

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 p.m., Tuesday, March 2, 1976

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 28 students of Grade 5 standing of the Varennes School. These students are under the direction of Mrs. A. C. Yanchyshyn. This school is located in the constituency of the Honourable Member for St. Vital.

On behalf of all the honourable members I welcome you here this afternoon.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports. The Honourable Minister for Northern Affairs.

TABLING OF REPORTS

HON. RONALD McBRYDE (Minister of Northern Affairs) (The Pas): Mr. Speaker, I'd like to table the Annual Report for Minago Contractors Limited for the year ended March 31, 1975.

MR. SPEAKER: Any other Reports or Ministerial Statements? Notices of Motion; Introduction of Bills; Questions. The Honourable Leader of the Opposition.

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MR. DONALD W. CRAIK (Leader of the Official Opposition) (Riel): Mr. Speaker, I direct a question to the Minister of Consumer Affairs. I wonder if he could verify the report that consideration is being given to no longer having the Manitoba Telephone System submit its rate structures and so on to the Manitoba Public Utilities Board.

MR. SPEAKER: The Honourable Minister for Consumer Affairs.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services) (Osborne): Mr. Speaker, I can confirm that I am musing, that is thoughtfully considering without reaching any conclusions, the possibility of taking the action that he alleges I am thinking about as reported in the newspaper. The reason for that, Sir, is that being a Scotsman I find the expenditure of large sums of money to enable one government agency to review the operations of another government agency to be somewhat of a duplication. But I can assure him that no recommendation is yet being considered in concrete form and no decision has been made by Cabinet.

MR. CRAIK: Mr. Speaker, a supplementary question to the Minister. I wonder if he has considered that if that action is taken that there will be no direct means, no means of direct public involvement in the contributions towards examining the rate structures that are established by MTS.

MR. TURNBULL: Mr. Speaker, I have not asked for detail as to which members of the public made representations at the last round of Public Utility Board hearings. I am not subjectively convinced that there were great numbers of representation. I should indicate to the member, although I'm sure he's aware of it, that telephone rates in Manitoba are extremely competitive with telephone rates elsewhere and given that, the low rates here and their competitiveness, it seems again that the operations of the Utilities Board in reviewing rate applications may not accomplish a great deal by reducing rates further.

MR. CRAIK: Mr. Speaker, I wonder if the Minister would consider further that if this action is taken the only mechanism for examination is the annual review of the report by the Public Utilities Committee of the Legislature and that public representation is not allowed to be made at that committee. I would ask him further, Mr. Speaker, whether the amount involved and reported to have been stated by the First Minister is not really a pretty cheap price to pay for the value of democracy at this point.

MR. SPEAKER: The Honourable Member for St. James.

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MR. GEORGE MINAKER (St. James): Thank you, Mr. Speaker. My question is to the Honourable Minister responsible for MDC. I wonder if the Minister could advise the House if the Saunders Aircraft ST-28B has now received FAA certification.

MR. SPEAKER: The Honourable Minister for Mines.

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Not as far as I know, Mr. Speaker.

MR. MINAKER: Supplementary question. I wonder if the Honourable Minister could advise us when Saunders anticipates they will be receiving this certification.

MR. GREEN: Mr. Speaker, I thought that the Honourable Member for St. James was a pretty close observer of affairs and I indicated in December of 1975 that I did not anticipate that the funds available to Saunders Aircraft would enable them to complete their certification program.

MR. MINAKER: Yes, another supplementary question, Mr. Speaker. I wonder if the Minister could advise the House if Saunders has received any offers to purchase from outside interests or has there been any initiative either by the government or MDC to sell Saunders Aircraft at this time.

MR. GREEN: Mr. Speaker, one of the things that is being maintained with regards to Saunders Aircraft at present is the capacity to produce the ST-28 aircraft. That involves some expense to the people of the Province of Manitoba and also a support, a product support program, which also moves somewhat along the certification path but not appreciably. That also includes an effort to see whether the program is attractive to anybody in the public or private sector. All of those things are being maintained.

However, I have tried to indicate that I don't want there to be any optimism as to the success of these efforts. They are in place; I can't examine them with a great deal of enthusiasm insofar as their success is concerned. However the efforts are being made because we want to make every possible attempt to salvage what can be salvaged out of the program.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SIDNEY SPIVAK, Q.C. (River Heights): A question to the First Minister. I wonder if he can indicate whether it's the policy of the government not to have Crown corporations subject to the regulatory review by agencies which in fact review price increases within the private sector.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, I think I dealt with that question on at least a couple of occasions last week. Given that there is in place in Canada now a review mechanism in the form of the Anti-Inflation Board, we are quite willing and in fact assume review of utility rates by that existing board. Insofar as applying review by yet another agency, namely the Manitoba Public Utility Board where it is not required by statute, we do not propose to do so for the reason having to do with duplication and duplication of costs.

MR. SPIVAK: Mr. Speaker, my question wasn't really referring to the present situation but rather in principle as to the policy of the government. I recognize that his answer deals with the particulars of the immediate situation. But I wonder if you can confirm to the House the policy of the government. Is it the policy of the government to have Crown agencies subject to regulatory bodies set up independent of government?

MR. SCHREYER: Mr. Speaker, in the context of 1976 and until April of '77, the matter has to be regarded as academic. What happens after that of course is not academic. It is always open to government to change policy. All I would say is that I would resist it Sir, as being duplication and waste of funds.

MR. SPIVAK: Mr. Speaker, by way of another question. I wonder if the First Minister can indicate whether this particular review with respect to the ability to be able to regulate Crown corporations through government rather than through a regulatory body has ever been communicated to the Federal Government, in connection with the host of federal and provincial conferences that have been held.

MR. SCHREYER: Mr. Speaker, perhaps the honourable member would find it interesting to trace the sequence of events in other jurisdictions where they have tried

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(MR. SCHREYER cont'd) with greater or lesser degrees of enthusiasm to subject a Crown corporation not only to auditing which is taken for granted, there has to be external auditing, but also to rate adjudication by yet another Crown agency. If I could be more precise I would invite my honourable friend to look at the sequence of events relative to Ontario Hydro where it was before a utility commission, then a ministry, then a Standing Committee of the Legislature, and it ended up with the rate finally confirmed as being that which the corporation initially requested.

MR. SPIVAK: A supplementary. Then I wonder if the First Minister could indicate whether the Provincial Government has ever suggested to the Federal Government that the Canadian National Railway be in a position to charge its freight rates and not be regulated by a regulatory body?

MR. SCHREYER: Mr. Speaker, the Honourable Member for River Heights is free to make whatever representations he wishes on that matter. All I would indicate to him is that to have one group of public servants run a check on the operations of another - and we're not talking now about auditing which is admittedly separate and separately justifiable - is a pure example of the word "duplication" of effort.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, I have a question for the Minister responsible for Manitoba Housing. In view of the Minister's reply yesterday that not all of the proposed public housing units have land serviced, can the Minister indicate what percentage of units that are being proposed presently have land available and serviced or will be available in this building season?

MR. SPEAKER: The Honourable Minister for Urban Affairs.

HON. SAUL A. MILLER (Minister for Urban Affairs) (Seven Oaks): Mr. Speaker, it depends entirely on how much land is made available through the proposal calls that have been advertised.

MR. AXWORTHY: Mr. Speaker, a supplementary question. Again in view of the Minister's answer of yesterday, can he indicate if any of the land presently assembled under the public land banking program and which he said would be available for development purposes will be available this year.

MR. MILLER: Mr. Speaker, I did not say that the land acquired for land banking would be available this year. I indicated yesterday that the land that was being acquired jointly by the city and the province was not land that could be put on stream this year, that other land that had been acquired by MHRC was basically not serviceable this year. There's a possibility of one parcel which might be able to be serviced in '76 but no housing starts could come about in this year.

MR. AXWORTHY: I've a supplementary, Mr. Speaker. Can the Minister indicate whether his department or the government have any plans to assist in the servicing of land in the City of Winnipeg for housing purposes over the next year or two.

MR. MILLER: Mr. Speaker, once the means are at hand MHRC would undertake to do the servicing for any plan of subdivision.

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

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. My question is for the Honourable Attorney-General. I'd like to ask the Attorney-General if the Government of Manitoba has made representation to the Federal Government through the office of the Solicitor-General or the Minister of Justice or any other office during the past couple of years in respect to gun control legislation.

MR. SPEAKER: The Honourable Attorney-General.

HON. HOWARD PAWLEY (Attorney-General) (Selkirk): Mr. Speaker, there have been no formal representations as such. There was a meeting this past June at which my Deputy Minister attended in Ottawa dealing with gun control called by the Federal Government. There were also discussions at Attorneys-General meetings as well as meetings called by the Minister of Justice to obtain our views in respect to certain aspects of the gun control legislation.

MR. GRAHAM: A supplementary question then. Does the proposed legislation that is presently proposed by the Federal Government encompass the views of the Government of Manitoba?

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MR. PAWLEY: Mr. Speaker, in general much of the proposed legislation we would concur with. There are aspects of the proposed legislation that I have serious reservations about and that mainly deals with the administrative costs of licensing. Our concern expressed is that the Federal Government assume that responsibility for the costing and since it's their program that they assume that cost and not thrust that cost on to the provinces.

MR. GRAHAM: A further supplementary question then. Does the Minister intend to make his objections known to the Federal Government in this matter?

MR. PAWLEY: Mr. Speaker, we have already made known to both the Minister of Justice and the Solicitor-General our concerns in respect to the potential administrative and other costs pertaining to the gun control legislation and have expressed our concern that they pick up the cost or they find some means of having those costs absorbed other than by the provincial taxpayers.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I have a question for the Honourable Minister of Corporate and Consumer Affairs. I wonder if the Minister can indicate to the House what action if any he has undertaken as a result of the Commission of Inquiry and the indictment of the Manitoba Beef Marketing procedures.

MR. SPEAKER: The Honourable Minister for Consumer Affairs.

MR. TURNBULL: Mr. Speaker, there are a number of recommendations made in the report which I saw for the first time just a little while ago. One of these is for the provision of comparative price information on meats. I think that's a suggestion that my Department might be able to implement in the very near future.

MR. PATRICK: A supplementary, Mr. Speaker. I wonder if the Minister has requested the Federal Government to investigate the restraint of trade in the supermarket area and the lack of competition.

MR. TURNBULL: Mr. Speaker, whether there is restraint of trade or not, there is not to my mind much point or hope in asking the Federal Government to look into it. The reason for that, Sir, is that we have had in the prairie region, reports dating back about 10 years now which have indicated much the same thing with regard to lack of trade and lack of competition in retail chain marketing. I think that the only alternative to that system that now exists is to enter the free market with stores that can be encouraged to specialize in meat. That is one recommendation of the commission's report as well. Perhaps by increasing competition that way we will lessen prices to consumers.

MR. PATRICK: A supplementary, Mr. Speaker. I'm sure the Minister is aware that because of the Federal Government's investigation in Alberta there was a Court Order and restraint in 1973. I'm sure he's aware of that. My question is; has the Minister considered a similar Court Order as was done in Alberta here in Manitoba for a lack of effective competition.

MR. TURNBULL: Mr. Speaker, the question of injunction strikes me as a negative way of increasing competition. I thought his original question, the member's original question, was directed to what action the Provincial Government would take to increase competition and thereby lower prices. The Federal action in Alberta, the injunction against Safeway, was at the time it was made reviewed by me here.

MR. SPEAKER: The Honourable Member for Ste. Rose.

MR. A. R. (Pete) ADAM (Ste. Rose): Thank you, Mr. Speaker. Last week I asked the Minister of Colleges and Universities a question regarding pensions which I believe precipitated an article in today's Tribune. I would ask him today if it is correct that the President of the University of Manitoba is, in fact, receiving an exorbitant lump sum payment of \$55,000 just to retire and a retirement pension for life of \$36,000?

MR. SPEAKER: The Honourable Minister for Education.

HON. BEN HANUSCHAK (Minister for Colleges and Universities Affairs) (Burrows): Mr. Speaker, I have no direct knowledge of those facts. I'll take the question as notice and check into the matter to whatever extent that I can in my capacity as Minister of Colleges and Universities Affairs, being mindful of the fact that the terms of employment

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(MR. HANUSCHAK cont'd) and also provision for pension retirement of any staff of the University of Manitoba is the responsibility of its Board of Governors.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. ROBERT G. WILSON (Wolseley): . . . Minister for Consumer Affairs. In light of the fact that the government housing in my area has gone up over 30 percent in rent would the Minister be including this in his upcoming bill? In other words, will the Minister be allowing government agencies to be included in the rent review?

MR. SPEAKER: The Honourable Minister for Consumer Affairs.

MR. TURNBULL: Mr. Speaker, the Member for Wolseley has the proposed rent stabilization bill in front of him and presumably he has personal knowledge of the kinds of housing that exist in his constituency. I suggest that he check the ownership of that housing, compare it with the bill and answer his own question.

It is the general intent though in the bill to exclude certainly Government-operated housing because again, where the Government already operates housing, it would be duplication to require the same housing to be reviewed by a rent review agency.

MR. SPEAKER: Orders of the Day. The Honourable Member for Thompson.

MR. KEN DILLEN (Thompson): My question is to the Minister of Tourism, Recreation and Cultural Affairs. In light of the interest shown in South African affairs in this Chamber yesterday, is the Minister going to protest to the Government of Canada because they excluded the South African, but not the Russian team, from the 1976 Olympics for the Disabled?

MR. SPEAKER: The Honourable Minister for Tourism and Recreation.

HON. RENE TOUPIN (Minister of Tourism, Recreation and Cultural Affairs) (Springfield): Mr. Speaker, I can't recall of a speech being given in the form of a question by the opposition in regards to objecting to the Russians, so I don't feel compelled to make representation to the Federal Government.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, my question is to the First Minister. Last week I asked a question with respect to the repatriation of the Constitution and the possibility of an offer being made to Quebec that they couldn't refuse with respect to the Olympics or the pending Olympic debt. I wonder if the First Minister is in a position to indicate to the House whether it's Manitoba's understanding that the Federal Government was to have the opportunity to negotiate separately with Quebec with respect to an agreement on the repatriation and then to bring the provinces together for further discussion.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, I have no reason to cast doubts on the authenticity of my honourable friend's source of information. It could well be that he has a reliable source of information but the premise underlying his question is one that I cannot accept as being factual. I cannot on the other hand deny it either. I can tell my honourable friend, however, that back in 1969 and '70 when discussions were somewhat current in respect to patriation of the Constitution, that it was quite open, it was quite an open secret shall I say, that there was bilateral discussion between Ottawa and the Province of Quebec with respect to possible compromise formulas for patriation of the Constitution. So if that surprises my honourable friend I'm nevertheless prepared to say that that is a fact.

MR. SPIVAK: I wonder then if the First Minister can indicate whether the province has been made aware of a change in Quebec's position with respect to patriation and an agreement in principle of the constitutional changes that could be made.

MR. SCHREYER: Mr. Speaker, no. We have no formal indication of change of attitude by the Province of Quebec officially in respect to the possible patriation of the Constitution. Even if we did, Sir, I would not put too much store in that for the reason that we have had previous experience on two occasions now in the past 15 years in which the Province of Quebec ultimately at the eleventh hour changed its mind with respect to patriation of the Constitution after having given earlier preliminary tentative agreement to the prospect.

MR. SPEAKER: Orders of the Day. The Honourable House Leader.

ORDERS OF THE DAY

MR. GREEN: Yes, Mr. Speaker, Would you please call in order the adjourned debates on second reading which appear on the Order Paper.

MR. SPEAKER: Thank you. Bill No. 2. Proposed by the Honourable Attorney-General. The Honourable Member for Birtle-Russell.

Bill No. 4 proposed by the Honourable Attorney-General. The Honourable Member for Rhineland.

MR. ARNOLD BROWN (Rhineland): Stand, Mr. Speaker.

MR. SPEAKER: Bill No. 5 proposed by the Attorney-General. The Honourable Leader of the Opposition.

MR. CRAIK: Stand, Mr. Speaker.

SECOND READING - GOVERNMENT BILLSBILL NO. 8 - AN ACT TO AMEND THE WOMEN'S INSTITUTE ACT

MR. SPEAKER: Bill No. 8. The Honourable Member for Virden.

MR. MORRIS MCGREGOR (Virden): Mr. Speaker, I adjourned this bill a few days ago expressly to give our sick colleague from Souris-Killarney a little action in this House and let him have time to read it and give us his suggestions. In recent days our colleague is in Intensive Care, I understand, so I'll have a few words regarding him. I do feel sorry that I have to report that of our colleague.

Over the years from both sides of this Chamber, at times I've had my points of view, but I don't think anywhere, anyone could read where I consider myself certainly not a ladies' man but I also never opposed anything the women suggested. In contacting Mrs. Parker from Rock Lake way of the WI, she tells me that this bill is almost identical to what was recommended by their executive. For an example, they voted on it many times, and on one occasion was 74 to four; 68 to 6. So they're quite satisfied everything here is what they have suggested. I compliment the Minister for finally coming around and listening to the people. I think that's one ray of hope we have here and maybe his colleagues will catch on and Manitoba will be better serviced.

When I think of the WI, over the years when I was on that side also I took their advice and I think history will prove if I was guided by their advice it wasn't really that wrong even though at times my colleagues seemed to think they can't digest the true Conservatism that I sometimes tried to express, and almost think that I'm different from them. But they're coming around too, Mr. Speaker. It's rather a slow process.

I just would like to put it on the record that Mrs. Glen Parker and Mrs. Johnny Finkbeiner from the northwest corner of this province, or my constituency, have been a great asset to me in making some of the decisions. I remember a few years ago when there was quite a bit of changes in the WI and they certainly opposed it but they did it, they did it in an honourable fashion. You had to listen to them and I say again I'm real happy the Minister did listen. I hope it's contagious because Manitoba will be the benefit. I just say I believe our group is all in favour of this. I was out trying to upgrade our party in the rural area so I just got in and there may be other colleagues that will want to speak for or against this in any case. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, I am pleased to learn that the education of members on this side of the House is continuing through the efforts of the Member for Virden and we will continue to seek his advice on those matters on which he is knowledgeable. I rise only to say to the Minister that having barely recovered from an encounter with the Women's Institute of this province, he has learned a lesson that I am sure he will never forget.

The Minister was running pretty roughshod over everybody else, the farmers of this province in particular and imposing his will and his desires on the farmers, until he attempted to run counter to the wishes and the suggestions of the Women's Institute. He came out of that encounter pretty battered and bruised. I think it's a lesson that has stayed with him and the introduction of this legislation, which to a large extent I understand has been recommended by the Women's Institute, is an indication that the Minister when the lesson is taught, he can accept it. We're glad to see that he has learned a lesson and I might tell him that on any other occasion when we find that he is acting

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(MR. JORGENSON cont'd) contrary to the wishes of this province we know where we can go. We have very little influence with the Minister on this side of the House but we know where we can go in order to get the kind of pressure, to get the kind of influence that bears fruit. The Minister should be congratulated for at least recognizing that there is an organization in this province that is deserving of the kind of support that is inherent in this bill which simply allows them to establish and maintain an organization with some greater degree of flexibility than what was the case in the past.

Women's Institutes are happy that the Minister has introduced this bill; we're happy to see it go to the committee and have it passed at the earliest opportunity.

MOTION presented and carried.

BILL NO. 9 - AN ACT TO AMEND THE SNOWMOBILE ACT

MR. SPEAKER: Bill No. 9, proposed by the Honourable Minister of Highways. The Honourable Member for St. James.

MR. MINAKER: Mr. Speaker, in order to expedite matters in the House, I'll save my comments for the committee.

MOTION presented and carried.

MR. SPEAKER: Bill No. 11, proposed by the Attorney-General. The Honourable Member for Birtle-Russell. Absent.

Bill No. 12. Same.

Bill No. 13. Stand.

The Honourable House Leader.

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

MOTION presented and carried and the House resolved itself into a Committee of Supply with the Honourable Member for Logan in the Chair.

COMMITTEE OF SUPPLY - DEPARTMENT OF AGRICULTURE

MR. CHAIRMAN: Order please. I refer honourable members to Page 5, Resolution 10, of the Estimate Book. When we adjourned last evening we were on Resolution 10, Manitoba Agricultural Credit Corporation - \$3,070,500. The Honourable Member for Riel. The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I would like to pursue this part of the Estimates and deal with a few comments I'd like to make in regards to a speech that the Minister of Mines and Resources made last night. It was in connection with the land use hearings that were going on around the province, in the latter days of January and February. As I indicated I was not a member of the committee so I also want to say that I haven't as yet had an opportunity to read all the comments that were made in all those hearings in those parts of the province that were conducted.

But I want to say, Mr. Chairman, for the record, and I want to thank the Minister of Mines and Resources for sending over to me last night two of the Hansards in which he outlined comments made by two individuals in regards to that hearing. I was very interested, Mr. Chairman, in listening to the comments of the Minister or the contribution he had to make to our agricultural estimates. He referred to one farm organization in the province as being a Conservative one, and that they sort of made an about face. You know, Mr. Chairman, this Minister of Mines and Resources, and I must give him credit for it; he can take one point and he can build a speech for about twenty or thirty minutes around that one point and he uses his lawyer's tactics and he can turn this into a courtroom, Mr. Chairman. He is most capable of doing that very thing. But you know I listened very very closely to him. I want to say, Mr. Chairman, as a farmer and one who is a layman and not having the knowledge that the honourable gentleman has, where he is able to espouse his ideas in the language form that we use, and convert this place into a courtroom, I don't think that is quite the kind of justice

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(MR. EINARSON cont'd) that I want to see to all members on this side of the House. So I want to use a few points that he brings to my attention.

The first one he referred to and I say again: the farm organization that is supposed to be Conservative oriented. He talks about one individual who made mention of the fact that - and this person was indicating to the Honourable Minister of Mines and Resources that he was critical of the fact that the government have not made it known, that is all the details about the government getting involved in buying land. He felt that there should be more information conveyed to farmers so that they have a better understanding of what's going on. I don't think that that particular organization have made any about turn insofar as their decision is concerned from this year to last year. I believe that they are still of the firm belief that government should not be involved in buying what is left to be known as precious farm land. That is cultivated land where we are producing the bulk of our gross product of agricultural products.

Well, Mr. Chairman, maybe the Minister didn't quite say that in so many words. But I want to say that he has his capabilities of standing up in this House and orating in such a way that he wants to leave that impression. I want to say, Mr. Chairman, I want to let him know that I have another view insofar as his impression is concerned and I like to be able to espouse my views as to just what he is saying and how he feels about this very subject. I think that it should be known for the record that the Manitoba Farm Bureau have not made a decision to make an about face insofar as their decision or their attitude towards the government getting involved in buying farm lands.

The other point I want to make, Mr. Chairman, is where the Minister was engaged in debate with a certain gentleman and I think I'd like to read from the hearings in this particular case. It says:

"Mr. Green: Now one more question and then I'll let the other people deal with it. It seemed to me although you didn't state it, that if you didn't see a preference for you at least, saw nothing against a farmer leasing from the public rather than leasing from a private person."

"Mr. Groening: No. I think I stated specifically that I see a certain preference."

"Mr. Green: A preference to lease from the public than to lease from a private", and of course there were interjections.

"Mr. Groening: Yes, there is a certain advantage and there are also certain disadvantages."

"Mr. Green: Would you say that he at least should have a choice?"

"Mr. Groening: Of course."

Well, Mr. Chairman, we have for a hundred years insofar as farmers are concerned had the choice of leasing land; that is one farmer leasing from another farmer. Also one farmer leasing from the Crown. You know last night it was discussed in this House, 85 percent of all the land is held in the name of the Crown.--(Interjection)--No. You're talking about the total acreage of Manitoba.--(Interjection)--Mr. Chairman, never mind about Thompson. I'll bring you an area back home, a little closer to home, Mr. Chairman, where farmers have been able to lease Crown land that was never anything else but Crown land for a hundred years for farm purposes. The implication here in this hearing and where the honourable gentleman, the Minister of Mines and Resources, was talking to the gent or the farmer or whoever it was, presenting a brief to this hearing, he was trying to imply that the farmer never had a choice of leasing from the Crown before. Or from the public. All right, what's the difference?--(Interjection)--All right. The Minister for Mines and Resources, he uses the word "public"; I use it "from the Crown." Because the land, publicly owned, is held in the interests of the Crown. So we'll leave it at that.

So, Mr. Chairman, these are the points that the Minister of Mines and Resources was trying to debate last night and made a tremendous issue of it. I say to him that the choices were there for these farmers to lease from either a farmer who owned the land or from the - if he wants to say the "public", or from the "Crown land" held in the interests of the people of Manitoba. In my own community I can say that there is land that is owned by the Crown that is bush land, that is pasture land, that has no value

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(MR. EINARSON cont'd) really insofar as growing crops are concerned. But it has value for pasture land, for grazing, and that's an area where the Crown was able to accommodate many farmers, that they could lease from the Crown. So we've had no problem there.

But, you know, since this government took office - maybe I have to remind the Minister of Mines and Resources that the Manitoba Agricultural Credit Corporation was set up for a purpose of providing a fund that farmers could borrow from to buy land at an interest rate. I've talked to many farmers, and you know, this is something you could ask farmers, whether they agree or disagree that we established a position where we subsidized the interest rate. Because you know in any business if there isn't sufficient margin of profit, the interest is a very difficult thing in any business. So we took it upon ourselves in one small way because you know provincially you can only go so far in helping farmers. If there is any help to be had it's in the federal area more so. We chose to cut the interest rate in half.

This government when they took office in '69, they scuttled the whole MACC Program as far as when we were government. They decided that no longer could the farmers go to that organization and find funds to buy land. Rather the government decided they were going to use their own philosophy; they were going to use their own philosophy and say, no, we're going to buy the farm land. We're going to buy the farm land from the farmer. Once we get that land in our control, in our hands, we'll go to the next step and we're going to get involved in the cattle business. The Minister of Agriculture stood up last week, very proudly saying, you know I could be the biggest cattle owner in the Province of Manitoba. I could be the biggest cattle owner in the Province of Manitoba. You know I must warn this government. I'm going to warn the farmers of Manitoba and I hope the press will let the farmers of Manitoba know this. It doesn't do me much good to stand up in this House unless it's known to the farmers in the province. Beware, Mr. Chairman. I say beware, Mr. Chairman, of this government.

I said last week in the Estimates that the Minister of Agriculture is throwing out a carrot in this promotion program to lock them in for five years. He wants to make it good because there's an election probably coming in sixteen, eighteen months' time and he wants to put himself in much better stead than he has been in the last few years. So, Mr. Chairman, I say to the farmers of Manitoba - I also indicated that because of the policies of this government in the past three or four years, the Minister had no choice but to do what he did in recent months. Because farmers found themselves in financial difficulty and I agree they are and I don't blame them for taking the money regardless of what colour it is. Because they had no choice. The Minister of Agriculture knows full well because we're going to deal with another area right in here, in regards to farm diversification. I've got some questions to ask the Minister about that. Farm diversification. That's another important area that we've got to concern ourselves about. Also I want to say to my city colleagues that they want to be concerned because this is tax money we're talking about. This is tax money, Mr. Chairman, we're talking about.

You know, Mr. Chairman, I suggest that the Minister also must take into account, he has brought out a Report here by three people. There was a question asked by the Member for Assiniboia this afternoon and rightfully so. He was asking on behalf of the constituents that he represents in the City of Winnipeg, and I congratulate him for it, but I also, as a member representing the farmers of this province, want to know what assurance and what protection is the Minister of Agriculture going to give to those farmers to assure them that they're not going to take a loss on the price of their beef further than what it is right now. Or is he going to have to subsidize them further to make up for what could happen to the farmers as a result of this report. I want to say to the Minister of Agriculture, I don't know whether he's aware of it, but whenever there's a tremendous amount of publicity created over such subjects, and we're having it now in regards to the meat industry, do you know who takes it in the neck? It's the farmer. Regardless of how well intentioned the Minister of Agriculture or this government may be the publicity you get from it; the farmer's the one who suffers most. Because he has no way of controlling the prices he receives for what he sells. So I'm wondering if the Minister of

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(MR. EINARSON cont'd) Agriculture is going to take into account that one fact. I know he's sort of gleaming with expressions right now as I speak. Is he going to assure the farmer that he's not going to take an undue loss in his enterprise because of this report. I don't know whether the Minister wants to make any comments on what I've said up to the present time, but I want to ask him about diversification.

We have diversification mentioned in this resolution, Mr. Chairman. Also there's diversification mentioned in another resolution, and I want to deal with that further, later. But I would like to know, can he tell me how many farmers have been assisted under farm diversification insofar as providing loans are concerned. Now this is an area that farmers are operating themselves and they have no interference with the Department of Agriculture as I'm given to understand. If I'm wrong I'd like the Minister to correct me on this, but the number of farms that have been assisted under the Farm Diversification Program through loans. Thank you, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, before the Honourable Minister answers the questions from the Honourable Member for Rock Lake and because I won't have an opportunity of remaining in the debate for very long, I would just like to make one statement. I do so recognizing that I was absent yesterday when this item was discussed and in many respects I could be reviewing much of what has been said already. I do not want to deal with the problem of land use. I think there will be occasions in the House on which we can deal with it, and certainly can be dealt with in the general discussion on agriculture and agricultural bills. We'll be able I assume to deal with it in Capital Supply when the Agricultural Credit Corporation comes up at that time.

But I want to make one point, and I think it has to be made and I intend to make it now. I do so to register what I believe is consistent with what I said in my speech during the replies on the Speech from the Throne. There is a general disillusionment with the government and it amounts in some cases to anger. There is no better example of this anger than the operation of the Manitoba Agricultural Credit Corporation. As much as the government would like to protest that this argument is advanced by people who are biased on this side or hold a point of view different from the government and are prepared to challenge the government at every instance and are prepared as well to bring forward arguments to defeat the government, whether valid or not, I suggest to the government and through the Minister to the government that this policy is one that has raised the anger of the agricultural community.

It is a policy that is misunderstood; it is a policy that is confused and it is a policy that appears to be consistent with every argument that has been advanced here. I read the write-ups of last night's discussion in the newspapers and the arguments that have been advanced by those who have opposed the basic policy of land purchase and lease back by the government. It stems from the government's inability to understand that the farmer in applying to the Agricultural Credit Corporation wants the option open to him as to the choice that he should make with respect to his purchase of land and his financing. For many the pride of ownership is as important as any other aspect of their living or of the quality of life that they have. And as ridiculous as it may be and inconsistent as it may be with the respect to the financing that is available or the risks that are inherent in the project and the entrepreneurialship of the farmer, nevertheless that pride of ownership is basic to the kind of life that he wants to live.

Secondly, they want the option to make the choice on their own and not be put in the position of having that option closed. Now it's all good and well to suggest that there are other options available to them elsewhere, not through the Agricultural Credit Corporation. But that's like a bank manager saying to the farmer, I'm sorry, you know, we don't think you are a good risk but somebody else will and you have an opportunity to go somewhere else and there is financing available. The truth is that the Agricultural Credit Corporation is a subsidized operation insofar as the farmers of Manitoba are concerned and it has been accepted as that. It has been predicated on providing a means of financing for the farmer to remain on the land for small farms to exist at a time when in effect the trend was the other way. It has been undertaken to support the agricultural position in this province.

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(MR. SPIVAK cont'd)

What the government has failed to recognize is that conditions have in fact changed, that whatever existed seven years ago is not the situation today, or even two years ago, and that the farmers today who are desirous of carrying on are looking for the maximum kind of financing and would expect to find from their own Agricultural Credit Corporation the option of being able to finance as they would like. The difficulty is that that option is not open to them. Therefore their suspicions, which are only heightened by the kind of ideological debate that takes place here and elsewhere, their suspicion which I suggest is heightened, only results in anger and confusion. If there was ever a time for the government to listen to the members on this side, it is to listen with respect to the Agricultural Credit Corporation. There should be changes that are being proposed here on this side with respect to it. Now, Mr. Chairman, the Honourable Minister knows this. I know he travels about the country and he visits with people who are friendly to the government, unfriendly to the government. Representatives of certain organizations that have different vested interests talk to him straight talk in one sense and maybe others in a general way without trying to be specific. I've had the occasion, and I don't have to repeat the reason to tell the Minister, I've had the occasion to travel a fair amount in Manitoba for the period of about six months ago, for six months, and I travelled pretty extensively and I travelled from farm house to farm house and from community to community and I spent time with substantial numbers of members of his department and I know what I'm saying is correct. I cannot understand why the Minister doesn't know that what I'm saying is correct. I would ask him to ask his own people and let them tell him the truth and they will tell you that the farmers are really angry with the fact that that option is not given to them and that in effect they look at the Agricultural Credit Corporation as an adversary to their interests.

They look at the Agricultural Credit Corporation and the people involved and the people who are working for them as people who are really not interested in their long term goals, but rather in the acquisition of land, in the holding of land by Government, and in competition with them. As a result they are fearful of the actions, mistrustful of the department, mistrustful of these people, and are very unsure. I have to tell the Minister, whether he likes it or not, it's going to be reflected very directly in the election results that are going to occur whenever they do happen. That I'm quite sure of. Because in effect that policy has failed.

Now, to justify a land lease proposition as an option to a farmer and to, in fact, in some cases insist on it, because of the inability of a farmer to be able to provide the minimum equity required to have land ownership and an agreement for sale of mortgage, I accept that option has to be available, that option would in some cases have to be exercised prudently by the Agricultural Credit Corporation. But to eliminate the opportunity for the normal kind of financing is a mistake and has been a mistake and continues to be a mistake. For the failure of the Government to recognize that they have put themselves in competition with the farmers in relation to land purchase is a fundamental failure. There's no point of members on the opposite side arguing to me, well this is an ideological debate, you don't believe in it.

But an option of the land lease is something that should in fact be incorporated in a lending institution's capability. I'm not in any way quarreling with that. But the fact that they have failed to recognize that the other option is needed and that that would meet the demands of the people is a mistake and the fact not to recognize that by the actions and by in fact, the deeds - and you know if it's necessary we can recite examples because I've had them put to me and I have no reason to disbelieve the people who've spoken to me when they have talked about their local situations. The fact not to recognize that in today's market and today's climate there is a need for the Agricultural Credit Corporation to go back to the basic thing it was involved in which was to be able to finance farmers, leaving that option open to them if they want the land lease, but leaving them the option to be able to buy, by way of an agreement for sale, or buy by way of title and then mortgage back.

That failure is really fundamental to the government's attitude. Because the

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(MR. SPIVAK cont'd) constant debate is an ideological one and that's nonsense. That is not the debate. The debate is that you are not responsive right now to the needs of the agricultural community and further you do not understand what has taken place, nor do you understand the attitude towards yourself. That failure may in fact result in your defeat, but at the same time it is penalizing a tremendous number of farmers and young farmers who in fact want that capability of being able to finance, to be able to stay on the farm and to be able to continue in a market in a world condition and a Manitoba condition that is very different than it was a few years ago.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Chairman, I appreciate the comments of the former Leader of the Opposition. He makes some very good points and I give him marks for having done some research on the subject. I think though that he should be reminded that we actually didn't have a credit program in this province whatever in 1968-69. That statement should also apply to the Member for Rock Lake who suggested to the House in his remarks this afternoon that when they were the Government there was a credit program, a program that provided for mortgage financing. He has obviously forgotten that that was discontinued by his Government in 1968 and 1969 in favour of a program which would provide for guaranteed loans to the banks. And as I recall it, Mr. Chairman, there were a total of some 19 loans under that program in the period of a whole year amounting to negligible amounts of money. The farmers virtually didn't use the program in that period. That was a time when we had a tight money situation, Mr. Chairman. Money was not available anywhere else either.

MR. EINARSON: Oh, yes there was.

MR. USKIW: No. I beg to differ with my colleagues or with the members opposite. At that particular time the FILs were virtually suspended; the FCC Program had been tightened up; the MACC got out of credit and the banks refused to provide money. That's the time that my friends opposite, who were the Government, decided to get out of the lending business, decided to wind up the affairs of the Manitoba Agricultural Credit Corporation other than the guarantee program that was introduced.

I recall some of the comments in this Chamber where it was suggested that the private lending institutions should play a larger role and that they were prepared to help them along in the lending field, but they were not interested in any longer being direct lenders of moneys to the farm community. That was the presentation of the Government then. Now I have to admit that they may have rethought their position too by this point in time. That is possible and maybe that is what the Leader of the Opposition is alluding to, that we can't go back several years and compare. That may be a valid point and I wouldn't argue with that.

I simply want to remind members of the history, and that is that in 1969, the fall of 1969, we re-instated the credit program and broadened its scope, Mr. Chairman, as a result of which in the following three or four years we had provided for tens of millions of dollars of Capital Supply in order to refinance loans that were made by the Corporation prior to the change in Government, who were in trouble, people who were in trouble with those loans, and to refinance the private sector who weren't able to collect on loans, and to refinance the Farm Credit Corporation who was having an arrears problem. A good percentage of our Capital Supply over those years went into debt consolidation. That is the history, Mr. Chairman. So let not the Member for Rock Lake, nor the Member for River Heights, and I respect his comment, but let them not forget the history of the MACC and how far we have come with the program since 1969.

The Member for Rock Lake would like to know why they had to consolidate debts. I can tell him why. Because the feed companies, the banks, the credit unions, the farm implement companies were not prepared to carry an arrear situation and so they forced these people against the wall, who then came into the Manitoba Agricultural Credit Corporation and asked that all of these loans be paid off and that their whole financial business be restructured.

A MEMBER: Tell the truth.

MR. USKIW: Well I want to tell my honourable friend the truth. In 1969 direct loans for the purchase of land was \$1.3 million; in 1970 no approvals; in 1971 - \$2.3

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(MR. USKTW cont'd) million; in 1972 - \$3.2 million; in 1973 - \$2.4 million; in 1974 - \$2.2 million and then of course we had no program in 1975. In Debt Consolidation in 1969 - \$456,000; in 1971 - \$7,382,000 in Debt Consolidation; in 1972 - \$3.6 million in Debt Consolidation; in 1973 - \$1.3 million in Debt Consolidation; in 1974 - \$955,000 and in 1975 - \$142,000.00.

So the big year of Debt Consolidation was in 1971 and that's where we were picking up accounts that were three or four years old where people were facing absolute bankruptcy. So the Member for Rock Lake should have at least researched his subject matter because he would have recalled that that indeed was a critical time in prairie agriculture. We had a depression here in 1968-69-70 and that's the time that they decided to wind up the affairs of the Manitoba Agricultural Credit Corporation.

Now we did go back into the field in '69 which resulted in substantial amounts of money being ploughed back into mortgage financing. But one of the problems that we observed year after year was that our interest rate was always much higher than the interest rate of the Farm Credit Corporation; that the Federal Government was providing mortgage capital at a significantly lower rate than we were able to do unless we were going to apply huge subsidies to our program. It was on the basis of that that it was decided that we really should not be in the mortgage field, that the Government of Canada was providing money at a better rate of interest and that the farmers of Manitoba would be better off if they were to arrange their mortgage financing through the FCC. Certainly the economics of it were in their favour. We would provide the option which did not exist at that time and that is to help those people that were unable to raise mortgage funds or who applied but were rejected because of the inadequate equity position that they were in at that particular point in time.

That was a desire to have a complete package of financing available. 1) Using the Federal financial institution in the proper manner, and the other using the Provincial financial institution. Now that didn't cut off the other direct loans for operating, for the purchasing of equipment, the building of facilities and so on. Those were still held intact and are available to everyone for that matter whether they are clients of the FCC or whether they are clients within the MACC only. So that the history speaks for itself.

Now the Member for River Heights suggests that we should have an option within the MACC program today. So he is either advocating that we apply a massive dose of subsidy on the interest rate in order to facilitate that so that we would be in competition with the Federal Credit Corporation or he is suggesting that somehow people would prefer to pay more money to the MACC as opposed to dealing with the FCC and I just can't understand the reasoning. Perhaps if he wants to make a point of clarification there I would appreciate his contribution.

MR. CHAIRMAN: The Honourable Member for River Heights.

MR. SPIVAK: I think one should accept the principle that obviously anyone if he is capable of securing a loan at a cheaper price would secure it at the cheaper price. But there are occasions in which you cannot obtain loans.

There are industrial loaning institutions that loan money but loan money at different rates. People shop around and occasionally people do pay higher rates, higher rates because the terms under which the repayment will be made are more advantageous to them, the length of time of payment, the conditions of whether there are balloon payments at the end, all of these things are factors. It would seem to me that what I'm talking about may very well mean a degree of subsidization, I'm not sure of the massive kind of subsidization that takes place, but certainly that the option should be open. So in effect the Manitoba Agricultural Credit Corporation is one of several institutions that the farmer can look to for financing and it may very well be under the conditions under which the offer will be made that he will be prepared to go.

The difficulty that I see, and from everything that I've heard, is that people go to the Manitoba Agricultural Corporation for reasons best known to themselves. Either they do not want to finance through the Federal Credit Corporation or in turn they see some advantage. The difficulty with them is that that option is closed immediately, they suggest, then the option of the lease back is provided. In many cases they do not have the

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(MR. SPIVAK cont'd) sophistication; in many cases they do not understand the nature of the loaning institutions that are available to them and in many cases they are captured, and really captured clients of the Agricultural Credit Corporation. I'm not to suggest that people in the farm community have no cunning or wit. I think that they've demonstrated they have. They wouldn't have been able to survive in the years in which the debt load was as large as it was when the cash flow wasn't where it should be. But I'm simply saying to you that it doesn't follow that the kinds of conditions that the Minister is suggesting are the only ones. Certainly there are terms that could be important, and I think that those are the kinds of consideration which we give that option to the farmer.

MR. USKIW: Mr. Chairman, I suppose I could draw the file and pull out one example after the other, and a series of hundreds of examples, to indicate that we in fact had a very painful experience under that program. We found that people who were rejected by the FCC because it was considered by the Farm Credit Corporation that they were either bankrupt beyond recovery or that they were proposing unviable propositions, or whatever the case may be, and that in essence they were prepared to pay the MACC two percent more on their interest rate regardless of the fact that the FCC had suggested that they were not viable units. We had to end up getting all the rejects of the FCC into our hopper, which had to result - if we had accepted all of those and we rejected more than 60 percent of them - if we had accepted all of them we would have been in a very high risk position with almost all of those applications or those clients because they were already in a position of almost virtual bankruptcy.

MR. SPIVAK: Mr. Speaker, I wonder if the Minister is suggesting that those who have in fact leased from the MACC under that program are in the main people who were either bankrupt or high risk or high credit risk. Is that what he's suggesting?

MR. USKIW: The lease option is designed for those people who are unable to obtain mortgage financing. That is the reason why it's there. For those people who are rejected when they apply for mortgage money, their next option is to see if they can get into the business of agricultural production under a lease arrangement. That is the very purpose of the program, it is to facilitate the group that is now on the outside and can't get their way in. --(Interjection)--Well, no. I thought the member wanted to pursue the point. But in any event yes.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. J. DOUGLAS WATT (Arthur): I just ask the Minister a question. I wonder, do I recall correctly that he said in this House just recently that why should the government underwrite bad risks when he's now saying that they have taken over bad risks from the FCC. Let's take a position on this stand.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: The Honourable Member for Arthur should appreciate that I had given the members opposite the history of the MACC and its operations from the year 1969 - well, even prior - but in particular the year 1969 to the present time. And during the depression years we did get involved in massive doses of debt consolidation, loans that were provided by the MACC prior to 1969, as well as federal agencies, as well as the private sector; and the bulk of our borrowings went into debt consolidation for a period of time so that, you know, the record should be straight. It was in response to the allegation by the Member for Rock Lake to the fact that we had wound down the MACC when in fact the opposite took place, that it was the government prior to 1969 that wound up the affairs of the MACC and we had reopened the whole program shortly after coming into office.

MR. WATT: The Minister indicated that in 1969 they went back into the loaning because of the tightening of money or the FCC? Is that correct?

MR. USKIW: Because which?

MR. WATT: Because of the fact of the tightening up of the FCC program, and then they get out of it in 1974 because the loans were better by the FCC in 1974, I believe he said.

MR. USKIW: I think, Mr. Chairman, the comments I made were that there was

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(MR. USKIW cont'd) a general tightening up of money supply in this country. Farm Credit Corporation - the FIL Program was virtually non operative. The banks were not offering any moneys at that time under the FIL arrangement. That was the very same time that the Conservative Government of this province decided to get out of the lending field as well, other than through a change in their operation which resulted in the provision of guaranteed lines of credit through the banking institutions as a result of which only some 19 loans were made in the period of a year because the banks were not prepared to commit capital supply to that program during the tight money period. So we had a real financial crisis on our hands at that time, and it was in the Special Fall Session of 1969, as I recall it, that we made provision for re-instituting the full operations of the MACC and ended up in advancing huge sums of money for three or four years most of which went into debt consolidation.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, now I'd like to pose a question to the Minister. First before I do pose the question, I want for the record that I did not indicate in any particular year when we were government, I was referring to the policies of MACC. But he talked about, I think, somewhat over \$7 million in consolidating of debts that --(Interjection)--one year, right. I'd like to ask the Minister, in order for a farmer to get loans from the MACC under his time of office when he first came in, they had to consolidate the debts otherwise they could not get a loan. Am I correct on that? And the reason I ask that is because some farmers were veterans from the last war. The interest rate was maybe five percent and I was given to understand that they had to consolidate those debts, the government would pay them off and then they'd have to re-mortgage at a higher interest rate. Am I correct on that, Mr. Chairman?

MR. USKIW: Well, Mr. Chairman, where it was a matter of security of the loan, it was obvious that the only way one could refinance is to take over all of the existing debts and then to take the security, whatever assets there were at the time. There's no way the corporation could function. If we were to leave the security in the hands of the Farm Credit Corporation and to carry the load on the large amount of debt totally unsecured, that would have not made any sense whatever.

Secondly, I think I should mention this point, that under the policy at the time an individual was allowed two creditors. Yes, two creditors - that is, the MACC being one of them. And as a matter of fact we broadened that one further so that if there was an FCC arrangement that it was looked upon as if FCC and MACC were one creditor and there could have been a bank or a credit union additional to that. So it was not a policy that everything had to come under the aegis of the MACC, that was still optional.

MR. EINARSON: Now can I pose another question, Mr. Chairman. When I talked about the subsidized interest rate, the Veteran's Land Act under the Federal Government was providing for that very thing. Did the Minister not consider that the Veteran's Land Act carrying the mortgages that they held with many farms at that time were not a good risk or did he not consult with that organization?

MR. USKIW: Mr. Chairman, I don't recall any particular liaison or discussions with any group with respect to the Veteran's Land Act. At least I have had no such discussions, nor was there any request for that kind of discussion or integration or dialogue. So I am not aware of what the Member for Rock Lake is trying to suggest or what point he is trying to make.

MR. EINARSON: Well Mr. Chairman, I would like to point out to the Minister that I had many criticisms from farmers when the present government changed the policies of the Manitoba Agricultural Credit Corporation. They could not understand why the Minister indicated that there was one criteria necessary, and if they had any mortgages with, say, a local bank or a farm credit corporation or a Veteran's Land Act - that if they had, say, debts with two of those they would have to pay them off and refinance through the Manitoba Agricultural Credit Corporation at a higher interest rate. The criticism I received from many farmers was they did not feel that the present government of this day were justified in doing that. Why couldn't they leave that mortgage they had with VLA for, say, four or five percent interest rather than pay it off and then refinance it at, say, eight or nine percent? That's my point, Mr. Chairman.

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MR. USKIW: The Member for Rock Lake is not accurate because we maintain a two-creditor policy all the way through the program, so that the FCC could have remained intact along with the MACC, as well as a bank or credit union. Now in certain particular circumstances it may be possible that there were demands placed because of the nature of the risk that was undertaken at the time, and that may be a specific instance I am not aware of. But as a general policy, there were in actual fact three creditors, the FCC, MACC and the banks and credit unions. So I hope that clarifies the history of it.

Now if the members opposite are suggesting that we go back into the mortgage business notwithstanding the fact that the Federal Government is in it and at a lower rate of interest, then they obviously have to consider that to get into it and to be meaningful one would have to provide a substantial degree of subsidization of the interest rate. That's really what my friends opposite would have to follow up with if they are serious in that respect. So I'm not sure that that is a more desirable proposition, in that if moneys are available through the Government of Canada at a lower interest rate, what purpose would we serve other than to take an obligation away from the Government of Canada through the FCC? We would bring relief in terms of their capital supply situation and impose constraints on our capital supply situation. That is really what my honourable friend is suggesting we do, and I don't know what purpose that would serve.

Now the Member for Rock Lake made some reference to the tabling of the Meat Enquiry Commission report, and I don't know what it really has to do with the subject matter at hand. He indicated that that information will likely cause a decline in prices to the farm community. You know, the report itself is virtually an indictment of the present industry as it is structured now, its operations, but that comment from the Member for Rock Lake is a much worse indictment. He is suggesting, Mr. Chairman, that there will be a conspiracy at work at all of the packing plants and the stock yards across this province to push the price of beef down to the Manitoba producer, beef producer. I am amazed at the fact that the Member for Rock Lake is prepared to so boldly suggest that that conspiracy exists and that it will work to the detriment of our agricultural producers.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): Thank you, Mr. Chairman. I'd like to go back to the Manitoba Agricultural Credit Corporation for a few minutes. I don't think any amount of talking that we could do here, and we could talk for a week, I don't think we're going to change his ideas. Because this is his belief, and he said it many times that he believes that it's better when the governments own the land than when the people do. But one of the things that if he is sincere that he believes that private ownership is the best, why couldn't there be a clause in the lease that the farmers sign, that at any time he wanted to exercise that option all he had to do was pay whatever he was subsidized and to be able to get the title in his own hands? - instead of having to carry on with a lease that runs for five years where the government has such, because they sell it the next time at whichever is the highest the appraised value at that time; or whatever it's cost him to subsidize the interest and in operating the program. So if he's really sincere and believes in individual and private ownership, he could easily put that clause in there that at any time that the person could do it he could use that option.

On top of that, I'm just wondering now, if a farmer gets land and he has it for a number of years and sells it for more than he pays for it, on half of his capital gain he has to add it to his income and pay income tax. I'm just wondering what is going to be the position of the government when this land that they have purchased at low prices - if they sell it back to the farm people which I doubt very much - but if they sell it back, I wonder where is your position income tax wise with the Federal Government on your capital gain on that particular piece? In other words, is the Manitoba Government going to be subject to the same capital gains regulations that the farmers are?

I believe that the Member from Fort Rouge made several good points. I really believe that you could do something in the way of helping people or advising people to use the Manitoba Farm Credit. There's no doubt in the world but when any farmer goes to your office that you try to get him in on this here deal where you buy the land and lease it back to him; you don't try to tell him to try to arrange other finances. If you do I'd

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(MR. HENDERSON cont'd) like to hear one of them, because every one that's went to it that I've heard of, you want to purchase it and this is what you talk about and you make it sound so easy, and there's five percent. By the way, when you're talking about costing the Manitoba Government quite a bit to subsidize this interest rate compared with the federal people, you're already subsidizing the interest rate anyway when you lease it back to him for five percent. So you're already involved in the cost of leasing land back at five percent.

MR. CHAIRMAN: Resolution No. 10. The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, the Minister made some comments for the record and I just want to make it clearly understood - and he's something like the Minister of Mines and Resources, he wants to make a point to his own satisfaction. I made no mention about any conspiracy about the meat industry in this province by any certain groups or vested interests. I posed a simple question to him asking him if he is working on behalf of the farmers to protect their interests, and that's all I said. And I don't know whether he's going to answer the other question that I had. I hope he'll answer the Member for Pembina. The question that I had posed to the Minister is: how many farmers are involved under farm diversification loans in the province?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Well, I would suggest to the Member for Rock Lake, so that we don't belabour the point now, that he read Hansard tomorrow and he will find that he in fact did suggest that there was the possibility of some conspiracy setting out to take advantage of the farmers of this province as a result of the information that was made public in the Meat Enquiry Commission Report. But I leave that for him to do. It's a bit of homework that he could do while the weather is such that there are not many options available in any event.

With respect to the number of farm diversification clients, we have a total of 775 from the beginning of that program to January 31st, 1976. There are more farmers in the program than the 775, but these are the numbers that had borrowed money. --(Interjection)-- Yes, there are 775 clients under that program that arranged for financing through the MACC.

Now with respect to the comments of the Member for Pembina, the option to purchase should be made available - I suppose the day after a lease is signed is really what he is suggesting. And I simply pose to him the problems that that would create for the administration. The question of free appraisal services comes into it; the question of the corporation becoming nothing else but a sort of a real estate agency where one who is awaiting a decision on an application for mortgage money may want to use the services of the corporation in order to buy the land and then to take it off their hands a month or two later. We would end up nothing more than a real estate agency if that were to take place.

Secondly, most people that come into this program are people that are not in a strong financial position and that it is not desirable to sort of give them their wings, so to speak, prematurely. Because if they are not ready to undertake a substantial financial undertaking, the corporation would do those people harm in allowing them that option too early in the game. That is one other reason why five years is sort of considered a reasonable period of time. I don't think it's an onerous period. Now to the extent that there are accumulations of subsidy on the interest rate, well that is something that is to the advantage of the lessee, it's not a disadvantage, so that in essence they still have all of the flexibility that they would want. That is not something that we should remove.

Now the Member for Pembina also suggests that we are now subsidizing the interest rate, and that would be no different than subsidizing the interest rate on a mortgage. And you know, I suppose one could for the sake of simplicity make that argument. But if the Crown is going to take advantage, or at least take the capital gain on increased values over a period of years, then that is not correct. Then there is some recapture, if not total recapture of that subsidy. When that program was first introduced, it was the desire that we try to break even on the program, that over-all over a period of years that that program not cost the taxpayers any amount of money and that the increased value on land may offset the subsidy payments on the interest rate over a period of time.

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(MR. USKIW cont'd) So it's a very conservative approach, I might add. You know, it's a very conservative approach to the program. Now that's something that is always under review and I suppose adjustments could be made from time to time and have been made. But in essence, what my honourable friend is asking for is subsidies and there is always a limitation as to the extent of subsidization through government programs that one can undertake. We have just discussed a massive program of subsidization to the beef industry. You know, I don't know how many millions of dollars you keep adding into the area of farm subsidy. I appreciate the comments that the member makes, but those are the constraints that we have to live under.

MR. HENDERSON: Mr. Chairman, it sure makes me more convinced than ever that the Minister does believe in becoming the owner of land, because he said that they could be turning out to be given free appraisals. Under your system that you have now they even exercise that they have to pay this subsidization of interest, they have to pay that back. They also have to take the capital gain. You never explained that in farms now there's some farms that double their value. Quarter sections or half sections that sold for 20,000 or so are now valued at 40,000. Now my question is: is the Provincial Government not having to face up to the same reality that a farmer has on capital gains?

You people, if a man was exercising these options, you could charge him if he exercised his option on that lease in two years. You could charge him an administration fee. You're going to do it if he goes five years. You could also charge him for having your appraiser come out. But I say give him that option in two years, or one year, two year, three year, any time within that five years. Not only that but you'll give him a chance that he won't have to pay that extra amount of money because the way land has been going up in price, or a man bought it for 20,000 he maybe could have come in in that period in between and bought it for 30,000. But if he's going to run the whole five-year lease the way things are going he may be facing another capital investment of maybe another ten or fifteen thousand.

So if you people really believe that private ownership is the best and this is what you'd like to see, I can't see any problem at all but what your people would have enough brains to be able to work that into your writing in the lease. I certainly could do it and I don't think I'd be an expert on it. I think it's just a matter of your intent that's behind that and if you'd put something like that in then people would believe you possibly when you say that you're more interested in private ownership than you are the other way. Because you aren't really making it very easy for a person to purchase the land now.

MR. CHAIRMAN: Resolution 10. Resolved . . . The Honourable Member for Minnedosa.

MR. DAVID BLAKE (Minnedosa): Thank you, Mr. Chairman. The Minister made some comments a while ago that I don't think should go without some rebuttal on them. There's no doubt at all that in the period that he mentioned, '67-'68, '69-'70, there were some severe monetary restraints facing people not only in the agricultural industry but throughout the economy of the country in general. But he went on to state that this was the reason for the MACC to desist on some of its lending operations and I don't think that's the case. I think in that particular time, '67-'68, there was such an overlapping with the FCC program that this is why they withdrew to some degree from the mortgage field.

Now also during that time, even though there were monetary controls for a period of a couple of years, the chartered banks, one lending institution during that period of time had set up pretty careful agricultural departments because they recognized the need in the agricultural sector of our economy for a change in methods of financing.

He mentioned in 1971 that there were massive funds of the MACC directed towards debt consolidation. There's no doubt there was debt consolidation going on at that time, but \$7 million is not a massive infusion of funds for debt consolidation. You just put \$14 million into the beef industry and that's only one small segment of the farm economy. So \$7 million throughout the Province of Manitoba on debt consolidation is not all that much. I would think that probably that figure could be much higher. I don't know what funds they lent out in 1971. I just wonder when these various changes were

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(MR. BLAKE cont'd) taking place in the methods of financing of the MACC, did the Minister consider consultation with various lending groups. I mentioned this to him the other day. I don't think those views were obtained at all. Unfortunately I don't have any figures with me right at the moment, they're in my attache case and I'll have them tonight, and there's some figures I think the Minister will find pretty interesting of the millions and millions of dollars that have been lent into the agricultural economy by these various lending institutions. So I think some of the figures that he gave us about the debt consolidation provided by MACC was, certainly it was great and there were difficult times in that period '68-'69-'70 because I was pretty involved in it at that time.

I went into one of the poor depressed farm areas of Manitoba at that time, the Swan River Valley, and we all know what hardships they suffer up there. But I was only involved in one lending institution and I have some idea of the millions and millions of dollars that have been put out by the credit unions and by the banks into the farm economy. I for one strongly feel that MACC should be involved in mortgage financing to some degree. I share the views of the Member for Pembina that a young man, if he doesn't wish to lease, should be able to buy that farm on the same arrangement because you're subsidizing the interest rate anyway. I think if the Minister would consult with people involved in the mortgage field that he would find that there is a program that would be quite feasible, that would allow the farmer to own his land rather than continue to lease. But unfortunately I don't have the figures with me to provide to the Minister but I'll bring some figures tonight for his perusal that I think he will find pretty interesting.

But debt consolidation during 1970-71 - certainly as I say there were difficult times in the farm economy during that period but \$7 million you mention one year and \$2 million in another and throughout the farm segment of our economy that amount of money is not really that significant when you consider how much it's taken to support the beef industry to some degree. --(Interjection)-- Well the Minister states he got all the bad ones. He well knows that there are some people involved in agriculture that no matter how much money you'd throw into that operation they're just never going to be a farmer. It's like another Saunders Aircraft. In the financial field if you're able to convince the bank next door or the credit union or the government that this fellow needs bailing out, you kind of chuckle to yourselves, well I got rid of that one. And there's no doubt that some of that was going on. But the debt consolidation figures that he mentioned, I don't think when you consider the millions and millions of dollars that are necessary to finance the agricultural economy, the debt consolidation while it was serious wasn't really all that disastrous.

MR. USKIW: I tell the Member for Minnedosa that that happened to represent about 50 percent of our total program, just tied up in debt consolidation in that year. Most of it was people that were virtually on the ropes, financially speaking, and who were being pressured by financial institutions to pay up their bills, including the bank that my honourable friend was working for at the time.

MR. BLAKE: The Minister must admit that that particular institution has a pretty fine agricultural department. I don't want to belabour that particular point because I know we want to move along but does the Minister have any figures on losses or reserve for losses during that particular period. I realize it's a little early to tell. Is it higher than would normally be the case under the previous lending experience or are these farmers working out of it with the good prices that we've had in the last few years?

MR. USKIW: Mr. Chairman, I know that we've had a very serious arrears situation on some of those and some repossessions were the ultimate resolution of those situations. But I couldn't be more specific than that without having to do some research.

MR. BLAKE: . . . to the Minister. Mr. Chairman, would there be repossession of farm lands? Would there be much land involved or would it be machinery and things of this nature, or would it be largely farm land.

MR. USKIW: I think we had a total of 16. Well that goes back to - a total of 16 repossessions since 1959.

MR. BLAKE: Of farm land?

MR. USKIW: Yes.

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MR. BLAKE: And this would go into the land bank under your lease arrangement or would this be resold to recover your losses. It would go into your lease arrangement program.

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

MR. GRAHAM: Mr. Speaker, when we're dealing with this same subject perhaps the Minister can give us some information on the loans that were on equipment rather than land, because we do know we have some that were on equipment. I'm thinking in particular of some of the northern fishing co-ops where the MACC was quite heavily involved. I was wondering if he could give us a picture of what the MACC intends to recoup, whether they have given up on some of it and written it off or whether all these accounts are still alive and active.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, with respect to the loans to the fishery, those are recoverable from another department. The MACC is an agency providing financial services. But another department I believe has guaranteed those loans to the MACC. I'm talking about the Department of Renewable Resources where it involved loans to fishermen. So we are strictly acting as an agency for other government departments. Now there will be losses there and I don't know what they are but they are not losses to the MACC. They are recoverable losses.

MR. GRAHAM: Has that agent been still active in these accounts and still making attempts to recover the investment on behalf of the other department of government of which they are agent for?

MR. USKIW: During the fiscal year ended March 31, 1975, we had 109 new loans and 428 supplemental loans. That is to the fishery through the MACC. That is essentially for equipment.

MR. CHAIRMAN: Resolution 10. Resolved that there be granted to Her Majesty a sum not exceeding \$3,070,500 - The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, on this resolution we noticed here Farm Loans Incentives was a half a million last year. There is nothing this year. What Farm Loan Incentives did we discontinue this year? Could the Minister indicate that?

MR. USKIW: Members would recall that we suspended the Beef Incentive Program a year ago in favour of the Stocker Program. But we retained intact the incentive program for milk production and that was grants against either cows, purchase of cows or buildings or equipment and also incentives for increased sheep production. Those are the two that were retained. For the next fiscal year we have dropped those remaining two and that represents a difference of a half a million dollars.

MR. CHAIRMAN: Resolved that there be granted to Her Majesty a sum not exceeding \$3,070,500 -- passed. Resolution 11, Farm Management 11(a)(1) Regional Division - Salaries. The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, we're dealing with another resolution here. I see there's a reduction in the amount of money that is being allocated from 3,091,500 to 2,211,200. We also have here farm diversification clients. Now this is under Farm Management, Mr. Chairman, and I wonder if the Minister could indicate to us how many farmers are involved under this particular aspect of farm diversification as clients and...

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: The reason for the reduction, Mr. Chairman, is that we did not spend all of the previous allocations from last year and the year before. There was an underspending that took place two years in a row and that money was transferred into capital and we are still drawing on those funds into the next year, or will be drawing. So that represents the reason for the substantive reduction. The number of clients in the farm diversification program is 1,925.

MR. EINARSON: Mr. Chairman, this is an area that gives me some concern. You know, the Minister has talked throughout our estimates about giving people an opportunity to get into the farm business and insofar as that statement is concerned I see nothing wrong with that providing the investigation is carried out as to the qualifications of an individual.

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(MR. EINARSON cont'd)

I can think of a few cases and I use one in particular, Mr. Chairman, where a farmer came from the city; he had no knowledge of what farming was all about and I happened to be going down the road one day where I noticed a farmer was pulling a corn planter, I believe it was a corn planter, going over virgin land that was wild grass. It was ground that had never been tilled to my knowledge. I discovered that this farmer was planting tame grass seed in the furrows that this corn planter had left. I had never seen this, Mr. Chairman, before and I can understand that those who are from the city would have no understanding of what I am talking about. But I would hope the Minister would understand what I'm talking about and I'm wondering why was this advice - now this is a farm that was under the management of farm diversification. I would like to know from the Minister why was this farmer given the kind of advice to take a corn planter out and plant tame grass seed. This was a real surprise to me, Mr. Chairman. I wonder if he could elaborate on that. He knows what I'm talking about.

MR. USKIW: Mr. Chairman, I have no knowledge of the incident that the member is referring to but I would want to advise him that all of these applications go before a selection committee made up of local farmers, one FCC agent, one MACC agent and of course departmental staff. It's a federal-provincial program. I hope the honourable member appreciates that there's federal involvement here and we have a joint committee that peruses all of the applications and who ultimately makes the selection. They also interview the farmers who apply so that is a decision at that level.

MR. EINARSON: Mr. Chairman, I thank the Minister for that information and this farmer, say for instance, he's in the dairy business and we know that the Minister has taken sufficient control of the dairy industry whereby he pays the farmer. Now then if the farmer has problems in meeting his commitments what is the situation there? You know he has a monthly milk cheque, and does the Minister collect that money from the farmer and gives him so much back to operate or just how does that operate? I mean he states that there's a committee whereby these people, before they qualify as farmers - this is another thing that's alarming to me and I know and realize the Federal is involved with the Provincial - that if this committee is established to screen these people and these people having had maybe one or two years' experience and do they keep periodic check on these farmers finding how they're doing and if they don't meet up to the expectations of this Committee after two years, what happens then?

MR. USKIW: Well of course, Mr. Chairman, it's not intended that these people be retained more than two years in the program in any event. We have not the capacity to maintain a longer program in that we have new applications that have to be considered and so there's a rollover that has to take place.

These are what one would classify as higher risk clients that we are dealing with. That's the nature of the program; it's to deal with people who cannot get services, financial services, in the normal way, so that we are dealing with essentially a higher risk clientele than we would in a normal credit arrangement or through the MACC in the normal way. So I would suspect that there would be a higher percentage of problem cases, although I gather the record is very good, notwithstanding that particular point. I gather that the problems that we have had are few and far between. But in any event I don't believe there is any provision for assignment of earnings to the credit corporation, I don't believe that is the case at all. That they have to operate in the normal way, they incur their debt and they have to pay it back in the same way as anyone else would have to.

MR. EINARSON: Well then, Mr. Chairman, I wonder - the Minister has indicated there are 1,925 farmers involved in the Farm Diversification Program as clients of the Department of Agriculture. Can the Minister give me some breakdown as to the amount of money that has been loaned out to these 1,925 farmers and what that money was loaned for, whether it be for money that is needed for buildings, whether it be money that is needed for equipment or livestock, etc.?

MR. USKIW: With respect to those taking out loans, we have \$6.2 million in loan moneys that have been made available to the 775 clients, of which 1.2 million was

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(MR. USKIW cont'd) for buildings, 2.8 million for livestock, 1.6 million for equipment and about a half a million for other expenditures.

MR. CHAIRMAN: Resolution 11(a)(1) -- pass; (a)(2) -- pass; (b)(1) Economics Branch -- pass. The Honourable Member for Roblin.

MR. McKENZIE: One question, I don't know whether it's under this item, the CanFarm System, how many are enrolled in that program? Is it increasing?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I'm not sure that I can give that figure, that is a current figure, I know that a year ago we had about 800 but it may have altered somewhat. I believe it's more than that now.

MR. CHAIRMAN: (b)(1) -- pass; (b)(2) -- pass; (c) Canada-Manitoba ARDA Agreement, Salaries (1) -- pass; (2) -- pass; (d) Canada-Manitoba FRED Agreement, Salaries (1) -- pass; The Honourable Member for Rock Lake.

MR. EINARSON: Could the Minister give us a rundown on the increase in the Other Expenditures, from 113,000 to 152,400.

MR. USKIW: The increase there is 90,000 for FDP Grants under the FRED Program, that's Farm Diversification FRED. You must appreciate that that program is divided into ARDA, which applies to all of the province except the Interlake, and then of course the Interlake is still under the FRED Program. So it's accounted for separately.

MR. CHAIRMAN: Resolution (d)(1) -- passed; (d)(2) - The Honourable Member for Rock Lake.

MR. EINARSON: Also, Mr. Chairman, could the Minister give us the increase here on Other Expenditures, from 115,300 to 189,200.

MR. USKIW: Yes, Mr. Chairman, I believe I gave the Member for Rock Lake the wrong figure on the last question. The figure should have been 32,000 - was a salary adjustment under (d)(1), and the Other Expenditures are accounted for by 90,000 under the FDP Grants Program, as well as training workshops \$50,000. Oh, I'm sorry, there's a decrease of 30,000 in training workshops to a level of \$50,000. Then there's the normal increase of 13.6 in salaries and eight in operating expenses.

MR. EINARSON: Yes. The Minister mentions training in workshops, that sounds interesting, could he indicate what kind of training and where are these workshops located?

MR. USKIW: These are all related to Farm Management Training Programs for the FDP clients, Mr. Chairman, Farm Management.

MR. CHAIRMAN: Resolution (d)(2) -- pass. Resolution 11: Resolved that there be granted to Her Majesty a sum not exceeding \$2,211,200 -- pass.

A MEMBER: Could we call it 4:30 now?

MR. CHAIRMAN: Committee rise. All right, carry on. Resolution 12, Livestock Production - Regional Division - Salaries (1) -- pass. The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I just wonder if the Minister could give us some indication of where those salaries are going, what people are getting salaries under this Regional Division. I know that he has restructured the department somewhat and I would like to get some information from him as to what extent that restructure has taken place and who is in receipt of the salaries listed under this Regional Division.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: There are 31 staff-man-years throughout the five regions, Mr. Chairman, that have to do with livestock production. The Regional Division is shown in a number of areas, and that is really the accounting of those people that operate outside of the City of Winnipeg, within the five regions, if that's the question. There are 31 staff-man-years.

MR. JORGENSEN: Just what category does that include, home economists or whatever.

MR. USKIW: If we take the livestock management specialists, we have a total of - I've got them broken down by regions - six in the northwest, eight in the southwest, seven in the central and six in the eastern region. And then we have a portion of the ag reps' time is included in this total, so that it's not actually bodies that we're talking

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(MR. USKIW cont'd) about but staff-man-years. Part of our ag reps are in those total figures. There's an imputation of time per ag rep.

MR. JORGENSON: Are we to understand then the ag reps are paid in two different ways? I get the impression from the Minister that part of his time is being paid under this program, where is the rest of the time paid for the ag reps?

MR. USKIW: Yes, part of their salaries are covered under the Farm Management section, where they are devoting a portion of their time, and we have allocated some portion of their time towards delivery of specific programs. In this respect, 20 percent of their time is under Livestock Management and it's broken down into staff-man-years.

MR. JORGENSON: What other people are involved? What I'm trying to find out from the Minister is, there must be a certain number - I'm not so interested in the staff-man-years, I'm more interested in the particular personnel that are in those regional divisions and what their responsibilities are. What are - not necessarily their qualifications, but what are their titles? You say 20 percent of that is agricultural representatives; there must be some specialists in livestock production; there must be perhaps home economists or whatever. I'd just like to know - he indicated there were seven to eight people in each one of these regional offices, I am interested in knowing just what those particular positions are that are located in those regional offices.

MR. USKIW: Mr. Chairman, in the livestock program in particular we have every commodity group represented by staff-man-years, whether they be dairy specialists, beef specialists, swine specialists, and so on. So they all come under this heading.

MR. JORGENSON: There's one of these specialists in each field of agriculture located in the regional office.

MR. USKIW: That's right.

MR. JORGENSON: That's really the question I was asking.

MR. CHAIRMAN: Order. In accordance with our Rule 19(2), I'm interrupting the proceedings of the Committee for Private Members' Hour. I shall return to the Chair at 8 p.m. this evening.

. . . . continued on next page

PRIVATE MEMBERS' HOUR - PRIVATE BILLS - SECOND READING
BILL NO. 21 - AN ACT TO AMEND THE CONDOMINIUM ACT (2)

MR. SPEAKER: The first item is Private Bills, the second item is Public Bills, Private Members' on Tuesday. Bill No. 21. The Honourable Member for Fort Rouge.

MR. AXWORTHY (Fort Rouge) presented Bill 21, An Act to amend The Condominium Act (2), for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, this bill is similar to one that I introduced in the last session of this Legislature. Unfortunately at that time because of the Speedup motion it was not able to be considered by members of this House, which is unfortunate because it would have offset what I consider to be one of the important and essential facts of this bill, and that is that if there is not this bill passed or something very similar to it the program of rent control or introduced for second reading today by the Minister of Consumer Affairs will be another failure.

Now let me explain what I mean by that. The history of this particular bill deals with a manner of restraining a conversion of rental properties, primarily apartment blocks, to condominiums which is a form of shared ownership by those who occupy the building. The problem is not a new one in North America, it is a problem that has infected many other cities, Toronto, Vancouver, Calgary and a number of American cities. It came to my attention a summer ago in my own riding when one of the very large apartment blocks, one that had several hundred units in it, an announcement was issued that in fact conversion was being planned. As one might expect, the tenants were concerned; many of these tenants were people who had sold their property, sold their homes to move into an apartment block and all of a sudden discovered that if in fact that particular apartment block was to be converted that they would then have to re-invest their capital or face the disruption of moving.

Now taking that initial incident and examining the issue a little bit closer, certain very important features came to light. One is, that if in fact that particular conversion had gone ahead, it would simply have been the catalyst that would have started a snowballing effect in that whole downtown area of the city. So it wouldn't have been one apartment block, it probably would have been several, and a number of units that would have been converted could have amounted to several hundred.

And this happened, Mr. Speaker, at a time when the production of rental apartments in the City of Winnipeg was falling off drastically, a fall-off that has continued till it's present time so that, to give some statistics drawn from the Manitoba Digest, Mr. Speaker, between 1973 and 1974 the starts for apartment units declined like 50 percent. And in 1975 there was a further decline of 26 percent. The result has been that in December of 1975, just about two and a half months ago, the vacancy rate in apartment suites in the City of Winnipeg was one and a half percent. Now it doesn't take much imagination to discover that if in fact there had been a major conversion of a number of apartment suites in the City of Winnipeg allowed, then what would have happened is that the elimination of apartment units would have further decreased the availability of suites, further decreased the vacancy rate to the point where we almost had a zero vacancy rate, and of course the obvious problem is there would have been nowhere for those people who were being displaced to move to if they wanted to retain their status as tenants or as renters. So that in that particular summer when that apartment block was being considered for conversion, it became quite obvious that it was very important to at least provide some basis of control or restraint to mass conversions of apartment blocks in the City of Winnipeg.

The tenants in that apartment block organized themselves into an association to deal with the owners of the apartment block, and found out that there really wasn't adequate protection either under the Condominium Act or under the Landlord and Tenant Act. There was a phrase in the Condominium Act, in Section 5(1)(f), which said that those who might have had encumbrances on a property would have to agree to the declaration of conversion. However, in checking with several lawyers, I discovered that

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(MR. AXWORTHY cont'd)the meaning of that was ambiguous, that the tenants would have had to go to court and probably engage in a very long and costly legal battle which they of course might have lost. In other words, that the ambiguity of the present Act did not provide in any way the ability or capacity of those present tenants to provide their interests in the conversion. Now this compares, Mr. Speaker, to many other jurisdictions where very specific pieces of legislation have been passed which require that the tenant in those buildings which are being proposed for conversion have the right to indicate their agreement or disagreement. In the normal standard, in an Act before the House of Representatives in the United States, State of California and in the Canadian jurisdictions, in Vancouver and Toronto, provide generally for the percentage of tenants, usually 50 percent have to indicate their willingness or agreement to the conversion in order to provide for at least the initial responsibility of making sure that large numbers of tenants would not be displaced by an Act of Conversion.

So on that particular basis, Mr. Speaker, the sheer economics of the housing market plus the ambiguity of The Condominium Act, I introduced the resolution last year. There's a further aspect to it which I think is equally important and that is, that while condominium in itself can be a very useful housing device, that if large areas of our residential portions of the City of Winnipeg had been allowed to go into conversion, it would have radically changed the character of those areas. I think in particular, Mr. Speaker, of my own riding of Fort Rouge which covers both sides of this river, which has about 90 percent of the people as tenants and rentors, many of those people who are not in a position to invest heavy amounts of capital in purchases and prefer the lifestyle and the convenience of being rentors and not having to tie up whatever cash flow they may have into being owners of a property.

One of the side effects of allowing unlimited conversion to take place would have been to in a sense change many of these areas which have a wide range and of variety of people with a certain lifestyle into becoming owners, which would have meant that it probably would have changed the age bracket and the kind of people living in these areas, and frankly it would have just simply pushed the problem somewhere else.

Most important, Mr. Speaker, and I want to emphasize and underline this, that this legislation, this bill that I'm proposing must be seen against the backdrop of the serious decline of the rental market in the City of Winnipeg that increasingly and almost virtually we are ceasing to build rental apartment units. In many cases it's understandable; the economics are against it. When one has to add up the high interest rates, the increasing cost of land, the increasing property taxes that one faces, the service and maintenance costs, it is simply not an economic investment for many people to get into. It is much better to invest your capital into an apartment project that can be sold for condominium and therefore to avoid all the continuing responsibilities of rental property and the unknowing part of not knowing what to expect in the future.

Now you combine that particular problem, Mr. Speaker, with the announcement, and we now have the full details of the bill, which as I have indicated in the past we basically agree with, of rent control. What is going to happen, Mr. Speaker, unless there is some restraint, is that all kinds of owners of rental property are simply going to say it's not in their interest to maintain rental property and will simply convert. It is not anything that they are not being . . .In doing it, it simply is in their economic interest to do it. So to bring in rental control legislation without in some way providing a restraint on conversion is simply to ignore one of the major problems that will be faced in the apartment block situation in Winnipeg and we will simply have a major mess on our hands. Because what will simply happen is that all those owners are going to pick up the bill that we had distributed in front of us today and say, my God, I can't live under that, I'm going to convert to condominium; I'm going to capitalize my investment, make my capital gains and get out of the business.

Mr. Speaker, I predict that happening. That is not an assumption, Mr. Speaker. The Minister of Public Works whose vast encyclopaedic knowledge of the housing market I respect, frankly doesn't know what he's talking about, Mr. Speaker, because it has happened elsewhere. That where there has not been some protection against conversion

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(MR. AXWORTHY cont'd)they've had to bring it in pretty damn quick; otherwise what happens is large numbers - and I would only point to the City of Vancouver as a prime case of that, as well as the City of Edmonton.--(Interjection)--Well that's not quite true because rent control has been there for two years.

The fact of the matter is, Mr. Speaker, that while it may be an assumption, it is certainly a plausible assumption. I don't want to sort of put any suggestions in the minds of apartment owners but that's what they would do. I suspect that they can understand the economics of the rental market as well as I can and probably an awful lot better. The first thing that's going to hit them on the face is that they - particularly those in newer apartment blocks, the large highrise apartments that have been built in the last four or five years under high interest rates - they are simply going to understand and recognize that they simply can't make money on them any more as rental properties under the ten percent limitation, and none of that ten percent is theirs; that in fact they're going to say that I can convert my property, take the money to a bank, get some notes and make nine or ten percent. Why should I go under the rent control thing? Now, that is the purpose of this bill, is to provide for some not total embargo on conversion, but a restraint. First to provide for protection of the tenant's interest in this; and secondly to provide for a slowdown or at least a hold-back on a mass conversion that could likely take place.--(Interjection)--Yes, sure.

MR. SPEAKER: The Honourable Minister for Public Works.

HON. RUSSELL DOERN (Minister of Public Works)(Elmwood): Would he also restrict a person who owns a duplex, or other rental project from selling it and completely getting out of rental? For example, a man may own a duplex, rent it out, and then may decide he wants to get out; sell it to somebody and get out completely. Would he also put a ban on that?

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Well, Mr. Speaker, unfortunately the Minister of Public Works has not yet read this bill. I think his questions would probably be more informed if he'd read the legislation beforehand.

First, this legislation does not in any way stop conversion, it restrains them. Conversions are still allowable if 50 percent of the tenants so indicate. That's point No. 1. The second point that I'm indicating is that you have to relate the impact that the conversion of apartment suites in a tight rental market would make. I don't expect that the rental market in, say, Winnipeg is going to be much affected by duplex owners getting out of the business, because others will come back in. There is a different economic formula that works when you are providing limited rental of your own accommodation, but when you're talking about apartment units that have two or three or four hundred units in them, and you take those three or four hundred units out of the rental market at a time when the vacancy rate is 1½ percent due to the lack of any effective housing policy in the province to stimulate the building of rental property, then, Mr. Speaker, we have a real problem on our hands.

So when I said that this legislation was important last year, it is absolutely essential now, because if something like this doesn't take place, then Mr. Speaker, there'll be tremendous kinds of complications that will occur in any event with rent control legislation. I think that we have only to look forward to the number of complexities in the administration of the program, which we will have to face and cope with, there is no point in adding an added burden to it. And this simply, Mr. Speaker, would be an added burden because there is no indication at the present moment in any way, shape or form that the construction or production of rental units is going to get better in 1976. We had the worst year over the last eight years, in 1975 - I think the lowest that we can go back to is 1968 for comparable statistics, and in 1968 the population was much smaller. So in fact there has been a steady, sloping decline in the amount of rental apartments built, so as a consequence the conversion problem would only accentuate and emphasize what is already a very serious problem.

Now in terms of the details of the bill, Mr. Speaker, I'd like to point to some of the major features of it: First is the requirement, the amendment that would amend

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(MR. AXWORTHY cont'd)Section (5) of the Condominium Act to require that those who have a lease on the property, at least 50 percent, or not less than 50 percent, would have to indicate their agreement to the conversion. So to re-emphasize for the Minister of Public Works, that is not an embargo, it is a restraint.

The other parts of the bill which are important, Mr. Speaker, is that there also has to be declaration of the cost involved in the condominium; that there is no protection under the present Condominium Act for someone who purchases a condominium unit, to get full disclosure of all the costs related, particularly to the common units of the condominium - the elevator, the walkways, the swimming pool, the recreation area. What has certainly happened in other jurisdictions again is that someone, especially in older apartment blocks, will purchase a condominium unit and find out two months later that the furnace doesn't work, and in fact that the owner was simply getting out before the cracks in the foundation, or the furnace stopped functioning altogether. So what is required under this Act, is proper disclosure of all the information that would be required to detail the cost of the condominium unit and the expenses in its operation. Again this is to provide protection for both, whether it's the tenant that exists in the unit, as well as those who may be purchasing from the outside.

Another aspect of the bill, Mr. Speaker, is to ensure that the rights of a tenant for those who don't want to purchase, are also protected; that their leases would be able to run the full length of that lease for that year, so they wouldn't simply be hoisted out into the street and that they would also have first option on purchase within the condominium unit. So it is simply a way of providing for adequate protection of those tenants who may not want to purchase a unit if the conversion goes ahead.

So Mr. Speaker, I think it is demonstrably clear that as we begin to move in to an unknown area of legislation in this House, an area in the rental housing market which has not been much attended to in the past - and particularly getting into some of the complexities of the Condominium Act and the rental market - it appears to me pretty clear that a measure such as this is very necessary under the present circumstances. I recognize, Mr. Speaker, that there are certain restraints being placed on the inviolate right to do with one's private property ownership which one feels he should. But certainly, Mr. Speaker, and in fact I listened to a debate for the past two hours in the area of agriculture where there are already plenty of restraints imposed, and every time they put a Zoning Act on, or a Land Use Planning Act, or a municipal bylaw, there is certain restraint being put on how someone can use his property. And so we're simply saying that under the circumstances, particularly under the circumstances of a rent control procedure, this added restraint is one which I come to reluctantly, but absolutely necessarily. Because if it doesn't occur, Mr. Speaker, then I'm afraid that in my own constituency, and in the constituency of the Member from Crescentwood, the Member from Wolseley, the Members from Assiniboia and St. James, areas where there are large numbers of apartment blocks, they will simply find that the conversion procedure under rent control could become one of the real tangles that no one could wrestle with.

So I would encourage in particular, Mr. Speaker, the Minister of Consumer Affairs to give a fair and open minded treatment to this bill and to other members of the House, because I feel that it is brought forward purely in the spirit of trying to ease and aid the government in its difficult problem of trying to cope with the problem of housing in the City of Winnipeg. I say to them that it is with much, sort of both emphasis and concern that I can muster, that if this is not passed and there is something very similar to it to provide this protection, then you're going to be in one awful mess.

MR. SPEAKER: The Honourable Member for St. Matthews.

MR. JOHANNSON: Mr. Speaker, I move, seconded by the Honourable Member for Radisson, that debate be adjourned.

MOTION presented and carried.

RESOLUTION NO. 4

MR. SPEAKER: Resolutions. Resolution No. (4) by the Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I would like to move, seconded by the Honourable Member for Fort Rouge.

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(MR. PATRICK cont'd)

WHEREAS there is a need for comprehensive protection for new home purchasers; and
 WHEREAS a home is the largest single purchase made by many families; and
 WHEREAS the Manitoba Law Reform Commission has prepared a working paper suggesting a home warranty scheme, and

WHEREAS many jurisdictions in North America have now implemented some form of successful home warranty program;

THEREFORE BE IT RESOLVED that this House consider the advisability of establishing a comprehensive Home Owner's Warranty Program, and

BE IT FURTHER RESOLVED that the Minister of Consumer, Corporate and Internal Services meets with the Housing and Urban Development Association of Manitoba to conclude an agreement of such a program.

MOTION presented.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Perhaps I should have stayed seated, Mr. Speaker, because everybody called that the resolution be passed and I was glad to hear it. But, Mr. Speaker, what I'm really saying, and at the present time as I begin with the premise that there ought to be some obligation on the part of contractors, sub-contractors, building material suppliers, to indemnify and guarantee the workmanship and material to the home purchasers, that's in essence what I'm saying, Mr. Speaker. I know that I do not have to point out to many members here, I'm sure that there have been many instances of complaints from many home owners about certain problems; that they couldn't get their complaints corrected or rectified in respect to many areas, be it shingles on a roof, or windows, or plumbing, or there were no drain tiles installed in a new home - I know that has come to the attention of many people here, and it has come to me.

I know that we cannot correct all the problems, we cannot correct cracks in basements. I know it's not a very easy program to implement but, Mr. Speaker, we have to watch what is going on and what has happened in some other jurisdictions. It is my information that 30 States in the United States at the present time have already implemented a home warranty program, and a home warranty program has been operating in many cities in the United States. I understand there are now home warranty programs in 31 different States where builders have --(Interjection)--Yes. Sure.

MR. SPEAKER: The Honourable Minister for Consumer and Corporate Affairs.

MR. TURNBULL: Mr. Speaker, my question to the member is this: Are these warranty plans that he is talking about government sponsored, or are they plans sponsored by industry associations as in Alberta?

MR. PATRICK: Mr. Speaker, the plans in the States that I am talking about, there are of a variety of forms, some are with the government sponsored agencies and some are with the builders and private organizations. So there are different plans, and I'm sure that if the Minister would take the time and avail himself - he probably has - to all the information in the States, he would agree that there are a variety of programs and many of them are working. I know that we have older houses at the present time being reconstructed, rehabilitated, I believe a program should be comprehensive to cover the workmanship in the reconstruction of homes and in the rehabilitation of older homes as well. Not only a thing that there would be some protection for the purchase, but I believe that this would improve the reputation of many builders in the construction industry in any city, or in any province.

Mr. Speaker, I had an opportunity to listen to the President, Mr. Peggot of the Canadian Automobile Industry, in Winnipeg just recently. He said a few years ago when they had an investigation into research done and apparently interviewed something like 250,000 people in Canada and 3 million people in the United States. A very expensive research program was undertaken, a car manufacturer and a car dealer was at the bottom of the list - and that's no disrespect to my friend from La Verendrye. But what Mr. Peggot indicated what they've done, that they have improved the reputation of the manufacturer and they have improved the reputation of the car dealer extensively just by the manufacturer now saying, yes, we will provide some warranty up to at least 25,000 miles or 12,000 miles. And it wasn't one of the giant automobile manufacturers that started the guarantee system, mileage guarantee, it was one of the smallest ones that

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(MR. PATRICK cont'd) started it. And what happened? As a result, Mr. Speaker, all the others had to follow. The giant ones had to follow. So what they've done they've really improved the industry itself. They've given some protection to the purchaser.

Now I feel the same thing can happen as far as the construction industry is concerned. I know that on many occasions, not so much in the last few years because there hasn't been that much construction taking place, but I have gone to places and looked at houses where people could not get any remedy from the contractor where there were problems with the windows. A home that's two years old and all the windows fall apart. But surely there should have been some form of redress for that home purchaser, the manufacturer of the windows, because they shouldn't fall apart in two years' time. In places where you have problems with the basement there has been no drainage installed. So I'm not talking about doors not closing or windows not closing because in our temperatures and you may have the best door installed in a home, when you have one day of temperature of 30 below and the next day it's above, the door will probably twist and you can't have a perfect fit. So you'll have some small problems.

But I'm talking about major things where you have - we had great experience the last two years alone in St. James-Assiniboia where you have probably at least 500 or close to a thousand roof claims from hail damage. Of course there weren't enough roofing contractors to do the work so anyone that was a qualified, I assume, carpenter went into the roofing business and as a result when you had the home reshingled, two months later you had a claim or a claim again and a complaint that the rain was coming through. It wasn't done properly. Now you have to phone that person three and four or five times and it's difficult getting him back. What I'm trying to indicate to the member is not only that I believe the builders would accept and appreciate some form but I think there has been enough study done in this area.

The Law Reform Commission of this province and the other provinces had agreed that there should be an obligation on the part of any person taking work in connection with provision of building new homes or doing repair or alterations or additions to existing dwellings that the contractors and the sub contractors and material suppliers and architects be responsible to some extent for the protection to the purchaser of a new home or to the home that's being rebuilt for a consumer. So, Mr. Speaker, I think the key obligation should go beyond just establishing, to providing shelter, for any contractor. I think that the work should be to some extent guaranteed. I know there is in different parts of legislation, some guarantee it for two years, some guarantee their work for five years and some longer.

But I believe perhaps if the Minister of Consumer and Corporate Affairs would have taken the time and looked at the legislation that they have in the United Kingdom where there is protection for a purchaser of a new home; he can find in the National House Builders Registration Council where it has been set up where there is inspection, where there is a builder's two-year guarantee, insurance from, I believe, past a two year period to five years where there are arbitration procedures. Certainly I hope that the Minister is not satisfied that nothing should be done because everything is A-okay. Because that's the statement that usually we hear from the government side, that everything is A-okay.

So I feel that there must be some protection even at the present time, protection against a builder in bankruptcy. I don't have to go too far, Mr. Speaker. Just a year ago I spent hours with the Attorney-General and I'm sure he can relate it to the House where one purchaser advanced something like \$10,000 or more in advance to have - it wasn't a home it was a summer home to be built in this case. He never had the home built, he never received one dollar back from the down payment that he paid, \$10,000. There was very little that government, even though there was some indication that fraud was involved, there was nothing that could be done. And this is very recent, it's a year ago. So perhaps the Minister - if somebody doubts me they can check with the Attorney-General and that's what happened.

Mr. Speaker, the Ontario Law Reform Commission identified, you know, good possible approaches towards the reform of law in this area and have taken some action.

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(MR. PATRICK cont'd) I believe that our Minister of Consumer and Corporate Affairs is sleeping at the switch, really. Because I hope he will get up and tell us - because the day that I submitted the resolution to the House I saw him on TV briefly about some program and still we don't know what it is, what will it cover. It's a certification program; it's something different. So I hope that the Minister will get up and tell us what is his program. Is it comprehensive? Will it cover older houses? Will it cover houses that have been reconstructed and rehabilitated? What is it? So, Mr. Speaker, I believe that there is a need, there is a need for a comprehensive program as far as home warranty is concerned. Well the Minister from his seat says, "Paid by the government." I'm sure if he can meet with the House Builders' Associations perhaps the cost could be borne by the builders themselves through some form of insurance program. Has the Minister investigated? Has he investigated what's in the other jurisdictions? It seems to me that he was not aware of what has been taking place in the United States where I mentioned over thirty states have programs. The kind of program that has been implemented in the United Kingdom for many many years apparently has worked.

So again let me point out to the House that the Law Reform Commission has prepared a paper and I'm sure that every member of the House has a copy of it and I think the time has passed, Mr. Speaker, that we can say, buyer beware because I'm sure that the members will agree--(Interjection)--That's right. Well, I think that word should be eradicated or removed because . . . Because I think that it's probably one of the largest purchases that any family or most families make, buying a house. I'm not saying that it's something that could be solved very easily but when I look at some other jurisdictions who have moved in this area, are doing something and here this extremely aggressive government, you know, they had solutions for many things and supposedly supposed to be, but every time that we ask the Minister of Consumer Affairs be it the price of bread or the price of meat or anything, the cost of living, he gets up and he says, well I haven't got the power to do anything because I haven't got the law or the legislation.

Well I say to the Minister, well, ask your House Leader to present the legislation to the House and I'm sure we'll pass it. But anything that we have asked in this House in the last two or three years - and when the Minister assumed that portfolio or position, sure we expected great things. And really any time since then I believe that we received so little. So either the Minister will be prepared to do something or I wonder if there's a need for the Department.

So, Mr. Speaker, again I point to the House. I believe this is an area that not only the builders will accept, I think that they will really accept and I think that it will improve the reputation of the builders because I believe that somebody has to show the leadership. I don't believe that the builders among themselves will show or take the time; this is something that as business people they will probably not undertake. If the Minister in my opinion would show some leadership and have some meetings with building industry I'm sure he can conclude an agreement that would give us a home warranty program that would be acceptable to everybody in the House and to most people. So I hope to hear from the Minister what he's prepared to do.

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

MR. GRAHAM: . . .to ask a question of the honourable member. Would he envisage this warranty program to extend to government as well as the private industry because we know government is involved in the building industry as well? Or would he prefer to have the customary exemption for government from these things?

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, the member asked me if it would apply. I would say it would have to apply but at the present time I'm not asking that it should apply to just the private builders or to the government homes. That's not what I'm asking. I'm asking the government and the Minister to look into the matter at this time. That's all I'm asking in this resolution. I'm not asking for any specific program. But I believe that he's been in that position for quite some time and I'm asking him to look into the

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(MR. PATRICK cont'd) program and to come up with some legislation that would be comprehensive legislation that would be acceptable to the industry, to the government and to the public.

MR. SPEAKER: The Honourable Member for St. Matthews.

MR. JOHANNSON: Mr. Speaker, as the Honourable Minister of Urban Affairs just pointed out for the benefit of the Member for Birtle-Russell, the government does not build houses. Builders build houses on contract for MHRC generally. I would also remind the member that the majority of these houses are not for sale although some are for sale. But these that are for sale are built by builders, private entrepreneurs who are operating in this province.--(Interjection)--Yes there are a few exceptions, the RTMs and the prefab houses that are produced at Churchill. But generally these are not sold, they're rented. If you look at the housing in Churchill it is rental housing. Even the housing that was constructed for the Federal Government is rental housing rented by the Federal Government to its employees.

Getting back to the statement by the Honourable Member for Assiniboia, I'm a little confused after his speech because the resolution in its first "Whereas" refers to comprehensive protection for new home purchasers and then the second "Whereas" talks about the purchase of a home. He refers to jurisdictions that have home warranty schemes in operation, in Alberta and Manitoba there are such schemes. They relate to new homes. Yet in his speech he seemed to be covering the waterfront. From what he was saying I gathered that he wants or he seems to indicate that he wants a scheme that would provide home warranty for new houses, for renovations for repairs to the kitchen sink virtually. He made a reference to roofing. I wasn't really clear whether he was talking about major renovations to a house or whether he was talking about repairs that can be anything from \$10,000 renovations to a \$5.00 very minor repair job.

Now if he is talking about protection for the new homeowner only, he's talking about protection for a very small group in our society and he's talking about - and I'm not sure - is this what he's talking about? Well if it is for new home purchases only I would say it would be a rather inequitable kind of scheme because it would protect a very small group. It would protect the highest income group in our society because these are the only people now who can really afford the newer homes. If he's talking about a more comprehensive program then we have a different proposition and a much more complex one.

The member did refer to the fact that the Law Reform Commission is already looking at this question. The Law Reform Commission has issued a preliminary working paper and it has been asking for submissions, for further submissions on this question. The final report, final recommendations, haven't yet been received by the Minister or by the government so to some extent the resolution proposed by the honourable member is premature. Because any action logically should follow the receipt of the report from the Law Reform Commission.

The member talked about successful home warranty programs in a number of jurisdictions. Now I am not as knowledgeable perhaps as he is about the American programs, the United Kingdom programs. I know something about the Alberta program and the Manitoba program that are sponsored by HUDAC and there are a lot of drawbacks to those programs. For one thing these programs limit the liability of the builder. The buyer, the purchaser of the house, pays the premium to limit the liability of the builder to a one-year period. So there is a limited liability for one year and really there is inadequate coverage, inadequate protection. The builder doesn't pay for the plan, it is the purchaser obviously who pays for the plan. So this is added on to the cost of the home. There are other problems with the Alberta and Manitoba HUDAC plans. There is, as I said, inadequate coverage. The length of time that the coverage applies is probably inadequate. It excludes a large category, a number of categories of homes including mobile homes, prefab, shell housing, rental housing. If the member is talking about including these in a comprehensive program then we're in an entirely different ball game, an entirely different and a far more complex program.

The program will inevitably involve additional red tape and bureaucracy. It will involve additional inspections probably during the construction phases. It has some other drawbacks. The plans that exist right now provide mediation and arbitration but it's

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(MR. JOHANNSON cont'd) provided by the employees of the plan. The plan is the plan of the builders so the arbitration and mediation is provided by people who are not the third party in nature. They are, in effect, associated with one of the parties involved in a possible conflict.

Some builders of course don't belong to these plans. The plan is optional. Builders may join it, they may not. This means that some houses are covered, some aren't. Now if the member is talking about covering every one then he's talking about a government role in the plan. I want to know what he means by the "government role" in this plan. He didn't really spell it out. Does he mean a government role that would be acceptable to HUDAC? I'll tell you what would be acceptable to HUDAC. It would probably involve the government paying all the expenses and HUDAC running the plan which is very nice, and if they can get that out of a government all the more power to them. If they can get that out of any government all the more power to them but they won't get it out of this government if I know the government and if I know the Minister. I think that's highly unlikely.

Now the resolution requests that the Minister of Consumer, Corporate and Internal Services meet with the Housing and Urban Development Association of Manitoba to conclude an agreement on such a program. It is my understanding that there have been innumerable meetings on the federal and provincial levels and on an inter-provincial level between the Minister, his departmental officials, the housing Minister, his officials on this subject of housing warranty programs. This has been going on for several years, since early 1974. So consultation has been proceeding for a very long time. There are some problems if we proceed only on a provincial basis and they are as follows:

One of the advantages of a national program is of course that there would be a common fund which spreads the risk and you have a more comprehensive system. A second advantage of a national plan would be that home buyers in every province are treated equally and have the same kind of protection.--(Interjection)--I know there isn't but consultations have been proceeding with the national government, CMHC, with the provinces, with HUDAC --(Interjection)--Yes, certainly.

MR. AXWORTHY: Is the Member for St. Matthews aware that those so-called meetings have now come to an end and the Federal Minister of Housing has in fact sent a communique to the various provincial ministers asking that they now proceed with provincial home warranty plans?

MR. JOHANNSON: I am not aware of that. Perhaps the honourable member has a more intimate line of communication with the Federal Minister than we do.--(Interjection)--Mr. Speaker, I have a subscription to the Free Press but I don't accept the Free Press as gospel. Mr. Speaker, it's my understanding from my reading in this area that negotiations have been ongoing for a long time. There are a number of parties to these negotiations or these talks and the Federal Government is not the ultimate decision-maker. I gathered from the fact that there were consultations that the object was to reach a consensus or agreement between numerous provinces, the Federal Government and HUDAC. So it's my assumption that the talks have not ended and I think it is the hope of our Minister that the talks have not ended.

Another problem of course with acting unilaterally to establish a provincial plan is that you provide the same sort of situation that prevailed when, for example, Manitoba raised its income tax. The former Leader of the Liberal Party, and we can recall him well, I can still recall him well, railing on and on in this Chamber about how, because we were raising the taxes in Manitoba, all of the businesses were going to flee to Alberta. All of the businesses were going to flee to Alberta. So Alberta was the tax haven. If the Province of Manitoba were to proceed unilaterally, establish let's say a rather tough warranty scheme, then we might have the situation where builders would start threatening to move out of the province into Alberta where they had a less stringent home warranty scheme, where the government was more receptive to free enterprise. So there is a problem in trying to act on the provincial level only in this area.

Mr. Speaker, the province is considering a number of options. It still has a number of options open to it in this area. One option is of course to continue trying to

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(MR. JOHANNSON cont'd) achieve, through consultation and through negotiation, a national uniform plan. Now I'm assuming of course that the Federal Government is still in a co-operative mood in this area and if it is then a national uniform plan remains an option.--(Interjection)--The Federal Government does. Well, that's understandable. So that that is probably the most advantageous, the best option open to the province.

The second option is to proceed with legislation which would cover new homes and probably old homes. This of course could only really be proceeded with logically after the Law Reform Commission has reported.

A third option is to incorporate the question of home warranties in a general warranty legislation which would cover many goods and services. So this is a further option still open to the province to proceed on a far wider basis and cover many more goods and services than simply the provision of housing. I trust that our Minister of Consumer and Corporate Affairs will use his logic and his wisdom in coming to the best possible answer in this area.

In conclusion, Mr. Speaker, I would like to move, seconded by the Honourable Member for Logan that Resolution No. 4 be amended to delete all words after the third paragraph and to add the following:

"And WHEREAS some jurisdictions in North America have now implemented some form of home warranty program; and

"WHEREAS the Government of Manitoba recognizes that new home buyers need protection against the faulty practices of builders; and

"WHEREAS the Housing and Urban Development Association of Manitoba recently inaugurated a warranty plan to protect buyers of homes constructed by builders in this plan;

"THEREFORE BE IT RESOLVED that this House ask the Minister of Consumer, Corporate and Internal Services to continue meeting with representatives of HUDAM; and

"BE IT FURTHER RESOLVED that the Department of Consumer Affairs continue to monitor the HUDAM Plan to ensure that it does protect home buyers."

MOTION presented.

MR. JOHANNSON: Mr. Speaker, would you read that section on the deletion, please?

MR. SPEAKER: Do we have a problem?

MR. JOHANNSON: That doesn't sound like the amendment I read.

MR. SPEAKER: That Resolution No. 4 be amended to delete all words after the third paragraph and to add the following:

AND WHEREAS some jurisdictions in North America have now implemented some form of home warranty program;

AND WHEREAS the Government of Manitoba recognizes that a new home buyer needs protection against the faulty practices of builders;

AND WHEREAS the Housing and Urban Development Association of Manitoba recently inaugurated a warranty plan to protect buyers of homes constructed by builders in this plan:

THEREFORE BE IT RESOLVED that this House ask the Minister of Consumer, Corporate and Internal Services to continue meeting with the representatives of HUDAM;

AND BE IT FURTHER RESOLVED that the Department of Consumer Affairs continue to monitor the HUDAM Plan to ensure that it does protect home buyers."

Are you ready for the ... The Honourable Member for Sturgeon Creek.

MR. J. FRANK JOHNSTON (Sturgeon Creek): Mr. Speaker, I will be making most of my remarks on this resolution the next time it comes forward because I will certainly be speaking And I would like to say that I

MR. SPEAKER: Order please. The Honourable House Leader.

MR. GREEN: If the honourable member would prefer that his remarks took place all at the same time we could call it 5:30.

MR. SPEAKER: Is it agreed?

MR. FRANK JOHNSTON: No, Mr. Speaker, I thank the House Leader and yourself but there are a few things I would like to say today.

MR. SPEAKER: Very well.

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MR. FRANK JOHNSTON: But I should start out by saying, you know, basically, "you gets what you pays for" in this world and, you know, I'm very very . . .

MR. SPEAKER: Order please.

MR. FRANK JOHNSTON: I'm not too disturbed with the government's amendment. As a matter of fact I do know the Housing and Urban Development Association of Manitoba has been working on this and doing some checking, has been doing much work with the Minister on it.

One of the things that I feel though that the Minister can do to make housing and building much better in this province, is basically the latter part of the amendment that was just said, is to monitor any program. One of the ways to have good builders within the province is that the Minister of Consumer and Corporate Affairs do his job right to the limit, and if he gets enough complaints about a bad builder, a bad roofer, or a bad anybody, no matter what it is, walk over and say, "If you're going to do it again we'll take your licence and you can't build any more in this province." And I assure you, I assure you that that will start to solve a lot of the problems. You know we say to drivers, "If you're going to continue to be a bad driver we're going to take your licence from you," and the same thing will apply with anybody in the building trade.

MR. GREEN: Mr. Speaker.

MR. SPEAKER: The honourable member have a point of order?

MR. GREEN: I wonder if the honourable member would permit a question at this point on that issue.

MR. SPEAKER: The Honourable Minister.

MR. GREEN: As far as I know I do not believe that at the present time we have the right to act as you suggest. Would you recommend that the government adopt legislation permitting us to do exactly what you now say?

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Speaker, I made the statement that one of the best ways to have somebody smarten up and do a good job is take the privilege away from him from doing it if he's doing a bad job. I recommend that if you want to get into the legislation of it - it's very serious technical legislation but it can be done to make rules and regulations, and I don't back off it because good builders, good manufacturers, people who have a pride in their work and a pride in what they make and sell to the public, really won't be afraid of it. It's the guy that is really, really the guy that's trying to take the people that will do it.--(Interjection)--No, it's just simple in business. You talk about products; you talk about products, you know, if you're going to buy those shingles you can buy a 20-year shingle, a 50-year shingle or a 100-year shingle, but if a guy says my shingles are guaranteed for so long, he's got to go to the trouble of seeing that it's done. And good manufacturers and good people in business really don't care how tough you make it for them providing you say you live up to what I say I'm going to do. Now it's simple from that point of view.

Now I can tell you about . . . There's different types of homes, the CIPH, the Canadian Institute of Plumbing and Heating, jobbers and manufacturers said, if you will put - you know, this is a CIPH home and in this home there are certain types of plumbing fixtures, copper, etc.; it's installed by a plumber who is in our plan; we're perfectly willing to back up everything mechanical in that home that we say it would do, and they did it and the people are in and out of it. But it's the Minister's job not, you know, to play Big Brother to everybody and say, now if you build a home tomorrow or if you're going to put a new roof on your house, you've got to put a 20-year roof on that house, and the guy says I can't afford it. So the Minister says, you can't sell it, you know. Well are we going to get into that type of Big Brother thing? It's just impossible to live with.

It's really impossible to live with, but the Minister can work with the industry continually, continually. The Minister can work with the industry even on human errors. He can say to somebody, you know, you're making . . . you know, this guy left out the weeping tiles in the last five houses. Now that can't happen anymore. The man must prove that it wasn't his fault, or was it the fact, you know, there are human errors.

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(MR. F. JOHNSTON cont'd)You know, there is certain proving to the amount of work you do in the type of work you do.

But I don't hesitate one bit, not one bit in saying that the reputable people, the people who have pride in their work, manufacturers who have pride in the product that they are putting out, would be one bit afraid of the Minister taking that kind of a stand providing the legislation were written or the rules were laid down in such a way that, you know, that the fact that somebody while he wasn't being supervised happened to make a human error you can't really rap them continually on that if you can prove it.

So, Mr. Speaker, you know the guarantee that you're asking for on housing can be done but the more you ask for, the more you're going to pay. You have a hydro building in Regina, Saskatchewan, that the architect insisted . . . and whether it was done through the hydro that insisted it in Saskatchewan, it be a five year guarantee on everything that went in that building, and the cost of that building is 50 percent more than it would have been if they had used regular products. They used regular products in many cases but required the manufacturers to put five year guarantees in writing, you know. They didn't change the product, you got a valve in there that will last a 100 years but they have a one year guarantee on the valve and they said you must put five years in writing.

MR. SPEAKER: Order please.

MR. FRANK JOHNSTON: The cost of the building went up 50 percent.

MR. SPEAKER: The honourable member will have an opportunity to debate the next time around.

Supper break being here now I am leaving the Chair and the House will resume in Committee of Supply at 8:00 p.m.