements. We participate in library agreements. We share in economic development. We share in recreation. Especially in recreation, with depopulation we are finding that fewer and fewer boys and girls are participating in recreational activities. With the costs of running an arena, a swimming pool, these are the things that attract business, attract people to communities. These are the things that will attract an extra doctor that we need or the nurses that work in the hospitals or whatever. So as the rural goes down, the urban follows suit very, very quickly.

Somebody mentioned education tax. Nearly 50 percent of our budget—well, we collect the money, we turn it over, but 50 percent is education tax. Now if we took that additional 50 percent that we are now collecting as school taxes and even 25 percent of that, we could pave those streets and add sidewalks and do all those other things that rural communities have to do in order to maintain themselves, in order to be competitive, because today we are competing against one another. You can be sure of that. We are competing against the Russells, against the Winklers and all the other ones within Manitoba and even Saskatchewan.

Somebody mentioned diversification as a possible answer in agriculture, and perhaps it is so. In some cases, as was mentioned, it does work. In other cases it probably does not. Well, diversification, and I guess the one that I want to use here today is hog farming because we had a group very interested in developing a very modern hog production farm in our area. You also have a lot of opponents to hog production. What it has done is it has broken up the community; it has pitted neighbour against neighbour, farmer against farmer, rural against urban. That is not good. So now I do not know what is going to happen. It is fine to talk about

diversification, but also I think there are consequences that one has to pay for it.

As an urban community, I also want to bring to the Government's attention, certainly the provincial government, the Prairie Grain Roads Program, which is an excellent program as far as municipalities are concerned, because that will put an additional \$18 million or so, double times two, to the restoring of roads that are presently being damaged by the high traffic that is on these roads.

But I also want to bring to your attention that as an urban community, we do not qualify, and as an urban community, we have a provincial highway running through our community. That provincial highway is now being utilized by the heavy truck traffic that comes down Highway 83 or Highway 85, rumbling down the provincial highway, beating it up, beating up our streets. We do not qualify to fix them up. It is also posing a very, very dangerous safety issue with us. So, again, I would like to urge the provincial government to use this strategic fund to address the issue of urban centres such as ours that is, in fact, affected by the industry, but for which we cannot qualify.

* (13:10)

Syd made mention of OmniTRAX and suddenly there is a lot of action, but we are very concerned about the railway that is running through our community, through, in fact, Dauphin, Gilbert, Grandview and Roblin, and OmniTRAX running rights we have supported. We hope that farmers can, in fact, use the Churchill advantage, the Hudson Bay route, in order to market their grain, so that they can get those extra dollars into their pockets. Perhaps we can also lobby and get OmniTRAX—and again I am not totally versed on the agricultural end of it, but to expand the catchment area for the church or route, so that it can, in fact, include Dauphin and Gilbert and Grandview. Right now it stops at Makaroff. There can be an advantage for the farming community, anyone who wants to ship their grain through the Port of Churchill.

We are also recognizing that with the decline of the farming community, there are also

social problems and the fact that we are getting more and more people coming into our community who require support and help of the social kind. I think what we have to do is that we all have to work together, and we are certainly going to intend to. From our park group, we want to work with the Government, the ministers, to ensure that the Parkland region will, in fact, be one that is going to remain alive and strong, but I also know that it is not going to be an easy task.

We have a Parkland advantage. I think the Premier (Mr. Doer) has said many times that there is a Manitoba advantage. Well, we want to bring to your attention that there is a Parkland advantage as well, and we are going to ensure that that advantage is going to be utilized in such a way so that our farmers and the people who are involved in the business of agriculture are going to be with us for a good long time.

I also want to mention the last point here, the Infrastructure Program that is part and parcel of the federal-provincial government. Again, it is an excellent program, but \$55-million and \$300-million worth of applications is not going to do a whole lot. Unfortunately, small communities such as ours, we do not have a very large tax base. We also do not have a lot of money that we can put aside and even apply to the things that we need to do to keep our infrastructure going. We have replaced water lines. Every small community that had put their water lines back in the 1950s needs to replace those. We have started and we have to continue. We need probably half a million dollars to do that. We know we are not going to get a whole lot, but we have to keep doing it. People want good, clean water. We have to supply that.

So there are a lot of things that are happening in urban communities that are very much dependent upon how the farming community goes. In Roblin—I can only speak for Roblin and certainly probably for Gilbert and Grandview to some degree—we are fortunate that we have an industry in the Duck Mountains, the lumber industry. That has helped us out a lot, but I can certainly sympathize with a lot of the people and the presentations that were made so eloquently who totally rely on the farming community as the main source of income. It is a

crisis out there, but let us not forget that the crisis is not only on the farm; it is also in the towns. Thank you.

Mr. Chairperson: Thank you, Mr. Boguski.

Ms. Wowchuk: Thank you, Mr. Boguski, for your presentation and for bringing a different perspective to the discussions that are here. There is a saying that as the farm goes, so goes the rural community, and we see it in all our communities. I talk about the Parklands, but it is in other communities, no matter where we are in Manitoba. When agriculture is in difficulty, there is difficulty in the rural communities. But you have brought some very important ideas here. Certainly the Port of Churchill is one that I appreciate your bringing forward because that is also an opportunity for farmers.

You talked about our opportunities in the Parklands, and I will just take this area and the work that you are doing with Sue Park [*phonetic*] to develop the Parklands and economic development here. Can you make any suggestions to us about what other kinds of services government can give you to help you through this? Now, you talked about not having a lot of money to work with, and many times government does not have a lot of money to work with, but are there other things that we can do to work with you to have that economic development and promotion of this area take place?

Mr. Boguski: The areas that we focus on are a couple of major ones. Some of those are in trouble. We have recognized that, but the thing to remember is that where we are coming from is that we are an agricultural region and we produce grains and oilseeds. We have a lot of straw. We have lumber as well. That is why we have Louisiana Pacific. We are looking at Isobord because we know that, sure, it is in trouble right now. The future may not look very good now, but it could be, who knows? We are also looking at logen ethanol production from straw. We have probably the most straw of any place in Manitoba. We want that to be recognized.

We are not looking for handouts from government. I do not think that that is the idea.

The old way of doing economic development was let government do it. Send us somebody and they will sit down with you and then go back home and say, well, so what, we have been there.

We are trying to take the initiative and do economic development, but what we want from government per se is to steer people this way. Show us that the Parkland is, in fact, recognized, that we do have something to offer. We do have the gas. We have the transportation. We have the rail line, and the rail line is here and it will continue to be, but if there is going to be nothing happening, then they will also disappear.

Is there an incentive package from government? What is government prepared to do for anyone, for that matter, be it southern Manitoba or, for example, in the Parkland? What is there for an industry? What can you offer? We can offer and we have—we have a package put together, as I mentioned to you earlier, that we will be presenting to a number of the ministers which we say is the Parkland advantage. We are trying to do our homework. We certainly want government to support us in that.

Mr. Ashton: I appreciate your comments on the Prairie Grain Roads Program. It is certainly significant in the sense that it is going to be the first federal money on any part of the road network since 1996, and actually really the first money to go outside the national highway system since the abandonment of the Crow. Given the amount that the Crow was worth to western Canada, it is a drop in the bucket really, compared to what was lost.

I just want to follow up on that. We have been working in partnership with the municipalities and have agreed to a 50-50 allocation. So your concern is actually the fact that it is restricted in terms of application only to rural areas and does not apply to urban centres, even if those roads are really part of the grain system?

Mr. Boguski: Yes, it is.

Mr. Ashton: What I will do is take that up with the federal representatives. Of course, I know KAP is also on. We asked KAP to sit as one of

our principal designated people. Also AMM is on. So I think it should be something that should be looked at because there are, obviously, impacts on urban communities as well. So I thank you for that suggestion.

Mr. Boguski: Mr. Minister, I have brought this to the attention of Tony Kettler from PFRA, and Tony is aware of it. He is aware of it now. He was not aware of the discrepancy that exists, basically. So it is brought to his attention. I guess what I am saying is that if there is some way for urban communities such as ours that are very directly impacted by the additional traffic that is now going through our communities, we would certainly appreciate that.

Mr. Gerrard: Thank you for your presentation. You are an eloquent spokesperson for Roblin and there are good opportunities there, but also there is a pretty grim picture at the moment. Maybe you can just tell us a little bit more about the fall in the school population and the loss of businesses. Can you give a sort of percentage decrease and what will happen if this kind of trend continues?

Mr. Boguski: It is somewhat difficult to give a percentage decrease at this point in time, other than the fact that there are many fewer kids there. We talk about amalgamation of school divisions and so on, and I know that our neighbouring divisions have looked at that possibility. It does not appear that they are seeing any savings. I really think that you have to rethink the whole way that education is, in fact, being delivered, not only education but also health, and I recognize that governments are strapped for money as municipalities are and we all have to make due.

I think the most important thing is how you put priorities. You have to set priorities obviously, and we talk about that, and it has become a cliché, I guess, but at the same time the most important thing is that—I just want to say this; it is not being derogatory in any way, shape or form—we do have the city of Winnipeg which sits there with 750 000 people, give or take a few. Then we have the rest of Manitoba. We have the big monster out there that wants to continue to get bigger and all you have to do is listen to Mr. Murray on a regular basis.

Winnipeg has to get bigger. Winnipeg has to get more.

* (13:20)

Well, rural Manitoba has to get more. I think that if we continue to build this big monster called Winnipeg, more so, what is that going to do to the rest of Manitoba, the rest of the province? I think that is the one thing that governments, any government, has to keep in mind very much so, because Winnipeg will exist and Winnipeg will continue to grow in spite of itself. Rural Manitoba will not, because rural Manitoba is very much dependent on who plows that ground and what he gets out of it. You can go anywhere in Manitoba and that is generally the case.

Mr. Chairperson: We have less than a minute.

Mr. Jack Penner: I am going to defer to Mr. Cummings.

Mr. Cummings: In terms of the whole community impact that we believe the current agricultural problems are going to cause hurt in, have your communities or some of the communities neighbouring your area or the areas that you represent in the bigger area, can you give us some idea of the magnitude of whether or not we are seeing businesses closing, or imminently closing, and tax arrears such as was mentioned here earlier?

Mr. Boguski: Speaking again for Roblin, we definitely had businesses closing. We have had, I guess, four close since January per se, and, sure, we have a couple that started up and so on, but—I know what is happening, and Fred will talk about Grandview. In a small community, one business, one employee providing a service is important because if that service goes out—so how many other people that take the road to Yorkton to the Wal-Mart, to Canadian Tire, and they buy whatever. So whether it is one business with one person, it is important to rural Manitoba.

Mr. Chairperson: Thank you Mr. Boguski. I would like to call Mr. Fred Embryk next.

We have a request that I introduce the members of the Standing Committee. I guess in the Legislature, I just get used to knowing

everybody, and I forget that some of you may not know the people around the table. Maybe I will just quickly do that, and you can just raise your hand and indicate.

At the back is the Premier, Mr. Gary Doer, Concordia; the Leader of the Liberal Party, the Member for River Heights, Jon Gerrard; the Member for Emerson, Mr. Jack Penner; the Member for Morris, Mr. Frank Pitura; the Member for Ste. Rose, our neighbour Mr. Glen Cummings; from Arthur-Virden, Mr. Larry Maguire; the Minister, Rosann Wowchuk, Swan River; from Wolseley, Deputy Premier Ms. Jean Friesen; Mr. Tom Nevakshonoff, Interlake; Mr. Harry Schellenberg, Rossmere; Mr. Greg Dewar, Selkirk; from Brandon West, Mr. Scott Smith; and at the back, Mr. Steve Ashton, Thompson.

From Grandview, Mr. Fred Embryk. Do you have a presentation to be handed out, Mr. Embryk?

Mr. Fred Embryk (Private Citizen): No, I do not, Stan, I just jotted down a few things, and I am kind of glad I did, because I am dodging raindrops here. Most of the things on the list have been said, but perhaps there are a few things that I would like to mention, just some additional information.

I am mayor at Grandview, Manitoba, and I am also a grain producer. I actively operate an approximately 1500-acre farm. I would like to take this opportunity at first to thank our Minister of Agriculture (Ms. Wowchuk) for her endless efforts in so far giving us some financial support that we have not yet received. I think it takes a lot of time and effort. I want to at this time also impress upon the importance of a committee like this how important it is for people concerned with these issues and problems to come together and reasonably come to some solution.

As mayor of our community, I see both sides of the coin. I would like to mention one of the things of how it impacts the community. I think Mr. Ashton asked a question. We did last fall lose a grain elevator. UGG got demolished. That impacted our tax roll in our community. The actual taxes there were in the vicinity of

\$15,000, but in total what I want to say, we just went through the budget process. The total loss in assessment in our community this year is something like \$80,000. Not only is that elevator the majority of the loss, but we also have what we call depreciation in assessment. That is where your town starts to get older and your buildings and your depreciation starts to come up and you lose even more so. Unless you have building starts, housing starts in your community, you cannot offset that. Unfortunately, to offset that now, we probably have a large older community. It is rather hard to go back to a retired person and keep making this up.

The other thing I want to touch on here is that I am in that position too. I am thinking that being in a small community you hear so many people that say I have to dip into savings now to keep my farm operating. I think that is true of me. If I was to take and want to preserve the family farm and turn that over to my children to succeed me in farming, even if I was to take and hand it to them debt free, I think there would be some doubt whether they would want to take that.

* (13:30)

That is bad, because where it affects our community now is exactly what I am saying here. The people that want to leave the farm, they are ready to leave the farm. They want to do so now while they still have some savings. They want to move into our community and retire, but they have no one to take over their farm. The way the crisis is now, they cannot even sell or even rent, for that matter, because I have some incidents there that this year especially is a problem.

If you were to stand outside our community early in the morning, it is amazing how many young people are leaving. They are seeking off-farm income to be able to stay at home. They are going to other places to work. Some of them drive as much as 50 miles a day to do so. So that is the way it is affecting our community. I see unless there is a turnaround in the crisis, that we unite to fix that, and as community leaders throughout our area that the previous speaker had mentioned, we are actively working on some of the projects where right now we are picking

on agriculture. That is the closest to home. We would like to get some value-added projects going.

There are a number of them that we are pursuing right now, and some of them are small. We are not going to go for any smokestack industries right off the bat, but we see the need to keep our young people at least on the farm, as they are now, to stay and sustain our communities. We are working on some flax fibre, oilseed, the biodiesel, buckwheat and ethanol, in both ends of it. It amazes me that we should be thinking about rather than throwing a match to \$20 million worth of straw a year, we should be putting that to use. We are just starting in on some of these projects, and we will be turning towards the elected officials for more help in saying, well, here we are, this is what we have, are open for business.

I would like to comment on some of the previous speakers, when somebody said maybe we should pass on to the consumer some increase in food prices to offset. That would be fine if that increase went directly to the farmer, but, unfortunately, we all know that somewhere along the line, the middleman takes quite a chunk out of that. It probably would not work today, because everybody says we all have to eat, but that is not quite true of our group here today right now, is it?

Anyway, without taking any more of the time, I know that many of the things that have been expounded on, I would like to just touch a little more on the transportation end of it with OmniTRAX and the Port of Churchill and how it would benefit the farming. At our presentations, the Omni people have told us that there would be a saving of about \$20 to \$23 a tonne shipping wheat, for example, out of this area to Churchill and another \$7 or so beyond Churchill, because they can load what they call the salties—the ocean-going liners can be loaded—and there would be an additional saving of approximately \$7 a tonne. So we are interested in something like that.

It was only during one of our recent meetings that we have had some of these intervention papers that all our municipalities had filed. I am glad to say that there was quite a

bit of support for that. Somebody else did mention earlier that it is amazing how the railway had turned around so suddenly. I should not say that. I have retired from CN after 36 years of hard work. Had it not been for what Mr. Marshall had said, that big buyout, I would not be able to farm. We have got about a year left.

In closing I want to thank the standing committee here for listening to us. I want to say that it definitely does have an impact on our communities. Thank you.

Mr. Chairperson: Thank you, Mr. Embryk.

Mr. Jack Penner: Thank you very much, Mr. Embryk. I think we have heard two excellent presentations, from both Mr. Boguski and yourself here today in relating the impact of the agricultural disaster that is going on and how that impacts the communities. We hear what you are saying.

We wonder sometimes as politicians what in fact would have to change dramatically other than just putting more immediate cash into the economy. I would like to know from you whether if the federal government would consider providing the amount of money for transportation, in other words, the upgrading of roads, that they take out of the provincial economy now in taxation, how you would see that building or rebuilding our communities? If you then took the next step and went back to the federal government and said we do have a supply management system that works based on population that designate what production can take place in various provinces. In other words, the provincial quota allocations are now based on population. Should they be based on cost of production instead?

Some of us, like the minister indicated before, have said that if the Crow had never been here we would have a different western Canada. Again I repeat that, and I maintain that that would be true. We would also have I think different federal-provincial programs. I think supply management, the quota allocations to the provinces, would then have been set dramatically differently. That would mean, if you did the cost-of-production-based quota

allocation, Manitoba would then receive a much larger allocation that would let us then say to the young farmer here are significantly more options that could be used. It is interesting to note that we import a fairly large amount of fluid milk into the province to make into cheese. It is also interesting to note that we import still significantly large amounts of eggs to process eggs.

Have you any suggestions for us as to what position we could take to Ottawa to indicate, you had made the change, the fundamental change of the Crow benefit, you did away with it, now let us look at all the other impacts that need to be done? Should we look at those supply management provincial allocations in a different manner than we are? Have you given any thought to that? How would that impact your communities if you did that?

Mr. Embryk: Yes, I guess first of all I would like to say that our community, we are very closely knit with our rural council, our rural people. As a matter of fact, we share 50-50 a number of important parts of the community, that being recreation, fire protection, our cemetery, our garbage. The whole thing is shared 50-50, so we are very closely knit with that.

I have to think in the end of roads, where just recently I see where municipalities have had to put ads in the papers urging farmers not to use particular roads under these spring conditions, because if there is any damage, they could be liable for repairs to that road. I sometimes think as a farmer, as a producer, unfortunately, quota systems and the contract systems work, and farmers this time of the year are strapped for money. They want to deliver their product regardless of the roads, and they have to in some cases. There is an impact not only in R.M. roads, but ours, you are right in saying, I think I would have to agree that there has to be a bigger portion. We are probably victims of this new infrastructure that I do not see us getting any money this time around. When a farmer brings his grain to town on a market road from the R.M., it still has to continue right to the elevator through the town. It does have a large impact, and we should be given more, I guess.

Mr. Ashton: I would like to thank you for giving a pretty good picture on the impact of elevator closures on communities. I think a lot of people do not realize the degree to which just in terms of an assessable tax base it has a huge impact on a community.

I would like to ask, you know, on the rail line side, we do have a process. I mean, it is accepted that there is a process whereby we have a federal and a provincial process looking at abandonment. There are some sort of checks and balances, if you like. I am wondering if you think we should be looking at perhaps talking to some of the grain companies to try and get some way of getting the message across the impact this is having on communities.

I realize there are some tough times right now on the grain side in terms of grain companies. I understand some of the logic, if you want to call it that. I guess I am curious as to whether this is maybe something now just to rail lines in the sense it goes beyond just something that is there and is an asset for the community. It really goes into the heart and soul of the community and has a huge impact when it is abandoned. So I am wondering if you see a role for governments perhaps to be looking more on the elevator side as well at least in terms of talking to some of the grain companies.

Mr. Embryk: Yes, prior to losing the UGG elevator, we approached one of the supervisors or superintendents of the company and perhaps suggested a little break in taxes if they would remain open for another two or three years, but we would have to have some guarantee before we could do that. Unfortunately, in this case, they had let the condition of their elevator, the terminal deteriorate to the point where it would not be feasible for them to do renovations for three years or whatever. But, yes, I think at a time when grain prices are slumping, we often hear different grain companies boast record profits.

I suppose now is a time to mention that the cash injection we are going to be getting in my operation has already been looked after. It is already taken care of. I will not see any of that and then some, because just in my grain

operation, when I use the amount of nitrogen fertilizer, for example, the increase—it went from \$171.50 last fall, it is now \$285 a tonne—was about \$114 a tonne. In an operation where it uses about 130 tonnes of that, I am looking at about \$15,000.

Something else I noticed in picking up just some parts that I had ordered for some machinery repairs, I noticed on the bill the trucking company had put on a surcharge of \$2.73 for fuel. It is a fuel surcharge. I notice when I have a semi come in to pick up my grain there is an additional 50 cents a tonne on that for fuel.

* (13:40)

So my question is: We are probably the only people that have to deliver our products to market and pay the freight as well, and then it is the reverse, but where do we add ours onto? It definitely is not in prices, and there is no place to do it. When we talk fuel, fertilizer and chemical—those are yet to come—we are going to have problems. I sometimes think perhaps the provincial government can put some pressures in the right places with these companies to say, hey, wait a minute, we are not getting anything more here, why is the cost of production going up so high and at such outrageous costs in some cases?

I am not sure if I am answering your question directly, but I think that we have to take a stand with some of these even beyond some of the, we might think, controllable things that we can do.

Ms. Wowchuk: Thank you for your presentation, Mr. Embryk. It is interesting that we have discussion about the elimination of the Crow benefit and things that should have happened after the Crow. You know, people lobbied for it saying that there were going to be all these good things happen, but there was not the discussion then about how we would get more quota to Manitoba, because we were going to have a lower cost of production. That did not happen, but I would certainly like to see more quota to give opportunities for our young farmers.

When people raise the issue of the Crow, I wonder if you could tell us, Mr. Embryk, what the impact of the elimination of the Crow benefit has been on your operation as far as transportation costs and what kind of difference that has made in your operation. The other question, you talked about fertilizer and costs going up, are you making any decisions on your farm that will be different this year than you normally do as far as perhaps land set aside or changing production to reduce your input costs? So there are two parts to it.

Mr. Embryk: I will answer your last question. Yes, I am seriously thinking of making some changes in my farming operation this spring, that being dropping some rented land that is kind of difficult to do. I have rented for some time, and I see the need for—When your costs of production and what you get out of that, that is based on ideal conditions. What if you were to have a bad year? I just cannot see myself going out there and doing that and turning over just zero dollars.

On the other part, I guess we are affected here in Manitoba, mostly with the loss of the Crow, because we are the furthest to the east terminals and the West Coast. Then again, that is why our group is so interested and excited about some of the things OmniTRAX have to offer us when we are lucky in Manitoba to have our own port. We should be utilizing that as much as possible and try and reap the best. I suppose what we are saying here is that we need to start anywhere, but as long as it is a benefit it is going to add up.

Mr. Gerrard: Yes, two parts. The first is, I am quite concerned about what is happening with communities like Grandview. The loss of \$80,000 in tax base must be quite a blow. What is your total tax base, and can you give us a bit more of a picture in terms of what is happening with the school population and businesses in the community?

Mr. Embryk: Yes. I do not have the figures in front of me, but the percentage of the \$80,000 on the assessment is probably not a small percentage of the total, but it is significant. This is just the start of it that we have noticed, and if there is more to come, there is another elevator there in their community that we only have

probably a three- or four-year commitment to it being there.

I guess as far as school enrolment, we are suffering every day, because it is directly involved with whether the young person is going to stay in town or not, or on the farm. We do suffer that, as well.

Mr. Chairperson: Thank you for your presentation, Mr. Embryk.

I would like to call Mr. Walter Kolisnyk to the microphone. I would also like to point out that Mr. Lorne Arnold, private citizen, has registered to speak at the hearing, as well.

Mr. Kolisnyk, do you have a paper to be distributed? Thank you.

Mr. Walter Kolisnyk (Private Citizen): Thank you, Mr. Chairman. First of all I would like to thank you for giving me a chance to express my views on the farm crisis. I think it is encouraging that MLAs have travelled out to rural Manitoba to hear directly from farmers and stakeholders. It is especially encouraging to see the Premier (Mr. Doer) here. Last year, I was asked to make a presentation to the federal Standing Committee on Agriculture, but I did not see the Prime Minister there. In fact, I did not even see the federal Minister of Agriculture there. But today we have both provincial Premier and Minister of Agriculture (Ms. Wowchuk), so I think that kind of tells you a little bit of a message of what is being said out there.

First of all, my name is Walter Kolisnyk. I farm in the Swan River Valley. I am involved with the family farm, which consists of grains, oilseeds, and cattle. We crop about 2000 acres of annual crops and about 500 acres of forage production. I am also a school trustee, so I know Gaylene from our school trustee times. It is kind of ironic sometimes. We sit down and talk about things, and the issues that she faces at their school board are the same as what we do.

* (13:50)

The family farm is clearly in a time of crisis today. The big question is how can governments help the most effective way with a limited

amount of money. We have programs in place that clearly do not address the very serious farm income crisis that farmers are facing today, and have been facing for several years. The main problem in agriculture today is low commodity prices for grains and oilseeds and rising input costs. The low prices are a direct result of international grain export subsidies by the United States and the European community. We are told that our federal government is trying to negotiate with other countries to reduce and eventually eliminate these subsidies. In the meantime, we are losing thousands of farm families, and the ones that are staying are getting old. The average age of a farmer today in Manitoba is about 57 years of age. Whole communities are disappearing, along with schools, hospitals, small businesses, and rural tax base.

The current safety net programs that are in place are not addressing the problems of low grain prices and low oilseed prices. Programs such as CFIP, which was AIDA before, NISA, and Crop Insurance, which are funded on a joint basis by both levels of government, are not designed to deal with the devastating effects of world subsidies. The federal government must deal with this issue head-on. An international problem, which is caused by other federal governments, is clearly a federal responsibility. On a short-term basis, the federal government must send an additional \$500 million to grains and oilseeds producers. Farm organizations have been asking for this. I think they are being reasonable.

On the long-term basis, farmers need a revenue insurance program. This program would have to be funded by premiums paid by the federal government and farmers. The provincial government would pay for the administration of this program, and the Manitoba Crop Insurance Corporation could administer it. Farmers would then have a choice of what level of revenue insurance they would like to buy. The American farmers currently have a program such as this, and it does not break any world trade rules.

The CFIP program is a good program for hog producers, but a very poor program for grains and oilseeds producers, because low grain prices for several years in a row will not allow

the program to trigger a payment. The NISA program is also a good program, but is not a big enough program to tackle big income shortfalls.

Programs offered through the Manitoba Crop Insurance Corporation appear to be well received by farmers, but these programs deal strictly with the production side of risk management and do not deal with the income side in terms of the prices. There has been some discussion around a set-aside program. Taking land out of grain production is a good idea, provided that farmers can use this land for hay or pasture production, which would encourage diversification into livestock production. This type of program could be funded by both the federal and provincial governments. The provincial government could also offer low-interest loans for farmers in diversifying their operations.

In closing, I just want to say I think that Canada as a whole must recognize the crisis that farmers are facing. Farmers, farm organizations, and both levels of government, must all work together to build a strong future for agriculture. If action is not taken immediately, the family farm will disappear forever. The federal government can then deal with the big corporate farms owned by the multinationals, but maybe that is what they want. Now I will take some questions.

Ms. Wowchuk: Thank you, Walter, for making your presentation, and I am certainly pleased to have someone from the northern part of the Parklands area come forward. You have raised several issues in here, and I would like to ask you a couple of questions.

You talk about a revenue insurance program, and there has certainly been discussion on that. I would ask that when you talk about that program, are you talking about a program that is similar to GRIP, because when GRIP was removed, I am told that if we were to bring back a similar program because we are much larger exporters than the United States, the risk of countervail and risk putting our trade at risk. So that is the one area that I have a question in. The other one is on the aging farm population, and I would ask your views on what role government should play, if you have any suggestions on

helping with the transition of the aging farm population.

Mr. Kolisnyk: First of all, on the issue of revenue insurance, we did have revenue insurance under GRIP. That program was fairly well accepted, but it ran its course. I think if you were to look at the numbers today, if GRIP was in place, it would trigger very little payout because it was working on a five-year rolling average. I think with the revenue insurance program similar to the one they have in the United States, a farmer would be given the option to buy different levels of insurance similar to what we do with crop insurance today.

I was at a meeting last week where our keynote speaker was a fellow who was assistant manager for a region of United States crop insurance, and we asked him the question: If their programs were green, according to the GATT rules, and he said that they are still green and that their programs, in their minds, do not break any trade rules. So I do not see why their rules would be any different than ours.

As far as the question on older farmers, yes, I think there is lots a provincial government can do through MACC. First of all, I think if farmers had a brighter future, we would encourage our sons to farm. I have a son who is 19 years old, but I would not encourage him to farm. I think a lot of farmers would say the same thing. A lot of farmers who are getting older cannot afford to get their sons started at farming, because they cannot afford to pass the farm on. In some cases, they have debts attached to that farm. First of all, if there was a brighter future young fellows would like to farm, young people, not just boys, but girls also.

I think through MACC, being a Crown corporation, you could offer maybe a land lease program, which maybe some people would not agree with, but a way to start young farmers into the industry and also low-interest loans, interest-rate rebate programs, and also a diversification program, which could help younger farmers take the family farm and maybe diversify it more into cattle or hogs or another diversified commodity.

Mr. Pitura: Mr. Chairman, I would just like to follow up on a statement you made at the end of

your presentation, Walter, that if action is not taken immediately, the family farm will disappear forever, and the federal government can deal with big corporate farms owned by the multinationals, but maybe that is what they want. Sometimes, I think I agree with you on that statement, that I think that the federal government, in some respects, wants to promote an evolution in the agricultural industry.

My question is, if this trend were to continue and the federal government did not support agriculture anymore than it has now, could you see that with the power being concentrated in the corporate sector with regard to food production, and would you think that eventually that food production could become an issue of security?

Mr. Kolisnyk: I just ask you, what do you mean by security?

Mr. Pitura: Just from the standpoint that the same way that the EEC looks at its food production right now, and they are saying to themselves that they will never have a food shortage again, because they went through a period of starvation. With the concentration of the power of the production of food into a small number of multinationals, could you see that also being a problem here in Canada?

Mr. Kolisnyk: Yes, I definitely do see that as a potential problem in the future. I think the issue becomes much more than just security, but also the whole fabric of our western economy. I guess for a lot of us, I am not prepared to just sit back and go work for a multinational. I guess if they control the money through the banks, they will control the product through their supplies, and through elevator companies they will control the transition of land, because they will take the land over eventually if the farmers go bankrupt. So I guess, yes, it is a very serious problem. I think Canadians want something different.

Mr. Gerrard: I would like to just follow up on your comment that in terms of recommending that there be a program to take land out of grain production. That this is a good idea provided farmers can use the land for hay or pasture production to encourage diversification into livestock. Although I have heard some very positive things about this approach from a

number of people, the argument or the concern that comes up is that you may be subsidizing people to get into forage production, who would then be competing with people who are already producing hay or forage. How do you get around the problem of providing a government program, which could then end up with excess forage production and lowering costs of hay and so on?

Mr. Kolisnyk: Well, first of all, I think lowering the cost of hay is a good thing for cattle producers. The second thing is, if you are going to put a program like that in place, there would be very limited dollars attached to it. So it is not going to be a lucrative thing. It would be very minimal in terms of how much you will receive for it, but it at least sends a message and gives the farmer a small benefit for taking the initiative to diversify into livestock, and in order to feed livestock, you need hay in the pasture. Quite frankly, a lot of acres, as you heard today, that have been growing grains and oilseeds should have been in pasture or hay or just left the way it was to start with.

Mr. Chairperson: Thank you, Mr. Kolisnyk. I would like to call Mr. Gordon McPhee representative of the Keystone Agricultural Producers. Thank you, Mr. McPhee. You can begin your presentation.

Mr. Gordon McPhee (Keystone Agricultural Producers): Thank you very much. Mr. Chairman, Mr. Premier, Madam Minister, and committee members, first of all, I would like to give thanks to the previous presenters for their clarity and for covering many important issues. To this committee, I appreciate you putting together an all-party resolution. I think that would certainly add weight to it and you need to be commended.

* (14:00)

I would like to start out with the second page of the handout, the farm income and expenses, '71 to year 2001, and some projections in there. I would like to, before I get into that, acknowledge that in spite of the fact that farmers are hurting, other sectors of society, are hurting as well. Also, the past provincial and federal government help is much appreciated. It has made a difference.

Now, on this graph, as you look at the net operating expenses—we go from '71 until now—on average, they have increased about \$72 million a year. As we look at the net income, relatively flat, made up in some cases by increased deficiency and also size and capital investment on the farm. But as we look at the net income, that is not all available because, if on average we are increasing the cost about 72 million a year, that means about 29 percent of the net income is needed to cover next year's increase in cost. As we look at that, that becomes kind of worrisome. If the net income is too small, we do not have any capacity to absorb that.

We have increased the farm size and we have a low return on equity, or in some cases a minus. This has increased the risk of the financial health of the farms, and thus the community, and we are less able to deal with a lost year because of weather or price change, or increase in foreign subsidy. In this particular area, weather shock has hit in the south and west of here over the last couple of years and has hurt many of those in the crops and livestock area.

As we look at the lower commodity prices and increased cost due to foreign subsidies, these have eroded the farmer equity and added to the short-term debt, as previous speakers have mentioned. What this has done is it has reduced the ability to purchase new technology and equipment and to diversify and also protect the environment. This lowering of a purchasing ability has affected our communities, as some of the previous speakers have mentioned.

Also, there is a growing concern about environmental, endangered species, human health protection, marketplace costs, fuel price shocks, or other types of shocks like that. It would seem as though that is all going to have to come directly out of farmers' net income. This will affect their ability both to comply but also to survive. Unfortunately, additional costs do not necessarily mean additional income.

There have been a significant number of farmers who have left already, including many excellent young minds. Also, as I talk to young farmers, in our district KAP board, we have quite a number of young directors. There is a

growing feeling among young farmers that there is no way that they can succeed in farming in comparison to other options they have. In other words, they are good minds, the type we need in agriculture, but they look at other options. They look at returns on capital and other places, and they look at agriculture, and they are really getting concerned. In agriculture, with the rapid change and speed that things are happening, and how we have to change in the future, those minds are important.

As we look in the future, we need a short- and long-term vision that can be supported by farmers and society that will provide sustainability in Canada's food supply industry. There needs to be the income to have the resources on each farm to protect human health and the environment, to repay debt and adopt new technology. There needs to be enough income to be competitive to attract the necessary labour, capital, and management so that agriculture can approach the many changes that are coming while still dealing with weather, market changes, and other items not covered by safety nets. There needs to be a fairly level playing field with our competitors in the world markets as we sell our products and buy our inputs. As Owen McCauley mentioned in the *Co-operator* a couple of weeks ago, if he goes to an auction sale with four-dollar wheat or three-dollar wheat, and the U.S. farmer has seven-dollar wheat, it is hard to compete.

Also, any support must be not countervailable. I think that is critical. We do not want to get into a scrap and lose. Any reduced taxes on inputs would significantly affect net income and can be much appreciated but also would appear as though it is not countervailable. There is a need to look at farmers obtaining more of a share of a meal than a waitress tip.

In closing, there is a strong need for another 500-million support to the grains and oilseed producers of Canada. Only a business industry or community that is prosperous has the resources to protect human health, the environment, and the community. I would strongly encourage an amendment to a good resolution to cover the need for a long-term commitment and vision to the agricultural sector from the federal government. In other words, we

would request that you add that additional part into the resolution—a long-term vision and commitment.

* (14:10)

Ms. Wowchuk: Thank you, Mr. McPhee, for taking the time to make this presentation today. I also want to take the opportunity to thank you on behalf of KAP for the work that you have done and continue to do with government on safety net program review because it is very important to have that kind of input. I look forward to continued work from you. You have made a couple of points. First of all, the chart really spells out what the challenge is that we are facing, because no matter where the price goes, it seems that it does not return to the farmer. It goes off to someone else and the farmer's level of income has stayed the same for 30 years. There has just been no change in that.

You talk about the need to ensure that the programs that we put in place are not countervailable. That is one of the points that I think is very important because we are an exporting country and to have the risk of countervails will put further burden on our producers.

I have a couple of things, but in the interest of time, I am just going to thank you and we will have the opportunity at other presentations to ask further questions. So, thank you.

Mr. Jack Penner: Mr. McPhee, it is always a pleasure to see one of the founding directors of the Keystone Agriculture Producers appear before a committee such as this. You are as articulate as you were when you first started, and I congratulate you for having the longevity and the stamina to stay with the organization and make the views of the farm community known, as you have.

I want to ask you two questions. How did KAP arrive at the \$900-million federal requirement that would be requested by the Federation of Agriculture and the Keystone Agriculture Producers in their proposal some time ago? Can you give us a bit of an overview as to what numbers were used to indicate that it would be a bit better than a billion dollars required to make up the shortfall?

Mr. McPhee: Not specifically, Jack, but there seems to be a consensus of farm organizations across Canada that that figure is about what we need at this time to deal with the hurt of the foreign subsidies, particularly as we look at the U.S. who have increased their subsidies by about 50 percent to help their farmers. That comes into the figure as well.

Mr. Gerrard: Just this question in addition to the resolution. I do not know if you saw that on the backside of the resolution is, in fact, a component which resolves that the Standing Committee on Agriculture look at a meaningful, long-term, sustainable approach. I think that that can apply to ideas and recommendations, both at a federal and provincial level. I think, in fact, it is probably there. That clause was actually an amendment which Jack Penner and I put forward.

Murray Downing put forward a suggestion earlier on that could be a way of reducing the overlap between the programs so that income from some of the support programs like the \$50 an acre, the CMAP, and related programs, not be counted as income on AIDA. What would your view and KAP's view be on that?

Mr. McPhee: I will speak on a personal basis on that. I think that is a critical thing because if I put my farm together expecting that the various steps of safety nets are going to all assist and then as I apply for it, whoops, it does not, then we have a problem. I have a problem. It affects my actual faith in the system to actually make the difference that it is supposed to. If we have a gap between what the system is perceived to supposed to do and what actually happens, then we have got a problem. I cannot plan for it.

Mr. Jack Penner: I am glad Mr. Gerrard raised the point because that was the second point I was going to raise that I thought the amendment that had been made to the resolution actually covered off the suggestion. I think it is a good one. I think it is an excellent one.

The only question I have is for Mr. McPhee and the KAP organization. When I look at the numbers that you put forward and the requirement from the federal and provincial governments to meet the shortfall, I would

suspect that some of your statistics used to do this were probably three years old.

When you look at the Department of Agriculture's own numbers of cost of production and the losses that are currently with values applied are there, you would see that if you did that kind of an application across the nation, and applied those values, you would see that you were very close to where the Americans are. If you would take the ten percent of value that Canada produces to agriculture, which is roughly ten percent of what the American production is—you take the \$70 billion that the U.S. now applies to agriculture—then you would find that the total amount required would probably be closer to seven billion than the one and a half billion that you put forward. That is why I think the farm organization, and having been there, needs to be very careful when they put forward those numbers because we are dealing with a whole economy here.

When you look at the requirement and the assessments done on the basis of the allocations of the money into the provinces, Manitoba has really fallen short on the total application. I think the farm organizations owe it to agriculture in western Canada to go back to Ottawa and make the case that Manitoba and western Canada need a different formulation of calculation to assess the total impact of the agriculture, especially to the grain and oilseed, sector. If that were done, then I think you would serve, as an organization, the case to be made in Ottawa for western Canadian agriculture.

I would suggest, Mr. McPhee, that you go back and redo your calculations and put forward the true numbers, based on what is current.

Mr. McPhee: Thank you very much, Jack, I appreciate your point.

Mr. Chairperson: Thank you for your presentation, Mr. McPhee. I call Mr. Joe Federowich forward, please. I point out to the committee that Lavern Elliott has been added to our list. We have three presentations left.

Mr. Joe Federowich (Private Citizen): Good evening, Mr. Chairperson, and honourable guests.

Mr. Chairperson: Mr. Federowich, do you have a discussion paper?

Mr. Federowich: No.

Mr. Chairperson: Proceed, please.

Mr. Federowich: What I would like to say right now is we are all going way past dinner here. I think if we do not start supporting the farmers a little bit harder, we might all go way past dinner, more than we would like to.

Basically, I would like to talk about NISA a little bit and AIDA. With these two programs in place, one of them has really missed its target, which is AIDA. NISA is a fairly good program, in my mind, but we do talk to producers every day that say: I just do not have that \$2,000, or \$4,000, or \$1,000 to contribute to that program. It seems like a small amount, but to a lot of guys that can barely put the food on the table, it is a large, large amount for them.

When you talk about intentions, like this when you see these programs, we all know the Government intends to help us. We would wish they would just focus and look at things a lot harder and come up with a program that does really help the farmer.

I wish to commend Mr. Pletz and Mr. McPhee on the numbers and figures that they brought to the table. I wish the Government would really take a hard look at those numbers. I think there is a very good combination of numbers there to really build a solid building block from it. I do appreciate the fact that perhaps we are asking for too small of an amount; it gets to the point where we figure anything we can get we will take. Perhaps that is not the right approach. We need to be looking at the realistic numbers, put those on the table, and deal with them. We are not here for a handout. We are here to try to make this whole thing work with government, private enterprise, and us as farmers. I am considering myself as a private enterpriser on a family farm. I have got the statement I always make to a lot of people. My son decided to come back to farm three years ago, or four years ago now. That time, when you kept your son on the farm, would you consider that child abuse; but, when your son goes out

and works for five years and comes back to farm, that is father abuse. I am going to have to be there for a long time to pay that farm off.

When we are looking at government support, as far as I am concerned, governments look at everything. Should we promote a certain direction to go in. I do not think governments are here to promote anything. Governments are here to support us and what we feel is the direction to be going in.

A comment was made about the Crow. If that Crow would not have flown, we would not be having this conversation. That was a government program. There are a lot of Band-Aid issues out there. We need a solid thing to put under our feet and continue on.

AIDA, for instance, on my farm, I lost about 20 percent of my income. I do not apply for AIDA. I do not get an AIDA cheque. I have a neighbour down the road that physically—the bank is at his doorstep. He applied for AIDA. He did not get a cent. Now, I have got a neighbour four miles down the road who retired two years ago; he gets \$35,000. Boy, that makes sense. It has missed its target. I am not saying it is not a good program, but it needs to be readressed and rebuilt.

I am sorry for my unpreparedness. I have just basically learned about this meeting yesterday. Then, when you talk about MACC, my son went to the bank. He borrowed quite a chunk of change to get into a farm situation, which is around our place. It is great that they give him the youth discount, but if he is not making money, the youth discount is not worth a damn to him. He has to make those payments, and it is coming out of the whole farm. But it is a good program. It is an appreciated program, but perhaps something more has to be done there.

The overall plan, I guess it is up to you guys. It is part of our plan, and it is part of your plan. We need to put that whole plan on the table and work with ourselves, yourselves, and the feds. I would like to see the feds sitting at this table also. We do need to get a clear picture and a picture from one perspective, somehow. We have a lot of great ideas, but they are one here, one there, one there. We need to put them all

into one melting pot and get that all cleared up and in one direction.

I think that is pretty much my little short speech. I would like to thank you all for listening, and, hopefully, we will not ever get this hungry again.

* (14:20)

Mr. Chairperson: Thank you, Mr. Federowich. Ms. Wowchuk.

Ms. Wowchuk: Thank you, Joe, for your presentation. I was so sure that you were going to tell us something about the hemp industry, but I guess that is for another discussion.

Mr. Federowich: Remember the support part. We will get to that later.

Ms. Wowchuk: I appreciate the comments that you have made, and certainly you have touched on a few important issues. Certainly, when you talk about the elimination of the Crow and the impact on producers, that move to eliminate the Crow was certainly not well thought out and one that we are paying the price for, and one that we are trying to resolve. I appreciate your comments on MACC. We will look at those issues and see how we can work on them further.

I also liked your idea of bringing all the minds together. Perhaps at another point we do bring people together to have further discussions on how we can resolve these.

The one issue that I want to point out to you is on NISA, where you indicated that if people do not have the money to put into it, they cannot trigger. I want to know if you are aware of a deeming clause where, if an individual triggers a withdrawal, the farmer does not actually have to put their money in. They can trigger a payment without having to. It would be much better if you had the money. I realise that. It would be much better if the farming situation were in such a state where you could get the money without—I was wondering if you were aware of the clause.

Mr. Federowich: I am aware of the clause, but the problem that happens with that clause is that, if you are in a situation where you just do not

have the \$4,000 to contribute, you are allowed that amount of money to contribute, to add on to, so you do not want to withdraw. You do not have that four grand to put in there for the Government to match it, to increase your NISA.

The other flaw in NISA is also that we are in a situation where I am thinking I am going to have to close out my NISA so that I can draw out my whole NISA fund. Technically, I cannot draw a dollar from my NISA. I need the money. It gives you a two-year waiting period before you can get back into it. I think that should be probably waived or relooked at.

Mr. Gerrard: I would like to follow up your comments on the Crow or the WTTA and the impact. We recently had a situation where there has been 93 million on the table, which would be paid out fairly soon. One of the things that concerns me about the distribution of those monies is that, to some extent, as I travel around the province, the greatest hurt seems to be in the western part of the province where you have got the greater increase in transportation costs. Yet, as I see it, that in many circumstances, a payout would probably go to a larger proportion in the eastern part of the province than in the western part of the province.

I wonder if you could comment on this and whether in fact it really might have been better to allocate this so that it was better able to target areas which seem to be hurting more, where you had the larger increase in transportation cost.

Mr. Federowich: I agree with you on those comments. I guess, who do you put at the head of the table to target the payment? Anytime you start talking about the word let us target this payment, let us target this sector, what sector do you really target? How do you figure out what the sector is? That is getting back to perhaps decent numbers. We need some real numbers coming off the farm, not like in my situation through the '70s, we built a fairly good cash influx, so then we kept deferring money, which was a mistake back then, but once you start it, you cannot finish it. Now all of a sudden you have a year where you take a 25-30% hit, it is not going to show up until two years down the road.

So, when you are targeting—I really wish we could take the word "target" out of a lot of these conversations, because once you start targeting people, you are going to miss people. It is going to fall through the cracks, and you are going to find frustration. I really feel, in my mind, to get a proper subsidy program, that it has to be a blanket program where perhaps the better producer gets a little bit of money out of it too and the guy who is having a little bit harder time gets some money out of it. How you figure it out, I honestly do not know. It is not easy. I do not begrudge your jobs at all.

Mr. Cummings: I just wondered if you had any thoughts or comments about the possibility of combining future long-term agricultural stabilization programs, if that is the right terminology, combining that with any kind of set-aside proposal. There has been a fair bit of discussion about that and a lot of divergence in opinion. I wonder if you would like to share your opinion.

Mr. Federowich: I do not know if I have a real strong opinion on that. I guess when I look at any program, as long as it is aimed in the direction and gets to the people it needs to be getting to, that is probably the best support you could get anywhere.

To answer that question, it is pretty hard for me to answer that.

Ms. Wowchuk: I just want to follow up on the comments you were making on NISA, Mr. Federowich, and indicate to you that there is a review of NISA that has taken place, and the report will be out soon, but those issues that you raised are being addressed in it.

The other comment that I want to add is that, on the payout of CMAP, it is paid on the same percentage across the province. There is not a higher percentage paid in any part of the province. It is equal across the province.

Mr. Jack Penner: I wonder, Mr. Federowich, whether you have taken a good hard look at some of the American programs that are being used, such as the LDP program. The LDP program, as you probably know, is a loans program, in a large part. There is a forgiveness

clause in it, but it also sets cost of production levels, if you want to call it that. It is targeted. The more I look at that program, the more interesting it becomes. There are 11 other programs that are being used currently by the Americans, but many of them are actually loan-type programs with forgivable clause. Have you taken a look at that?

Mr. Federowich: I have not really looked at it. I did not go right through the whole scenario, but when I look at any type of program, if we cannot build it to our cost of production, it is damn near useless to us. It really is not.

Mr. Chairperson: Thank you for your presentation, Mr. Federowich. I would like to call Mr. Lorne Arnold to the mike, please.

Mr. Lorne Arnold (Private Citizen): I must thank you all for being here.

Mr. Chairperson: Mr. Arnold, do you have any presentation to be handed out to the members?

Mr. Arnold: No, I just have a short time what I would like to say.

Mr. Chairperson: Okay, go for it.

Mr. Arnold: I am in a community that has a lot of older people and it is like most of the communities, I think. They are between 60 and 70 years. How long do they go? Our lending companies right now want a fair interest, and they want MACC's say. Other lending companies want all their interest and then some, as some people say, and the principal. I think it would help the farmers a lot that, being there is all the land for sale, there would be no interest and no payment for two years. It would help considerably, especially with low grain prices. That interest wipes you out before you start.

* (14:30)

We may be realistic on what we do buy, but right across the fence when you have been renting it for a fair amount of the years, and the guy said: Well, I want to retire;, I want to sell it. Are you going to lose it because some foreign people come in there? Or, would you be able to have the chance to buy it and be home on your

family farm? You can spend many miles on the road, gas, whatever, but when you have land at home, if there is any place to make money, that is where it is.

There is one more thing that I would like to add, that we need that \$50-an-acre cost production now. I think that would help us out considerably to keep going.

Mr. Chairperson: Thank you, Mr. Arnold.

Ms. Wowchuk: Mr. Arnold, can you tell us what your community is?

Mr. Arnold: Lake Audy.

Ms. Wowchuk: You talked about if there could be no interest and no payment for a couple of years, and I am assuming that you are talking about the banks. I guess it would be very good if we could work something out because the banks have prospered along the way with the farming industry, and many feel that they should take some of the hurt as well. So I guess my question is: Is that what you are suggesting, that we work with the banks to ask them to not collect any interest, or take any payments, and do you think that they would ever co-operate to do that?

Mr. Arnold: I think they are going to have to help the young farmers out. If they are not going to help the young farmers out, there is not going to be any around.

Mr. Chairperson: Thank you for your time, Mr. Arnold. Oh, I am sorry. Mr. Gerrard.

Mr. Arnold, I did not see Mr. Gerrard's hand up, and he would like to ask you a question.

Mr. Gerrard: I think that the issues that you raise about the support for young farmers are tremendously important because we see in community after community young people are leaving for other occupations, that there are not the young kids around. But it seems to me that we should be able to do more than just look at interest rate changes. Maybe you could give us a little bit more in terms of ideas about what you think would attract young people to farming and keep people there and maybe bring some people

in from outside the communities to increase the number of young people in farming.

Mr. Arnold: The thing is, even if we can just keep the farmers that are here. My dad farms, and if my dad did not farm, I would not be farming because I just cannot make it to pay for all the equipment and land and all the cost that is out there. I think that, if some of these things were addressed, it would help the farmers to take over from their dads and give their dads something to live on. A lot of them want to get out, but how do they get out and how do the young people take over?

Mr. Jack Penner: Many economists will say that any support that government provides to the agricultural community will immediately be built into the capital, will be capitalized. Many economists have made the case that there needs to be a rationalization, such as we are experiencing now to reduce the capital cost. I have heard many farmers here today say that they are losing their equity and I am sure that is what is happening on our farm, that the equity basis is deteriorating rather slowly. Have you got any ideas, if government did what you are suggesting, to provide a \$50-an-acre cash injection, an immediate injection, how would you prevent that amount of money being capitalized into the operation? How would you ensure that that would continue and provide an economic base for the continuation of the operation from the farmer's standpoint?

Mr. Arnold: I think if there was a \$50 an acre payment now, it would help us put in the crop, because at \$2.85 what we are getting for our wheat, it was gone a long time ago, and this \$50, if we could get \$50 an acre, we could put in another crop, and I am sure that a lot of the farmers behind me would agree on that. Maybe I am wrong.

Mr. Jack Penner: Further, on what you were just mentioning on the money that has already been spent, we have heard the federal government now increase the spring cash advance to double what it was last year. Does that mean that you are just borrowing two years hence to pay for the input of this year's crop or, what does the cash advance do on your operation?

Mr. Arnold: To be honest, I looked in that cash advance last year and I was only going to get, I think it was, around \$4,000 out of it and that does not even pay for the fuel man to come in the yard once. It is there, but by the time you go through all your book work and go through your crop insurance, I mean, they are actually giving you nothing.

Mr. Chairperson: Thank you, Mr. Arnold. The last registered presenter is Lavern Elliott. Mr. Elliott, do you have copies for the committee?

Mr. Lavern Elliott (Private Citizen): No, unfortunately, I do not.

Mr. Chairperson: Okay. Proceed.

Mr. Elliott: I would only be echoing a lot of what I have heard here, but one of the things I have heard quite a bit of is youth and what we can do to help youth. I do not have any answers, except I have certainly noticed a big attitude change in youth. I have four children on our family farm.

My son came back into the farm as a fourth generation farmer. He actually took over an existing operation where two families were making a living. He could not get out of university fast enough to get started farming. Well, that was in about 1995 and he had one good year. In 1998, he had about 30 inches of rain in July, lost his crop, Crop Insurance gave him a bit of money. We have not collected one cent of AIDA on our farm. We have done other things on our farm to diversify to keep that bottom line up. That means capital expenditure. The AIDA program does not allow for capital expenditure, so we have kept the bottom line up. I guess that gets discouraging after a while for the young people. In his case, he has been able to get out and get work. He has used some of my equity, quite a bit of my equity in fact, and he has kept farming.

* (14:40)

I will go on to the other three children. I insisted on him taking over a viable operation because I had three other children to educate and get started in the world. The next oldest one would like to come back but says: No, I am

afraid not, no work. The third one will graduate this fall. She left Grandview saying: Oh, that is a fine place, I would like to be back. Not today. She says: Sorry, I will not be back. And my youngest one will be graduating this fall and going to university and she and I both sit on a community development corporation in Grandview and at the last meeting, or after the last meeting, she was asked what her graduating class was doing. She said: We are all leaving and not likely coming back.

The only youth we have coming into our community are from Austria and what they have done is brought a lot of dollars, but they are just increasing land prices. They really are now faced with the fact that they cannot make this operation viable either.

So I guess I would be echoing a lot of what has been said here today. NISA is not working for me. I believe it is a good program. It will give me retirement, I hope. I cannot trigger it. I will have to close out the farm to get my money out of it, and it is a fairly significant amount of money. It would help me a lot, but I cannot trigger it. AIDA, we have not had one cent. Our fertilizer bill this year with the increase from last fall alone to this spring is increasing \$60,000 for nitrogen alone. CMAP, if we get what we got last year, will be approximately \$20,000 between my son and me. It just does not add up. Thank you.

Mr. Chairperson: Thank you, Mr. Elliott.

Ms. Wowchuk: Mr. Chairman, Mr. Elliott, I think that given that you are the last presenter, I think it is important that you have put such a human face onto this issue and how families are really affected by the crisis, and it outlines even more why this resolution is so important and why we continue to push on the issue to have the federal government recognize the significance of the agriculture industry.

I just want to touch briefly on a couple of things. You talk about NISA, and as I said previously, that one is being reviewed, and hopefully, some of the changes that are affecting you and your withdrawals may be addressed in this review, and on the other programs as well.

Basically, I want to thank you for putting the human face and letting people know what the real impact is on our families and our children. Many who would want to come back to farm and contribute to the industry—it is just not there, and there is a tremendous amount of pressure on all of our families.

Mr. Cummings: Thank you for your presentation and I agree with what Minister Wowchuk has just outlined. There is going to be more than a generation gap. There is going to be a lost generation as a result of the late '90s and the decade we are into now, unless something changes dramatically. Do you, and that is one of the reasons that we are all here as this committee, to make sure that we have a united front, not only politically in the Legislature but across the province from the municipal officials who are here to farmers such as yourself. Do you, in general, agree with the resolution that we have distributed, or have you any suggestions about the effectiveness of what we have put together here?

Mr. Elliott: I guess I really do not have a comment. I wish I was talking to the federal Minister of Agriculture and his standing committee. I commend the Province for what they have done, in the livestock industry especially. I think we have to keep growing and again I would only be echoing what others are saying here, but I think the mortgages in the past were paid with livestock, and they will be in the future, and we just can hope for co-operation. My generation moved away from livestock production and that was an unfortunate thing. We have not only lost the base for livestock, we have not educated future generations in that production, so it makes it very difficult.

Going back to the resolution. No, I have really nothing to comment and nothing further to add to that.

Mr. Gerrard: The story or the comment about all the graduates from Grandview leaving and not coming back is a very telling comment and somehow, some way, we want to figure out opportunities for communities like Grandview that are going to make a difference in terms of how young people see things. Now, I would like a couple of things. I think that farming is and

continues to be very important, but part of this resolution deals with rural communities, and my suspicion is that we need to address not just the farming issues, but we also need to address some of the other opportunities in rural communities to try and have a future for young people here. Maybe you could give us your thoughts on this because one of the issues is a long run vision for rural communities and it seems to me that agriculture is the base and we have to address that, but maybe there are some other things that we can do as well that will help.

Mr. Elliott: I do not pretend to have any solutions to that. I sat as chairman of finance of our school division for a number of years, and I saw depopulation happening in that school division. I left because I was the bearer of bad news at all times as chairman of finance. Whether it was the students or whether it was to taxpayers, I never had good news. We saw, from the time I left Grandview till I quit as chairman of finance, the school population had dropped in half across our division. That was about six years ago that I left that, and it has just snowballed since then. Gaylene Dutchyshen would have more current numbers on that.

Solutions, I do not know. We can talk about MACC. My son took advantage of some of their low interest programs. Just how far do we want them in debt? He is very committed already to agriculture. But just straight loans are not getting it. I think it goes back to cost of production and we have to have some of that. We as farmers are partly responsible for that too and I hear what is being said here. When \$50 an acre is given to us somewhere along the line, somebody is going to try and capitalize on that. We as farmers are going to have to get somewhat responsible and not try and put that into the price of land. Certainly, I want all the equity I can get in that operation for my retirement, but we cannot see land prices keep escalating, because the net dollars are not going into farmer's pockets then. So, no easy solution.

Mr. Chairperson: Thank you very much, Mr. Elliott. For the second time, I would like to call Maxine Plesiuk, and for the second time I would like to call Leonard Gluska. I would invite both Ms. Plesiuk and Mr. Gluska to join us in one of our meetings that we have either in Brandon or

Beausejour or Winnipeg. They will be notified of those meetings.

That concludes the list of presenters that I have before me. Are there any other persons in attendance who wish to make a presentation?

Mr. Jack Penner: Before we conclude, Mr. Chairman, I would sincerely like to express my appreciation, and my colleague's appreciation for all the presentations that we have heard here today. I think we have heard the human side of agriculture. I think we have heard the human side of rural side of Manitoba here today, and I truly appreciate this and again, I congratulate the Premier and the Government for taking the committee outside of the Perimeter and listening to the real story in rural Manitoba, because I think we have heard that here this morning. Thanks.

Ms. Wowchuk: I would like to echo those same comments and thank all of you for coming to

bring your ideas and suggestions on how we might deal with the farm situation, and I certainly appreciate your patience for sitting this length of time. I want to thank all my colleagues for participating as well. I want to tell you also that some of you have mentioned the federal process and the fact that that is going to take a year and a half to report.

This committee is not going to take a year and a half to report. We have put the meetings on in a very short time with one week, and a report that will be forwarded to the federal government will be written very quickly. So thank you again for coming.

Mr. Chairperson: That concludes the business before the committee today. I would like to thank all the members of the public and the committee for their participation today and we will see you in Brandon.

COMMITTEE ROSE AT: 2:50 p.m.