

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 12 June, 1986.

Time — 2:00 p.m.

OPENING PRAYER by Madam Speaker.

MADAM SPEAKER, Hon. M. Phillips: Presenting Petitions . . . Reading and Receiving Petitions . . .

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MADAM SPEAKER: The Honourable Member for Minnedosa.

MR. D. BLAKE: Thank you, Madam Speaker.

I'd like to present the Second Report of the Committee on Public Accounts.

MR. CLERK, W. Remnant: Your Standing Committee on Public Accounts presents the following as their Second Report:

Your Committee met on Tuesday, June 10, 1986 at 10:00 a.m. in Room 255 of the Legislative Building to consider the Public Accounts of the Province of Manitoba and Supplement for the fiscal year ended March 31, 1985.

Your Committee received all information desired by any Member from the Minister, the Provincial Auditor and staff with respect to receipts, expenditures and other matters pertaining to the business of the Province. The fullest opportunity was accorded to all Members of the Committee to examine vouchers or any document called for and no restriction was placed upon the line of examination.

Your Committee finds that the receipts and expenditures of monies have been carefully set forth and all monies properly accounted for.

MADAM SPEAKER: The Honourable Member for Minnedosa.

MR. D. BLAKE: Madam Speaker, I move, seconded by the Honourable Member for Niakwa, that the report be received.

MOTION presented and carried.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MADAM SPEAKER: The Honourable Minister of Culture, Heritage and Recreation.

HON. J. WASYLYCIA-LEIS: Madam Speaker, I have a ministerial statement.

Madam Speaker, I'd like to take this opportunity to inform the House of an important milestone in the cultural life of Manitoba.

Last week in Montreal, the 1986 Governor-General Awards for Literature were announced. For the first

time, a book published by a Manitoba publisher received one of the four awards presented by Governor-General Jeanne Sauvé. "Waiting For Saskatchewan," written by Fred Wah and published by Winnipeg's Turnstone Press, received the Governor-General's award for poetry. Selected out of the many hundreds of books of poetry published in Canada last year, this award recognized "Waiting for Saskatchewan" as the best book of poetry published in Canada in English in 1985. "Waiting for Saskatchewan" traces the author's life growing up in rural Saskatchewan.

The Governor-General's awards are Canada's most prestigious literary award, and have a national and international profile. It is a mark of the growth of the young Manitoba publishing industry that a Manitoba book has received this important award.

The publisher of "Waiting for Saskatchewan," Turnstone Press, celebrates its tenth anniversary this year. Turnstone is one of the many publishers operating in Manitoba in both English and French, and all Manitobans can be proud of our publishers' commitment to our cultural life. In the past 15 years, Manitoba publishers have introduced Manitobans and Canadians to a new world of Manitoba writers and Manitoba themes. They, and the rest of our cultural community, have enriched our lives and helped us to better understand ourselves and each other.

Madam Speaker, my department, through programs such as those under the terms of the Canada-Manitoba Communications and Culture ERDA agreement, has a commitment to the continuing growth of our publishing industry. Through these programs, Manitobans and Canadians will have greater access to Manitoba books, and publishers will have great opportunities to expand and strengthen their operations. Through these programs, the groundwork is being laid for Manitoba publishers to continue their important cultural work.

MADAM SPEAKER: The Honourable Member for Kirkfield Park.

MRS. G. HAMMOND: Thank you, Madam Speaker. I thank the Minister for her statement and we, on this side of the House, are pleased to see that a Manitoba publisher and a book written by Fred Wah has received such great recognition; and we, too, hope to see that the Manitoba publishers are able to continue to grow in this province.

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Today, in Ottawa, the Secretary of State for External Affairs, the Right Honourable Joe Clark, made a statement in the House of Commons on the South Africa situation.

In his statement Mr. Clark indicated that he would be asking provincial governments to join the Government of Canada in ending government procurement of South African products.

He also offered provinces an opportunity to provide input with respect to the Commonwealth Leaders' discussions scheduled for early August.

The Government of Manitoba welcomes the action taken by the Federal Government today and will ensure that a supportive policy is in effect here in Manitoba. My information is that our Government Services Department is not aware of any products or services being purchased by our province from South Africa. If there are, those purchases will be stopped at once.

Some time ago, Mr. Clark commended Manitoba for being among the first provinces to remove South African products from Liquor Control Commission outlets. My colleague, the Attorney-General, will be making a further announcement with respect to South African-produced liquor products in the House in the near future.

The policy of apartheid is immoral and intolerable. The Government of South Africa, which continues to practice it, is cowardly, and worthy only of contempt. It has served the people of South Africa badly and, as the Eminent Persons' Group has just reported, it is placing at risk the futures of millions of innocent men, women and children.

Canada has had a proud tradition of speaking out for social justice in the world.

The Federal Government has a clear responsibility to take a stronger leadership position on this issue in the Commonwealth and with our other allies. Sometimes the best leadership is leadership by example.

Last fall, Manitoba suggested to External Affairs that consideration be given to convening a Federal-Provincial Ministers' meeting to discuss a broad range of options for strengthening Canada's response to the worsening situation in South Africa. I have today reminded Mr. Clark of that suggestion and have pointed out that such a meeting — held before the Constitutional Conference — would provide an excellent opportunity for provinces to provide the further policy input that the Federal Government has invited.

Madam Speaker, I am also tabling a copy of my telex to the Secretary of State.

In view of recent developments, members might wish to consider, by agreement, moving up our discussion of the private member's resolution on this issue, which is now on the Order Paper.

Thank you, Madam Speaker.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Madam Speaker. I thank the Premier for that statement. I'm pleased to learn of the initiative of the Federal Government, under the Right Honourable Joe Clark, in acting to set an example of the government's abhorrence toward the apartheid policies of South Africa. This is a non-partisan issue; this is an issue in which all political parties in Canada, and Manitoba, stand united in expressing their abhorrence, in expressing their opposition to the policies of apartheid in South Africa.

We, too, share with the Premier the cause for social and economic justice throughout the world, particularly for all the people in South Africa. We support the initiatives of the Government of Canada and will, indeed, join with the government in ensuring that those initiatives and policies are conformed and implemented here in Manitoba.

MADAM SPEAKER: Notices of Motion . . .

INTRODUCTION OF BILLS

HON. E. KOSTYRA introduced, by leave, on behalf of the Attorney-General, Bill No. 25, An Act to amend The Law Society Act; Loi modifiant la Loi sur la Société du Barreau.

INTRODUCTION OF GUESTS

MADAM SPEAKER: Before we proceed to Oral Questions, may I direct the attention of honourable members to the gallery where we have 28 students of Grade 9 from the Murdoch MacKay Collegiate under the direction of Mrs. Trush. The school is located in the constituency of the Honourable Member for Transcona.

We have 46 students from Grade 5 and 6 from the F. W. Gilbert, Pinawa School. The students are under the direction of Mrs. Hancox. The school is located in the constituency of the Honourable Member for Lac du Bonnet.

We have 30 students from Grade 6 from the Austin Mennonite School. The students are under the direction of Mrs. Beverley Wolfe. The school is located in the constituency of the Honourable Member for Gladstone.

We have 64 students from Grade 6 from the George Fitton School under the direction of Mrs. McMunn, and the school is located in the constituency of the Honourable Member for Brandon East.

On behalf of all the members, I welcome you all to the Legislature this afternoon.

ORAL QUESTIONS

Manfor Limited

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, my question is for the Premier.

In view of the tabling late yesterday in this House of the Annual Report of Manfor Ltd. which reveals for the period ended December 31, 1985 the staggering loss of \$31.3 million on that operation, will the Premier now be removing responsibility for Manfor from his incompetent Minister so that the company can be reorganized and we can stop the hemorrhaging of taxpayers' money on this corporation?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, in case there is any doubt anywhere in this Chamber, I have the fullest of confidence in the Minister responsible for Manfor.

Madam Speaker, the problems relating to Manfor are manyfold, involving the need for modernization, the matter of markets. There are a number of challenges that lie ahead of us in order to ensure that Manfor is put on a better footing. This government is prepared to undertake any and all options that will place Manfor in a better position financially. It is a problem that has confronted Manitoba, unfortunately, since the late 1960's. We are prepared to undertake everything that is reasonable and prudent in order to ensure that

Manfor's operations are put in a proper basis with the stewardship of the Minister responsible for Manfor.

MR. G. FILMON: Madam Speaker, the problems of Manfor are, indeed, immense and wide-ranging, but this Minister has proven that he is incapable of understanding . . .

MADAM SPEAKER: Order please. Does the honourable member have a question?

MR. G. FILMON: Yes, I do, indeed, Madam Speaker. He has proven incapable of dealing with them, particularly last year, Madam Speaker, this Minister said . . .

MADAM SPEAKER: Order please. Question period is not a time for debate. Does the honourable member have a question?

MR. G. FILMON: Yes. The question is, Madam Speaker, since this Minister has proven incapable of dealing with the problems will the First Minister remove the responsibility from him and allow somebody else to do the job?

HON. H. PAWLEY: Madam Speaker, I answered that question.

MR. G. FILMON: Madam Speaker, how much more money will the First Minister see being lost in this corporation, taxpayers' money, how much more money will he see being lost before he realizes that his Minister can't handle it and he replaces it with someone else?

Madam Speaker, then I'll begin with a new question. In view of the fact that last year at committee, last June in committee, the Minister responsible for Manfor said, and I quote: "The efforts already under way and those yet to be mounted will, I am satisfied, allow the company to experience even a greater financial turnaround than was recorded in the year under review."

That turnaround, Madam Speaker, went from a year-end loss of \$9 million the previous year to \$31 million this year. Is that the kind of turnaround that this Premier believes the people of Manitoba ought to have?

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Thank you, Madam Speaker.

First, I would like to indicate to the Leader of the Opposition that he is comparing two different years. One is a 15-month, and one is a 12-month. Madam Speaker, I would point out to the Leader of the Opposition, as well, that in the committee last year, when we were reviewing the year 1984, which reported a loss of some \$9.5 million or \$9.6 million, the Opposition was all too eager to comment not on the reporting year but the year we were undergoing.

We indicated at that time that there were a number of problems that had come about as a result of deteriorating markets, which were going to create substantial losses for this year. Apart from the fact that we had determined that the financial accounting period of Manfor should be on the calendar year so we are

talking about a 15-month year, it was known last year at committee stage.

I indicated to the member, and I indicate to the House now, that if you look at the current operating year, we are talking about an operating loss of some \$5.2 million, which is a substantial change. I point out to the member opposite that 1986, this calendar year, is the first calendar year in which the upgrading will take effect, in which the changes in staffing will take effect. This year is the year when you determine, when we will determine, and I should be judged, and the corporation, I suspect, on whether the investment the province has made, on whether the undertakings we've made have been effective.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.
The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, my question is for the Premier. Despite the comments of the Minister responsible, last year in committee he was predicting a loss of \$17 million to \$18 million for that particular year. The loss was almost double that, Madam Speaker. When is he going to realize that this Minister is incapable of handling these responsibilities and put someone else in who is?

HON. J. STORIE: Madam Speaker, despite the fact that the Leader of the Opposition does not want to deal with the facts, I would like to answer the question.

Madam Speaker, if the member opposite will review the record, he will learn that the Chairman of the Board indicated that an anticipated \$17 million to \$18 million was the range that the corporation was predicting at that time.

The chairman also indicated, as did the President and Chief Executive Officer, that in view of the deteriorating market circumstances, that additional losses were possible. I pointed out, and it was reviewed at committee very thoroughly, that the upgrading was not proceeding as it originally had been scheduled. If the members opposite want a history of what has happened to Manfor since 1982, then let them come to committee when this matter will be reviewed item-by-item and their questions will be answered.

MR. G. FILMON: Madam Speaker, asking this Minister to solve the problem is like asking the arsonist to put out the fire, because he knows how it got started.

Madam Speaker, my question for the Premier is: how much more loss are the people of Manitoba going to have to bear before he takes action and replaces this Minister?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, I would like to just comment in case there's any uncertainty in this Chamber. When the Leader of the Opposition invites comment as to how the fire got started, it got started as the result of a transaction entered into between former Premier Roblin of the Conservative Party of the Province of Manitoba and one Alexander Kasser. That

was how the fire got started, during a time that a former Premier of this province was the Attorney-General and also entered into the negotiations pertaining to the Manfor operation.

But, Madam Speaker, insofar as the projections in the future, obviously we are concerned as are all Manitobans about any continued pattern of losses insofar as the Manfor operations. It's why we proceeded with the modernization of the plant and, as the Minister just pointed out, this is the first full calendar year in which that modernization will have taken effect; (2) important staff changes; and (3) Madam Speaker, we hope as indeed do other sectors of the western economy whether it's potash or oil or agriculture that world prices support economic operations in Western Canada of that nature, such as lumber.

Madam Speaker, the report that honourable members have received from the Minister indicates that progress has been made. So rather than resume continued major losses . . .

MADAM SPEAKER: Order please.

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, this corporation is losing more than \$2 million per month.

MADAM SPEAKER: Does the honourable member have a question?

MR. G. FILMON: Yes.

MADAM SPEAKER: Question period is not a time for debate.

MR. G. FILMON: The question is, this corporation is losing more than \$2 million per month. The question to the Premier is: will he explore other alternatives to operating this corporation, selling it to the private sector or bringing in private sector management to try and stop the loss?

HON. H. PAWLEY: Madam Speaker, the calculations advanced just now by the Leader of the Opposition are not borne out by the correct information just given to this House by the Minister responsible for Manfor. We are not in the process of losing \$2 million each month at the present time. The projections are in fact, as mentioned by the Minister responsible for Manfor, a loss of approximately \$5 million during the course of this current year. Too much, but the trend is towards improvement.

Madam Speaker, just in case there is any doubt, we are prepared to look at all options, whether those options involve public, private partnership, whether they involve private entrepreneurship, whether they involve other areas that can be undertaken with respect to improving the financial position of Manfor. We are prepared to proceed in a pragmatic way in order to ensure in the future improvement insofar as the financial operations are concerned of Manfor.

MADAM SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Madam Speaker, I have a question to the Minister responsible for Manfor.

I do, in my preamble, want to say maybe the First Minister would want to correct the statement that he said that Manfor was not losing \$2 million per month. In fact, in the last three months of the report, they had lost closer to \$3 million for that month.

MADAM SPEAKER: Order please, order please. It is not in order to impugn the accuracy of information conveyed to the House by a Minister.

The Honourable Member for Arthur.

MR. J. DOWNEY: Madam Speaker, a question to the Minister responsible for Manfor.

In view of the continued hemorrhage of taxpayers' money at a rate in excess of \$2 million a month, Madam Speaker, has the Minister responsible for Manfor offered the Manfor Forestry Complex for sale publicly? Is he currently in negotiations or what is the current status of the operations of that place?

MADAM SPEAKER: The Honourable Minister of Education, briefly.

HON. J. STORIE: Madam Speaker, this current situation is not at all as the Member for Arthur suggests. The current situation is that the operating deficit for 1986 is anticipated to be some \$5.2 million for the full year. — (Interjection) — Madam Speaker, as is the normal case, I expect that members opposite will want to review the current year in committee and they are certainly entitled to do so. I welcome it. They will find that, in fact, we are on budget, that the things we said we were doing are taking effect.

Madam Speaker, to reference the member's specific question, we have never ruled out and I would welcome interest on the part of the private sector in Manfor. The fact of the matter is, and members opposite know this too well, that the lumber industry, the pulp and paper industry is a cyclical industry. It is in a very unstable period. There are mills closing virtually by the day across North America and throughout the world. It is not a market in which you can entice people to invest. That does not say that the government is not interested; we've said that we are.

MADAM SPEAKER: Order please.

MR. J. DOWNEY: Madam Speaker, to the same Minister. In view of his comments that the losses at Manfor are horrendous, and in view of his recent answer that the conditions in the marketplace are extremely poor and no one is interested in buying the plant, will Manitoba taxpayers be expected to carry this kind of horrendous loss over the next year without him or his government taking any positive action on behalf of the taxpayers?

HON. J. STORIE: Madam Speaker, I have said that the losses are not acceptable. I have also indicated to members opposite that the reasons for the loss in the 1985 year are explicable. We have explained them. We've discussed them. Manfor is not unusual in being in a loss position.

I point out to the members opposite, Manfor, like farmers, like the mining industry, does not set the price

it receives for its commodity. Are our farmers bad managers because they have difficulty managing in these times, or is the mining industry management incompetent? We don't set the price for forest products for Manfor. It is done on the international market. Our fortunes have fluctuated along with all of those companies who produce primary products.

MR. J. DOWNEY: A final supplementary to the Minister, Madam Speaker.

In view of the horrendous losses, part of which, Madam Speaker, was a contract with benefits for over \$200,000 for the chief executive officer, hired by the present board of directors, is the Minister considering changing the board of directors who have not handled the taxpayers' money in a responsible way, as he has not?

HON. J. STORIE: Madam Speaker, as the member knows, the contract with Mr. Sweeney has expired. Mr. Sweeney has retired. I correct again for the record the inaccuracy of the member's suggestion that the contract was worth \$200,000.00. Nonetheless, Madam Speaker, the expertise of Mr. Sweeney, the leadership that he provided came about as a result not of myself or anybody else hiring a political friend. It was done on the basis of knowledge and skills that individual possessed. It was done on the basis of what the market paid senior executives.

Madam Speaker, . . .

MADAM SPEAKER: May I please remind Ministers that answers to questions should be as brief as possible, should deal with the matter raised, and should not provoke debate; Beauchesne Citation 358(2).

The Honourable Member for Arthur with a final, final supplementary.

MR. J. DOWNEY: Yes, Madam Speaker, I still would like an answer. Is the Minister going to change the board of Manfor?

HON. J. STORIE: Madam Speaker, the answer to that question is no. The record of this year . . .

SOME HONOURABLE MEMBERS: Oh, oh!

HON. J. STORIE: Madam Speaker, if I may . . .

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Madam Speaker, the answer is no. The upgrading . . .

MADAM SPEAKER: Order please.

HON. J. STORIE: . . . has been completed. We will know the results of management's decisions over the next couple of years.

Madam Speaker, the irony of this is that the New Democratic Party Government is correcting the legacy of incompetence that was left to us from 1969.

MADAM SPEAKER: Order please. Are the honourable members interested in continuing with question period?

The Honourable Member for Morris.

MR. C. MANNESS: Thank you, Madam Speaker. I address my question to the Minister of Finance.

Earlier this week, members of this House gave Royal Assent to the Capital Supply Bill in which the government borrowed funds in the total of \$65 million to pay off losses associated with Flyer Bus, namely, in the area of contingency liabilities. I would ask the Minister of Finance how the government will treat Manfor's \$31.3 million loss? How will that loss be covered?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker.

The loss of the corporation is dealt with in the normal way with respect to the books of that corporation. If there are any other further advances that have to be dealt with during this year, then they will be dealt with at the appropriate time with respect to Capital Authority for that operation.

MR. C. MANNESS: A very specific question, Madam Speaker, to the Minister of Finance. How much is the loss forecasted for Manfor in the fiscal year of 1986?

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Madam Speaker, I've indicated that those questions will certainly be answered in committee. I've indicated that the operating loss is to be \$5.2 million. The forecast, obviously at this point, is in roughly mid-year. The First Quarterly Report would indicate that we're on target in terms of that budget. I've indicated that the losses are not acceptable. I've indicated that we're doing something about them, something that members opposite never tried to do about the situation that existed in the corporation.

Those questions will certainly be answered in detail and the members can ask them at will in Committee when Manfor goes before the Committee.

MR. C. MANNESS: A final supplementary to the Minister of Finance. As the Minister of Education has just indicated, we are nearly six months through the fiscal year of Manfor. Can the Minister of Finance assure this House that he has a total up-to-date accounting of the situation in Manfor and that he will not have to wait three or four months after the fact, indeed, he knows within a month what the standing is at the present time of Manfor?

MADAM SPEAKER: The Honourable Minister of Industry, Trade and Technology.

HON. V. SCHROEDER: Thank you, Madam Speaker. As Minister of Crown Investments, we had a meeting in fact this morning with officials of Manfor, with the Minister in charge of Manfor, and with other Ministers in the Economic Resources Investment Committee of Cabinet. We had a detailed discussion as to the finances of Manfor and their up-to-date projections as to where

they are now and where they're expecting to be for the rest of the year, and I must say that it's encouraging to see that we have finally fixed up some of the problems from the past.

There were difficulties, which members recall — (Interjection) — Certainly, it's a long time and there were four years of Conservative Government. But the point is, Madam Speaker, one of the key elements last year was that there were significant technical changes made. Members of the House were informed last year that there were problems technically with those changes, that they were going on for a longer period; there were computer problems, and so on. Those problems are being addressed and I believe the forecast is one that can, on an operating basis, be made.

MR. C. MANNESS: A final supplementary to the same Minister. Will he, as the Minister of Crown Investments, table the six-month report with respect to Manfor when it becomes available?

HON. V. SCHROEDER: Madam Speaker, we'll take that as notice. — (Interjection) — Well we haven't been tabling six-month reports for a Crown corporation. The members opposite didn't table them. I can assure honourable members that we don't have such boondoggles as 10 times the necessary inventory of lumber on hand at Manfor today, as we had when we took office.

A MEMBER: In November '81.

Special Audits by Provincial Auditor

MADAM SPEAKER: The Honourable Member for St. Norbert.

MR. G. MERCIER: Thank you, Madam Speaker. I have a question for the Minister of Finance.

On Tuesday in Public Accounts it was indicated to my colleague, the Member for Morris that the Provincial Auditor was carrying out an audit under The Cooperative Loans and Guarantee Board. Could the Minister of Finance indicate the reasons for that audit?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker. That question was answered in the House. The audit was a special audit requested under The Provincial Auditor's Act regarding the building known as the Brokerage Building at 115 Bannatyne with respect to all government activities with tenants of that building.

The question was asked of the Provincial Auditor whether or not there were any reviews done with respect to that particular agency that the member mentions and his answer was in context with the special audit asked by myself with respect to 115 Bannatyne.

MR. G. MERCIER: Madam Speaker, are there any other audits being carried out by the Provincial Auditor with respect to loans or guarantees by the Cooperative Loans and Guarantee Board?

HON. E. KOSTYRA: None that I am aware of, other than the ongoing audits that he would do of any

department or agency of government. There are no special audits that I am aware of.

MR. G. MERCIER: Madam Speaker, I would ask the Minister of Cooperative Development whether he is aware of any loans or investigations with respect to any other loans or guarantees by the Cooperative Loans and Guarantee Board?

MADAM SPEAKER: The Honourable Minister of Cooperative Development.

HON. J. COWAN: No, those loans are oftentimes audited as a matter of practice if they involve expenditures by government or other levels of government, or other governments — the Federal Government — and that's a normal practice. Those are ongoing at all times, but there are no special audits to my knowledge ongoing on any of the loans at the present time.

Jurisdiction of Gov't over farm machinery, equipment and livestock

MADAM SPEAKER: The Honourable Member for Lac du Bonnet.

MR. C. BAKER: Thank you, Madam Speaker. My question is to the Minister of Agriculture.

Has the Minister had any discussions with the Federal Agricultural Minister regarding his willingness to delegate to the Province of Manitoba the jurisdiction to legislation over farm machinery, equipment and livestock?

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, I thank the honourable member for that question.

We have staff in Ottawa presently discussing the proposed federal legislation that there is some intention of bringing to Parliament very shortly. However, we have not had an official response from the Federal Minister of Agriculture as to our proposal. We will be following up with that but we've had no definitive answer as of today.

MR. C. BAKER: Madam Speaker, can the Minister assure the House that he and his colleagues will continue to consult with farmers and farm representatives, so that fair and effective programs can be developed and administered?

HON. B. URUSKI: Madam Speaker, I certainly can confirm and assure my colleague and all members of this House that we intend to continue consulting on a broad basis with all the farm representatives and the various groups representing farmers in Manitoba to develop comprehensive farm programs, within the financial capability of our province, and we will continue to do so as we have done in the past.

Main Street project

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. My question is to the Minister of Finance.

Can the Minister of Finance tell the House today what is the status of negotiations with regard to the Main Street project workers who have been without contract for 15 months?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker. I understand that there will be a resumption of discussions or negotiations tomorrow.

MRS. S. CARSTAIRS: Madam Speaker, can the Minister inform the House as to whether offenders using the Fine Option Program are working at the Main Street project?

HON. E. KOSTYRA: Madam Speaker, I'd have to defer the answer to that question to my colleague, the Minister of Health.

MADAM SPEAKER: The Honourable Minister of Health.

HON. L. DESJARDINS: I'll have to take that as notice, Madam Speaker.

MRS. S. CARSTAIRS: A final supplementary to the Minister of Health then, Madam Speaker. Could the Minister assure the House that should strike occur, additional Fine Option offenders will not be used as strikebreakers?

HON. L. DESJARDINS: Madam Speaker, I'll get the full information and report to the House tomorrow.

Northern Flood Agreement - settlement outstanding liabilities

MADAM SPEAKER: That question was hypothetical. The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Madam Speaker. My question is addressed to the Minister of Northern Affairs.

In view of the fact that there appears to be very little or no action or progress regarding a settlement of land claims with regard to the Northern Flood Agreement; and in view of the fact that there appears to be some stumbling blocks in the way of settlement of the majority of these land claims that were identified some three years ago, will the Minister of Northern Affairs please table the identified lands or a map showing the lands in question?

MADAM SPEAKER: The Honourable Minister of Northern Affairs.

HON. H. HARAPIAK: Madam Speaker, that question was raised by the opposition a few weeks ago and the

Premier, at that time, was asked to table the progress reports that we had made in the settlement of land claims.

We have tabled that information, but if he wants the maps we can certainly make the maps available to him. They are large maps, so if he wants to come to my office, I will show him the maps that are available in my office.

MR. L. DERKACH: Madam Speaker, due to the lack of action on land transfers, do the Native people have recourse to arbitration and also compensation for the loss of opportunity as a result of the undue delays in the land claims?

HON. H. HARAPIAK: Yes, Madam Speaker, the arbitrator always has been a part of the process. There has been an arbitrator appointed and that process is always available to the people, but we have been working in cooperation.

The cooperative method is ongoing. We are working and consulting with the groups involved and we feel that we are very close to aborting some of the parcels of land that are available. They've been identified and very shortly there will be a group going out to identify all the sites, so the process is ongoing.

Charter of Rights - Gov't policy

MADAM SPEAKER: The Honourable Member for St. Vital.

MR. J. WALDING: My question is to the First Minister and I should like to ask the First Minister if it is the policy of the government to conduct its affairs and responsibilities in conformity with the Charter.

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Yes, Madam Speaker.

MR. J. WALDING: Madam Speaker, I'd further like to ask the First Minister if it's the policy of the government, when seeking appointments for boards and commissions, to exclude certain people on the basis of language, ethnic background or gender from those positions.

HON. H. PAWLEY: No, Madam Speaker.

MR. J. WALDING: I wonder if the Premier would be good enough to tell his secretariat of that change in policy.

Northern Flood Agreement - settlement outstanding liabilities

MADAM SPEAKER: The Honourable Member for Emerson.

MR. A. DRIEDGER: Thank you, Madam Speaker. My question is to the Minister of Natural Resources and flows from the questions from the Member for Roblin-Russell regarding the Northern Flood Agreement and the Land Claims Agreement that was reached in 1983.

Can the Minister indicate whether his department is doing the finalization of the land transactions that are taking place or is it the Department of Northern Affairs?

MADAM SPEAKER: The Honourable Minister of Natural Resources.

HON. L. HARAPIAK: Madam Speaker, we, being the Department of Natural Resources, are responsible for Crown lands. We will be part of the delivery process and we will be working in cooperation with the other parties to the agreement.

MR. A. DRIEDGER: Madam Speaker, could the Minister be more specific in terms of who has the final responsibility, whether it is his department or the Department of Northern Affairs, because there is confusion between the two that the delays have been taking place?

MADAM SPEAKER: The Honourable Minister of Northern Affairs.

HON. H. HARAPIAK: Yes, Madam Speaker, very clearly, we have made it quite clear that the Department of Northern Affairs is responsible for the negotiations. Once the negotiations are completed, then the Department of Natural Resources will be doing the implementing of the land placement.

MR. A. DRIEDGER: Madam Speaker, a final supplementary to either Minister, seeing we don't know exactly who is going to be doing what.

Could one of the Ministers possibly make available to all members of the House the Wish List of the various government departments that have been submitted and that are affecting some of the settlements at the present time?

HON. H. HARAPIAK: Madam Speaker, if any of the members of the Opposition would like to come into my office, we have a detailed map, and I would gladly share with them some of the Wish List or some of the land sites that have been selected by the five Northern land Bands.

MADAM SPEAKER: The Honourable Minister of Agriculture.

Beef cattle - marketing and processing of

HON. B. URUSKI: Thank you, Madam Speaker.

Several days ago, the Member for Virden and the Member for Roblin-Russell raised a number of questions as to dealing with the size of finished animals coming to market through the Beef Commission, and a number of animals grading below A-1 and A-2 increasing above the provincial norm during this past month.

Madam Speaker, I'm advised by the Beef Commission that there is no doubt that some producers are crowding the system, and they are booking marketings in unprecedented numbers. But, Madam Speaker, one should bear in mind that production techniques have changed over the recent years, bringing in a greater number of fall calves to the slaughter market in May

and June; and that's primarily because of the cross-breeding that has gone on and larger calves being put on full feed at the time of weaning.

Madam Speaker, since the inception, the plan has had seven regular support level adjustment periods, five of which saw increases and two with declines. The Manitoba Beef Commission has attempted to counsel producers to market only at correct weights and at optimum time, and we do have five field persons who are doing an excellent job in this regard.

I want to advise my honourable friend that, for example, in terms of the specifics of his question: in May of 1984, 92 percent of the animals — and we marketed 5,254 slaughter animals through the Beef Commission — 92 percent of those graded A; in May of 1985, the same month a year later, we marketed 8,125 animals, 93.5 percent of those were A; and in May of 1986 we marketed 9,809 animals, 93.2 percent of those were A.

Madam Speaker . . .

MADAM SPEAKER: Order please.

HON. B. URUSKI: . . . we are above the provincial average marketing of A's through the Manitoba Beef Commission.

Hunting - illegal

MADAM SPEAKER: The Honourable Minister of Natural Resources.

HON. L. HARAPIAK: Thank you, Madam Speaker, I took as notice a question from the Member for Emerson on the 4th of June with respect to a task force that he suggested was being established in the Department of Natural Resources to look into the matter of illegal hunting.

I indicated at that time that to the best of my knowledge there was no such specific task force, but that I would verify it within the department. I have done so. There is no specific task force but as a matter of ongoing activity, we do look into the question of illegal take of game.

We are in consultation with different interest groups. We are aware of comments that are made in different sectors, but there is no specific task force within the Department of Natural Resources as suggested by the Member for Emerson.

Austin Museum funding

MADAM SPEAKER: The Honourable Member for Gladstone.

MRS. C. OLESON: Thank you, Madam Speaker, my question is to the Minister of Agriculture with regard to the Western Manitoba Agricultural Museum.

Earlier this year the board had asked the government for a part of their yearly grant in advance because they were in severe financial difficulty. To this date they've not received any funds, although they were promised immediate action. Can the Minister give the House and the board of the museum the reason for this delay?

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, this matter, in terms of the funding, has now been transferred to the Minister of Cultural and Heritage in terms of their funding. There was, I admit, some delay in terms of getting the funding going, but I will take the specific question as notice just to find out where that matter is at, at the present.

MRS. C. OLESON: Well to the Minister, they were promised this money long ago. They are asking for it. They're not asking for anything new or more money, they're asking for an advance on money they're getting.

MADAM SPEAKER: Question.

MRS. C. OLESON: Could the Minister tell us and that board when they are going to receive that money? They are faced with the possibility of closing down their annual reunion. Could the Minister indicate what they're going to do about this?

MADAM SPEAKER: The Honourable Minister of Culture, Heritage and Recreation.

HON. J. WASYLYCIA-LEIS: Thank you, Madam Speaker.

I can assure members opposite that the Austin Museum has been told that they will be receiving their operating grant this year. They have had those assurances and guarantees. The cheque is on the way, and the Austin Museum . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

HON. J. WASYLYCIA-LEIS: . . . and the Austin Museum is well aware of the situation.

MRS. C. OLESON: Could the Minister of Cultural Affairs advise the House exactly what date that cheque was mailed, because it wasn't there yesterday?

HON. J. WASYLYCIA-LEIS: Madam Speaker, I will be happy to bring back to this House tomorrow precise information about the cheque.

MADAM SPEAKER: The time for Oral Questions has expired.

The Honourable Member for Government House Leader.

HON. J. COWAN: Madam Speaker, I move, that Madam 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, Estimates consideration of Agriculture in the Chamber, and Highways and Transportation outside of the Chamber, as per usual.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Burrows in the Chair for the Department of Agriculture, and the Honourable Member for Kildonan in the Chair for the Department of Highways and Transportation.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - HIGHWAYS AND TRANSPORTATION

MR. CHAIRMAN, M. Dolin: Committee, come to order. We are on Item 3.(a), Page 95. The Minister has some information that was requested by the members previously.

HON. J. PLOHMAN: Yes, Mr. Chairman, I did promise yesterday to provide the members with some additional information on questions they asked that we could not give the details of last day.

The Member for Minnedosa asked about the status of acquisition of right-of-way on projects involving PR 250 from PTH No. 16 to PTH No. 45. He also asked about PR No. 354 from PTH No. 45 to the Little Saskatchewan River, and others.

Insofar as No. 250, I can report to the committee that the preliminary visitation has been completed and the location plans have been prepared, so that will mean now the process in terms of actual payments and final settlements can begin.

Insofar as 354, again, the preliminary work has been completed on the design and acquisition is just beginning there.

From the Little Saskatchewan River south, this has been delayed due to alignment questions. We've met with residents from the area, the councils, and are looking at some alternatives through the Saskatchewan River Valley there where it's very difficult.

From PR No. 355 to the north boundary of the R.M. of Blanchard, the acquisition is 100 percent completed.

On PR No. 355, from P.R. 474 to PTH 83, acquisition has been 100 percent completed.

There was a question from the Member for Roblin-Russell about the cost of a bridge on 254 near PTH 83 that was done I believe he said last winter. It's two-and-a-quarter miles east of PTH 83; the cost was \$56,000.00.

There was a question by the Member for Gladstone regarding the installation of a bridge or culverts through the grade on 352 near the Campbell residence. I had indicated that I believed the bridge, or the culverts, had been put in place. That is correct; they have been placed in this location without changing the original alignment of the provincial roads at that location.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: Mr. Chairman, I thank the Minister for that information. The Member for Roblin-Russell isn't here but he can get that information in Hansard.

Some of my colleagues have questions under Planning and Design so I'll let them proceed with them and then I'll finish with my comments.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, I would ask the Minister if he could indicate what long-range plans or plans over the next two years are with respect to PR 422. I wasn't here the other night when bridges were being discussed, but it seems to me that there is some

commitment within the capital program with respect to bridges. What type of road is being designed for 422, and will it come into being in 1987?

HON. J. PLOHMAN: Mr. Chairman, the local communities in the area have been in touch with members of the staff recently, and so there has been some meetings on that and they have been communicating the plans.

Currently, I believe the section from PTH 23 to 205 is in the process of land acquisition. There is also in this year's budget, for structures and approaches, box culverts that have to be done in that section as well for a considerable amount of funds. The intention is to upgrade that road in preparation for subsequent paving, probably an asphalt surface treatment.

MR. C. MANNES: Mr. Chairman, I'm glad to see that provision is being made this year for the proper type of bridge structures or culvert structures as there are being so close together.

Is the Minister indicating that construction will be done in 1986? Will it be done this year with certainty?

HON. J. PLOHMAN: Well, the intent was, when we placed that in the budget, that it would be done this year. If there are any difficulties in the design, which there shouldn't be — it's small structures — they should be done this year, and that's what we anticipate.

MR. C. MANNES: Mr. Chairman, I ask the Minister what happens in cases where field staff indicate to residents, like they did in the fall of 1985, that Land Acquisitions had been purchasing land through the area in the months of November and December and being completed in January and then it doesn't really happen. It doesn't happen certainly during that period of time.

Are there different instructions that are brought forward or indicated by the top people within the Ministry or are these at times rumours that are inaccurate, because it certainly causes an awful lot of consternation at the local level when time deadlines are missed?

HON. J. PLOHMAN: That seemed to happen in this case.

MR. C. MANNES: I would ask the Minister, who probably doesn't know much about the particular case, but how do these situations occur?

HON. J. PLOHMAN: Mr. Chairman, it's very difficult to generalize as to what may have occurred. Certainly they do not get any instructions from me, or had any direction from me through senior staff to slow down their work on the acquisition. So if there's any inclination of belief in that regard by the member, certainly I can say categorically that there is no direction from the Minister's office to delay the process.

However, it is possible that certain difficulties are encountered in a change from the preliminary design after initial visits. Quite often, the acquisition officer and the Highways staff person will visit, make initial visits and outline the intended program for acquisition and time line. However, after meeting with some, there

may be difficulties encountered with certain landowners and some changes may be required. That sometimes means going back and making substantial changes to design and plans.

It means, quite often then, that the time line that was originally projected has to be altered and amended and perhaps they don't always go back and tell them that it's now going to take longer than intended.

That's the way I see, it would seem to me, that these things could happen.

MR. C. MANNES: A final question with respect to 422. Can the Minister give any indication whether there will be construction on that length of road that he has mentioned; will there be any construction at all in 1987?

HON. J. PLOHMAN: I believe the member is referring to 422?

MR. C. MANNES: Correct.

HON. J. PLOHMAN: First of all, I just wanted to clarify. I believe in the question asked previously, that the member was asking about delays in land acquisition as opposed to indications being given by acquisition staff that . . .

A MEMBER: Highways staff.

HON. J. PLOHMAN: Highways staff — they go together, usually, on initial visits — but that construction would take place the following year or at a certain time of the year. If that was the question, obviously they would not and they should not be giving any indication that construction would follow acquisition activities. But I don't believe that was the question. I believe the member was asking about what I answered in the previous answer.

Insofar as 422 is concerned, I indicated there would be the structures and the approaches graded in anticipation of the complete grading of that section the following year. The intent, of course, is that the structures and the approaches would be done together.

MR. C. MANNES: The operative part of the Minister's answer, of course, was the following year and I accept it.

I would like to direct my next question to PR 240, that infamous or famous section of road south of Portage between St. Claude and Portage. I have seen the design. The new route is proposed to follow through that part of my constituency. I would ask the Minister whether or not the department and the senior staff are anywhere closer or anywhere close at all to making a commitment to construction through that specific portion of 240?

HON. J. PLOHMAN: Mr. Chairman, in this current section, the design has been completed and resolutions have been received from the municipalities agreeing to the new alignment. The next stage, now that that is complete, is the process of acquisition and that's what's beginning at the present time. So the land on that new location has to be acquired, and that will take at least this year. If everything goes well, it could be

on the program put forward by the department for consideration in next year's construction budget. If there are any difficulties encountered in the delays in that process then it may not be possible, but it would seem that we could be looking at next year for construction on the new alignment. The time consuming parts, primarily, have been completed and that is the location and getting agreement on the new location which took quite some time.

MR. C. MANNES: The final road that I would like to discuss, Mr. Chairman, is that of 330. It's a short portion from the South Perimeter leading to Morris. I'm concerned about one portion of that, from La Salle to Domain. Just over the last two weeks, I believe there has been some of this surface treatment — sealcoating — been performed between the perimeter and La Salle.

I would ask the Minister whether there is any intention at all to upgrade or to sealcoat the portion of the road from La Salle to Domain, bearing in mind that there must be horrendous maintenance costs associated with the breaking up of the major portion of that asphalt section?

HON. J. PLOHMAN: Mr. Chairman, that particular section of the road of 330 was given serious consideration this past year and almost made it. But because of the reductions in the amount of total dollars that were available, we could not include it at the end. But it was given serious consideration as a high priority project for that area. I might add that the reconstruction of that area, of that particular section, is about \$1 million.

MR. C. MANNES: Mr. Chairman, I'll just make a comment. Hopefully the reconsideration in denying it had nothing to do with the fact that I live at Domain. I would want to indicate my conflict of interest, if there's such a thing like that. Hopefully, the Minister will reconsider.

HON. J. PLOHMAN: Mr. Chairman, I am very aware of the famous Domain, because I knew the other Manness's from up in that area very well during university days, as well as Clayton. — (Interjection) — Yes, I have to get up there and see those roads again, I have to admit, yes. — (Interjection) — The Member for Morris, otherwise known as Clayton Manness.

MR. CHAIRMAN: The Member for Brandon West.

MR. J. McCRAE: Mr. Chairman, I would like to ask the Minister to drive west from the constituency of Morris to the Brandon area and talk to us a little bit about where we're at with respect to the eastern access route. I know it's in the planning stages and I wonder if there's any news the Minister can bring with respect to the completion date and just where we're at with the eastern access route?

HON. J. PLOHMAN: Mr. Chairman, we have been undertaking a detailed survey of the proposed route in that area to determine the right-of-way requirements. There's been discussions with CPR as to whether there should be an underpass or overpass of the CPR mainline

in that area and that decision has not been finalized as yet. So it is still then in the survey stage, discussions with affected groups in the area, such as CPR.

The Land Use Committee has just met to look at the matters of archaeological reconnaissance and there will have to be a ministerial review followed later, and also the environmental considerations for that area. We have a formal process which will have to be gone through to have approval for the precise route, once it has been defined, or alternatives. Well, the precise route has been defined as a prime alternative and that will have to be approved through committees of Cabinet. So there's a number of stages yet before acquisition can begin.

MR. J. McCRAE: Mr. Chairman, I'm not in the business, never have been in the business of building highways and I'm looking at a kind of a time frame that we, in Brandon, can look forward to. We were told at one time something like five years. Now I think that would have been last summer, when the announcement was made. Does it have to take five years or can it be sooner?

HON. J. PLOHMAN: I don't believe it would take five years to get this work done unless there's some unforeseen problems. It's proceeding. As I said, there's a lot of steps that have to be undertaken, so it would take probably a couple of years to get those completed and if acquisition moves along smoothly, perhaps construction within three years, the third year down the road.

MR. J. McCRAE: Could the Minister describe for us, take us through the steps that were undertaken to get us to the point where it was decided that the eastern access route would be at 49th Street as opposed to 17th Street or some other route? Could the Minister take us step by step through that and how the decision was arrived at?

HON. J. PLOHMAN: Well, Mr. Chairman, I don't know that I recall all of the steps that were taken, but there was a major study undertaken by Underwood McLellan that began in 1981 or '80 — the member may be familiar with the exact date that was commissioned — and they identified a number of major projects, highway changes that had to be undertaken and prioritized those for the Brandon and surrounding area.

The eastern access was projected to be required some time in the late 1990's or around the year 2000, I believe, in that study. It was, in other words, one of the lower priorities identified. However, after considering the wishes and the various resolutions and presentations made by the local community, the City of Brandon, the municipalities in the area, it was deemed that this should be moved up in priority, that it was indeed more important to have the construction take place than some of the other major projects that were identified. So, it was moved up in priority.

There was a general consensus as a result of the first study that was done by Underwood McLellan that the 49th Street route would be the best route, or the one most favoured and most acceptable in the area. We did not accept that because it had not been fleshed

out in the same degree that we would like to ensure that we were getting the best value for the money being spent because it is a very expensive project and, therefore, we wanted to ensure that it was in the best location to combine the concerns that it would get maximum use, balanced against the requirements to move it away from residential areas as much as possible because of the movement of hazardous goods.

We did undertake a subsequent study with Underwood McLellan to follow through with more intensive examination of alternatives to consider the environmental effects, to meet with the land use committee in the area, to meet with the council and residents' groups to determine what the preferences were and to rate those various options to come up with the preferred option.

So the study team, which included, I think, representation from the City of Brandon and perhaps even the municipalities in the area, as well as Underwood McLellan and the Highways Department, did do this rating over a period of time in 1984 and into 1985, I believe, and then did make a recommendation on the basis of their rating system that, considering everything even though 49th Street would not get quite the use in volumes as one closer in to the City of Brandon, it was felt that because of all the other obstacles involved with Simplot and Hydro and so on in there, the proximity to residential areas, that it was best to construct it on the 49th Street route. That is the decision that we made last year, I believe, towards the end of 1985. I don't remember the exact dates. But there was an extensive process of consultation and subsequent study that led to the final decision.

MR. J. McCRAE: Mr. Chairman, I think at the time being a member of the Council of the City of Brandon, we were relieved that the decision was taken to locate at 49th Street, and we thank the government for that decision.

I'd like to move on, Mr. Chairman, to a stretch on 18th Street from Pacific Avenue north. I'm not just sure how far north that goes, but is that scheduled for this year's budget, the reconstruction over the approaches to the bridge and north of there?

HON. J. PLOHMAN: Mr. Chairman, this year there is the completion in the budget of the acquisition of right-of-way in the area of the Pacific Avenue loop. That has to be completed before any work can be done there. So we do have that in the budget, along with the intersection improvements at the junction of PR 459 that will be completed this year.

There is the other section, I believe the section that the member's talking about, from the north end of the railway overpass to the Assiniboine River, if that's what the member is talking about. That will be considered in next year's budget. It was considered this year but, because of dollar limitations, we could not put it in this year.

MR. J. McCRAE: Mr. Chairman, I believe the people locally see those two projects together, that stretch north of the bridge to the river and also the land acquisition just to the south of the bridge. Is that not all one project, or is that two projects?

HON. J. PLOHMAN: It can actually be two projects, one requiring some acquisition, I believe, at the present time, and the other is ready to go for pavement and resurfacing.

MR. J. McCRAE: So that if acquisition is undertaken this year at the south end of that bridge and completed this year, would we not be looking at the two next year at the same time?

HON. J. PLOHMAN: It's possible, Mr. Chairman, that they could be included as one project if there were dollars for it in the acquisition — (Interjection) — I've got some members from our caucus that have come in here and started heckling, and would like to have them just keep a little bit of order.

MR. J. McCRAE: Mr. Chairman, I don't know if they're heckling the Minister or heckling me.

HON. J. PLOHMAN: There are some very serious questions being asked by members of the Opposition here, and we don't need that heckling.

MR. CHAIRMAN: Well put. The Minister of Highways.

HON. J. PLOHMAN: I just wanted to say that it's possible that they could be included as one project, depending on the status of the acquisition and whether it's all ready to go. We'll look at that next year.

MR. J. McCRAE: Mr. Chairman, if I may, I would suggest that it would be a good idea to look at them both as one project. Of course, I would ask that they be moved on as quickly as possible.

I have to mention, yesterday I mentioned in the question period, Mr. Chairman, my opponent for election in Brandon West — and this has some relationship to the announcement by the Minister of Employment Services and Economic Security, I believe it was last summer, of the eastern access. At that time, the day in fact that the Minister made that announcement in Brandon to a great deal of relief in our community, I must say, at that time I asked the Minister about future plans for a western access. Of course, the gentleman who was my opponent in Brandon West took the idea up and brought that forward as his election platform, the western access.

So I ask the Minister of Highways and Transportation today whether that is even part of any concept plan as yet, or where we are with the western access.

HON. J. PLOHMAN: I'm not certain exactly. There were a number of projects in the Underwood McLellan proposals. Perhaps both of the MLA's for Brandon were not that ingenious to have dreamt up this new project. Perhaps it was one of those, but I would have to look through to find out. It's not one that would be done this year or next perhaps, because of the priority that's being placed on the eastern access, but certainly it is good to have long-range planning and to have some vision. I think that's what was being enunciated by the Member for Brandon East.

MR. J. McCRAE: I can't help but observe, Mr. Chairman, that perhaps my opponent was fighting an

election some 15 years down the road. In any case, maybe he can fight that one next time.

So it's fair to say that the department really hasn't turned its attention in any serious way to any real planning for a western access since we don't have an eastern access yet. So I'd just like to make sure that's clearly on the record.

HON. J. PLOHMAN: I don't know for sure whether the member was just retitling the current western access, which would be the old 1A and the need for improvement at the Kemnay Overpass in that area. That is being looked at and that is part of the study that was done. It would serve as a Brandon western access, I'm sure, as it does at the present time, but definitely needs improvements.

MR. J. McCRAE: Mr. Chairman, just to make sure we're on the same wave length here, when the Minister refers to the overpass, I guess it's the train that goes over and the cars that go under at Kemnay.

HON. J. PLOHMAN: Yes.

MR. J. McCRAE: Is that what he's talking about, linking it up to there?

HON. J. PLOHMAN: That's right.

MR. J. McCRAE: What both of us were talking about at the time, Mr. Chairman, was something to link up. I believe the eastern access comes down to . . . Mr. Chairman, the eastern access is proposed, I understand, to come south of Patricia Avenue to link up with Highway No. 10, and I believe the concept that we had in mind would have been to link up No. 10 somehow with No. 1, either at Kemnay or west of Kemnay. It looks to me, from a map, that something to the west of Kemnay would make more sense, unless you were going to be making those improvements in 1A between Brandon and Kemnay.

HON. J. PLOHMAN: Well, it would be in the vicinity of the train overpass and west of there — improvements in that area — as opposed to much in alignment toward into the city. We had assumed, perhaps maybe what the members were talking about was the linking up of the eastern access to Patricia Avenue, bringing it right over to No. 10, which is another project at some future time perhaps, because it will not go that far initially, the eastern access, but that would have to be considered down the road as well.

MR. J. McCRAE: I agree that we are talking sometime down the road but I would also make the point that, over the years, in my years and experience with living around Brandon, there've been many serious accidents at that underpass at Kemnay and that's certainly something that I would support seeing improvements to. I believe the Minister of Employment Services and Economic Security would like to say something. I'll yield the floor momentarily to him.

MR. CHAIRMAN: The Honourable Member for Brandon East.

HON. L. EVANS: A point of clarification with the Minister. I believe, for the information for the members of the Committee, the Member from Brandon West referred to the possibility of, at some future time, of a western access. My question is, was that considered in a the consultant's study? I think the answer is no. The consultant's study, which looked at the highway requirements of Brandon district to the year 2000, made reference to various requirements in terms of highways and they did estimates of future traffic flow, etc. Eastern access was one item that was considered in that study, but I don't believe there was ever any suggestion or reference made in that study to a western access. So I'm really asking the Minister for clarification for the Member for Brandon West.

HON. J. PLOHMAN: Well I did actually say that there was no western access in the study, but improvements at that overpass was part of the study as one of the requirements. I don't recall if it was exactly 20 years or a little longer than that, but that concept is obviously something that was not included in the foreseeable 25-year future kind of thing under the Underwood McClellan study.

MR. J. McCRAE: Mr. Chairman, that was my feeling, or my understanding. I just have to make the point that my opponent in Brandon West would have had people there believing that we'd have a western access pretty quickly if they'd elected him and I just wanted to make that clear, that that wouldn't have happened.

I'd like, Mr. Chairman, to ask the Minister about the Department's plans for Highway No. 1 as it passes west and to the north of Brandon. We have quite a few imbalances there. Coming from the east we have four lanes and then just as we get to the west of Brandon, it becomes two lanes, and we go down Grand Valley. What are the plans for that stretch until we get to the west of Kemnay where it's four lanes again?

HON. J. PLOHMAN: This year, Mr. Chairman, we do have in the program a major grading job on that section of the new lanes working west to the Assiniboine River from, pardon me, east from Kemnay to the Assiniboine. And there are 3.7 miles of grading that is going to take place there in this year's construction program. As well, we're going to redo, resurface and reconstruct the bridge that exists; the older one. There was a new one built and the old one will have to be, I don't know, it may be entirely replaced or just redecked to bring the loadings up to the requirements. So that would take place in subsequent years, but the grading would take place this year and it's a substantial expenditure of monies, in the neighbourhood of \$2 million to do that.

MR. J. McCRAE: What does the Minister mean by grading? What kind of operation is that?

HON. J. PLOHMAN: The grading of the two new lanes to make it a four lane facility through there.

MR. J. McCRAE: Mr. Chairman, two more areas that I'd like to discuss and that is getting closer to Brandon, going east from the bridge the Minister just referred to. Is there any future plan for a by-pass of North Brandon?

HON. J. PLOHMAN: Well, there is no plan at the present time for that, although it maybe should be considered in terms of protection of land and land use in that area. However, that was rejected, even though it was one of the recommendations, as the member well knows, of the Underwood McClellan study, and it was actually recommended on a much more urgent basis than the eastern access.

There is a need to improve the traffic situation on the current alignment of Highway No. 1 through North Brandon and that is being undertaken through some studies that we're doing now. I'll just check, in terms of status, in terms of when the work could begin on that present alignment, but we are not undertaking any steps at the present time, or undertaking any plans with regard to a north by-pass. As I said to the member from Morris yesterday, I guess it would be desirable to be able to put in place plans for all future routes through communities. He was asking about Morris and Highway No. 75, and we have Virden's situation with Highway No. 1, and Brandon then want perhaps a requirement that there should be overpasses or whatever, another alignment there. Those are so far down the road in terms of major expenditures, that we aren't undertaking that kind of major planning for another route at this time.

MR. J. McCRAE: Mr. Chairman, my only suggestion to the Minister in that respect is that if the Department ever does get it in its mind to do such a thing, it might bounce the idea off the Member for Brandon East or the Member for Brandon West, before they push ahead too quickly.

HON. J. PLOHMAN: Mr. Chairman, I'm just looking at the status of the study that has been completed on the present route and there's acquisition in the current project, current program, for some acquisition on the present location so that we can improve the current traffic situation on Highway No. 1 at the present location. That is in the program this year, but not the actual construction or additional dollars for grading or paving.

MR. J. McCRAE: Mr. Chairman, this is for an upgrading of the Highway No. 1 that goes through Brandon North now. What kind of activities are we talking about? The Minister mentioned land acquisition in the area.

HON. J. PLOHMAN: There are some difficulties with the service roads in the way they allow the flow of traffic there, and there is some minor acquisition that has to be done to improve the service road access in the intersections.

MR. J. McCRAE: I have occasion to use all those roads quite regularly and I tend to agree with the Minister that there is need for improvement in the service road areas.

One last question before — I see the Member for Brandon East would like to say something again — but, Mr. Chairman, I refer the Minister to Provincial Road 250, between Alexander and Souris, and ask if there are any plans, long term, short term, for the improvement of that stretch between Souris and Alexander, specifically the northerly half? That's PR No. 250.

HON. J. PLOHMAN: Mr. Chairman, we're just looking as to the exact location and whether anything is programmed for that this year. We have undertaken projects on 250 each year. It has been getting rather, I think, high-priority attention over the last number of years to recognizing that it is a major route. Now I don't know, that far south, whether there has been any major work done there but, overall, its length. We have undertaken a considerable amount of work and this section would obviously have to be prioritized with the others. I'll just check to see whether we have any acquisition or survey work in that area.

As I indicated, there has been major work done. The first section, the southerly section, was paved, and the second section was graded this past year. It's in carry-over to be completed, the final gravel, second lift of gravel to Alexander, and that then will be considered in future budgets for paving.

MR. J. McCRAE: Mr. Chairman, there again traffic, I believe, is increasing in that area and it's the only natural route for anyone going from Alexander to Souris or Souris to Alexander to use. While in the summertime the conditions aren't so so bad; I know that in the wintertime it can be a pretty treacherous piece of road. I would suggest that the northern half of that stretch, the pavement of that, be given some priority by the department.

HON. J. PLOHMAN: I just wanted to add, Mr. Chairman, insofar as the traffic, it is one of the lowest areas of traffic there. A couple of other sections, but south of PTH 1, according to the average daily traffic runs that have been done there in the last year or so, it's 150 average traffic per day, which is quite low when you compare it to most PR roads. It's certainly not an extremely high amount of traffic for a provincial road, although there may be some times of the year when it would be much higher than that.

MR. J. McCRAE: Mr. Chairman, I'm quite prepared to stand corrected if I'm incorrect about the use, but anyone who does use it basically is in a real hazardous situation in the wintertime; I know that.

HON. J. PLOHMAN: The other point I wanted to make is that other section just north of Highway No. 1 is actually being paved this year so that we are doing that section just north. So we'll leave only that one section in that area that will still remain unpaved, and the intention is that that would be done. But, as I indicated, probably rightly so, that because of the traffic counts that are there in comparison to the other sections, it wouldn't have been receiving the same priority.

MR. CHAIRMAN: The Member for Brandon East.

HON. L. EVANS: Just by way of clarification, and to put it on the record, as I understand it, one of the reasons for the proposed bypass north of Brandon was to improve the safety in that area but, because the decision was made not to go with the bypass, it was still necessary to make improvements between First Street and 18th Street along No. 1 simply because of the hazardous traffic conditions.

I understand, therefore, the Minister's answer really in references to purchase of land for access, better access and so on, is all geared towards improving the safety features, reducing the access, I guess, to the No. 1 Highway. There are too many entrances and exits now. I presume better signage and also possibly better lights, but I'm not clear on the lighting.

Maybe the Minister could answer that question again really for the edification of the Member for Brandon West, that all these things are for improving highway traffic safety in that area.

MR. D. BLAKE: But not the northern access route they propose. That's ridiculous.

HON. L. EVANS: No, no, I'm saying the argument for the bypass, one of the arguments, was the safety argument, but because we made a decision not to go with the bypass because, nevertheless, you have to do something. So I have a specific interest in about the lighting as well as the signage and accessing. Are we going to have better lights in that area, Mr. Chairman?

HON. J. PLOHMAN: Mr. Chairman, these are some excellent points that the member for Brandon East is bringing out. Of course, it was safety oriented. It is a substantial project and even on the current alignment it will include improved signage, improved lighting — not only traffic lights but also overhead lighting — and it will include improved connections and repaving. So, obviously, the intention is to improve, as I was saying, the traffic connections and flows there, obviously, with the goal in mind that it would improve the safety situation because it is a very busy intersection, a very busy highway at that point.

MR. CHAIRMAN: The Member for Riel.

MR. G. DUCHARME: Thank you, Mr. Chairman.

I'm probably one of the luckier members who doesn't have any highways in his area.

A MEMBER: Do you have the Trans-Canada?

MR. G. DUCHARME: No, it's not in my area; just on the north of my area.

My question is in regard to south St. Vital. There is the Perimeter Highway 100 between St. Mary's and St. Annes, which are the city routes 52 and 150. In there, and as you probably appreciate the expansion in south St. Vital, could you tell me what plans or any discussions you've had with the city in regard to these two connector lanes?

HON. J. PLOHMAN: I can well appreciate the increase in traffic in that area. Certainly there has been a lot of residential development up in that area and I'm familiar with it.

We have foreseen that this growth was taking place there and there would be additional growth and increase in traffic. So as one of our projects on the Perimeter Highway, in addition to the northeast quadrant of the Perimeter, we have engaged a consultant to undertake studies of future requirements for the St. Anne's and St. Mary's connections to the Perimeter Highway.

They will be reporting to us on completion of that study. I believe that one has been started. There would probably be recommendations for future interchanges at those two locations. There is land protected. It was protected many years ago, as a matter of fact, by the City of Winnipeg, and then the province has just, I believe, acquired it from the city and finalized those arrangements.

That will be part of the study and the City of Winnipeg has representatives on the study team. They should be having input into it and we will be in a better position to report on that probably by the end of this fiscal year.

MR. G. DUCHARME: The reason why I ask is the big concern there, also, is the joining of Dakota, which will eventually be four or six lanes within the city, when it gets to the Perimeter. Has there been any definition — I know there was a phase of about four ideas from another study group of where Dakota would meet the Perimeter Highway, or else it would meet St. Anne's halfway through.

Has this been determined, whether Dakota, or whether you will allow Dakota to hit the Perimeter between St. Mary's and St. Anne's? Has there been any discussions with regard to that?

HON. J. PLOHMAN: That is, Mr. Chairman, one of the areas that will be defined as a result of this study. It looks, at the present time, that the city is preferring now that they would retain a connection on St. Anne's and St. Mary's, as opposed to Dakota, and that there would be enough underpass or overpass in the connection with Dakota. That's the inclination but that hasn't been finalized. It will be a part of the study.

MR. G. DUCHARME: The other concern I have, that would be east of St. Anne's Road and the Perimeter, the industrial site where there are several, maybe six or seven industries along a service road. There has been rumour that once the Dakota, or once the St. Anne's exchange is put in and the Perimeter becomes — probably it's going to be a larger route — whether those people, the service road will be discontinued at that time. Now they are getting along with gravel, and their concern is will it be discontinued. Is this going to be part of the same study?

HON. J. PLOHMAN: Yes, I am informed that it will be part of the same study. The intent would not be that these service roads would be cut off, but it obviously will take some study and some innovation to look at how that is going to link in with either a future overpass over the C.P. Emerson line there, as well. So that will all be part of it, from the 59 interchange to St. Anne's, and that area, all the way to two and three.

MR. G. DUCHARME: All the way through to 59? What would seem to be the concern is that if we do put an interchange at St. Anne's, it's very, very close to No. 59 and I was just wondering, that is all going to be a part of the study, right through to 59.

HON. J. PLOHMAN: Right through 59 to Highways 2 and 3 west.

MR. G. DUCHARME: Thank you very much.

MR. CHAIRMAN: 3.(a)(1) — the Member for Minnedosa.

MR. D. BLAKE: Mr. Chairman, here I'd like to ask what's happening, or what planning has been done with the road on Hecla Island, where it's unfinished surface, complete to the lodge, to Gull Harbour Lodge . . .

HON. J. PLOHMAN: Mr. Chairman, we have undertaken, because of the importance of this major tourist attraction to the province, to place this in the budget with some priority, so that that road can be upgraded. I know a lot of people complain about it and going up to such a major attraction as that, to have that kind of a road.

So we are undertaking to move from the gate north, with the first section of construction this year on a new alignment, seven miles of road. It's in the budget for this year. There is some property, I believe, one piece of property in there that has to be acquired. That, hopefully, will take place as quickly as possible and we'll get the construction done in this construction year.

MR. D. BLAKE: What cost is estimated?

HON. J. PLOHMAN: It's hard to know, if we're going to tell him how much we're going to offer him, that we're budgeting, but about \$5,000 or so. It's not a lot. I think the member was talking about the acquisition, or the road cost?

MR. D. BLAKE: No, the road.

HON. J. PLOHMAN: The road cost itself will be about \$1.3 million to \$1.5 million.

MR. D. BLAKE: Will it be tendered or are you just going to hire somebody from Minnedosa?

HON. J. PLOHMAN: The Member for Minnedosa knows very well the process that's involved. It's not, I guess, particularly appropriate to go into under Planning and Design, the tendering process. We went through that the other day, the hourly work, under \$10,000 and except in the North up to \$30,000, and then tender calls above that. In the Construction Program, all of these major jobs are tendered. Lowest tender gets the job, without exception, unless they withdraw from the bid voluntarily or perhaps, in the rare case, that there's a judgment made by staff that they couldn't do the job or something like that. So there's no opportunity there for any fiddling with the system.

MR. D. BLAKE: That would be a rare case, the road to the Ukrainian Village out at Dauphin, I suppose, when that road was . . .

HON. J. PLOHMAN: Well, Mr. Chairman, there are occasions when a contractor is in the area and there are some small additions made, extra work either on a separate piece of road or on the same road, where the engineers determine that additional work needs to

be done and that it's cost effective to do it at that stage rather than bringing in another contractor or do it on an hourly basis separately. What they tend to do then is negotiate with the contractor who's doing the other work, and in most cases, I believe, succeed in getting, as in the case of the road that the member is referring to at the Selo Ukraina in Dauphin, have it at the same per-unit cost as the bid price for the major job, so that it's usually quite a bit lower than it would be if a contractor came in just to do that work on an hourly rental basis.

MR. D. BLAKE: I'm sure, Mr. Chairman, that the road to the Hecla Golf Course, if approved, it will take at least five or 10 strokes off my game. Shaking along that road puts you in a pretty bad frame of mind to go out and play golf.

That's all the questions I have on there, Mr. Chairman, if you want to pass that item.

MR. CHAIRMAN: 3.(a)(1)—pass; 3.(a)(2)—pass; 3.(b)(1)—pass; 3.(b)(2)—pass.

Resolution 92: Resolved that there be granted to Her Majesty, a sum not exceeding \$2,863,000 for Planning and Design and Land Surveys, for the fiscal year ending the 31st day of March, 1987—pass.

Page 96, Item 4, Resolution 93, Engineering and Technical Services, 4.(1)(a) Management Services—pass; 4.(a)(2)—pass.

4.(b) Mechanical Equipment Services — the Member for Minnedosa.

MR. D. BLAKE: Yes, under Section 2, I wonder if the Minister might give us some updating on the state of the equipment. How much equipment has to be replaced this year?

HON. J. PLOHMAN: Mr. Chairman, there are 2,427 pieces of equipment in the Mechanical Equipment Branch that are all used for maintenance. For example, 163 motor graders and I go through the whole thing. We have the information here. A lot of it — well, there's a replacement rotation plan in place and approximately total about \$2.7 million in replacement each year, and a total of 3.443 — almost \$3.5 million total spent on new equipment each year, either new or replacement equipment.

Mr. Chairman, I'm not sure how much detail the member wants and he will have to say how much and what he's getting at in his question, so I don't go on in a long tirade of irrelevant information.

MR. D. BLAKE: I'm wondering if the rotation system has been in place for a number of years. Has there been any change in that? Is the equipment being kept for a longer period of time? Is it in any less or any better state of repair or disrepair than it has been over the last few years?

HON. J. PLOHMAN: We haven't changed. The department informs me that there hasn't been a change in the rotation and the criteria that are used. There's the age, the model year is considered, accumulated mileage or hours operated, the general condition, the estimated repair costs, availability or time lost due to

breakdown and parts availability, suitability and ability to perform or function effectively; and then lastly, availability of funds for replacement units. For example, in the area of motor graders, a 12-15 year life expectancy and, at the current rate of replacement, it would take about 15 years to replace them all, so we're at the upper end of that range at the present time. I believe there's going to be 11 new ones this year.

So that program is continuing pretty much as it has in the past in terms of the dollars required for that. I should mention, as well, that we're in the middle of automating the equipment inventory system, so that there will be a better tracking of the costs attributed to each machine, similar to what we have in the fleet vehicles in Government Services, and once that system is in place, it will enable us to have an even better cost-effective management of the fleet of equipment in the department. That is in progress at the present time and being developed.

MR. CHAIRMAN: 4.(b)(1)—pass; 4.(b)(2)—pass.
4.(b)(3) — the Member for Minnedosa.

MR. D. BLAKE: Under (3), I wonder if the Minister might give us an explanation of this item that we might understand it a little better.

HON. J. PLOHMAN: The reason that is fully recovered is that it's all charged at a rate that is budgeted to the districts, and the districts pay back the total costs of this equipment, so therefore the costs would come from the various districts. They would be budgeted there and the mechanical divisions would recover completely all expenditures for the Maintenance Program — from the Maintenance Program, the money would be recovered.

MR. D. BLAKE: Yes, this is machinery, vehicles and equipment and that, that are used in the district offices? They don't locally buy trucks or . . .

HON. J. PLOHMAN: Yes, there's a central pool of equipment that is maintained in five shops throughout the province, and it is distributed to the districts, as required, and there's a set hourly rate for the operation of that equipment, and the districts pay for the equipment they use through the Maintenance budget. It comes back as a completely recoverable program to Mechanical Equipment Services. Those costs include depreciation costs, and that is the basis for replacement.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: Where are the depots located?

HON. J. PLOHMAN: Winnipeg, Brandon, Dauphin, Beausejour, Thompson and The Pas.

MR. D. BLAKE: For the northern areas.

MR. CHAIRMAN: 4.(c)(1)—pass; 4.(c)(2)—pass.
4.(c)(3) — the Member for Brandon West.

MR. J. McCRAE: Mr. Chairman, I see here where Other Expenditures are down somewhat but Purchases are

up. Is this a similar kind of situation we have in other areas where expansions are going on and operating budgets are being reduced? Can the Minister explain how these figures appear this way?

HON. J. PLOHMAN: The decrease in that area in the Other Expenditures is due to a deferral of a program of hardware and data lines for on-line implementation of computerized Warehouse Stores inventory control systems in a number of centres. This is being postponed until another system that is being developed in the Mechanical Services is developed to the stage to see whether they can be integrated and, therefore, achieve this cost saving on a permanent basis.

The reason for the increase in the Purchases is that certain items that were previously purchased in a different area of the department have now been consolidated through Warehouse Stores and put on the computerized inventory system. These were previously bulk purchased for maintenance and construction activities, but not inventorized. Sign manufacture material, traffic signal materials and maintenance materials, such as Orbits, plastic bags and so on have all been included on this system. That's why there's an increase in there. It's not an increase in actual dollars, just taken more appropriately and put on the computerized inventory system in this area and taken from other sections.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: Yes, I was going to ask that same question.

The Minister mentioned Orbits. Are there a number of Orbits being purchased? They're still available? They're quite different as a garbage receptacle on the highways. You receive a great number of comments from tourists on them. I know the original construction of them maybe wasn't too fireproof and there's always the smarty that wants to throw a match into a garbage container when he's going by and watch it burn.

But they have been pretty attractive on our highways, compared with the barrels that we see in other jurisdictions. Are they being replaced at a reasonable rate? What material are they constructed from now?

HON. J. PLOHMAN: There hasn't been a change in the material so we, as the member said, still lose a few by someone deciding to burn the garbage as well as drop it off, but the areas where there's the most trouble there is in the recreational areas where they have been placed. Sometimes, they've just had to be discontinued in those areas.

MR. D. BLAKE: Back to barrels there.

HON. J. PLOHMAN: Back to barrels. But we are intending on enhancing the knowledge of tourists coming into Manitoba by placing signage on major entrances into the province, indicating that you can place your garbage in Orbit, and also to restore the signage that notifies motorists that the Orbit is coming up. In many cases, there isn't signage warning or bringing to their attention that there are 10 seconds to an Orbit or something like that. So we're going to

put some more emphasis on ensuring that signage is put back in place.

MR. D. BLAKE: It's a good program.

All right, Less Recoverable from Other Appropriations, is that strictly other departments within the Highways and Transportation system, or do you purchase from other departments?

MR. CHAIRMAN: Okay, did we pass 4.(c)(3)? You want to move on to (4)?

The Member for Morris.

MR. C. MANNES: Mr. Chairman, you can direct me here. I heard some of the discussion with respect to signage, and I don't know if this is the proper place or not.

MR. CHAIRMAN: We're dealing with Item 4.(c)(3), Purchases under Warehouse Stores.

HON. J. PLOHMAN: It could be under Traffic Operations, Mr. Chairman.

MR. C. MANNES: That's coming, is it?

HON. J. PLOHMAN: Yes.

MR. CHAIRMAN: That's (g).

HON. J. PLOHMAN: Well there was a question about the recoveries, and that is strictly from within the department.

MR. D. BLAKE: Within the Highways and Transportation Department?

HON. J. PLOHMAN: Yes, fully recovered.

MR. D. BLAKE: And you don't purchase from any other departments?

HON. J. PLOHMAN: No.

MR. CHAIRMAN: 4.(c)(3)—pass; 4.(c)(4)—pass.
4.(d)(1) — the Member for Minnedosa.

MR. D. BLAKE: Just on this Section (d), I'd like the Minister to give us an update on the condition of our airstrips and the Northern airports, and also if he could give us a report on the Tadoule Lake strip. I think it's Tadoule Lake, the northern strip that's being proposed federally for building an international airport up in the tundra.

HON. J. PLOHMAN: Generally, Mr. Chairman, the condition is being maintained, because we do have a regular program of maintenance and gravelling of airstrips throughout the northern areas of the province. We have put in some special resources for additional gravel in some of those airports, at Oxford House . . .

MR. D. BLAKE: Any of them been hard-surfaced?

HON. J. PLOHMAN: . . . and Gods Lake Narrows this year. We have in the budget enough to provide

additional gravel at a couple of the other airstrips in the North as well.

So I believe that we are keeping them in reasonably good shape, as reasonable as possible. It costs us about \$100,000 per year per airport including staff to operate them. Most of the staff are Native people as well involved in the maintenance and management of these airports.

There are 19 licensed airports that we are responsible for, two additional ones that are licensable but are not currently licensed, and then seven which we call emergency aerodromes that can be used but do not have the same condition.

MR. D. BLAKE: Where are they located?

HON. J. PLOHMAN: Anama Bay, at Dauphin River, Bissett, Wallace Lake, Cormorant, Easterville, Matheson Island, Moose Lake, Poplar River. They're not equipped to the same extent that the licensed airports are.

Then of course, we have one new airport that is going in this year up at Tadoule Lake that was competitively tendered, and the costs unfortunately came in somewhat higher than we had hoped. This was projected under the Northern Development Agreement. However, they did not have all of the funds required for it, so there has had to have been some additional funds from the department under the construction area to fund the remainder of that contract.

But it was envisaged that this airport would be constructed at the time the Northern Development Agreement was negotiated, and there were several million dollars in that Northern Development Agreement between the two levels of government for airport maintenance and construction. All of those dollars will be allocated to the construction of this Tadoule Lake Airport, total all-inclusive contract of 2.9 million.

MR. D. BLAKE: Was this instigated or instituted by the Province of Manitoba, or was this started by the Federal Department of Indian Affairs, Northern Affairs?

HON. J. PLOHMAN: The province is the implementing jurisdiction for this airport section, and Northern Affairs is responsible for the prioritization of works under that. The Highways Department provides the tendering and undertakes the management of the work.

MR. D. BLAKE: This seems like a pretty lavish strip for the amount of traffic that it's liable to get. Is it proposed to use this as an emergency strip for any jets that may get into trouble?

HON. J. PLOHMAN: The Member for Minnedosa and other members will know that there are a lot of additional costs in mobilization whenever you're going to get a contractor to go into a remote area to undertake a job. Obviously, those costs add up when you're tendering.

There is construction of winter roads for bringing both in and out two years in a row for winter roads that have to be constructed, construction of the runway, taxiway, apron and access road to the airport from the community, the construction of the terminal — not quite like the terminal at the Winnipeg International but it's

still a new facility and you have to have certain equipment shops there as well as other garage, storage and so on. There was drilling, blasting and crushing rock for construction and maintenance gravel purposes that was done at the same time. You've obviously got to have enough gravel to maintain it. It's much more expensive to bring it in next year if we didn't plan for five or ten years of maintenance gravel. So that is required. The construction of security fencing, bulk fuel storage, so that adds up. There's a lot of work starting from scratch out in the middle of nowhere and building it.

MR. D. BLAKE: Comparable to the standards of our other strips, say, Berens River, this would be a fairly modern, up-to-date strip compared to those other landing strips we have throughout the North, would it not?

HON. J. PLOHMAN: Well it's very difficult to construct an airport in 1986 to 1952 or 1970 standards. Obviously, it's going to meet the standards required for licensing at the present time, but nothing more lavish. Minimum standards — there's certain lighting requirements that are needed as well; radio capability. Those things have to be provided for. It's not that they're lavish; they're just basic requirements to have the airport licensed.

MR. D. BLAKE: Is this the hard surface strip, or gravel?

HON. J. PLOHMAN: Just a gravel strip, yes, Mr. Chairman.

MR. D. BLAKE: That's a lot of money.

MR. CHAIRMAN: 4.(d)(1)—pass.

MR. D. BLAKE: I just wondered, are we lengthening any strips or are we hard surfacing any of the existing strips now this year.

HON. J. PLOHMAN: Well, none on the Northern Airports Program. I don't know if there's any involved at all. Even Swan River was not our airport; it's a regional, federally-licensed airport. But none in the Northern Airports; there's no lengthening or paving of these strips.

MR. CHAIRMAN: 4.(d)(1)—pass.
4.(d)(2)—the Member for Niakwa.

MR. A. KOVNATS: Thank you very much, Mr. Chairman. Under Northern Airports, I would just like to ask, it's all-encompassing that the Department of Highways and Transportation is responsible for all of the things that concern Northern Airports, concerning the fences, the runways, the roads from the towns close to the airport, firefighting, fire control and stuff like that.

Could the Minister just advise what responsibilities does the Department of Highways have concerning airports? Does it, in fact, include the fire control and the training of firefighters at these Northern Airports?

HON. J. PLOHMAN: The Member for Niakwa has pretty well summed it up and these are, of course, dealing

with the 19 licensed airports that we're involved with and they're not like Thompson and The Pas, and so on — I don't mean to be condescending in providing that information for the member — I'm sure he's aware that the 19 airports are: Berens River, Bloodvein, Brochet, Cross Lake, Gods Lake Narrows, Ilford, Island Lake, Lac Brochet, Lac du Bonnet, Little Grand Rapids, Norway House, Oxford House, Pikwitonei, Red Sucker Lake, St. Theresa Point, Shamattawa, South Indian Lake, Thicket, Portage, and York Landing. Those are the licensed airports. There are two unlicensed ones at Grace Lake and Pukatawagan and then I mentioned the seven aerodromes that we talked about earlier to the Member for Minnedosa.

So those are the ones and basically the member has outlined the kinds of responsibilities in maintaining the roads to the airport, as in the case of Tadoule Lake, of building and constructing the road as part of the airport's costs.

MR. A. KOVNATS: Yes, but that's not normal.

HON. J. PLOHMAN: Normally, I'm told, the road responsibilities — depending on the nature of the community — the band may be responsible for maintaining those roads, but our staff there is responsible for the firefighting equipment and are trained, as well as the security, equipment and maintenance. They also do some weather reporting for weather services as well in those areas, so they're the kind of people that are jacks of all trades, and hopefully, masters of all as well.

I mentioned earlier that the cost, including the staff per airport on average, is about \$100,000, so that's pretty reasonable when you consider the services that they're delivering.

MR. CHAIRMAN: The Member for Niakwa, quickly.

MR. A. KOVNATS: To the Honourable Minister, is there a sharing of the towns close by and the airport with the firefighting equipment? If it's needed at the airport there's got to be equipment there. Are there arrangements made with the bands to use the firefighting equipment?

HON. J. PLOHMAN: They're not elaborate firefighting equipment, but there are small trucks with some facilities and when they are needed in a nearby community and they're accessible, they would go there to help. But I'm not certain if the band would pay for those costs if they were used in the community. No, we would do that.

MR. CHAIRMAN: The time being 4:30, it's time for Private Members' Hour. I will interrupt the proceedings until — well, he's got a lot of questions.

MR. D. BLAKE: If he could finish his questioning there, if it's not going to take long, we'll pass this item.

MR. CHAIRMAN: Okay, pass.

MR. A. KOVNATS: Well I have just have one question more and then you can . . .

MR. CHAIRMAN: Well, the time is 4:30. Okay.

MR. A. KOVNATS: All right then, pass the item.

HON. J. PLOHMAN: We'll allow it under a different item later, if you like.

MR. CHAIRMAN: So we've passed 4.(d)(1), 4.(d)(2). We will interrupt the proceedings. We will be on 4.(e).

MR. D. BLAKE: Good.

SUPPLY — AGRICULTURE

MR. CHAIRMAN, C. Santos: Committee, please come to order.

This section of the Committee of Supply has been considering the Estimates of the Department of Agriculture. We are now on Item No. 3 — the Manitoba Agricultural Credit Corporation.

What is the pleasure of the committee?
The Honourable Minister.

HON. B. URUSKI: Mr. Chairman, there were a number of questions that were posed by the Member for Arthur the last time we were in committee and I'd like to begin providing that information for honourable members for the record.

One of the questions raised by the Honourable Member for Arthur was the caveat that was placed on the resale of the lands that are turned over to the lessee in the form of a sale and a caveat is placed on those lands to deal with the question of capital gain in future years. The Member for Arthur alleged that somehow the capital gain is, in fact, causing a great hardship for some people. The question basically was: why not do something about the capital gains caveat where the caveat is restricting the farmer who is in trouble from acquiring additional financing? I guess that's basically the question that was put forward.

Mr. Chairman, we recognized that the original caveat was onerous in that there was no determinable value attached to the caveat and, as such, we changed the caveat definition. All the farmer lessees who still owned their land have been given a new option where MACC shares in the difference between the value of the land at the time of sale to the lessee and the lessee's purchase price plus interest if the land is sold within 10 years. Interest is charged from the date of purchase on the difference between the value and the purchase price until the date of resale, at MACC's interest rate in effect at the time of purchase. The original difference plus all interest is then discounted based on the resale date. The discount increases 10 percent every year after the purchase until after 10 years. MACC share is, of course, then zero. This can simply be thought of as a deferred forgivable mortgage.

All former lessees without standing caveats were given the new option during 1983. At any time the client may exercise the option by notifying MACC and paying a \$100 administrative fee to implement this caveat. This option effectively puts the farmer in the same position as if he purchased the land at market value and financed it through a regular mortgage.

Mr. Chairman, there were a number of other questions. They dealt with the sale of lands that have

reverted back to the corporation and how the corporation handles the sales and the leasing of it.

Generally, what has happened up till now, there is a manual of administration in terms of how the guidelines work. But, in general terms, for the information of the honourable members, the land is advertised, generally through the farm papers — yes, the Cooperator and the local papers — and on tender for tender basis, and the corporation does appraise the land and the land will be sold at or above the appraised market price of the corporation at the time of sale. If the bids that come in fall below the appraised value of the land, the land then is offered for lease on terms anywhere from one to five years.

We have embarked on longer term leasing of land, based on requests that we've received from farmers, and that's generally the process that we've undertaken.

The lands that have been sold, and I haven't put any names and numbers on the record, the O/C's have all been filed. If the member wishes a list of those, we can provide the list there because all the O/C's of land that were tendered and sold by tender are public documents and are filed in — I think it's in the Clerk's Office of the Executive Council — and they are public documents of which lands we had sold to whom and for the value we sold them.

There was a question about the current interest rates of MACC. The long-term rates are running at 10 percent and the intermediate term rates are running at about 10.25 percent.

MR. CHAIRMAN: The Member for Virden.

MR. G. FINDLAY: When land is tendered for lease, MACC owned land is tendered for lease, what are the guidelines they use for deciding who gets the lease?

HON. B. URUSKI: Mr. Chairman, normally the lands are tendered and it would be the highest tender who would receive the lease unless, of course, the board has leeway in terms of dealing with a former client. If the lands, for example, in the case of a quick claim, generally, in terms of the principles of our legislation, the board is following those guidelines where in fact management ability and sincerity of a producer in dealing with the corporation in the past are above board and are fair, then the corporation will in fact turn around and lease those lands back to the original owner on a negotiated price. We have a number of those circumstances and we have a number of others that were tendered which had been given up a number of years ago and are generally tendered out to the highest tender.

MR. G. FINDLAY: Is there a stipulation that the successful applicants must be full time farmers?

HON. B. URUSKI: No, Mr. Chairman, not on the tender basis. I don't believe so, no.

MR. G. FINDLAY: The next area I want to talk on is have MACC lost any lands through tax sale?

HON. B. URUSKI: No, not that I'm aware of.

MR. G. FINDLAY: I had a councillor phone me this morning claiming to have a piece of property that MACC

had defaulted in their taxes, so that it went through tax sale. He went on further to say that their municipality has been having difficulty in getting MACC to pay their taxes on those pieces of property that they own in the municipality. They are a little upset in the fact that they have to pay the costs of running the municipality and having delinquent owners of land in terms of paying taxes is certainly not something they appreciate.

HON. B. URUSKI: Mr. Chairman, there is no doubt that would concern us and I understand that one case, there has been a meeting between staff this week and the municipality and, of course, the corporation will be liable to the same penalties as any other taxpayer in terms of those lands. It is unfortunate that in one case we — (Interjection)—

Mr. Chairman, the Honourable Member for Arthur calls it a crime. Mr. Chairman, there were up until the early 70's, many businesses who due to financial reasons and the interest rates charged on the arrears purposefully and willfully did not pay their taxes until the lands were just up for sale. It was financially more beneficial for them not to pay the municipal taxes and invest their money into term deposits garnering a higher interest rate. We changed all that and there is less incentive. It would have been mainly an administrative problem that we would have encountered but the lands did not go up for tax sale. They were in arrears.

MR. G. FINDLAY: How many parcels of land are in some form of arrears? One year, two years, six months?

HON. B. URUSKI: Mr. Chairman, the land that has reverted in title to the corporation should be all up to date. The land that we may have mortgages on, we would not know up until such a time as either there would be a notice sent to the mortgagee in terms of notifying that the land is going for tax sale because that would strictly be a relationship between the landowner at the time, the taxpayer as noted in Land Titles Office, and the municipality. We would not have noticed. I'm not even sure that we do get notice at the time it goes for tax sale, but I think we do as a mortgagee. In that group, we would not know unless we get notices of them.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Thank you, Mr. Chairman.

I think that this is the highlight of the day as far as incredibility is concerned with the credibility of a government who are paying the taxes on farm land that has been repossessed by MACC. What a shoddy operation, Mr. Chairman. As critic for Municipal Affairs, it's just been put on the record by my colleague from Virden that MACC are slow taxpayers, slow to get the money out of for the land taxes which are owed in the community. Now, we have on the record that MACC lost a piece of property through a tax sale because they didn't pay their taxes. How does he expect the municipalities in Manitoba to collect taxes from the hard-pressed farm community, Mr. Chairman, when he isn't able to pay his own through the government? Is that the kind of a shoddy operation that he expects people to consider and continue to support? He's the

Minister responsible for Agriculture not paying his taxes on land that has gone for tax sale, or allowing land to go to tax sale, Mr. Chairman. What kind of a record does this Minister of Agriculture have in the Province of Manitoba with all municipalities?

Municipal governments are hard pressed to continue to finance their operations. The community of farmers are hard pressed to pay their taxes. The government who are supposed to be of such great help to the people of Manitoba, we have the Minister of Agriculture losing land through the MACC organization which is responsible to him, loses land through a tax sale because they haven't paid their taxes? What does he expect? The third level of government in this country to carry their responsibilities on their back? It's time he cleaned up his act, Mr. Chairman; loses land — (Interjection) — well, you've let MACC land go up for tax sale and the municipality take it through a tax sale?

On the record today it's been put that they have a poor pay record as far as municipalities are concerned. The Member for The Pas laughs at the fact that the municipalities have to carry this Minister of Agriculture on land taxes that he won't pay. I think it's incredible. I think that the Minister better immediately look into his record or his department's record of paying of land taxes so that the municipalities don't have to carry him on their backs as well as the rest of the tough economic conditions.

Yes, Mr. Chairman, I think that's what he'd better do. I think we should know more. How many other parcels of land have MACC lost through tax sales? I hope in my recommendations that municipality, Mr. Chairman, would be not to give that land back unless they receive full payment for it, full payment for that land. Well, he says it's stupidity. The stupidity is in his administration and his shoddy way of looking after his department.

Yes, Mr. Chairman, that's in the record of the Manitoba Legislature and this Minister of Agriculture, that he lost land because he wouldn't pay the taxes on property that they repossessed from the farmer. That's a pretty incriminating kind of record. Well, Mr. Chairman, I want the record to state as far as the municipalities are concerned, I think that they should press this government as we were committed. Remember during our election campaign, we had an election commitment that government bills would be paid and paid promptly. Here it's been put on the record where his department, one of his agencies are slow to the money in for land taxes, in fact, wouldn't even pay in one case and lost farm land. My goodness sakes! That is incredible and I think that the Minister had better look into it immediately and make sure that he cleans up his act.

HON. B. URUSKI: Mr. Chairman, I don't want that baffle-gab to remain on the record because the fact of the matter is that there was an administrative foul-up on this one parcel of land. It was not lost by the . . .

MR. CHAIRMAN: A point of order being raised.

MR. J. DOWNEY: The point of order, Mr. Chairman, is from his chair, the Minister responsible for Labour is making comments about my attendance in this committee. I think it's not proper procedure . . .

MR. H. ENNS: Particularly when Highways is being discussed in the other committee.

MR. J. DOWNEY: That's right. There are two committees operating, I don't think it's within the rules of this House for him to cast the aspersions as to whether or not a member is running away or what he is, in fact, doing. He should keep it to himself. If I want to leave this committee room — I have other obligations as the Member for Lakeside said, Highways is in another committee room, I may have some questions in there.

The point is he is not allowed to indicate whether anyone is in the Chamber or not.

MR. CHAIRMAN: To the same point of order — The Minister of Labour.

HON. A. MACKLING: If the Honourable Member for Arthur feels somewhat irritated by my humorous jibe at him, I apologize because I thought that he would take it in the grace in which it was tendered, you know, in a loving, critical way.

HON. B. URUSKI: Mr. Chairman, as I was indicating, I didn't want to leave that bafflegab on the record because it clearly was that. We did in fact — and I admitted to the Honourable Member for Virden who raised this matter earlier — make an error in that the land in question was taken for tax sale not from MACC but from a farmer who had defaulted on his mortgage, and where we slipped up — and we did on this one occasion — is that we did not exercise our option to redeem those lands. Meetings have taken place between the municipality and the corporation, and we hope that this matter will be straightened out.

I want to tell my honourable friend that the corporation's record of payment is second to none. We do pay several hundred thousand dollars of municipal taxes every year on time to the municipalities. That is a record that really is nothing to be ashamed of at all. In fact, in this case, had the municipality repossessed those lands, I think they would have been all the wealthier in terms of repossessing the land for maybe \$1,000 or \$2,000 worth of taxes, and the land being worth \$30,000 or \$40,000, depending on the value of the quarter, they'd be far better off. But no doubt the honesty of the municipal councillors wanting to say, look, let's keep the record straight, they should be paying up, but it was a slip-up on our part and that was the only occasion that we had; we did not exercise our option at the time that the default occurred.

MR. G. FINDLAY: Are the taxes fully paid up at this point in time on all parcels of land that MACC holds?

HON. B. URUSKI: All the lands that MACC has title to, I will check that out to be certain, but as far as we're aware, all of them with the exception of that one matter, but we'll check that out.

MR. G. FINDLAY: The municipality in question claims they have title to that parcel of land now and, as you said, it's worth some \$30,000 to \$40,000 and there is some negotiation that obviously has to go on.

I would also remind the Minister, or tell the Minister, that the councillor who called was some upset with the

nature in which the person from MACC approached him and said we'll get a battery of lawyers, and if you don't listen to us now, we'll come at you the hard way. So that's why he phoned me. He wasn't all that happy with the method by which the corporation approached the municipality because it wasn't the municipality that made an error; it was strictly MACC that made an error. I would think that the Minister owes that municipality a letter of apology for the method in which the thing was handled and the way they were approached.

HON. B. URUSKI: Mr. Chairman, if in fact we did in any way of even attempted, what I would call intimidation, I believe that we do owe the municipality an apology and we will look into the matter. I certainly will be the first to say, look, we're the ones that fell down; we're the ones that made the error; we're the ones that really need to be in the good graces with the municipality; no doubt about it. I have no difficulty with that.

MR. G. FINDLAY: If in an analysis of whether there are any further taxes owing, if the Minister will direct staff to be sure that they are brought up-to-date and kept up-to-date in the future, that that becomes a strict policy.

HON. B. URUSKI: Mr. Chairman, he can consider that request and that statement as being a mandate and an order to the corporation.

MR. G. FINDLAY: When a person applies for a loan under MACC, is it mandatory or anything of that order that he have crop insurance, maintain crop insurance when he is under mortgage to MACC?

HON. B. URUSKI: Mr. Chairman, in general terms it would not be a requirement. In areas where there would be comprehensive refinancing and some very tight financial situation where the corporation comes in to assist with operating lines and the rest, it may be a requirement in terms of the protection of that farmer to say part of that operating package should include crop insurance. Sort of in the broad terms, we do not stipulate that everyone who has a loan with the corporation be required to purchase crop insurance — we don't do that — but in tight financial situations where in fact we've extended credit, where the situation is what I would call dicey, there is no doubt that part of the refinancing package and the like, we will stress that crop insurance be a condition of that refinancing.

MR. G. FINDLAY: You have different loan programs. Does that policy apply to all loan programs? I guess specific comments on the guaranteed operating loan probably would be beneficial.

HON. B. URUSKI: Mr. Chairman, yes, on the guaranteed operating loan program, our own clients would be required as well as the same request that is being asked for by the private banks whom we guarantee the loans for. So it's a parallel situation both with us and with the private institutions.

MR. G. FINDLAY: Did you say it was mandatory or just requested?

HON. B. URUSKI: There may be some circumstances in which the situation that not everyone may not have it. It is mandatory but, for example, if someone is unable to get crop insurance because of dealings with the corporation, there is no way that we can say you can't get the loan unless you have crop insurance — we're prepared to extend in those cases — but under normal circumstances, it would be a condition of the guarantee or the comprehensive refinancing program.

MR. G. FINDLAY: To what extent are the farm management specialists involved in deciding on the granting of loans? Do they have to have recommendations on many of these young farmers to get a loan?

HON. B. URUSKI: Mr. Chairman, the farm management specialists do not make any decisions as to the allocating of credit. They provide the analysis and basically the cash flow sheets to put into place a package of financing that in fact the farm could cash flow. That's their role in terms of assisting the farmer to put the numbers into order and to reflect the history on production of that farm in a realistic way so that those loans can in fact be improved.

MR. G. FINDLAY: In the pamphlet that goes out to all people of Manitoba, under Direct Loans it says, "machinery and breeding stock purchases." I had a client phoned me up and said I want to get a machinery loan and I see in MACC they loan money. I said, well, phone them up and see if they will give machinery loans. Of course, he phoned the local person and he said, no, we stopped doing that three or four years ago." Yet it's still in the pamphlet that machinery loans are given.

HON. B. URUSKI: Mr. Chairman, we do loan funding for equipment and machinery, but not in the case of a single machine purchase; we do not do that kind of loan. But in the case where, for example, you would go out and you're getting into farming and you're going to purchase either from a relative, or the entire farm unit, and included in that farm unit is a line of equipment, so you'd be purchasing the land, the buildings, and the equipment. A loan would be granted for equipment for the entire farm unit, which would include the equipment at that time.

We do not, primarily because of administrative cost and work, provide loans for single machine purchases.

MR. G. FINDLAY: The loans that are given out to people under the Manitoba Beef Stabilization Program, how are those loans handled between MACC? Where are the costs covered up for the operation of the corporation? Is the beef plan paying, or the members of the beef plan paying it, or where are the funds coming from?

HON. B. URUSKI: Mr. Chairman, the administrative costs for operating that program are handled out of the regular budget. Farmers repay the loan, based on the current interest rate. They are charged for ear tags. The corporation has its own ear tags, but the actual administration is absorbed from the regular budget.

The Beef Commission itself does not provide any funding to the corporation for handling the loans, the short-term loans through the corporation.

MR. G. FINDLAY: How is the payback handled?

HON. B. URUSKI: Mr. Chairman, there is an assignment of proceeds agreement between the Beef Commission, the farmer, and the corporation in terms of how the loans are granted.

MR. G. FINDLAY: Have there been any difficulties encountered or any arrears accrued, or any uncollected loans, anything of that order?

HON. B. URUSKI: I'm advised we have no write-offs at the present time but there are some arrears, but it's basically a revolving, almost a revolving fund because the loans are, of course, short-term. We haven't written any off but we do have some arrears, \$205,000 out of \$2.5 million outstanding, at the present time.

MR. G. FINDLAY: Roughly 10 percent then. That is money put out to finish animals, is it not, and when the animals are sold, if the money was properly secured by the fact that they were actually finishing animals, there should be no problem with collections. Why would we get into this situation?

HON. B. URUSKI: Mr. Chairman, the arrears occur in this way. For example, you've taken a loan out for between now and November of this year to finish your animals. However, something happens and your animals aren't finished until December or January; they needed a couple of months. That's where the arrears would occur because there needs to be additional time in which those animals are to be finished before they're marketed.

MR. G. FINDLAY: Are there any arrears accounts then that would be over one year, or over six months?

HON. B. URUSKI: I'm sorry?

MR. G. FINDLAY: What I am trying to get at is whether there are any accounts where the animals have actually been sold and the money hasn't been collected, or they actually borrowed more money than they had animals to sell, if that kind of abuse is going on?

HON. B. URUSKI: Mr. Chairman, I'm advised that there are three such cases where there has been, I guess you'd call it conversion, and those of course are followed up on. There could be a case, for example, like the case that I used, with one of the banks coming in and having a loan, or seizing a herd of cattle that there may have been a contract with the Beef Commission, and they're sold and then maybe two weeks later, you find out that the herd that you had some operating finishing money on has been gone and seized by someone else. That's a possibility.

We've had three cases up to this time but we've not written any money off. There may be an opportunity to collect because of either having more animals on the farm that they will be selling at a future date, those kind of leverages that we still have at our disposal.

MR. G. FINDLAY: You said that was a maybe situation, of a bank moving in. Has that in fact happened in any case? Is there any evidence of that?

HON. B. URUSKI: Mr. Chairman, of those three cases that we have, that type of a situation has not occurred, but the MDC certainly has had a number of those kinds of circumstances in which cattle which were on contract, and to be finished and to be sold, which were contract cattle, and the banks of course would have had the cash flow and the stability there, yet those herds were seized. As a result, the productivity enhancement payments and other amounts that would be owing by the farmer are out the window.

MR. G. FINDLAY: We'll discuss that more when we get into that area later.

I guess I have had a few complaints of people applying for an MACC loan and the process time takes several months. Comments given to me would indicate four and five months. They consider that unduly long; they think the process could be faster.

What I want from you is some idea of the average turnaround time of loan application to when the loan is either denied or approved, and whether there's any objective to having loans on land purchases processed before the 1st of May — well, probably preferably before the 1st of April, so that the new operator of the land has an opportunity to know whether he really, in fact, is going to get that land and get his operation going.

I would like some idea as to whether there's a variance in the turnaround time of loan applications between different MACC offices.

HON. B. URUSKI: Mr. Chairman, there are no statistics that we have in terms of average turnaround time because the circumstances do vary from loan to loan. Some of the delay can happen in terms of the length of time it takes to do the appraisals and that kind of work, and the time of year that application is made. Some of the delay can in fact occur where there are portions on an application form not filled out and we have to keep going back and forth for information.

I would say, in general, because of the number of applications, that it would be at least, as I said to the Member for St. Norbert the other night, around a 100-day time frame would be about normal in terms of turnaround time from the date that the application was filled in and given to the credit agent in the field, until the time the farmer would know, barring there may be some back and forth on further information and clarification, but that should be accomplished generally in that time frame once an application is already filed with the credit agent.

I should mention as well, Mr. Chairman, an example in terms of delay, of course, of the increased demand being placed on the corporation's staff, is that for the month of March in this year, 1986, MACC staff conducted 295 office interviews, compared to 179 in March of 1985. This represents an increase of 65 percent. And in addition, at the end of March of 1986, MACC field staff had 195 applications on hand compared to 81 for the previous year. So demand has really placed a great amount of delay and time before people's applications actually get dealt with in terms

of coming into the office. And I've said this before, that's certainly the fact of life and it's taking a lot longer than really it should, but it can't be done any quicker in terms of the volume that we're handling.

MR. CHAIRMAN: The Honourable Member for Virden.

MR. G. FINDLAY: I know we have talked about seconding staff to help that workload at that peak period of time previously in this committee but I think those numbers are a clear indication of the need for additional staff for short periods of time that could hopefully do some of the leg work, the field work to speed up the processing of those applications.

HON. B. URUSKI: Mr. Chairman, we have attempted to where there are, in fact, land purchases, and there is generally a time frame in terms of an offer being made and an offer being accepted, that we do attempt to contact the vendor and of course, the applicant, to try, if we can't handle it, to make some arrangements to make sure that this is being considered and if it needs additional time so that someone doesn't get caught in the situation that the member speaks. But inevitably if there are a huge number of applications coming, some will in fact, especially for example for the springtime in terms of sales being made over the winter months or being proposed over the winter months, and somebody wants to get on the field in the latter part of April or the month of May, we may not be able to make all those appraisals regardless of who we've got. We just don't want to have people out in the field who just don't know exactly what they are doing. That's why last year we did hire people with some experience to assist our field people in doing some of that leg work and we will consider that situation as time goes on.

MR. G. FINDLAY: You had previously indicated to a question the other night that 50 percent of the applicants were turned down this year, and I was wondering if that 50 percent turndown happened at head office or was there, in addition to that, turndowns in the field at the local offices which didn't appear in those statistics which you gave me the other night.

HON. B. URUSKI: Mr. Chairman, the statistic that I gave the honourable member would, in fact, be the final number as of head office in terms of the applications received. That's not to say, though, that there may be during discussions between the farm management specialists or whoever the farmer has assisting him in putting the cash flow documents together, and in discussion with our credit agent, that there may be just not be any ability of the corporation to assist that farmer in terms of that financing package, and an application is not even made out. So there may be some of those. But these are based on actual applications that have gone through the system internally.

There may be others, I don't want to say that there aren't, because there would be a number, a percentage. We wouldn't know how many, but there would be a number where people walk through the door and say "I want a loan" and kind of roughly discuss this with

the agent. Then the agent, of based on the cursory information presented, replies to the farmer that "Really I'm not sure that we can help you based on what you've given me." And that's the end of it. But that, in fact, is not an application form through, but in effect, is a turndown of sorts.

MR. G. FINDLAY: I'm thinking more of just those inquiries. I had a young person come to me and say that he filled out his application, did his cashflow and it was on three quarters of a section of land and he was only short \$400 at the end of the year. The agent told him "It doesn't cash flow. I prefer not to process your loan any further." And he sent him out the door. That to me is a turndown because it wouldn't have taken much more effort to have worked out a cash flow that could have come out above zero by \$400 rather than below. He had carried on further discussions and now they've got a cash flow that may look a little more presentable. So what I am trying to do is establish the level of turndown and the level of need for funds by young farmers in rural Manitoba and it's obvious now that the turndown rate is a lot higher than 50 percent, and I would like to supply you with the figures as to what the actual turndown rate is, in terms of those who actually fill out the cash flow form, or the application, whichever you want to call it.

HON. B. URUSKI: Mr. Chairman, the farmer who has filled out his application in fact does not have to accept that advice. The agent, if the farmer has his application there and filled out, it's really his decision as to whether he wants to take it back or not. The agent may say to him, I prefer not to process it, the farmer can say to him, look, I'd like you to process it and see whether it will fly in terms of the head office. That really is a decision of the farmer. If, in fact, there is a saying of no, I will not send it on, then obviously we would like to know the circumstances and look into them. But in general terms, based on information received, the credit agent should give advice and say look, I don't think it will fly and I prefer not to process the application because I don't think it will go anywhere.

Let's take the other side of the coin and say that, yes they took my application; they sent it to head office; head office then said no, and I waited two months or 40 days, or whatever time it takes to do the analysis there; and we come back and say no, we're not accepting it. And the guy says, well now I've waited two months. I could have, had you told me initially, I could have gone to another lending institution and taken my chances there and I wouldn't have been caught. Now you've put me behind the eight ball and I've been delayed; you've now delayed me even further; now I'm really stuck. I mean that's the kind of dilemma you get yourself into and how do you deal with this situation any differently than try to be as up-front and as courteous to your clients as you can, yet not, basically, be arbitrary and hard-nosed about it. If the farmer says I wanted it in, I think we're obligated to take it in. But that of course has consequences that flow from that kind of decision as well.

MR. G. FINDLAY: You're dealing here with young fellows who are trying to get involved in farming and they

certainly aren't experienced in the procedures. When they go to talk to your field man, they're really wanting counselling as much as anything else. They may not have got as much counselling at home as they should have, and they're going in there to be led by the hand, and need to be led by the hand to get them going in the right direction. I think it's a serious situation out there and just to give you further statistics in this situation, this young fellow came to me and said where do I go now? Twenty-four out of twenty-seven of us have been turned down. And when I saw his cash flow, there really hadn't been any work done on it. It was just very loose arithmetic. And I thought better guidance could have been given to him and maybe even 15 minutes of discussion and he was quite disillusioned.

HON. B. URUSKI: Mr. Chairman, precisely the kind of statements that I've been making when I introduced our Estimates, is that advice should be given and people like those that the honourable member relates to us about, we should be advising them, hey, there is the ag rep; there is a farm management specialist, please get that kind of counselling and assistance to get your package into shape, but also get a better understanding of the whole area of financing; that's the reason why we've put into place the whole extension program on farm business groups over the last number of years, to give people a better understanding of financial matters and how the financing system works; and also to be able to make knowledgeable decisions in terms of their own operation and when to move and when not to move, and when they're going to make those decisions they have some basis and understanding of making them.

I agree with my honourable friend, I do get a number of those that come through the office and say, I've got all kinds of security on my farm and I've got lots of assets there and more assets, why aren't you going to loan me the money? The fact of the matter is when you look at the ability of the farm to repay that debt, it can't cash flow it and he can have all the assets in the world. If the applicant then can't repay that debt, all the assets in the world aren't going to help him.

There is absolutely a certain amount of misunderstanding and I guess with the amount of field staff that we have, we are unable to probably provide the kind of assistance that maybe should be provided on a client-by-client basis, but that's why we've moved our whole extension thrust into the whole area of farm management.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Mr. Chairman, this is to the Minister with respect to the criteria on MACC lending.

Has there been a policy change with respect to the loaning policies of MACC this year, not just because of the change in price of grain, but in terms of where the emphasis lies in allowing or in considering an application and a loan?

HON. B. URUSKI: Mr. Chairman, over the last number of years the approach of MACC, and I would say of most lenders, has been to move in terms of analysis

and criteria for the financing of an operation would be historically, or at least over the last decade rather than the value of assets, has been the criteria for eligibility for a loan, we have moved over the last number of years to look at the question of viability, the ability of that farm to repay that debt, to cash flow that debt. Generally, that's been the approach that we've taken over the last number of years and we're continuing to do that.

Now no doubt, with the change in grain prices, that does change the situation fairly immensely and in terms of the viability question, so one can say with that move you, in fact, have tightened the scope down because you're not using higher grain prices and higher values so that the question of viability is based on the current information that you've got and what you're using, as we discussed the other night. But it is generally viability.

MR. L. DERKACH: I acknowledge the fact that there has been a change with respect to the viability, or the potential viability, because of changed grain prices. However, I'm more specifically talking about a change in emphasis over the last year — not over the course of the last three or four years — but I'm talking specifically about a time frame of the last six months to a year whereby there seems to be by the applicants that have gone to MACC and have been rejected as compared to many of those who went there before and were accepted, over the last six months it appears there have been more rejections — not on the basis that grain prices have gone down — but because there seems to be, there appears to be a change in terms of the policies of MACC as to where the emphasis is when they are considering a loan application.

HON. B. URUSKI: Mr. Chairman, in discussing this with our staff I guess one could say that in terms of emphasis there might have been some change in emphasis in terms of how one views viability. It is only by experience in terms of what has happened over the last five to six years. It is over the years that those farms which were cash flowed, or at least loans were made on those operations previously on a very tight margin of viability where we don't include depreciation, return on investment, or replacement of equipment. We exclude all of that in terms of viability just so that those loans could be repaid. Of course, we have found by experience over the years that many of those, of course, have gone down and failed.

To the question of viability in terms of how the loans go out has to be reassessed, but the same criteria is still used today — we exclude all of that — but we want to make sure that the farm unit can repay that debt and have some margin for survival and the farm can continue in terms of a loan.

In the broadest sense, one can argue that maybe there has been some change, but it's only been a change as a result of the experience over the years, not sort of a defined change in terms of the regulations.

MR. L. DERKACH: I think by the Minister's response, he is indicating that there has been a major change in terms of the basic lending philosophy of MACC.

My next question then is, is it true now that the Manitoba Agricultural Credit Corporation is moving very

close to the same guidelines that are used by banks and credit unions when it comes to lending policies and, in fact, they are not willing to take the extra bit of risk that had been taken by the Manitoba Agricultural Credit Corporation before, when it came to the young farmers who maybe didn't have the experience and the assets behind them to float the loans. I'm not arguing with the Minister that we should be lending money to those operations that are not going to be viable, but are we in fact forsaking the principles of MACC that were established in the beginning?

HON. B. URUSKI: Mr. Chairman, we do not operate the same as the private financial institutions. The banks do look at security first and viability second. Our main criteria is viability first; that is really our main criteria. Of our total portfolio, in terms of the number of clients, about 20 percent of those in our client group are in arrears.

Is the honourable member suggesting that we should now say let's continue as we have done in the past and not seriously look at where are we leading those young people, where are we getting them into, because two years down the road I'd have the same member getting up saying, hey, you guys loaned this individual money, now he's going down the tubes. What are you doing? Why aren't you hanging in with him?

Should we not be realistic from Day One with the applicants that come in and say, is there a realistic approach to the viability of this farm unit? Can this operator survive in the current environment? Can he in fact make it? That's really the question of viability, the test of viability. Can that debt be repaid? Because, quite frankly, we have all been critical — I have been. I'm sure the honourable member has been critical of both private and public institutions of saying in the past, we've just loaned money. As soon as people came through the door, they said, I've got the assets there; how much do you need.

The honourable member is shaking his head in the negative. Oh? I'd like to hear his approach to the whole lending field, and see what his approach is in terms of what he's been saying. I, frankly, have looked at the whole lending patterns of both public and private institutions over the last decade. I think the Member for Viriden knows that the whole approach to lending in the Seventies and what it is in the Eighties has changed virtually night and day in terms of the approach being taken by lenders.

But our practices in our corporation are different from those in the private field. We look at viability first; the private institutions look at assets and then viability, and security I mean.

MR. L. DERKACH: To the Minister, of the 20 percent of the farmers or MACC clients who are in arrears right now, I am sure that if the field officers were to review why those clients are in arrears, there is in many of those instances an obvious lack of follow-up after the loan was made. In many of those instances, those farmers who are in arrears are simply in arrears because of the fact that there has been no follow-up in terms of the management skills that have been exhibited by those farmers and those producers.

I think that we can probably reduce the amount of farmers who are in arrears by simply doing or assigning

some of the field officers — and I know they're overworked now — but perhaps that's where we could put some more emphasis is, instead of losing that money because of the 20 percent that are in arrears, let's do some follow-up and find out why those people are in arrears and, in fact, whether there is the management skill with regard to those farmers to continue those operations.

I have another question for the Minister with respect to farmers who are in arrears. Are all farmers who are in arrears treated on a similar basis, or are there some extenuating circumstances whereby some farmers who are in arrears with MACC may, in fact, have received special consideration?

HON. B. URUSKI: Mr. Chairman, I want to tell my honourable friend in terms of the follow-up, I mean we've had the complaint, and a legitimate one, that we're getting behind in handling applications and we're not servicing clients. Each field rep has at least 400 clients. Tell me, how many times are you going to follow up someone, besides dealing with the couple of hundred applications that you may get during the year in your area? How many times are you going to go see the farmer?

But I've heard the other one from honourable members in the past. Now he's a new member, I haven't heard it from him, but I want to tell you what the other argument is. Here is the government coming to my farm and telling me how to farm. They're the guys who gave me the money; now they're telling me — (Interjection) — well, Mr. Chairman, I have heard it. I have heard it at public meetings, I have heard it from members of the Legislature; absolutely, it has happened.

I'll tell you when it happens. When grain prices start climbing, when the economy starts becoming buoyant, and everybody says get out of my way, I know what I'm doing; government, don't get in my way. Just make sure that when I need the money that blank cheque is there — (Interjection) — absolutely. The Member for Gladstone would be one of the first to get up in this House and say, let the farmers farm, don't hamstring the farm community, and she would be right. But now, the Honourable Member for Roblin-Russell says, hey, you guys, you loaned that money, why don't you keep track of it and hound those farmers and make sure that they're operating right?

Well, Mr. Chairman, we can't do that. We are doing it in another fashion in the hope that farmers who do not have the management skills will avail themselves to the farm business programs, to the field staff that we have in farm management to do that kind of work in a way that farmers want to have that service and want to learn, not that we're going to be there dogging them and saying this is what you've got to do. Because, Mr. Chairman, the moment that you start doing that to someone, I'll tell you what they tell you. Go to hell! — excuse the expression, that's what they tell you — Mind your own business; I'm the manager here.

You would be the first to say it and I would, too. I borrowed the money and I would be the first to tell you, too. You see the door? That's the door; I'm the manager here. When I fail, then you'll come and repossess — (Interjection) — Mr. Chairman, obviously, the member doesn't realize the attitude of farmers, and

I respect him for that — (Interjection) — well, Mr. Chairman, he is saying wait a minute. Am I not reflecting the general attitude of the farm community in terms of the lending business?

Mr. Chairman, he asked a question of whether every client is treated the same. Mr. Chairman, every file in terms of difficulty or not difficulty is looked at on its own merits. Every case may, in fact, require a different approach or somewhat different approach in terms of trying to handle a case. I can't tell the honourable member that everyone is dealt with in the same manner. We are attempting to deal with the farm population as equitably as we can in light of the circumstances.

I have, for example, required the corporation that where there is a disagreement between their client and our staff in terms of repayment and in terms of continuing on farming that they first of all avail themselves to the expertise of our staff as an independent group in the whole process and, if necessary, to go to a farm financial review panel to see whether or not we have dealt with that farmer as fairly or any differently than we've dealt with any other farmers.

I have put MACC in the same position as the private lending institutions. They are not treated any lesser or any worse and, in terms of their relations with the clients, every client, whether it's MACC or the bank, is afforded the same opportunity for reassessment.

MR. L. DERKACH: Mr. Chairman, if the Minister's going to skate around issues, he should put on some roller skates.

But in talking about the management skills of those farmers who are in arrears, and also about approaching farmers who have taken out loans, now most of the MACC clients are young farmers, farmers who have basically inexperience in the farming field. Maybe they have a diploma in agriculture, maybe they've got a limited amount of experience from their parents, but by and large, they do not have the personal experience of operating and managing a farm, which is a business. And let's not pretend that farming is something different than a business today, because it is a business. It's a manufacturing business.

I know of several cases that I can point out to you where the young farmer was given the loan, the MACC loan. He started into his operation, he ran into difficulty and tried to get the field officer to come and give him a bit of assistance. But again that same old story came about that there was an overwork load, there were too many clients and there wasn't time to go to that specific case. Therefore, those people were able to get advice elsewhere.

But what I'm saying is that you don't have to be on that farmer's doorstep all the time and you don't have to be dictating to him how he is to farm; because in fact then he will tell you where to go, as the Minister suggested, and maybe then he should be telling that field officer where to go. But there is another way. It doesn't have to be a confrontation kind of situation; it can be one of discussion. It can be one where at least once a year or twice a year, there is some kind of communication between the field staff or some of the people from MACC and that young farmer, just to make sure that things are in fact going right, so that

in fact there is no loss of money five, ten or six years down the road, or whatever the case might be. That's what I'm referring to. I'm not trying to paint a picture whereby MACC should be dictating to the farmers and I'm not attempting to say that you should be loaning money carte blanche to everyone.

HON. B. URUSKI: Mr. Chairman, I agree with my honourable friend in terms of public relations with our clients. That approach I have no difficulty with. It really is a matter of time that we don't have, in terms of the workload that staff have.

But just to comment briefly on the scenario that the member outlined. I would have hoped and maybe the member can in fact make some of his constituents aware that really an independent service is available in terms of our farm management people and our ag reps to deal with some of the problem areas, whether it be with production, whether it be even in the financial area, that we may be able to assist in providing some options and advice over and above MACC.

MACC are primarily credit people. I have told many farmers, look, if you're looking for independent advice, go to someone else other than the credit agent because it's good to discuss your problems, absolutely, and you should. But if you are looking at options and possibilities, you should really say to the farm management specialist, or to the ag rep in the area: are there options? Let's assess this whole situation. That's really our role, as a department, in providing a service to the farm community, and we've done it in actually thousands of cases in terms of follow-up and in-depth counselling. But even there, it's not easy because it does take time and it takes a lot of work to assist people on an individual basis. But we will do as many as we can.

MR. L. DERKACH: I'd like to thank the Minister for that. I'd like to also suggest that if it is at all possible that every MACC applicant, and I say this so that we, in fact, would see less failures in terms of farm operations and in terms of those people who have loans through MACC so that we can reduce that from 20 percent downward. If there could be a list sent to them or a pamphlet sent out to them indicating the kinds of services available through the Department of Agriculture so that they, in fact, could contact these people on a regular basis; or suggestions can be made when they should be contacted so that their planning and that sort of thing can be in place.

HON. B. URUSKI: I appreciate those concerns.

MR. CHAIRMAN: 3—pass.

The Member for Ste. Rose.

MR. G. CUMMINGS: A further bit of clarification about the GOL, Guaranteed Operating Loans, that MACC put in place to assist financially strapped farmers who are borrowing at the banks. In connection with the responsibility that the Minister was questioned on earlier about whether or not they required to carry crop insurance in certain instances, was that broadly based across the GOL Program, that that was a requirement to be involved in crop insurance in order to obtain Guaranteed Operating Loan funds?

HON. B. URUSKI: Mr. Chairman, I'm advised that initially, when we went into the Guaranteed Operating Loan Program, it was not a requirement of an applicant to have crop insurance as part of receiving the guarantee. When our staff met with the lending institutions last year, in discussions and negotiations with them, it was agreed that all institutions would in fact request that crop insurance be in place as part of the guarantee. However, in cases where it was not, we would look at the unit being strong financially and/or other asset values being made available to at least cover what might have been available had the individual taken out crop insurance, basically an offsetting in asset values to cover off what might have been received in crop insurance.

MR. G. CUMMINGS: Do I understand you correctly to say that was a request of the banking institution?

HON. B. URUSKI: It was a concurrence between us and the banking institution. We agreed on that process. We sit down, we discuss and we deal with a number of problem areas. Then we come to, I guess one could say, a consensus between all institutions. I guess that's really what it was.

MR. G. CUMMINGS: In reference to the GOL's, was it normal practice or were there a very significant number of those that were terminated during the course of the growing months of the year?

HON. B. URUSKI: Mr. Chairman, in terms of termination, there would be none that would have been terminated by MACC. Once we have an approval, the approval goes through and, of course, there would be a termination date at the time of repayment when the loan would come due, unless of course the financial institution would basically pull the pin on the operation before that time. But, normally speaking, once we've approved the guarantee, the guarantee is in place for the life of that loan, for the time period that was stated in the guarantee. We would not turn around and say, scratch your head a month down the road, and say we shouldn't have approved you. We have not done that.

MR. G. CUMMINGS: Well, there seems to be some discrepancy between what the Minister is saying in information that I have been given because it's my understanding that there was in fact quite a significant guaranteed operating loan that was pulled because of lack of crop insurance and it was pulled in the middle of the year.

Now I stand to agree that there may be other circumstances but that was the information that was given to me.

HON. B. URUSKI: Mr. Chairman, I am assuming that if crop insurance was the condition of the guarantee, and there were certain conditions that a farmer had to provide and did not provide, he would have given time to put those conditions into place and did not meet his obligations as part of the guarantee, I am assuming that it could have happened.

The member said, how many were pulled? None were pulled once the approval was given. If there was a

condition with that approval, I'm assuming that could have happened.

MR. G. CUMMINGS: The real basis for a lot of my concern about the Guaranteed Operating Loans Program and their connection to crop insurance was the same as my questioning the other day in relationship to how many people were leveraged into certain programs. I'm satisfied with the Minister's explanation at this point but he might be interested to know that in this particular case, the banking institution continued to carry the operating loan. So there certainly seems to be some discrepancy between my information and that of the corporation.

HON. B. URUSKI: Mr. Chairman, I'd like to see all the details in terms of that operation. The financial institution which was involved in that operation may have had little choice but to continue on.

MR. G. CUMMINGS: The other question which I haven't just quite got clearly in my mind at this point is, however, regarding the guaranteed operating loans that may have been pulled during the course of the year. I understood you to say that there probably would have been none pulled provided the conditions, at the time of the contract, were written, would those conditions . . . Normally a loan, or a guarantee of a loan, is not pulled without a serious breach of conditions.

Do you have any idea of what percentage of those may have been breached? The guaranteed loans that were put in place and that were breached during the year, was there a significant number involved?

HON. B. URUSKI: Mr. Chairman, the corporation, in terms of the guarantee program, would not have any idea of the breach of contract until a claim in fact has been submitted to them.

MR. G. CUMMINGS: Mr. Chairman, if I rephrase my question, is there a figure available of how much of the corporation's funds actually ended up having to be committed to cover those guarantees?

HON. B. URUSKI: Mr. Chairman, in terms of the claims that have been submitted and where there has been a breach, I'm advised that we're paying on about 70 percent of the claims that have been — (Interjection) — On all of them, yes. We're paying on all the claims that have been submitted but only about 70 percent of the dollar is required in terms of the guarantee because there would have been some breach in most of the claims that have been submitted by the financial institutions in terms of the claims that have been submitted.

MR. CHAIRMAN: Item No. 3.

HON. B. URUSKI: Mr. Chairman, I have to provide the honourable member with some information.

There were 28 claims made in the 1985-86 period. The original amount of the guarantee was for \$1.4 million — I'm giving the rounded figures. The amount of claim was for \$1.3 million, and the amount paid was \$912,000; \$600,000 was the amount paid by the corporation in terms of those claims.

There was an additional one claim and the loan was for \$80,000 and the amount of claim was for \$30,000, which is being disputed. The settlement is being disputed as between the corporation and the lending institution. There are five other claims in the process of being settled. The original amount of the loans were for \$230,000; the amount of claim is \$153,000, that's in terms of this year's claims, out of about \$45 million outstanding.

MR. G. CUMMINGS: A couple of minutes ago we were discussing the criteria or the basis upon which MACC has been dealing with applications. We were discussing whether or not the criteria may or may not have changed. I would suggest that the percentage of loans that are in arrears right now may be considerably plumped up by the fact that MACC may, in fact, have used or have ignored the criteria of being able to write off depreciation and those sorts of things in the calculation of some loans, when the original application came in.

It does appear to me that at the present time the banks are, in fact, using the basis of viability more than the asset base. I think the point has to be made that MACC is moving in very much the same direction that the banks are in this area.

HON. B. URUSKI: I'm not sure how I can answer the honourable friend other than relate the comments that I gave to his colleague, the Member for Roblin-Russell, in terms of how we handle it.

The question really is that the banks are now looking at viability greater than security. Quite frankly, I believe that is the right decision in terms of a lending policy and we've followed that approach over the last, I would say, four years for certain; moved heavily into it notwithstanding the amount of clients who are in arrears as a result of a varied number of reasons in terms of them being in arrears.

But I want to tell my honourable friend that in terms of lending practices and policies, the whole approach of the corporation is, of course, reviewed on an ongoing basis by the Provincial Auditor, so that in terms of accounting purposes and who is in trouble and who isn't, for numbers sake, has to be consistent year-in and year-out in terms of the generally accepted accounting principles that are accepted by the Provincial Auditor.

If we were not, you would have it in the report and you'd be getting up in the House and saying, how come you're not following the Auditor's practices and his terms of reserves and the whole accounting practices that are in place?

I want to tell my honourable friend that in fact our — Mr. Chairman, I want just to be certain in terms of our approach. Our present comptroller in the corporation comes from the Provincial Auditor's Office and we want to make sure that the procedures we do follow are consistent with generally accepted accounting principles — and the individual who is there now did in fact come from the Provincial Auditor's Office — who is the comptroller for the corporation.

MR. CHAIRMAN: The hour being 4:30 p.m., it is time for Private Member's Hour. I am therefore interrupting

the proceedings of the committee. The committee will return at 8:00 p.m.

Committee rise.

Call in the Speaker.

IN SESSION

PRIVATE MEMBERS' BUSINESS

RES. NO. 7 —

MACC YOUNG FARMER REBATES

MADAM SPEAKER: Private Members' Business. The Honourable Member for Virden.

MR. G. FINDLAY: Thank you, Madam Speaker. I would like to introduce the resolution:

WHEREAS the education taxes collected on Manitoba farm land (representing an increasing farm expense) are extremely high; and

WHEREAS education taxes on farm land do not reflect ability to pay; and

WHEREAS Manitoba collects more education tax on farm land than any other province in Canada; and

WHEREAS farm incomes will decline substantially in the next year; and

WHEREAS Saskatchewan and Alberta have reduced input costs for their farms in various and significant ways;

THEREFORE BE IT RESOLVED that the Government of Manitoba consider the advisability of immediately removing 50 percent of the education support levy from Manitoba farm land, and the advisability of progressively, over the next four years, removing all education taxes from Manitoba farm land.

MOTION presented.

MADAM SPEAKER: The Honourable Member for Virden.

MR. G. FINDLAY: Thank you, Madam Speaker.

We have discussed it many times in this House and there's many discussions out in rural Manitoba, many articles in the paper in recent weeks — and probably have to say over recent months and maybe the last two years — about the cost price squeeze at the farm level. It certainly hasn't changed any. It hasn't improved any, I should say, it has only gotten worse as times is going on.

The farm operator is facing a very serious problem of declining incomes and rising costs. Since 1980, in rural Manitoba, especially in the western part of the province, we have faced a number of environmental setbacks: drought, excessive rainfall, early frost, high interest rates, high energy costs, and this has increased the cost of fuel, fertilizer and chemicals at the farm level; and with the declining incomes which really, over the last five to six years from 1980 to 1986, have been relatively dramatic, especially in the major crop that we grow.

If we look at what wheat prices have done, in 1980 a bushel of wheat netted a farmer between initial and final prices, \$5.63 a bushel; in 1981, it was \$5.05; in 1982, \$4.77; in 1983 it was moved up a bit to \$5.07,

and then the decline started. In 1984, the farmer netted \$4.87; 1985, we received an initial price of \$4 and probably will receive no final payment; in 1986, the initial price will be around \$3.25. Therefore we've had a decline from \$5.63 for a bushel of wheat to \$3.25 over a course of five to six years.

This has put many farms in serious difficulty, relative to income, and we need to find ways to reduce the impact of those declining grain prices. One of the best ways to do it is reduce the cost of the farmer's operation in terms of his input costs.

I would like to just put on the record what we figure our costs of producing an acre of grain, and we can stick to wheat for discussion purposes. The cash costs of farming, which includes a number of items — I'll just read them off — fuel, fertilizer, herbicide, seed, repairs and maintenance, taxes, wages, depreciation, interest — they amount to about \$103 an acre.

In addition to that, the farmer is faced with fixed costs, roughly running around \$59 an acre. These are figures that are put together by the Manitoba Department of Agriculture for the average farm. So the total cost of producing an acre of grain is \$103 cash costs and \$59 fixed costs, for a total cost of \$162 an acre.

Now let's look at the farmer's ability to offset those costs. In 1985, he was getting \$4 a bushel for wheat, as I've just mentioned. He has to receive 25 bushels an acre to cover his cash costs or 40 bushels an acre to recover his total cash and fixed costs.

In 1986, the situation is obviously going to get worse, with \$3.25 wheat, he has to have 32 bushels to the acre to cover cash costs and 50 bushels to the acre to cover total cost. When you take into account the fact that the average provincial yield for wheat is 28 bushels an acre, you can see there's a real dilemma.

The farmer is facing a situation where he's trying to minimize his losses because he certainly will receive no profit. He will receive no return on investment and he will certainly have a decline in his asset value — land prices are declining.

Many farmers are in a position where they're living on depreciation, and just recently in Estimates we were talking about methods of calculating cash flow for clients applying for MACC loans; and it was mentioned by the Minister of Agriculture that when budgets were drawn up in the past, such items as depreciation, return on investment, and machinery replacement weren't considered and there was a high rate of farm failures and he admits that some of the neglect to put those costs into the formula, into the cash flow, had a lot to do with the failures.

So as you see, Madam Speaker, farms cannot continue to go on, living on depreciation, receiving no return on investment and not replacing their machinery, and the reason they're doing that is because their total gross income is not sufficient.

When the farmer starts looking at how he can cut back his costs to keep his operation viable, he can look at fuel as an obvious area where he can use less by changing his farming practices, or he can request government to reduce taxes and that has happened at the federal level. In the area of fertilizers and herbicides, again, he can use less. But when you consider agronomic practices, using less usually means less yield, and if you have nothing to sell at the end

of the year, you're really in trouble. He can ask why the fertilizer and herbicide prices are as high as they are, and certainly we will address a resolution on that later.

One other area that can be addressed quite easily is to reduce the cost of taxes that is paid on that land, in general, average farm lands paying around \$5 an acre. Some are higher, some are lower, depending on productivity. In that \$5 an acre that's paid on land taxes, about \$3 goes toward school taxes.

Now, I've tried to lay the base that the costs of farming do not warrant the incomes, or the incomes don't warrant the costs. If we can remove some costs like school taxes, we will certainly improve the viability of farms in Manitoba.

Now, I'd like to look at some other provinces to show what they have done in the area of taxation on farm land, specifically in the area of school costs. Look at Alberta, it has no foundation levy on farm land for education tax collection, but they do have a small percentage raised by special levy. Saskatchewan is the only other province than Manitoba that collects education taxes on farm land and they are working on a proposal that would change this situation substantially. Ontario and Quebec both give sizable rebates for the education taxes that are collected on farm land. Manitoba is the one province that hasn't moved in this direction to any extent.

Another area that farmers wonder about when they look at their costs of education taxes on their farm land is the Resident Homeowner Tax Assistance, more commonly known as a property tax rebate - \$325 to each home in Manitoba. I'll admit that the farmer receives that on his major residence, but his major residence is on one quarter and the average farmer has six to eight quarters, many have more, some have less. But there is a substantial amount of tax paid as a result of not having that rebate on every quarter.

When the farmer looks around his community and he sees homes in the incorporated towns and villages receiving that tax rebate and getting their taxes reduced, an average home in a rural town in Western Manitoba is paying a total tax bill of around \$900 to \$1,000 minus the 325, which means they are only paying about \$600.00.

Two-thirds of their taxes are paid by them out-of-pocket, and if I looked around my local town, they have an average income of somewhere around \$25,000 to pay that with. The farmer looks at his own tax bill, and if he's got eight quarters, two sections of land, which is about an average in my municipality, the total school tax he pays is \$2,400 — substantially more than his counterpart living in town. His average income, in terms of statistics down in my area, is about \$12,000.00. So he's certainly at a tremendous disadvantage to the person living in town.

When he looks even further to the unincorporated villages in the municipality, the situation is usually that there are very few, or if any, homes paying any taxes because of the property tax rebate. That means the municipality at large, which is responsible for looking after that unincorporated village, has to collect the taxes for the maintenance of the roads, the snowplowing, the gravelling and every other municipal cost associated with keeping them viable, has to be collected off the land at large. Not only are they not paying anything

towards education taxes, they're not paying anything towards municipal taxes, or very little, and the farmer is paying both. He's paying the school tax and he's paying the local municipal tax to keep improvements up.

The property tax credit presently represents a loss to the Provincial Treasury of about \$75 million, and that's given back to each property owner through the rebate system. The foundation of the special levy on farm land amounts to about \$46 million paid. It works out to about 23 million in foundation levy and 23 million in special levy.

Our proposal is, or the request from many farmers that I have talked to, is that 50 percent of the foundation levy, amounting to about \$11 million, be removed from the tax rolls for the farmers of Manitoba or offered back to them in a rebate system.

The other point that people in Western Manitoba look at is that across the border in Saskatchewan the property tax rebate of \$125 was withdrawn last year, so more equitability exists over there. This past spring, when the school divisions struck their budgets and told the local municipalities what the increased special levy would be, the special levies for school taxes, there was considerable municipal unrest.

When the municipalities looked at eight to ten to twelve mill increases, they asked: why should the rate be such an increase?

In Birdtail School Division, as a specific example, we look at the revenue coming to the school division from the Provincial Government and from the special levy which is collected on land in the local area.

In 1983, the Provincial Government support to education in that division was 79.3 percent of their budget. In 1986, that support had declined to 71.8 percent of the budget, a decline of 7.5 percent. The special levy, which the school division levies on the municipal government which then must collect it from the farmer, was 16.3 percent of the school budget in 1983 and it rose to 23.8 percent in 1986, a 7.5 percent increase.

It's obvious that the funding formula presently in place is causing a shift of where education is being funded from the Provincial Treasury or the general revenues at large, to more burden on the special levies levied on our local farm land, a totally reverse direction to what the farmer wants to see happening. He would prefer to see the special levies decreased and the general revenue funding of education increased.

In this area, in 1986, the special levy is going to increase eight mills. When the burden comes down on the school division, they must collect the taxes from the local municipal government? Where else can they go but put it on special levy?

In this school division, the unrest became very apparent this spring. The reeves and councillors from nine municipalities met on very short notice, had the school board in there to talk about how education is being funded and to demonstrate their distaste for the fact that they were being required to collect more and more taxes from farmers at a period in time when they were less and less able to pay.

They had a resolution at that meeting that they freeze the special levy at the 1985 levels. The school boards nationally couldn't accept that because they had to have the funding.

The municipal councillors talked of withholding taxes. That's illegal; they know it, but yet they're talking about it because that's maybe the last alternative they have to challenge the system. They asked: why should the increases in school taxes be far above inflation rates? They asked: why should 3 percent of the population, in other words, the farmers of Manitoba, be paying something like 14 percent of the education costs?

The municipalities, when they have to collect taxes of this nature and absorb increases of eight to ten mills have one solution at their disposal and that's to decrease the amount of money that is spent on general municipal expenditures. They can cut back on road maintenance, building of roads. They can cut back on snowplowing, cut back on the local services and try to offset the fact that education taxes are increasing. I had a petition sent to me by residents of a municipality . . .

MADAM SPEAKER: Order please. The honourable member's time has expired.

The Honourable Minister of Labour.

HON. A. MACKLING: Does he need another minute or two?

MADAM SPEAKER: The Honourable Member for Virden has leave for . . .

HON. A. MACKLING: How long does he need, another five minutes?

MR. G. FINDLAY: I had a petition sent to me by local ratepayers in Miniota Municipality and I will read the petition:

"That we the ratepayers of the Rural Municipality of Miniota, Ward One, pay more than our fair share of school tax as farmers and we strongly protest any more school tax put on our land taxes."

The letter that came with this petition: "We would like the Provincial Government to be presented with this suggestion as a viable alternative to making school tax assessed or an increase on assessment against farm land. We suggest that a percentage of the total proceeds from lottery ticket sales be used for education, or education and medical purposes, instead of for recreational purposes. We do not feel recreational facilities have priority, especially when the agricultural industry is in such a critical financial condition."

Madam Speaker, the operating costs of farmers are too high. There have to be mechanisms found to reduce them. There has been a lot of discussion about tax reform by this Provincial Government, and I would request that in the area of tax reform they consider reducing the education cost burden on the farmers of Manitoba in a fair and just way.

Thank you.

MADAM SPEAKER: The Honourable Minister of Labour.

HON. A. MACKLING: Thank you, Madam Speaker.

I think the Honourable Member for Virden should be complimented for bringing a resolution which is certainly of great interest to farmers in Manitoba, and certainly

a discussion of this whole question is worthwhile. But while I compliment the member for bringing the resolution, I think the approach or the answer that he suggests in the resolution is one with which I'd have to disagree.

He suggests obviously that the Provincial Government should step in and look after the money that's necessary for the educational system out of general tax revenues. That sounds like it's a worthwhile thing. It would relieve the farming community of a critical problem right now. Of course, that kind of suggestion is one that has to be looked at seriously because there is a very significant problem in the farming community.

However, coming from members who day in and day out have criticized us for having a substantial deficit — now the Honourable Member for Morris moves his hands and arms like it's an old saw — that's exactly the case, Madam Speaker, because that's the kind of message we've been hearing from the opposition since the opening of this Legislature that, on the one hand, we should be faulted for not reducing the deficit but, on every occasion, they want us to spend more, more, more. Madam Speaker, they can't have it both ways.

Madam Speaker, the need in Manitoba today is for fair taxation of all kinds, including fair taxation on land and farm land. I want, Madam Speaker, to put on the record — (Interjection) — the Honourable Member for Minnedosa doesn't want me to put on the record my appreciation for the fact that a commission was appointed in this province under the late Walter Weir that studied the problem of taxation and came up with a large number of recommendations for a re-evaluation of land taxation in Manitoba, a reassessment. Because, in that study . . .

MR. A. DRIEDGER: What did you do with it?

HON. A. MACKLING: The Honourable Member for Emerson will have his opportunity to say what they would do.

In that study, the anomalies that exist are highlighted, where one farming operation that's a dairy operation — (Interjection) — Madam Speaker, I have difficulty hearing myself speak.

MADAM SPEAKER: Every member will have an opportunity to speak on the resolution who wishes to have one.

The Honourable Minister of Labour.

HON. A. MACKLING: Madam Speaker, I know that the honourable members know the report by heart, so they really don't need any recollection of it but I think to put it on the record to be fair, that that report highlighted the anomalies that existed that some types of farm operations carried on that are highly productive and produce very substantial incomes, don't have the same kind of tax burden that other farming operations have, and they contrasted in that report the operations of dairies, hog operations, the highly intensive — poultry, yes — the highly intensive commercial agriculture as against grain or cereal grain farming. The anomalies that exist are patent. They cry out for reform.

So rather than looking at municipal or, I should say, land taxation in Manitoba on an ad hoc basis, the Weir

Commission suggests that there should be a rethinking, a reassessment and a reconsideration of land assessment and therefore land taxation policy in Manitoba. And with that view, we certainly agree on this side.

The Minister of Municipal Affairs and that department has been working assiduously to ready the province so that we can move to provide for universally fair land taxation in Manitoba. Well, gentlemen on the other side chortle, Madam Speaker. I suppose they think it's possible to snap their fingers and do something overnight. Well if that's the kind of thinking they have, it underlines the kind of ad hockery that they would proceed with, because this resolution would be part of an ad hoc approach to the problems of the unfairness of taxation in this province.

Madam Speaker, I know for example in the R.M. of Springfield there are concerns now — and I don't know whether they're reflected by the concerns of members elsewhere in other areas — where there have been — (Interjection) — the Member for Sturgeon Creek mumbles from his seat, he'll have an opportunity, Madam Speaker, to speak, and I think he should show a little respect for someone trying to put on the record some fair accounting of fact.

In the R.M. of Springfield for example, Madam Speaker, they have developed . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: May I remind honourable members of Rule 42 which says: "When a member is speaking, no member shall interrupt, except to raise a point of order or a matter of privilege." All I hear is a general mumbling. Now would you please settle down? The Honourable Minister.

HON. A. MACKLING: Madam Speaker, in municipalities that have adopted a plan, they have at the same time increased problems for farmers because, as part of that planning, they are making provision and are assessing on the basis of a farm site for each quarter-section. I know that's happening in Springfield.

There are some very real problems for farmers that have to be addressed in a thoroughgoing reassessment of land in Manitoba; and to just rush in with some ad hoc solution would not do service to the extent of the problem that's there — (Interjection) — that's right. My colleague for Kildonan says it's superficial thinking. That's exactly the case. It's ad hockery at its worst.

Madam Speaker, the point that has to be made is, while there are very serious problems out there, a serious approach to addressing those problems isn't to try and provide a simplistic answer, but to do reassessment and do the job right.

Madam Speaker, one of my concerns, as a former Minister of Natural Resources, was that in that reassessment of farm land, farmers must be encouraged to maintain marginal farm land unproductive — leave it in wet land, leave it in marginal bush land — because I have seen, and I'm sure honourable members have here, attempts by farmers, legitimate attempts, to try and maximize the use of the land, attempting to drain sloughs, attempting to clear remaining marginal bits of land, and those attempts

may produce a crop in those low areas or in those rough areas one out of five or one out of ten years but, overall, the economies don't make sense. — (Interjection) — well, the Honourable Member for Emerson has never known what he's talking about in this House, Madam Speaker, so when he mumbles from his seat, he is just reflecting the extent of his lack of knowledge on this question.

Madam Speaker, in the proposals that this government will bring forward, I trust that we will make provision for assuring that in respect to farm land that is marginal that farmers will not be encouraged to bring those marginal lands into production because that is destructive of values that are hard to place in monetary terms.

For far too long, Madam Speaker, the pressures on the farm community have been such that there has been a desire to clear and bring into production every last acre of land. That's wrong, Madam Speaker.

In generations past, farmers had the foresight to maintain shelter belts between fields to preserve land from wind erosion, to protect the soil, but we have seen in parts of southwestern Manitoba, and honourable members opposite will know whereof I speak, that trees that were planted generations ago to preserve the soil have been stripped because modern agriculture demands that every last square foot of soil be brought into production. Madam Speaker, that is devastating to the land.

In studies that have been carried out in this country, one of the few things that the Senate of this country has done that has some merit, in its study on soil and water is the concern to preserve soil and water in this country; soil that we're losing at an alarming rate because of the agricultural practices that we have encouraged farmers to utilize. — (Interjection) — the Honourable Member for Portage la Prairie is mumbling from his seat very incoherently, very ignorantly, Madam Speaker, on this question. Madam Speaker, honourable members may laugh over there — the Honourable Member for Portage la Prairie and the Honourable Member for Emerson laugh at my concern for the protection of soil in Manitoba. That's what they're doing, laughing at the argument that I make that is essential that we protect our soil in this province . . .

MADAM SPEAKER: Order please.

The Honourable Member for Lakeside on a point of order.

MR. H. ENNS: Yes, Madam Speaker, the member referred to honourable members opposite laughing at his concern. I want him to put on the record that the Member for Lakeside certainly wasn't laughing.

MADAM SPEAKER: The honourable member does not have a point of order.

HON. A. MACKLING: Madam Speaker, I noted with appreciation that the Member for Lakeside was nodding his head in approval at the concerns that I'm putting on the record in respect to the preservation of farm land in this province. It's nice for a change, Madam Speaker, to have the Member for Lakeside onside.

I think the Honourable Member for Lakeside, when he, and I hope he will speak on this resolution, will

agree with me that rather than be engaged in ad hoc solutions to the preservation of farm land and the preservation of those who till the soil, that we must approach these problems with not only care and planning, but do it in a comprehensive way to make sure that what we are doing in the long run makes sense not merely for this generation but for generations to come. That's the kind of concern that I think underlines the decisions that were recorded in the Weir Study, that's the kind of decisions or conclusions that were underlined in the study by the Senate, and I would hope that that's the kind of conclusion that we'll arrive at in this House; that we won't be engaged in ad hoc solutions, we will do it right and make sure it's fair for all people in Manitoba.

MADAM SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Thank you, Madam Speaker.

I rise to speak on this resolution pretty much discounting the trivia that was just put on the record by the Member for St. James who is supposedly believed to be a Cabinet Minister and a responsible individual. I didn't see much responsibility or much to take into account from that speech.

I'm somewhat disappointed because I thought he could do somewhat better when it came to speaking on a resolution, which has major implications for the livelihood of probably some 20,000-plus farmers in Manitoba and the farm community, that it is a solution that was talked about and pledged during an election campaign that had merit and had meaning, that it wasn't the kind of solution that we're now seeing being introduced by he and his government to impose a third-party solution to a problem that is only going to create more problems and not solve the problem.

That's really, Madam Speaker, I think, the outset of what this whole resolution is. When you get right down to it, why do we want to have the government remove some of the education taxes? It's because they're being unfairly assessed and placed on the backs of the farm community who are unable to continue to operate with the cost of doing business that they have to deal with.

It was one way, Madam Speaker, that we, the legislators of the Province of Manitoba, could move to give relief, not to one or two, not to those extremely hard-pressed individuals, but to be a universal support of universal help to every farm person in this province. Madam Speaker, that's the principle that we are subscribing to, not trying to again go in and say that we've got a specific program for a specific problem, but it was going to help everyone.

Let's talk about some of the numbers that we were committed to. We were committed to approximately \$11 million in removal of education tax, the provincial share off of the farm community, which, on the average calculation, would be about 25 percent off of everyone's tax bill, which, when you deal with some of the farmers today, you're dealing with taxes in the neighbourhood of \$600, \$700, \$800 of quarter section of land, that's getting upwards of a situation where people aren't being able to pay it.

I guess earlier today we saw where the government can't even afford to pay some of the taxes and the

land was repossessed on them. The Minister of Agriculture lost some MACC land because he couldn't pay the taxes or didn't pay the taxes. There's the best piece of evidence that the taxes are too high. He himself won't pay them. The municipality repossessed the property. That's about as good an evidence as we need for the record.

Let's look at the resolution. And what does it say? "WHEREAS the education taxes collected on Manitoba farm land (representing an increase in farm expense) are extremely high." Well, that's the point; they are high. They're too high; we can't continue to carry the burden of increased taxation. It was one area that the Provincial Government could have moved, and moved immediately, to give universal support to all the farmers.

The Minister of Agriculture during an interview — I read it into the record during the Budget Debate — the Minister of Agriculture in Dauphin committed to do that. He said, yes, that they would do it.

When, Madam Speaker, is he going to do it? Is he going to prepare to do it this Session, is it next Session, or how many Sessions do we have to wait for him to recognize the problem of high taxes, particularly education taxes, on the farm community? I want him to speak and tell us when. I want the farm community to have some idea as to when this would take place.

Okay, let's look at the next one, and it's pretty accurate: "WHEREAS education taxes on farm land do not reflect ability to pay." Land taxes, and I can go to many municipalities and here many municipal people say, and it's been said throughout the country, where it comes to education and people benefits, it should be the general public that pay for those benefits, the taxation should come out of general revenues, because it's everyone that is benefiting.

The farm community, being taxed on farm land, doesn't get the same kind of returns from the education system in a direct way as does the general public. Land taxes, it's argued, should be used for land improvement purposes whether it's for roads, drainage and the kind of benefits directly associated to land. It's a good, sound argument; where people get the direct benefit, they should pay the direct costs of those expenses, Madam Speaker. So that argument is extremely valid that the land should not carry totally the people taxation or the benefits that the people get directly.

The third point: "WHEREAS Manitoba collects more education tax on farm land than any other province in Canada." Other provinces, Saskatchewan, Alberta, have recognized this inequity. It is an inequity. And I would hope that the Member for The Pas, who has a farm community which he represents, the Member for Swan River, the Member for Lac du Bonnet, I would hope — if the Member for Inkster wants to get into the act, too, well, he should represent his farm community and speak on their behalf and support this resolution, and I challenge him to do so. Yes, you see, there are a couple of new members here — the Member for Swan River and the Member for Lac du Bonnet, I hope they will stand and be counted. I hope they'll stand and be counted when it comes to voting on this. I hope they don't refuse to support the farm community, which they represent, and vote against it.

It's a challenge to them. I think the question will now come: do they support their farm community or don't they? — (Interjection) — No, it's not hypocrisy. You

have to ask yourselves, as a newly-elected Member for Lac du Bonnet, for Swan River — I know the Member for Lac du Bonnet has been a municipal councillor for many years and I know he's been on the executive of the UMM, and I know that he's been supportive, or he can correct me if I'm wrong — I'm sure he's been supportive of the resolutions that have come to government saying remove some of the education taxes off farm land. He is now in the position to influence his government. He's now in the position in the Manitoba Legislature to stand and be counted, to support my colleague's resolution, from Virden, on this particular issue.

I would hope that he hasn't changed his mind for the purposes of joining an NDP caucus. I would hope that he's still of his own mind, that he hasn't been brainwashed by those irresponsible people around him. I would hope that he stands in his place and votes for this resolution as the Member for The Pas, I hope will vote for it, as the Member for Swan River because, you know, it's funny, sometimes the voting record gets out into the local papers. I don't know how that might happen, but it always seems to get to the local papers as to how members of the Legislature vote.

I would think that it would be pretty impressive if the Members for Lac du Bonnet, Swan River, and The Pas stood — oh, I forgot about the turkey, I mean the — I'm sorry — the Minister of Agriculture, who I have a lot of respect for as a turkey farmer, Madam Speaker. I don't have a lot of respect for him as a Minister of Agriculture, but I have a lot of respect for him as a turkey farmer.

But I do make that point because here is the first time that you'll have the opportunity to express, in the way of a standing vote, your feelings to the public on the removal of education taxes off of farm land. I plead with you to support your farm communities and do that — and the Minister of Agriculture, as well. He could be certainly . . .

A MEMBER: A hero.

MR. J. DOWNEY: . . . a hero, that's right, with the farm community, and I think it's certainly within the realm of him doing it.

Again, we look at the next whereas in the resolution: "WHEREAS farm incomes will decline substantially in the next year." We have seen Alberta, we have seen Saskatchewan, and we have seen the Federal Government do many things to help their farm community, but we have seen in the way of a cash flow or cash support program very little, Madam Speaker, from the Manitoba Government to help their farm community. This could have been one way that they could have helped each and every farmer. I plead with them to do it.

The Federal Government has moved on the taxation on farm fuels; we've seen maximum payouts from grain stabilization. Madam Speaker, we've seen freezing of the freight rates, but we have seen absolutely nothing in any way that is substantive other than causing problems for the farm community, not helping them. I think that it would be a good indication that this government is sincere in doing their part in a way in which, \$11 million, it would cost to carry out this

program. — (Interjection) — Yes? I can't hear the Minister of Health.

A MEMBER: The Minister of Health asks if there are any doubts about their sincerity.

MR. J. DOWNEY: Do we have any doubts about your sincerity? Are you going to give me leave to speak about it? Are you going to give me unlimited time to speak about my doubts on your sincerity? I know you'd like me to leave, wouldn't you, Larry, I mean the Minister of Health?

Again, in the next WHEREAS, where Saskatchewan and Alberta have reduced input costs for their farmers in various significant ways, they don't have an education tax on their farmers in a major way like we have. They've done some of the fuel cost removals. They've implemented low interest rate loans per acre in Saskatchewan. You see, they're getting a better break than the farmers in Manitoba under a New Democratic Government. I would hope that this resolution would bring the Minister of Agriculture and his colleagues to their senses to do something in a meaningful way, particularly when he committed publicly in an interview in Dauphin that he was going to do it. You know, does his credibility not mean anything to himself and to his party? How can he publicly stand up and commit to that and then come to the Legislature, back to caucus, and forget that he ever said it? Because we have it on tape. It's on tape that it was said; we've got the transcript of it. Now, I would expect him to live up to it, of course, if he really is sincere about helping the farm community.

Therefore be it resolved that the Government of Manitoba consider the advisability of immediately removing 50 percent of the Education Support Levy from Manitoba farm land; and the advisability of progressively, over the next four years, removing all education taxes from our Manitoba farm land. How can they vote against it? I challenge the Member for Swan River, how can he vote against it? How can he vote against it and go home and face his constituents who are hard-pressed?

Well, let's just go on to another couple of other points. I've got some kind of a flashing light here, Madam Speaker. What does that mean? Three minutes.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. J. DOWNEY: That's right, a flashing light means "stop," eh? — (Interjection) — I know, I know I'm a hazard. Some of the municipalities in which I represent, Madam Speaker, have sent resolutions to the government which I've never seen any responses to, where over the last four years their taxes have gone up 78 percent. — (Interjection) — The Member for Inkster says "Wow." Well, I'll tell you, Madam Speaker, he should say "wow," and he should say it to the rest of his colleagues. Seventy-eight percent is an intolerable amount of tax increase for any individual to withstand, particularly when the prices of the commodities have dropped the way in which they have.

We've seen increases in assessment. My former colleague from Gladstone right at this particular time has been trying to get some changes made because

of the unfair way in which an assessment was placed on their land. Land values were driven up in the mid-1970's and into the later 1970's; they have now fallen drastically. They've got the land appraisal and the land assessment way higher than what it should be, and they're paying their taxes accordingly and they can't continue to do so. There has to be some consideration, some relevance to the actual value of the land on the resale value as to what the assessed value is. — (Interjection) — Well, yes, the Member for Kildonan says urban has, too.

I know some of my colleagues will want to put on the record specifically how much the urban taxes have increased, and we've had some evidence put here in the Budget Debate. Mill rate increases this year in the rural Manitoba communities, in the R.M.'s, again going up in the neighbourhood of 10 to 15 percent, and again, on a one-year basis, far too hard to handle. All I'm saying is that this resolution is well thought-out. It was an election commitment of the Progressive Conservative Party. It has a lot of meaning to each and every farm person. It means to me that we, the Progressive Conservative Party, are putting something forward that means something to the farm community, every person in the farm community, and not destructive, as is this Minister of Agriculture and this government.

HON. B. URUSKI: Madam Speaker, I thank you for this opportunity of speaking to this resolution this afternoon, and I'm very pleased to take part in this debate.

I especially was kind of amused, Madam Speaker, and I want to deal with the question of that Dauphin debate I participated in when it happened to have three Conservatives get up from all angles — whether it was the former president of MCPA, or the Member for Virden, or a number of others — get up and say, well we've got to take the heat off our friend, Charlie Mayer, in terms of the wheat crisis; so we've got to turn these tables around as quickly as we can and let's get off this topic of low incomes and world-depressed prices in grain and let's do something to turn this tide, because we now have the Minister of Agriculture here in our midst and we're going to do what we can to say, divert the attention. I mean, Madam Speaker . . .

A MEMBER: It's fair game.

HON. B. URUSKI: . . . it's fair game. A good defence is a strong offence and they try to — (Interjection) — they tried, absolutely, Madam Speaker, successfully. This party has consistently, in its funding for — not only rural Manitoba but for education purposes — has in fact recognized the concerns of the farm community.

Madam Speaker, for four years — the four previous years — we did not increase the foundation levy in the province on farm property. Members opposite did not even say "boo" about that, did not recognize it. — (Interjection) — Four years, three years? The Member for Morris says, "three."

Madam Speaker, the Provincial Government support increased substantially more over the four years for education than it did during your term in office, but I find it highly unusual — highly unusual — to have a party on the other side who would like us to deal with

their election commitments; and, quite frankly, we have no difficulty in terms of implementing the commitments that we've made, but we should only do that in an organized and consistent way to meet the principles and objectives that we have set out to do over the last three years in terms of the Weir Commission Report, and following through on it, not before, and not to be stamped into making irrational decisions and not clear decisions in terms of dealing with the equity and inequity situation of property taxation in this province. We should not do that. — (Interjection) — Madam Speaker, I was speaking about what is highly unusual.

What is highly unusual, Madam Speaker, that just several resolutions before this one — today we are here in this resolution saying, we want this government to bring about — immediately! — the removal of 50 percent education tax in this province, a major financial contribution.

Madam Speaker, just four resolutions before that, we had an amendment proposed by the Finance critic of the Conservative Party, the Honourable Member for Morris. When we talked about priorities and spending priorities of health care and education, what did the Member for Morris say? Madam Speaker, and I quote, "Therefore Be It Resolved that this Legislative Assembly request that the Government of Manitoba, in concert with the Government of Canada, attempt to determine future health and education needs, and thereafter attempt to reach a consensus on a funding formula that takes into account the realities of our nation's and province's wealth, our willingness to produce additional wealth and the deficits of governments."

Madam Speaker, obviously one Conservative member says, "You'd better control the deficit," but the rest of the party says, "To hell with the deficit, let's increase it." That's what they're saying, Madam Speaker. They're saying, "Be damned with the deficit, let's raise it."

— (Interjection) — Oh yes, my colleague, the Minister of Health, indicated that the Member for Radisson says, "We can have it both ways." I heard him say that — (Interjection) — Not Radisson, Niakwa — I'm sorry — the Member for Niakwa, who says — and I think I was in the House that day. He says, "Of course we can have it both ways. We're in opposition." I guess if you take that approach, Madam Speaker, I will agree that members of the Conservative Party can, in fact, have it both ways.

Madam Speaker, clearly there is a dilemma in the Conservative Party, very great dilemma. You have one side, the ultra-Conservatives of the Conservative Party . . .

MR. H. ENNS: Could you name some?

HON. B. URUSKI: Pardon me?

MR. H. ENNS: Name some.

HON. B. URUSKI: Name some. Obviously, the Finance critic, the Member for Morris, in his amendment to a resolution, as proposed by my colleague, the Member for Kildonan — (Interjection) — Madam Speaker, at least he has been consistent. As a party, they're not consistent in this whole area, because they're saying, "Look when it comes to health care and education"

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— but we talk about health care and education. That's what I can't understand, Madam Speaker, do they never caucus on these matters? Or they're saying well, because it's a Private Member's Resolution, we can put anything on the table. Madam Speaker, it appears that they never caucus on these matters. You have one resolution saying remove all the costs immediately and on another resolution, they've amended it and say we have to take into account the province's fiscal capacities and the deficit, Madam Speaker. This one alone I would think probably would increase the deficit by what, about \$20 million?

A MEMBER: Forty-five.

HON. B. URUSKI: Forty-five million if it was 100 percent, but it's 50 percent; only about 20 million; about \$20 million. \$11 million? Well, that's another 11 million, Madam Speaker. Add that to the health care and their policy platform that they put forward in the election Budget, add that to the other 130 million — that's nothing — we'd be able to finance that funding.

Madam Speaker, I was very serious in what I was saying in terms of the Conservative Party. Either they don't caucus or they really believe what the Member for Niakwa said before, we can't have it both ways. People really won't listen. As long as they listen on one issue, they'll forget the other position they've taken on the other side of the coin. Clearly, we — (Interjection) — pardon me? Confused on the issue? Madam Speaker, the Member for Roblin-Russell says that I am confused on the issue. He should possibly speak with his own colleague, the Member for Morris, and ask him how he produced the amendment for Resolution No. 2 as proposed by my colleague, the Member for

Kildonan, and I quoted his amendment from that resolution which, in fact, basically says look boys, when the deficit is too high, don't spend any money. That's a position they've taken. There is a way, Madam Speaker, of providing this kind of support to the farm community. I won't finish my remarks today, Madam Speaker. Just produce the kind of tax reform as recommended by this party and the Auditor-General of Canada, you will do away with the deficit of \$50 billion and you will be able to provide the kind of support for farmers that they need. That's what should be done, Madam Speaker. We could wipe out the Canadian deficit and produce the kind of tax reform that is necessary, the Auditor-General himself, and lower the interest rates in this country, Madam Speaker, and even our deficit will go down by over \$10 billion if you cut the interest rate by another 4 or 5 percent.

Call it 5:30.

MADAM SPEAKER: The honourable member will have four minutes remaining when this matter again reaches the floor.

COMMITTEE CHANGE

MADAM SPEAKER: The Honourable Member for Emerson.

MR. A. DRIEDGER: Thank you, Madam Speaker. I have a Committee change on Economic Development; McCrae for Roch.

MADAM SPEAKER: The hour being 5:30, I am leaving the Chair with the understanding that the House will reconvene at 8:00 p.m. in Committee of Supply.