



First Session — Thirty-Fourth Legislature
of the
Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS
(HANSARD)

37 Elizabeth II

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fourth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	LIBERAL
ANGUS, John	St. Norbert	LIBERAL
ASHTON, Steve	Thompson	NDP
BURRELL, Parker	Swan River	PC
CARR, James	Fort Rouge	LIBERAL
CARSTAIRS, Sharon	River Heights	LIBERAL
CHARLES, Gwen	Selkirk	LIBERAL
CHEEMA, Gulzar	Kildonan	LIBERAL
CHORNOPYSKI, William	Burrows	LIBERAL
CONNERY, Edward Hon.	Portage la Prairie	PC
COWAN, Jay	Churchill	NDP
CUMMINGS, Glen, Hon.	Ste. Rose du Lac	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DOER, Gary	Concordia	NDP
DOWNEY, James Hon.	Arthur	PC
DRIEDGER, Albert, Hon.	Emerson	PC
DRIEDGER, Herold, L.	Niakwa	LIBERAL
DUCHARME, Gerald, Hon.	Riel	PC
EDWARDS, Paul	St. James	LIBERAL
ENNS, Harry	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Laurie	Fort Garry	LIBERAL
EVANS, Leonard	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen Hon.	Virden	PC
GAUDRY, Neil	St. Boniface	LIBERAL
GILLESHAMMER, Harold	Minnedosa	PC
GRAY, Avis	Ellice	LIBERAL
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HEMPHILL, Maureen	Logan	NDP
KOZAK, Richard, J.	Transcona	LIBERAL
LAMOUREUX, Kevin, M.	Inkster	LIBERAL
MALOWAY, Jim	Elmwood	NDP
MANDRAKE, Ed	Assiniboia	LIBERAL
MANNES, Clayton, Hon.	Morris	PC
MCCRAE, James Hon.	Brandon West	PC
MINENKO, Mark	Seven Oaks	LIBERAL
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
OLESON, Charlotte Hon.	Gladstone	PC
ORCHARD, Donald Hon.	Pembina	PC
PANKRATZ, Helmut	La Verendrye	PC
PATTERSON, Allan	Radisson	LIBERAL
PENNER, Jack, Hon.	Rhineland	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren	Lac du Bonnet	PC
ROCAN, Denis, Hon.	Turtle Mountain	PC
ROCH, Gilles	Springfield	LIBERAL
ROSE, Bob	St. Vital	LIBERAL
STORIE, Jerry	Flin Flon	NDP
TAYLOR, Harold	Wolseley	LIBERAL
URUSKI, Bill	Interlake	NDP
WASYLYCIA-LEIS, Judy	St. Johns	NDP
YEO, Iva	Sturgeon Creek	LIBERAL

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, October 6, 1988.

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

Hon. Donald Orchard (Minister of Health): Mr. Speaker, I want to table for all Members of the House today the "Review of the Manitoba Continuing Care Program" by Price Waterhouse.

INTRODUCTION OF GUESTS

Mr. Speaker: Prior to Oral Question Period, I would like to draw Honourable Members' attention to the gallery where we have, from the Precieux-Sang School, eighteen Grade 12 students under the direction of Mr. Bertrand Delaquis. This school is located in the constituency of the Honourable Member for St. Boniface (Mr. Gaudry).

On behalf of all Honourable Members, I welcome you here this afternoon.

ORAL QUESTION PERIOD

Environment Round Table Ministerial Participation

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, my question is to the First Minister (Mr. Filmon). Yesterday, the Premier announced the formation of a round table on the environment and the economy. It is interesting that only that side is clapping.

In keeping with his philosophy of how this province should be governed, the group was formed without his first consulting with environmental groups. In fact, on this one, not only did he overlook the environmental lobby, he deliberately ensured that his Environment Minister (Mr. Connery) would not have any involvement in the round table.

Can the First Minister tell the House why did the First Minister choose not to appoint the Minister of Environment (Mr. Connery) or the Minister of Natural Resources (Mr. Penner) to this round table?

Hon. Gary Filmon (Premier): Mr. Speaker, so that the Member knows, the Cabinet decided a couple of weeks ago that as ex-officio members the Minister of Environment (Mr. Connery), the Minister of Natural Resources (Mr. Penner), and the Minister of Industry, Trade and Technology (Mr. Ernst) would sit on the round table of environment and the economy.

The round table was, in essence, to be an advisory group to Government, and I do not think you call upon your own Ministers to give you your own advice. To

make them full participants and partners, the intention of the round table is to have outside advice, to have people of the highest stature possible within the community at large, from the broadest possible cross-section of people as the people who are giving the advice to Government on sustainable development.

The Leader of the Opposition (Mrs. Carstairs) may be interested to know that this morning David Peterson announced his round table on environmental and economy because he did not want to be scooped by Manitoba and his Environment Minister is not the chairman of that group either.

* (1335)

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please.

Mrs. Carstairs: I wish we could concentrate on affairs in Manitoba since they are so badly managed.

With a question to the First Minister (Mr. Filmon) again. Did the First Minister even bother to seek some advice from the Minister of Environment (Mr. Connery) with regard to the formulation of the round table in that the Minister of Environment seems to think all of the decisions—as so many decisions are made in this Government—were made by the Premier's Office itself?

Mr. Filmon: Just so that the Leader of the Opposition (Mrs. Carstairs) understands, because perhaps her critics have not informed her, the whole concept on the round table and on sustainable development was developed by the United Nations Commission, known as the Brundtland Commission. The focus of attention of that commission is on development—environmentally sustainable development.

The focus, as Brundtland indicates, is not to solve the problems of poverty by cutting off all development, but rather utilizing development in a safe, environmentally sound manner to the benefit of those underprivileged and underdeveloped countries and areas of this world. Therefore, the focus is firstly on development and, secondly, ensuring that it is in harmony with the environment and with the nature that surrounds us. Therefore, we look upon this as an initiative for the kind of clean, sustainable development that we must have in order to contribute in future to our province's growth and health.

Environment Minister Resignation Request

Mrs. Sharon Carstairs (Leader of the Opposition): From that answer, one can only assume his Environment Minister (Mr. Connery) was not consulted. In that he was not consulted, and in that the Minister of Natural Resources (Mr. Penner) does not seem to have been

consulted, and in that there seems to be a one-man show in running the new Government of the Province of Manitoba, would the First Minister (Mr. Filmon) ask for the Minister of Environment's resignation?

Some Honourable Members: Oh, oh!

Mr. Speaker: Order. Order, please.

Hon. Gary Filmon (Premier): The establishment of the round table on environment and the economy was as a result of a joint paper that was brought to Cabinet by several Ministers, and they included the Minister of Environment (Mr. Connery), the Minister of Natural Resources (Mr. Penner) and the Minister of Industry, Trade and Technology (Mr. Ernst). So her preamble is totally false, her conclusion is totally false, and as usual, the Leader of the Opposition does not know what she is talking about.

Mrs. Carstairs: That is why we have one environmentalist on this round table.

* (1340)

Environmental Programs Sustainable Development

Mrs. Sharon Carstairs (Leader of the Opposition): This morning, the First Minister (Mr. Filmon) is reported to have said, in an interview, that the Centre for Sustainable Development was the cornerstone of his policy on the environment. Yet last week, shortly after the centre was announced in New York, last Thursday, he expressed as much surprise as the Opposition Members did. In fact, he admitted he had no other data on the centre than what was reported in the media.

How can the Minister possibly claim that this is the cornerstone of his environmental policy when it is clear from the information that he has that neither he nor his Environment Minister (Mr. Connery) have ever been involved in any significant way in planning it?

Hon. Gary Filmon (Premier): Again, the Leader of the Opposition (Mrs. Carstairs) insists on spreading fiction. She has done it over and over and over again.

An Honourable Member: Your words—

Mr. Filmon: No, Mr. Speaker, it is not my words. They never have been my words.

When I met with members of the media, and they can confirm it, I indicated that was an initiative that we have undertaken to convince the federal Government to locate in Manitoba from the day that we were in Government; that we had been working on it with the federal Government from back in May; that I had spoken with the Prime Minister on Tuesday, preceding his announcement on Thursday at the United Nations.

In that personal conversation, he had indicated to me that it would be in his United Nations speech because it flows from the United Nations Commission

Report, the Brundtland Report, that recommends the development of a Sustainable Development Centre worldwide; that Canada wanted to be the leader in this thrust and that we in Manitoba had been working on this and had been initiating this.

What I did say to them was that unlike many of the things that have been announced, for instance, in the federal campaign by Mr. Turner, where he does not know how much they cost, where he does not know any of the details, that we acknowledge that this would be so important that we would have to work over the next six months to work out the details: what components of education would be involved,—

Mr. Speaker: Order, please.

Mr. Filmon: —what components of research would be involved, what components of economic development would be involved.

Mr. Speaker: Order, please.

Sustainable Development Policy and Purpose

Mrs. Sharon Carstairs (Leader of the Opposition): A supplementary question to the First Minister (Mr. Filmon). In light of his just-now made statement, would he table in this House the proposal that this Government sent to the federal Government for this new centre on Sustainable Development?

Hon. Gary Filmon (Premier): I know that the Leader of the Opposition (Mrs. Carstairs) is absolutely hurting that we have received this initiative, this development and this commitment from the federal Government, that it is something that has been done by two Governments cooperating that involves a very, very positive thing. I have had calls from right across the nation, people congratulating us on this group. She is so unhappy that she wants to somehow cast doubt on it, somehow say that it is not a good initiative for Manitoba.

These things are done because we have worked in cooperation with the federal Government. We have put forward proposals. They have acknowledged the principle of the proposals and the thrust of what we are doing and they have said it is good and let us work together to accomplish it. Under those circumstances, working together, putting those proposals and exchanging ideas, we are going to come up with the very best centre for the benefit of all Manitobans and indeed a world class centre for Sustainable Development that will be for the benefit of our entire country.

Mrs. Carstairs: I can only assume that is a "no," there was not any plan.

Would the First Minister, in that he has proposed all of these things to the federal Government, tell us today just exactly what is going to be the purpose of this centre? What is the funding going to be for this centre? What is the staffing going to be for this centre? Most important of all, when is the start-up date of this centre?

Mr. Filmon: The purpose of this centre is to become a world focus on the whole concept of the Brundtland Commission, that is sustainable development—development in concert with and in harmony with our environment, a sustainable development that ensures that anything we do, any decisions we take in this world in future will not damage our environment in order for it to have the sake of proper economic development. That is the whole thrust of this. It will involve education; it will involve research. It will involve the development of economic initiatives that are sustainable, that are environmentally sound and safe; and as such, Mr. Speaker, depending on the components involved, it could be larger, smaller, medium-sized.

We expect to have the involvement of private sector individuals. We expected the private sector - (Interjection)- They are interested, many have contacted us. Senior people in this business community and throughout the country have said we want to be involved in this, it makes sense; it has the potential to make Canada a world leader and we want a part of it. It is only the nay-sayers on the Opposition side, those people who think that—

Mr. Speaker: Order, please.

Mr. Filmon: —we are a have-not province, and want to keep us a have-not province, that cannot see the positive aspects of this proposal, Mr. Speaker.

Mr. Speaker: Order, please. May I remind the Honourable First Minister that answers to questions should be brief.

* (1345)

Environment Round Table Participants

Mr. Gary Doer (Leader of the Second Opposition): On July 27, we asked the Government's Minister of Environment (Mr. Connery) why he had not yet met with environmental groups to discuss the round table, and when would he meet with them in the future? At that point, besides the usual rhetoric we get from the Minister, he indicated that he would be meeting in the future with environment groups to propose names on the round table. Six weeks later, we again asked the Minister of Environment why he had not met with environmental groups to discuss this very important issue, and again we got the same rhetoric that he had not met with any of the groups and he would do it in "due course."

We asked the Premier (Mr. Filmon) last Friday whether that is acceptable standards for a Minister of his Government not to meet with the major components of a person's portfolio and the Minister did not give us an answer to that question.

Is it the standards of this Government to not meet with the environmental groups with the Minister of Environment (Mr. Connery); and, secondly, the standards of this First Minister (Mr. Filmon) that they would only reach one environmental group at almost

midnight the day before the Minister is going to make the announcement, is that an indication that the Minister of Environment fumbled the issue, or was it just as an afterthought to deal with the environmental groups in this province?

Hon. Gary Filmon (Premier): Because we wanted representation at the most senior level from a representative of the environmentalists of Manitoba, we have selected Mr. Jack Dubois, who is the president of the Manitoba Environmental Network, which is an umbrella group covering 60 environmental groups in this province. It represents all of the environmental groups in this province. We would think that the Opposition would want to have somebody of that stature so that there would not be arguments between and among the 60 different environmental groups in this province as to which one of their groups should be represented.

We chose the representative of the umbrella group of all 60, the president of that group, Mr. Jack Dubois, because we could therefore ensure that all of those interests of the 60 environmental groups would be represented by the person who is the president of the umbrella group and that is why we made that decision. We think it is a good decision and we are sorry that the Opposition disagrees.

Mr. Doer: The First Minister (Mr. Filmon) is totally twisting the issue. I think Mr. Jack Dubois is an excellent appointment and I have met with him on a number of occasions since the election.

His Minister of Environment (Mr. Connery) has never met with any of the groups in Manitoba dealing with the environment. Is that an acceptable standard for the First Minister for his Minister of Environment? Is that an acceptable standard? Does he expect that with the Minister of Health (Mr. Orchard), the Minister of Education (Mr. Derkach) with his groups, with the Minister of IT and T (Mr. Ernst) with business groups? How does he accept this from the Minister of Environment?

Mr. Filmon: All of my Ministers are committed to meet with the various groups in this province, all of their special interest groups.

I just indicated there are 60 environmental groups. This is going to take a tremendous amount of time, effort and energy. We have been in Session, Mr. Speaker, now for over two months, and during that period of time, all of our time is very committed to this House. We are committed to be here, to be prepared for all of the—

Mr. Speaker: Order, please. The Honourable Member for Thompson (Mr. Ashton) will have ample opportunity in Question Period to pose his questions, and I think would give the Honourable First Minister the courtesy of answering the question. The Honourable First Minister.

Mr. Filmon: Mr. Speaker, the Member for Concordia (Mr. Doer) has shown that his own assumptions are

false by virtue of the fact that even yesterday in this House, his Member for The Pas (Mr. Harapiak) said that the Minister of Environment had met with the Clean Environment Commission on June 24.

To come today and say he has met with no groups, he has met with nobody in the environmental sector, is absolutely false. He has made a commitment to meet with as many of the special interest groups as he possibly can. It is only a matter of time, Mr. Speaker. Clearly, if we are in the House everyday, he cannot be meeting with environmental groups.

Mr. Speaker: The Honourable Member for Concordia, on a point of order.

Mr. Doer: The First Minister (Mr. Filmon) stated that the statement was false. If he will check Hansard on July 27, he will find that the Minister of Environment (Mr. Connery) admitted that he had not met with one environmental group.

Mr. Speaker: Order, please. The Honourable Member does not have a point of order. The Honourable Member for Concordia.

Mr. Filmon: Was that a point of order, Mr. Speaker?

Mr. Speaker: No.

Mr. Doer: I am sorry that falsehoods are not a point of order, Mr. Speaker. I guess the whole answers from the Members opposite would be expunged from the record.

Environmental Concerns Gravure Graphics

Mr. Gary Doer (Leader of the Second Opposition): My question is to the First Minister (Mr. Filmon). The First Minister knows full well that there are three or four major environment groups in this province, but given the fact that they had ignored them in terms of this process, my question is to the First Minister.

I wrote the Minister of Environment (Mr. Connery) on September 1, dealing with Gravure Graphics and some of the stop-work orders that were going on with the chemicals, the materials there, and the request to move that material. I raise that question with the First Minister because it was a constituent of his that had raised it to my attention.

Why has the Minister not responded to my letter of September 1? Why has the Minister not followed up on this issue in terms of the chemicals that are leaking into the ground? Why has the Minister not had this company move the material as has been demonstrated to be done? And why is this First Minister again accepting that kind of standard of behaviour from his Minister of Environment?

Hon. Gary Filmon (Premier): To begin with, with respect to that so-called correction of the Minister, if he will check the record, he will find that the Minister of Environment did meet on the 24th of June with the Clean Environment Commission. So his facts are wrong.

No. 2, I will take the question as notice with respect to Gravure Graphics. That matter was in the paper; there was information about that. If he has not had sufficient response on it, I will ensure that he gets it.

Mr. Speaker: The Honourable Member for Concordia, with a final supplementary question.

Mr. Doer: It is insufficient information when I do not get a reply to a letter or there is no follow-up in an area that is clearly demonstrated to have insufficient—

Mr. Speaker: Order, please; order, please.

* (1350)

Rafferty-Alameda Project

Mr. Speaker: Does the Honourable Member have a question?

Mr. Gary Doer (Leader of the Second Opposition): Mr. Speaker, my last question to the First Minister (Mr. Filmon) is this: When he was discussing the Sustainable Centre to come to Manitoba—and I think it is a very positive initiative, notwithstanding the lack of detail—when he was discussing this very important project with the Prime Minister, did he raise the major environmental issue in this province, the Rafferty-Alameda Dam, so that we could indeed have environmental concerns incorporated with economic development? Did he raise the tangible example of Manitoba and demand that the Prime Minister overrule the federal Minister of Environment so our rhetoric would be consistent with indeed the real issues facing this province?

Hon. Gary Filmon (Premier): Mr. Speaker, we have said consistently that we, in our discussions with the federal Government, and when they, on our behalf, with the Government of the United States, have been given—(Interjection)—Mr. Speaker, I heard the question the first time. I do not need it repeated and shouted at me, to try and shout me down from his seat.

Child Abuse School Investigations

Mrs. Iva Yeo (Sturgeon Creek): My question is to the Minister of Education (Mr. Derkach). Just last Monday, I requested that this Honourable Minister extend his proposed inquiry into sexual abuse allegations in a private school to include a similar situation involving an abusing teacher in a Winnipeg 1 high school.

In his response, the Minister indicated that this was one situation which occurred back in 1986, which had nothing to do with sexual abuse and which was dealt with in an appropriate manner. My suggestion to the Minister is that he should be certain as to the accuracy of his facts before he makes his statements in the House.

Will the Minister, in light of these serious situations occurring in both public and independent schools, now

order a full scale investigation into sexual abuse related to our education centres in the Province of Manitoba?

Hon. Leonard Derkach (Minister of Education): Mr. Speaker, this is a grave and serious matter. I would like to indicate to the Member opposite that I will get to the bottom of this matter entirely and will have a complete report in due course as I have indicated.

I would like to also inform the House that this matter is now before the courts and to comment on it any further would perhaps compromise the hearings, and I do not think it is appropriate for me or any official, at this time, to make any further comments on it.

Reporting Guidelines

Mrs. Iva Yeo (Sturgeon Creek): Once again, I ask the Minister to develop guidelines outlining steps for teachers and administrators to follow should incidents be actively reported to them or which come to their attention.

Hon. Leonard Derkach (Minister of Education): The guidelines are there. The legislation is in place. I indicated to the Member opposite that letters would be sent again to all schools, both private and public, to reiterate the legislation and the guidelines that had to be followed. I would like to indicate to the Member that has been done, the letters are on their way to the schools.

Mrs. Yeo: Could I ask the Minister today to table the responses to the various schools, colleges and universities in the House?

Mr. Derkach: I am afraid I do not understand the question. I would ask the Member to please clarify the question.

Mrs. Yeo: For clarification, I am wondering if the Minister today could table the letter that was sent to all schools, college and universities outlining the guidelines, if he could table that letter in the House today.

Mr. Derkach: I have indicated that the letters are on their way and I will provide the Member with a copy of the letter that is being sent.

* (1355)

Crime Rate Increase Prevention Programs

Mr. Paul Edwards (St. James): Mr. Speaker, my question is for the Attorney-General (Mr. McCrae). Earlier this week, my Leader asked questions citing the shocking increase in the crime rate in this province put out by Statistics Canada. She got some expressions of concern and something was mentioned about action in due course. That is not good enough.

Let me recount some of the statistics which Statistics Canada came up with: an 81 percent increase in violent

crime between '78 and '87—the next highest province is Saskatchewan with just 55 percent; a 55.6 percent rise in property offences for the same period—over 30 points higher than the national average; a 55.8 percent rise in Criminal Code offences—again, almost 30 points above the national average.

This rate of crime is absolutely intolerable. Manitobans want law and order. They want their Chief Law Enforcement Officer to guarantee law and order. My question is, when will the Attorney-General's (Mr. McCrae) expressions of concern become action?

Hon. James McCrae (Attorney-General): Mr. Speaker, the kind of theatre we are getting here, I would suggest that when the next election is over the Honourable Member is going to have to be looking at his options. He may indeed be looking at a career in drama, or more appropriately, comedy. In any event, for the purposes and for the benefit of those who depend on the Honourable Member, I suggest he keep whatever day job he has.

The Honourable Member talks about crime rate and a shocking increase—

Mr. Speaker: Order, please. May I remind the Honourable Minister that answers to questions should deal with the matter raised and should not provoke debate.

Mr. McCrae: Mr. Speaker, we talk about provoking debate, Sir. It really strikes me as somewhat odd that the Honourable Member should be coming along a little later after his Leader (Mrs. Carstairs), and certainly after the election campaign, and talking about shocking increases in crime in this province. This is something that was very well-known to Honourable Members on this side of the House long before the Honourable Member ever started talking about it; so he does not really need to come forward with any lectures for this Government.

It is a long-standing problem in Manitoba. It is a problem which perhaps is highlighted by better reporting mechanisms in this province as well, so that we know about a lot more crimes now than was previously the case. Obviously, that puts more pressure on our law enforcement system and our court system, and so on. Work is going on with me in my discussions with Chief Stephen, Commissioner Lunney, Mayor Norrie and others across the province. Our Government has set aside funds in this year's Estimates and there will be announcements made.

Mr. Edwards: It is absolutely disgusting that the Attorney-General (Mr. McCrae) sees fit to stand up and call crime rates in this province comedy. That is what he wants to do. Tell that to the people of this city; they will be happy to hear that.

Mr. Speaker: Order, please; order, please. The Honourable Member for St. James will kindly put his question now.

Mr. Edwards: Unbelievable. The Attorney-General should be ashamed. They obviously need lectures, Mr. Speaker. That is clear.

Mr. Speaker: Order, please.

Police Services

Mr. Speaker: The Honourable Member for St. James, with a question.

Mr. Paul Edwards (St. James): An official in the Winnipeg Police Department recently gave the opinion that crime trends move across the country. Well, we know that they are here and they have stayed here; they have settled here.

My question is to the Attorney-General (Mr. McCrae). Where are these crime prevention programs that he promised? What is he going to do about the fact that in spite of these increases in criminal activity in this province, Manitoba has lost police officers in the 10 years, despite an increase in population, and is now amongst the worst policed provinces in this country?

Hon. James McCrae (Attorney-General): Mr. Speaker, by his behaviour in the House today, the Honourable Member has demonstrated that he has clearly lost control of himself and lost control of his sense of responsibility to the people of Manitoba. By raising issues in the way he does, he does more of a disservice than otherwise in this House.

The Honourable Member talks about lectures and that this Government needs lectures. I am really quite astounded at the Honourable Member's approach today to serious matters of policing and referring to it as comedy. I was making a reference to the Honourable Member perhaps doing better in the field of comedy rather than trying to deal with important issues in the way that he does in this House.

The previous answer that I gave will stand. This Government remains committed and far more committed than he and his Leader (Mrs. Carstairs), certainly, during the election campaign. It is very easy for the Honourable Member to stand in this place and try . . . out of me, out of valid issues like this . . . This is a serious matter and the Honourable Member should approach it in that way.

Mr. Speaker: The Honourable Member for St. James, with a final supplementary question.

Mr. Edwards: Wake up, wake up! The problem is there. Why do you not do something about it?

Mr. Speaker: Order, please. The Honourable Member for St. James, would you like to put your question now?

Mr. Edwards: If the Attorney-General (Mr. McCrae) finds crime rates something to joke about, that is his business. I suggest the people of Manitoba will not be appreciative.

Mr. Speaker: Order.

* (1400)

Crime Prevention Programs for Seniors

Mr. Paul Edwards (St. James): My final question is, Mr. Speaker, this time for the Minister responsible for Seniors (Mr. Neufeld). Society relies on strong Governments to take strong action against criminals. Seniors are particularly worried about this drastic rise in crime rates.

Mr. Speaker: Order, please. I have recognized the Honourable Member for St. James for his final supplementary question. May I remind the Honourable Member that a supplementary question does not need a preamble. The Honourable Member will kindly put his question now.

Mr. Edwards: My final supplementary for the Minister responsible for Seniors (Mr. Neufeld) is what crime prevention programs will be introduced under his directorate, if any, to educate seniors on methods of crime prevention, in particular in the home?

Hon. James McCrae (Attorney-General): Mr. Speaker, crime prevention programs properly come under my authority and my jurisdiction as Attorney-General. The Honourable Member (Mr. Edwards) should—

An Honourable Member: Wake up.

Mr. McCrae: —wake up. Exactly. And he should follow his own advice. The Honourable Member should also remember that part of crime prevention generally is to do what we can to educate the public as well. Also, I would like to refer the Honourable Member to crime prevention programs such as Neighbourhood Watch, if Manitobans would make it a habit of getting to know their neighbours a little better, for instance, and getting involved in programs like Neighbourhood Watch.

I know from my very own experience with my next door neighbour how well we two look after each other's properties, both when the neighbour is away or when the neighbour is home. Programs like that can mean so much. If the Honourable Member would encourage Manitobans to get involved in programs that we have already, in addition to getting involved in programs that will be announced in the future, he would be doing more of a service to his constituents and to all of Manitobans. That includes elderly people and seniors in our province who can very well get involved in some of these programs and want to.

Mr. Speaker: Order, please.

Conflict-of-Interest Municipal Investigation

Mr. John Plohman (Dauphin): Mr. Speaker, my question is to the Minister of Municipal Affairs (Mr. Cummings). Heather Eddy of Inglis, Manitoba, is a single parent with three children whose only income was from gravel she sold to the Municipality of Shellmouth. This past summer her municipal councillor, Gene Nerbas, opened a gravel pit on his own land right next to hers

and is now purchasing gravel from his own gravel pit for roads in his own ward with municipal tax dollars. He is refusing to purchase any from Ms. Eddy who has no other source of income. Section 5(1)(e) and Section 16 of The Municipal Conflict of Interest Act, passed by our Government, clearly precludes this kind of influence peddling and pecuniary gain being engaged in by this councillor.

On September 20, this Minister was sent a letter from Heather Eddy, outlining what she believes to be a blatant conflict of interest by this councillor, and I agree with her. Could this Minister indicate if he has ordered an investigation of this flagrant abuse of power by this councillor who is filling his own pockets while Heather Eddy has to go on social assistance to support herself and her three children?

Hon. Glen Cummings (Minister of Municipal Affairs): Mr. Speaker, those are very serious allegations that are being made by the Member for Dauphin (Mr. Plohman). Because of the serious nature of these allegations I will assure you, assure the Member for Dauphin and the Members of this House that we will seriously investigate and report our findings.

Mr. Speaker: The Honourable Member for Dauphin, with a supplementary question.

Mr. Plohman: These Members obviously have not seen the details, Mr. Speaker.

A supplementary to the Minister of Municipal Affairs (Mr. Cummings). In view of the fact, Mr. Speaker, that last month Heather Eddy protested this action by this councillor to her MLA, the Minister of Education (Mr. Derkach), to his office, and the Minister of Education's staff discussed it with the MLA and subsequently advised her that there was no action that the MLA could take, I ask the Minister, did his colleague, the Minister of Education, the MLA for Roblin-Russell, contact him and seek his advice as Minister of Municipal Affairs on this conflict before advising his constituent, through his staff, that he did not want to get involved? Does this Minister agree with the position of his colleague that there is nothing much that can be done on this serious matter?

Mr. Cummings: I said I would take these allegations seriously and I will investigate them.

If the Member wants to make allegations of this nature, he should be assured that we will be very responsible in how we approach this and determine if there has been some wrongdoing on the part of the council. Certainly, the letter is not one that has crossed my desk personally. That is why I am taking any further information as notice so that I can give it back to the House.

Municipal Investigation

Mr. Speaker: The Honourable Member for Dauphin, with a final supplementary question.

Mr. John Plohman (Dauphin): In view of the fact that the Minister of Municipal Affairs' (Mr. Cummings) staff

has simply written back to Heather Eddy and advised that they would look into this matter, and in view of the fact that—this is to the First Minister (Mr. Filmon)—that his Minister of Education (Mr. Derkach), through his staff, has said that he would not get involved in this matter, and meanwhile a serious conflict of interest is going on right under his Ministers' noses, will the First Minister instruct the Minister of Municipal Affairs (Mr. Cummings) to advise the rural municipality and this councillor that his Government will not tolerate this kind of behaviour? Will he instruct his Minister to conduct a thorough investigation of this councillor's action to determine what action can be taken by this Government to undo this mess, to ensure justice for Heather Eddy, and to ensure that this kind of activity does not happen again at the municipal level?

Hon. Gary Filmon (Premier): We have laws in place to ensure that when people do things wrong that they are given the full weight of the law in response to their actions.

Mr. Speaker, my Minister has already said we will have a full and complete investigation to find out whether or not the allegation of wrongdoing by the Member for Dauphin (Mr. Plohman) is an accurate one.

I would suggest to him, before he becomes judge, jury and executioner, that he ask for this matter to be handled in a proper fashion. Raising it here in the Legislature, smearing an individual over something we know nothing about—we do not have both sides of the story—this is a very serious . . . I would just ask him to be reasonable about this situation. Let the Minister investigate it. Let him bring back the full report. If he is then not satisfied with the response, then let him make his allegations all over and undertake whatever other public actions he wants to. But this Minister will bring back the report after a full investigation.

* (1410)

Home Care System Policy Guidelines

Hon. Donald Orchard (Minister of Health): Last week, the Leader of the New Democrats presented the circumstance of three individuals who had some concerns over their level of home care services.

I would like to reply to the Leader of the New Democrats (Mr. Doer) today that in the first instance the individual had been receiving service from the Victorian Order of Nurses for assistance to treat an ulcer on her leg, and that the ulcer was a rather protracted one and required a prolonged period of service by the VON, and service was being provided once a week. The ulcer is being cured by the treatment.

The assessment by the VON was that further visitations for the treatment directly by them would not aid the healing process and advised the individual and her husband so, and were prepared to close off the case after having communicated with the individual's doctor. Under this circumstance, we are having VON do a reassessment to assure that their initial judgment was a correct one.

On the next two cases which the Leader of the Opposition (Mrs. Carstairs) drew to both my Leader, the Premier's (Mr. Filmon) attention, and my attention, by copy of the same letter, the two individuals involved were not going to receive further homemaker services. This was a decision made after some nine months in the first individual's case where the service was no longer deemed appropriate because of his circumstances in the home.

What has happened in both the last two cases, pursuant to the 1985 initiative that where in communities the support services for seniors would establish non-profit cleaning services for provision of care in the community, both these individuals, now that the non-profit home care services have been established as per the 1985-1986 direction, that homemaking services, when available on a non-profit basis, would be made available to those clients, and in both of those instances that decision was made.

Tax Reduction Program Rebates

Mr. Speaker: The Member for Selkirk will have time for one question.

Mrs. Gwen Charles (Selkirk): This Government has committed itself to a tax reduction program which would, in their words, decrease substantially provincial school taxes on farm land. However, it falls short of this aim.

Some farmers are receiving rebates, some are not, because a rebate is not based on land usage but on land zoning. As a result, rebates are being issued to developers and non-residents and sometimes to those living out of province. My question to the Minister of Municipal Affairs (Mr. Cummings) is: Will the Minister explain how such an oversight took place? Will the Minister issue rebates this year to those Manitoban farmers to whom this program was originally directed?

Hon. Glen Cummings (Minister of Municipal Affairs): All farmers do qualify. If the Member has examples of where farmers have not qualified, I would be prepared to look at them carefully.

The way the regulation is written at this time and the way it is being administered, there is one part to it that perhaps the Member is not aware of; that is, we will be contacting the municipalities to advise them that where the land is not coded for agricultural purposes but is part of an ongoing agricultural enterprise, that it will also be eligible for the discount.

Mr. Speaker: The time for Oral Questions has expired.

ORDERS OF THE DAY

Hon. James McCrae (Government House Leader): Mr. Speaker, I move, seconded by the Honourable Member for La Verendrye (Mr. Pankratz), that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty, with the Honourable Member for Minnedosa (Mr. Gilleshammer) in the Chair for the Department of Community Services; and the Honourable Member for Seven Oaks (Mr. Minenko) in the Chair for the Department of Agriculture.

* (1420)

INTRODUCTION OF GUESTS

Mr. Speaker: Before proceeding into Supply, I would like to direct Honourable Members' attention to the Speaker's gallery where we have with us today Dr. Takao Fusayama, a world-renowned and distinguished teacher, clinician and researcher in the field of Operative Dentistry and Chairman of the International Relations Committee of the Japan Dental Association.

Professor Fusayama is on his way to an international conference in Washington, D.C., and stopped in Winnipeg to lecture at the University of Manitoba Faculty of Dentistry last night.

On behalf of all Honourable Members, I welcome you here this afternoon, sir.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY—COMMUNITY SERVICES

Mr. Chairman, Harold Gilleshammer: I call to order the Committee on Community Services. We are dealing with item 4. Child and Family Services, (a) Administration: (1) Salaries \$198,900.00. Shall the item pass? (Agreed)

Item (2) Other Expenditures \$23,000—pass.

Item 4.(b) Child and Family Support: Provides administrative, program and funding support for child protection and family support services delivered by child and family service agencies, regional offices, and other specialized service agencies. (1) Salaries \$1,866,600—shall the item pass? The Honourable Member for Osborne.

Mr. Reg Alcock (Osborne): No. Just as I begin, I would ask whether or not the grants list for this item is available, the grants under External Agencies: Service Grants—Other External Agencies?

Hon. Charlotte Oleson (Minister of Community Services): The list was distributed when last we met, but I have another copy the Member can have if he wants one.

Mr. Alcock: No, I have this. This is not the one I am after, I am afraid. It is the detailing of that.

Mrs. Oleson: Perhaps the Member could clarify exactly what listing he wants.

Mr. Alcock: If I could draw the Minister's attention to page 66 of the Supplementary Information for Legislative Review, under Other External Agencies—

Service Grants there is an amount of \$1,213,000 referenced. I would also simply remind the Minister that I asked for this list in Supplementary Supply. The Minister of Finance (Mr. Manness) promised to supply it to me. I referenced this list the very first day I sat in this committee. Now they are at that item, it would be quite helpful to have that particular list.

While the Minister is doing that, I also asked for the list referenced under Community Social Services which again I was promised would be forthcoming and again I have not seen as of yet. It is back in Community Social Services.

Mrs. Oleson: Mr. Chairman, I apologize to the Member if there was information that he had asked for that we did not have available for him.

The General Purpose Grants: Health Sciences Centre, 732,700—this is the '88-89 allocation by the way; City of Winnipeg for Rossbrook House, 106,100; Foster Parents' Association, 247,200; Manitoba Metis Federation, 145,200; Winnipeg Receiving Resources Inc., 294,600; Young Parents' Community Centre, 69,000; Native Women's Transition Centre, 51,500, making a total of 1,646,300.00.

Mr. Alcock: I wonder if at the same time the Minister could give me the same figures for '87-88.

Mrs. Oleson: For the Health Sciences Centre, 315,800; City of Winnipeg for Rossbrook House, 103,000; Foster Parents' Association, 224,200; Manitoba Metis Federation 145,200; Winnipeg Receiving Resources Inc., 448,400; Young Parents' Community Centre, 67,000; Native Women's Transition Centre, 45,000, for a total of 1,348,600.00.

Mr. Alcock: Just a couple of questions on that list, I note that Winnipeg Receiving Resources has decreased a considerable amount. I presume this is because of the closure and transfer of beds and units.

Mr. Oleson: That is the case. It is a wind-down.

Mr. Alcock: In the case of the Native Women's Transition Centre, the increase is above the 3 percent offered across agencies. What is the reason for the additional money?

Mrs. Oleson: Mr. Chairman, it included a one-time grant of \$5,000 to replace their furnace.

Mr. Alcock: In the case of the MMF, I notice that they have received no increase at all.

* (1440)

Mrs. Oleson: We are in discussions with them about additional funding right now but you are correct. It is the same money that is listed.

Mr. Alcock: Then am I correct to understand that this item, the MMF, is not finalized yet, that there could be more money forthcoming, or are the discussions to reduce the size of the grant?

Mrs. Oleson: The final amount is being determined, but it is more money that they would be getting.

Mr. Alcock: I was pleased to note in the House and again see in Hansard that the Minister has asked the agencies to withhold making any cuts in their budgets pending a review. Some of the earlier discussions that have taken place have been put on hold until she has received all of the information. Does this mean that any deficits incurred by the agencies up until such time that decision is made will be covered by the department?

Mrs. Oleson: It is all under consideration. They were asked to give a report through the director of just what their financial position was now, what it was projected to be, given the funding that is allocated. This is all under discussion.

Mr. Alcock: I appreciate that there is a lot of negotiation and discussions under way right now. However, at the same time, the agencies have to operate and they have to exist day by day. As they have been told not to take any corrective action to address operating levels in excess of what their preliminary information was from the department, they have been told not to make those adjustments, I am assuming then that the Government is prepared to cover what deficits exist up until such time as it makes its decision.

Mrs. Oleson: It is all under discussion. I appreciate that the agencies of course want to know, as well as the Members of the Opposition want to know, but it is all under discussion. They have been directed not to make any precipitous moves like laying off staff or cutting programs or anything. I should be able to speak with them in the very near future as to what will be taking place.

Mr. Alcock: I assume that the Minister perhaps maybe misunderstands my question. Right now, the agencies were originally informed that they were going to receive a certain level of funding, which a number of them have indicated to the Minister would result in serious deficits. They have also indicated to the Minister corrective action that they would take in order to manage within the limits that the Minister has established. Now, I realize that there need to be discussions ongoing and I am not asking about the details of those discussions. I am simply asking in the interim, till such time as the Minister has been able to make that decision, these agencies on a daily basis are continuing to accrue deficits. I think that as it is an action by the department that has asked them not to take action, I would assume that the department is then prepared to cover those deficits.

Mrs. Oleson: The deficits have been identified and that is part of the discussion as well, how that matter will be dealt with. I am sorry, I cannot give the Member a more definitive answer at the moment. But when things are under way and I have not had a chance to get back to the agencies with information that I wish to give them, I cannot really give the Member the answer he is looking for.

Mr. Alcock: Perhaps I could just try to explain it one more time. I am not asking for the final decision on

the deficits. I realize that is difficult and complex and has been a long-standing issue.

I am, however, asking about the deficits that are being incurred today as a result of the decision taken by the Minister and her department until such time as they are able to make a final decision on the budgets for these agencies. Will those deficits that are occurring right now as we sit here be covered, as they are being incurred at the request of the Minister?

Mrs. Oleson: Yes, I realize what you mean. As you indicated, yes, it was at the request of myself that they operate that way. Yes, in that case.

Mr. Alcock: In the funding formulas that are currently used to support the agencies and particularly in their service and administration lines, I presume that this review is going to be looking at those things. Would one of the items be to bring the level of support for an item, such as the payroll tax, up to the level of which the tax is currently collected? Would that item be brought up to today's standards?

Mrs. Oleson: That is one of the items that is part of the problem. There are many parts to it, and I am meeting again with the presidents on the 20th to try and identify just exactly how we will work from here. I do not say we are going to resolve it on the 20th. What I meant was that is the process we are going to start for next year's identification of what the requirements will be for next year. Because we have not even finished this year's Estimates, and we will have a coffee break and then we will be into next year's.

Mr. Alcock: We will try to give you a decent coffee break. We will endeavour to do that.

The Minister, both in the House and in committee, and the Premier, have referenced the sort of chronic nature of deficits and have raised concerns about administration, asking the question as to whether or not the administration is the most efficient form that could be used in the current system.

I am wondering, just to get a sense of how serious this problem is, if the Minister could give us some idea of the service and administration deficits that the various agencies have incurred. I would like to look at that for the last few years these agencies have been operating, not at this point the child maintenance line or the provincial grants, simply the service and administration budgets which are the administrative budgets of the agencies.

Mrs. Oleson: In '87-88, the deficit in the administration service line was \$422,000.00. To date, it is projected that it will be \$1.7 million.

* (1450)

Mr. Alcock: I have the overall figures for the department. However, all of the agencies—there are eight private agencies in particular. I do not think the Minister needs to spend as much time on Jewish Child and Family but, of the eight major mandated agencies,

I would be interested in knowing what the service and administration recorded deficit of the eight agencies is for the three years that they have been—

Mrs. Oleson: For the three years? I could get that information for the Member.

Mr. Alcock: I appreciate that is a more detailed piece of information than might be instantly available. Perhaps, Mr. Chairperson, if you would, I will reference a quantity of information and, if it is going to take longer than today to get it, then we could come back to this item on Tuesday.

Mrs. Oleson: The Member might wish to know that at the end of '87-88—it would be March 31, 1988—the cumulative surplus was \$141,830 for the agencies and now we are at the point of a 1.7 million deficit.

Mr. Alcock: That is the cumulative surplus for the eight agencies referenced. Might we have the individual surpluses for the eight agencies referenced?

Mrs. Oleson: We could provide that to the Member. It will just take a moment, if you have another question in the meantime.

Mr. Alcock: I would like the same information for the child maintenance budgets for the agencies. I note that the staff are referencing a spreadsheet that seems to have a lot of that information on it. Perhaps if I could have that information, then it would save me asking for it piece by piece. I am after child maintenance, administration, the prevention grants and I would like the Children in Care figures.

Mrs. Oleson: We can take those questions and get that information later for the Member perhaps, because it takes a while to get it all separated and give it to you individually.

Mr. Alcock: Mr. Chairman, if the Minister will agree, I would be prepared to provide in writing a list of information that I would like. I also would be prepared, given other questions, to give leave to move beyond this item if we get to that point today and come back to it having given the Minister till next week to get that information.

Mrs. Oleson: Sounds reasonable to me.

Mr. Alcock: I will provide that list.

Mr. Chairman: We are moving then to item 4.(b)(2).

Mr. Alcock: No.

Mr. Chairman: On item 4.(b)(1) Salaries—pass.

Mr. Chairman: 4.(b)(2) Other Expenditures, \$1,179,800, shall the item pass?

Mr. Alcock: I would just like to ask the Minister, in this line, the total amount of money that has been put

aside for the computerization of the Child and Family Services records.

Mrs. Oleson: The figure is 665,800.00.

Mr. Alcock: What is the anticipated completion date of that project?

Mrs. Oleson: Mr. Chairman, the original target on that was 1992, but I have asked staff to provide me with a plan that we can get that done sooner. My fear is that the thing will be outdated before it is in place if we leave it any longer. So staff are giving me some proposal that we can try and accomplish that faster.

Mr. Alcock: I have nothing but sympathy for the Minister on that one. The original date actually was April 1 of '85, and one feels increasingly that it is outdated.

The Capital amounts that are referenced here, \$85,200, could the Minister tell us what that is for?

Mrs. Oleson: Would the Member like to go to the next question while the staff are getting that list?

Mr. Alcock: Sure.

In the discussion in Estimates on Tuesday and again in the House, both the Minister and the Premier (Mr. Filmon) have identified this problem of what they feel is a redundancy in the administration of particularly the six agencies in the City of Winnipeg. I believe it is the six agencies in the City of Winnipeg that are being referenced.

I guess my first question would be—is that concern confined to the six agencies or does that include all eight agencies?

Mrs. Oleson: Would the Member clarify his question, please?

Mr. Alcock: Both in a speech to the Social Planning Council and in the House, the Premier (Mr. Filmon) and also the Minister in the House have indicated general concerns about—I think the question that has been asked is, is there maybe some concern that there are now six administrations in place and that there may be a duplication of service, and that they are examining this because of these concerns, as one of the strategies to deal with what they define as a chronic deficit problem in the administration of the agencies in the City of Winnipeg?

Now my question is, is that concern confined to the six agencies in the City of Winnipeg or is that concern general to all eight agencies?

Mrs. Oleson: My concern is mainly with the six agencies because they seem to be the ones that are having the most difficulty with their finances, and any time you have such a major problem as we are seeing identified at the moment,—and it has been identified over the years, the financial problems—then you have to look at everything, to see what is the root cause. That is what we are attempting to do.

Mr. Alcock: Is the problem with deficits, chronic deficits in the service and administration area, is that problem shared by the two agencies that exist outside the City of Winnipeg, Central Manitoba and Western Manitoba?

Mrs. Oleson: Not to the extent that it is in the city. There is a difference, of course, in the way these agencies have to operate. The city obviously has different problems than the rurals.

Mr. Alcock: Is it fair to assume, then, in this year as we move to solve this problem, that the CS of Central Manitoba and the CS of Western Manitoba will be exempted from that action?

Mrs. Oleson: We are looking at the whole picture of all the agencies, but as I indicated before, mainly at the moment my main concern is with the six agencies and that we try to get them on a footing so that they can operate, and that we do not come up with the same problem every year. In the short term we have to solve the problem for this year, but as soon as we possibly can we have to get at identifying how we can work in the years to come with some semblance—I do not expect every year that no deficit would ever occur. I am not saying that, but there should be some way of funding them so that they are on a solid footing and so that there does not have to be this constant problem which has been happening for a long time.

Mr. Alcock: I certainly agree with the Minister. It has been a problem for several years and I am pleased to see that this Government is moving to solve the problem.

I would just like to try to get an understanding of how they have defined the problem. What areas in the Service and Administration budget are causing this problem?

Mrs. Oleson: In the Service and Admin. line it is mainly the funding formula with regard to staffing that we can identify at the moment. The Member was asking about the \$85,000 capital expenditures. I can give him a breakdown. There is 8.7 in building improvements, 28.7 in furnishings, 47.8 in equipment, for a total of 85.2, and that is at 114 Garry.

* (1500)

Mr. Alcock: To come back to the question we were dealing with. If I understand then, the problem that has been identified that is creating what has been defined as a chronic deficit problem in the Service Administration budgets of the agencies relates to the formula for allocating staff to the agencies or the way in which the staffing formula is derived?

Mrs. Oleson: It could be both. If it has not been fully identified, it could be both. But, no, we are in the process of identifying it now. I do not want to sound evasive, but I do not want to give one answer and then come to another conclusion later when we have studied it further, because we are in the middle of studying it.

Mr. Alcock: I accept that answer; it is fair enough. It is a complex issue.

At the same time, the Minister and the Premier have felt that they had enough information to make general statements about redundancies which has certainly, to those of us that have listened to those statements, have felt that it identified areas of duplication of service. I am wondering if the Minister could share with us on what basis those statements were made. What areas of redundancy have been identified that allowed the Minister or the Premier to make those statements?

Mrs. Oleson: Statements were made more in the context of if there were redundancies discovered. As I had indicated before, we are still in the process of reviewing the whole thing.

Mr. Alcock: At this point then, there are not specific redundancies that you are concerned about. If I understand you, you are concerned about the general area of the deficits?

Mrs. Oleson: Yes, I think the Member should realize that when you come upon or are informed of massive deficits and funding problems, then you look at all the aspects and try to ascertain just what the problem is and then once you have identified the problem clearly, then you have to look at the remedies. We do not want to be precipitous in doing anything before we have it clearly identified why there are these deficits. There is certainly some indication of why at the moment. As I said before, we are in the process of dealing with the immediate and then we have to deal with the long-term.

Mr. Alcock: This has been identified, and I am referring specifically to the Service Administration budgets of these agencies as a chronic problem of these agencies. Yet to the end of the previous fiscal year, the agencies come out of that with \$141,000 surplus. There is an apparent inconsistency here in a sense that they come through to this year with what is a considerable surplus and then the next year, they are in an enormous deficit. What has occurred in this one year that has created this problem?

Mrs. Oleson: The surplus I gave to the Member was after there was a \$424,000 bail out at the end of March and then some of them then recorded a surplus. What I was indicating to him, that we go from that much of a surplus into that deficit, I was trying to give him a picture of just how serious this matter was.

Mr. Alcock: In the six agencies referenced in the City of Winnipeg, have all of them had chronic ongoing deficits in Service and Administration?

Mrs. Oleson: Staff indicate five out of the six.

Mr. Alcock: That will be part of the information forthcoming.

I would like to just move briefly to the area of Prevention Grants. I have read what the Minister had to say on Tuesday about the Prevention Grants. As I understand, they are creating a fund now in the directorate under the administration of the director of

Child and Family Services, and agencies will then be able to apply for these monies. How does that improve the efficiency?

Mrs. Oleson: Yes, I intend to meet with the agencies, and we will go over the criteria for the use of the funds and so forth. But when he says the efficiency—there were agencies that did not use all of their funds. They were kept as a surplus carry over of different years. So there is an accumulated surplus of \$500,000 in that Community Outreach. We felt it would be better to do it in this way, criteria being established to reflect the original intent of, as I understand it, the original intent of the Community Outreach was for programs for prevention. The agencies will certainly have input into the criteria and they will be able to apply it. In fact, they may be able to get more money in some cases than they were before; that is a possibility. Also, there were agencies that did not have access to that Outreach money and they will now have access to it.

Mr. Alcock: The fund is variously referenced as being cut by \$157,000 and existing programs being covered. Is it the Minister's estimate that the fund that was budgeted for this year minus the \$157,000 is adequate to cover all existing programs?

Mrs. Oleson: The commitment is to meet all their commitments for the end of the year and if that is not sufficient then we will cover them.

Mr. Alcock: I certainly appreciate hearing that. I mean there are a lot of very important programs being covered by that. I would like to suggest, however, that one of the reasons agencies accumulated those surpluses is because of inadequacies in funding in other areas. They were quite concerned. I know some of them that opted to do that, that they were having to bulwark expenditures and Child Maintenance, and Service and Administration with monies that should have rightly gone to Prevention.

Should that turn out to be the case and should we solve the problem in Service and Administration deficits and Child Maintenance deficits, is the Minister prepared to return responsibility for that fund to the six agencies?

Mrs. Oleson: Yes, that could be considered, and I realize that part of the money was probably sometimes used to cover deficits. I would like to really get this chronic deficit problem solved. Then we could think of the other aspects of it. This is really a small component. That \$157,000, for instance, is not going to go very far to cover the deficit.

(The Acting Chairman, Mr. Edward Helwer, in the Chair.)

Mr. Alcock: I appreciate that, although I would suggest to the Minister that the amount of money used for Prevention is a very important amount.

Mrs. Oleson: Yes, I recognize that.

Mr. Alcock: It has been used very effectively by those agencies that have chosen to use it. I guess I am

wondering, has the Minister had time to acquaint herself with the various programs that are funded under that grant?

Mrs. Oleson: Yes, some of them, not every one intimately of course, I have not had the time. But I do know of some of them, yes.

Mr. Alcock: If we could ask to pass the Maintenance, if you want.

The Acting Chairman (Mr. Helwer): 4.(b)(3) Maintenance of Children, \$40,722,000—pass.

* (1510)

Mr. Alcock: Can the Minister tell us the current time or at least at the date of the Annual Report, December of '87 it would be, how many children were in the care of all the agencies in Manitoba?

Mrs. Oleson: 3,748—that was the end of December '88.

Mr. Alcock: Is that all children in care or children in pay care?

Mrs. Oleson: It is all children in care.

Mr. Alcock: Not being the critic in this area, I may just be unaware of it, is the Annual Report for the department been tabled yet?

Mrs. Oleson: No, it will soon be tabled.

Mr. Alcock: Would it be possible to have it tabled before the end of this department's time in Estimates?

Mrs. Oleson: I will look into that. It may be possible.

Mr. Alcock: In the Annual Report there is a table identifying abused children in the Province of Manitoba. Can you tell us what those stats are for '87?

Mrs. Oleson: Would the Member like to go to another question while we are getting those stats for him?

Mr. Alcock: In the Estimates on Tuesday, when you were discussing the Child Protection Centre, and you talked about a very substantial and I think a very appropriate increase in support for that centre, you indicated that there was a sum of \$400-and-some-thousand that was given to the Child Protection Centre to address the problems of child abuse. I would ask, is it envisioned that there would be an expansion in their role or is this simply to give them the resources to continue to provide the same service in light of increased numbers?

Mrs. Oleson: Mr. Chairman, the exact number amount was \$370,000.00. I think I used an approximate amount the other day.

Mr. Alcock: Yes, you did.

Mrs. Oleson: Which gives a total of \$702-something-thousand. That is to cover existing problems. I do not believe that really gives them any room for expansion.

Mr. Alcock: I am not surprised. They were seriously underfunded for several years and they do provide a very important central service to the system.

The question is that money would go simply to see that there is timely and adequate response by medical practitioners and such to identify cases of physical and sexual abuse. This is simply giving them the staff resources necessary to continue the work that they already do but perhaps to continue in the more timely fashion?

Mrs. Oleson: Yes, to manage the existing volume.

Mr. Alcock: So that there is no change in their role? They are not now handling cases in a way that they would not have handled or taking on responsibilities that were formally shared by the other agencies?

Mrs. Oleson: No. If we had not given them this increase, they would have had to cut back because they had been underfunded and they would have had to cut back on services.

Mr. Alcock: I already said I certainly applaud the Minister for taking this action and it is long overdue. Given that the Child Protection Centre is a resource to the whole system and that they do interact, and they do feel the pressure by the tremendous increases in the number of kids coming in as a result of physical or sexual abuse, but it is the agencies that deal with these children. They are the ones who provide the case management and the family support treatment such as may be provided. Are increases also anticipated in the staffing resources available to the agencies to provide the support and care for these children?

Mrs. Oleson: There were 14 new staff added part way through last year and of course that has been annualized this year to try to address the workload. But that is something we are looking at, is workload, because the agencies are all saying there are more children coming into care. Obviously, there is more pressure on them in their workload so that is something we are looking at.

Mr. Alcock: I note the Minister's comments about workload and ratios of staff. I am a little confused about one thing. The Minister wrote to agencies and indeed met with agencies, changing staff allocations based on what was perceived to be inequities in workload. There was a reference to reducing the number of staff available to Central Manitoba because of what was perceived to be a lighter workload in that agency and giving staff to the Northwest Agency because of perceived inadequacies in the support available to them for the same thing. What were those ratios based on?

Mrs. Oleson: The ratio was originally set at 1 to 28. I can give the Member the ratios as of April 1, 1985, and at March 31, 1988. In the Northeast Winnipeg Family

Child Extended Social Services, in '85 it was 1 to 26, and at the end of March 1988, 1 to 36; in Northwest, in '85 it was 1 to 26, and the end of March '88 it was 1 to 36; Child and Family Services of West Winnipeg, again 1 to 26 in '85, and 1 to 35 at the end of March '88; Winnipeg South, again 1 to 26 in '85, and 1 to 41 at the end of March '88; Child and Family Services of Eastern Manitoba, 1 to 23 in April '85, and 1 to 29 at the end of March '88; Child and Family Services of Central Winnipeg, April '85, 1 to 26, and at the end of March '88 it was 1 to 30.

So you can see that there has been considerable change in the workload patterns in those years. Central Manitoba at the same time, 1 to 18; it is 1 to 22 now, after the adjustment that was made. Northwest Agency was in desperate need of three more staff to cover their workload, which had been recommended by the Reid Report. As the Member has alluded to, in central Manitoba, there was a surplus and we felt that we could help one agency out that way. Their workload is now a little higher because of it. But it is one to 34 in Northwest as a result of the change.

Mr. Alcock: Sorry, the one to 18 figure, that was a March '88 figure. This is for central Manitoba. And the one to 22 is a result of the change?

Mrs. Oleson: Yes, that is correct.

Mr. Alcock: The figures for western Manitoba, Brandon—I guess you do not have the April '85 figures for that?

Mrs. Oleson: We would have to get them for you. We do not have them right now.

* (1520)

Mr. Alcock: I just have a question about one thing. Your own figures suggest that South Winnipeg had the highest staff child ratio of all the agencies in the province and yet you chose to help out Northwest but gave no remedy to South. Now, on what was that based?

Mrs. Oleson: The reason that was done was as a result of the Reid Report requesting it, recommending it rather. It was a commitment by the previous Minister. Actually, I believe it hired the three people. They had acted on the recommendation. The whole thing, as you are aware from the figures that I had given you, the whole thing does need review.

Mr. Alcock: I should mention to the Minister, I am a little concerned about a series of what appear to be actions to alleviate problems in other parts of the province but not in Winnipeg South. It would be our position that Winnipeg South has been singled out for some discriminatory action we believe. I will come back to that.

The case ratios here, what kind of cases are they based on? I notice in the Estimates on Tuesday, you talked about children in care and families receiving service.

Mrs. Oleson: Could he just clarify his question please, sorry?

Mr. Alcock: In coming to these ratios of one to 36, and one to 22, and one to 41, you need some kind of criteria to establish that. I understand from your answers on Tuesday that the cases that were used to determine the counts were those cases where a child was in care and those cases where a family was receiving service. My question is are those the only two types of cases that were used in developing those standards?

Mrs. Oleson: I could give the Member the method of case count if that would help.

Agency case counts are presently computed from a monthly agency report. Agency case counts include number of children in care, number of families under supervision, number of unmarried parent cases and does not include adoption cases, post adoption service, support to foster homes. That was not what he asked? Are you indicating that?

Mr. Alcock: That is precisely what. I am pleased that the Minister keeps her notes because that is exactly the same note that she read into the record on Tuesday, October 4. That just proves that you are exceptionally well informed and I am pleased about that. I just have a question about that, if I may. You did not choose to include adoptive cases, post-adoptive service or support to foster homes. Can I ask why?

Mrs. Oleson: I am sorry, I did not hear your question.

Mr. Alcock: You did not choose—if you look at your note there, halfway through it, it says the information does not include adoptive cases, post-adoptive service or support to foster homes.

Mrs. Oleson: The Member indicated, why did I choose? I did not choose. This has been the formula, the method that has been in place. That is one reason we are looking at it. This has been the way that the case count has been done, the workload has been measured, so it is not something that I chose.

Mr. Alcock: I would accept that correction. Certainly I would not suggest that the Minister had done. I guess my question though is, why are those cases not included in determining workload of the agency?

Mrs. Oleson: It was not included when the decentralization took place and, for whatever reason, I do not know.

Mr. Alcock: So then is it the intention of the Government to include them now?

Mrs. Oleson: It is my intention to work with the agencies, in consultation with the agencies to define a way of measuring workload.

Mr. Alcock: If the agencies were to ask to have adoption cases, post-adoptive service or support to foster homes included, the Minister would be willing to consider that positively?

Mrs. Oleson: I would certainly be willing to consider it. I certainly want to work with the agencies to get the best possible formula.

For the Member's information, I have the Westman case ratio, if he wants it now. In April '85 it was 1-30 and in April '88, 1-34.

Mr. Alcock: Given that post-adoptive service, which is an important and relatively new phenomenon is not included in the support that agencies presently receive, where do people go to receive that service at the present time?

Mrs. Oleson: Agencies provide the service but it is just not included in the formula for caseload count.

Mr. Alcock: So then on adoptions, if someone wishes to adopt a child, where do they go for service?

Mrs. Oleson: The agencies.

Mr. Alcock: Are the agencies presently required to provide support to foster homes?

Mrs. Oleson: Yes.

Mr. Alcock: So in all three areas, the agencies are expected to pick up this workload. We have indicated workload ratios here that are wildly in excess of the standards that were set before, and yet they under-represent the amount of stress that the agencies are currently under. Would that be a fair statement?

Mrs. Oleson: The system has been in place since the agencies were set up. As I said before, the whole thing is being looked at with a view to workload, to just see how we can better identify what is workload, and of course, following that, how best to fit it within the budget.

(Mr. Chairman in the Chair.)

Mr. Alcock: The Minister references occasionally that these problems were in place prior to her becoming the Minister and I certainly acknowledge that. I am not suggesting that these have been created by the Minister. However, they do indicate, or one rather simple analysis would suggest that the workload ratios of 1-36, 1-41, 1-35, such as they are, seriously underrepresent the amount of stress or work that an individual worker in the agency is expected to carry.

Mrs. Oleson: The issue has to be addressed of when a case is a case because there is no way of measuring that at the moment. With regard to the funding formula, it is used across all agencies so that it is valid. From that point of view, it is valid in comparing the agencies because the same funding formula is used for all of them. No, it certainly does not measure stress. That would be a hard thing to measure anyway, I mean definitively. I recognize the stress that all the staff are under and we certainly appreciate that they do a very difficult job, and often under very difficult circumstances.

Mr. Alcock: It is curious to me that adoption cases are not counted, particularly given the current stress on adoption as an alternative to abortion, and how

seriously that issue is taken. Yet we seem to provide no support to families seeking to adopt or to young women choosing to give up children for adoption.

Mrs. Oleson: Mr. Chairman, the adoption cases are counted and they are part of the work of the agency. It is just in the funding formula that they are not considered. They are still counted as part of the job that is done.

Mr. Alcock: The agencies are expected to carry out that work but they are not funded to do it?

Mrs. Oleson: The same formula was used in '85 when these were set up. It was just a funding mechanism. I would not begin to understand why it was put in place that way but it was one to 28 that was adopted at that time. No doubt it had—if I studied it, it has some relevancy. The agencies are expected to perform these services. It is not listed as part of the funding formula, the three that I have mentioned: the adoption, post adoption and the support to foster homes. But they do that work.

* (1530)

Mr. Alcock: Actually having passed my 40th birthday, my memory may be failing me, but I think if the Minister—and I am aware that two of her staff were not in the positions they hold now at that time. I think if they check, they will find that funding formula was created as a result of a working group that did a case count review about two years ago, or a year and a half ago, not in 1985.

Mrs. Oleson: Staff indicate that it might have been one to 27.9 before but it may have been changed a couple of years ago to one to 28. Maybe we are being facetious.

Mr. Alcock: It is the figures that were given, the one to 36 and one to 41 figures that I think the Minister will find come out of a caseload review that was done recently. The decision to use family and children care cases was one that was made recently.

Mrs. Oleson: I will take that as information from the Member.

Mr. Alcock: Can the Minister give us a sense of the length of time it takes right now to get a post-adoption search?

Mrs. Oleson: It was indicated that there is a backlog of about 800 cases at the moment. Depending on the case, it would take about two years. That is not good and that is something that we are looking at, too. In the instance where there is a life-threatening reason, that would be expedited. But I am meaning in a general term there is a backlog of about 800.

Mr. Alcock: I should indicate, I am not certain whether you were in the chair at the time, and certainly the Member for St. Johns (Ms. Wasylycia-Leis) was not here, that there was some information I requested which

the Minister has indicated will take a while to collect. I said I would submit the request in writing and we would deal with that matter perhaps on Tuesday. I am prepared to give leave to move to other items. I will come back to this item on Tuesday, if that is sufficient time for the department to provide the information.

Mrs. Oleson: You had better qualify that. It depends on the length of the list that you provide us.

Mr. Alcock: I will provide the list this afternoon and I will be gentle. I assume the department has already done this kind of analysis, that really the information I am looking at is the relationship between the increasing kids in care and the support provided to children over the last few years that this chronic deficit has existed. I will note that down and pass it to the department once I have the chance to leave this room.

The boards of the agencies are currently comprised of appointments by the Government and people that are elected from various sectors within their communities. I believe it was identified in the Reid Report, not the Northwest Reid Report but the Reid-Sigurdson Report on Child Abuse, that board training was required. Is such training underway at the present time?

Mrs. Oleson: Each agency has been given \$8,000, plus there will be a 3 percent increase this year as part of the budget to do board training.

Mr. Alcock: So that \$8,000 is now an annual grant that will increase year by year and into the future?

Mrs. Oleson: Yes, \$8,000 was what Reid recommended in his report and the 3 percent was added this year.

Mr. Alcock: Is there any intention to deliver any of that training centrally?

Mrs. Oleson: At my quarterly meetings with the board presidents, that will be discussed. They may want that done that way; it might be more effective to have central training. I would want their advice on what they thought of that.

Mr. Alcock: Do you feel bound by that advice?

Mrs. Oleson: I will take it under consideration.

Mr. Alcock: I believe that is a different—I am not certain if I quite understand. Have the agencies now received that \$8,000 plus 3 percent?

Mrs. Oleson: Yes, last year and this year.

Mr. Alcock: To come back to the question of deficits for a minute, on this situation we have now where the agencies are incurring deficits, they are also of course incurring interest costs. Every day that they sit in the overdraft position, they accrue interest charges as those of us who on occasion may have been in a similar position will realize. Is the Government prepared to cover those interest costs?

Mrs. Oleson: We are identifying the total deficit and any interest costs and we are considering that, yes.

Mr. Alcock: Just to clarify that though. Yes, interest costs are a part of what creates the ever-growing deficit. But as an item in the deficit, as interest costs add to the deficit and are not something agencies are funded for, are you committing to ensure that any additional interest costs incurred as a result of this delay are also covered?

Mrs. Oleson: We have asked them to project their total deficit and of course that would be included in that total.

Mr. Chairman: Shall the item pass? The Member for St. Johns.

Ms. Judy Wasylycia-Leis (St. Johns): Could the Minister follow up some of her answers from Tuesday by giving this committee some indication of this Government's policy with respect to delivery of Child and Family Services? What is this Government's general feeling and approach policy and philosophy with respect to services and delivery of such services?

Mrs. Oleson: I read the Member's question correctly. My response is that we believe that community-based services are the way we should be going, that we have community-based services and we believe in that aspect.

* (1540)

Ms. Wasylycia-Leis: When the Minister or, more specifically, her Premier refer to rethinking the model, the community-based model, the regionalization that took place a number of years ago, could the Minister indicate what this Government is thinking about centralizing? Are there specific aspects to regionalization that she has concerns with? Are there specific areas that she has singled out with respect to centralization?

Mrs. Oleson: There is nothing actively being considered for centralization. What we are actively considering is how we can deal with a chronic deficit problem in the short term, and when we have dealt with that in the short term, then how we can deal with it in the longer term. We want to make sure that the children under our protection are protected and that we have this service delivered to them in the best possible way. The centralization theme is in the mind of the Opposition, well, specific Opposition. I think maybe I should clarify that—the Member for Osborne (Mr. Alcock) is getting a little agitated there—but to ask me what my Government is considering would take a long time to discuss because we are considering a lot of things.

Ms. Wasylycia-Leis: Is the Minister then prepared to deny any of the comments by her Leader, Premier Gary Filmon, to the press in speaking engagements regarding review of the amalgamation of the services with regard to rethinking the concepts of regionalization and perhaps looking at centralization in some aspect in terms of this area?

Mrs. Oleson: Just a few moments ago the Member for Osborne (Mr. Alcock) raised the subject of training and would that be suitable to have board training centralized? In my discussions with the boards and we considered it back and forth and discussed it and that proved to be an area that might be centralized. If it made good sense economically and for efficiency and the good of the training, then that might be considered. There are a lot of things that could be considered but we are dedicated to community-based service and the best service possible for the children under our care.

Ms. Wasylycia-Leis: Is the Minister's current review considering the question of centralization?

Mrs. Oleson: The review currently, right now under way, is looking at the deficit and the massive problems we have in funding. That is what we are considering at the moment. That is of a very serious nature. I want to get that problem solved and then work on the longer term of how we properly fund and properly equip the people who we have mandated to serve children, to properly equip them to do that.

Ms. Wasylycia-Leis: Mr. Chairperson, could the Minister then state categorically that under no circumstances, no matter what the results of her review show, that amalgamation, a return to the old system, that centralization, whatever word one chooses in terms of going back to the old model, will not be considered under any circumstances?

Mrs. Oleson: The Member is asking something rather interesting; never ever ever? I mean really if 10 years from now when we are still in Government and governing this province and looking after the children of Manitoba, if it seemed the proper thing to do to centralize, we might do that. I can not definitively say we would never centralize.

I can say we would never go back to the old because it is gone. We can not go back. We have to go forward and look at how we can best serve the needs of today. I am not looking at yesterday except in the context of the last few months and the last few years how this thing has operated. What I am looking to is the future and how we operate it in the best way possible to serve that mandate to look after children.

Ms. Wasylycia-Leis: Is the Minister then changing her statements with respect to support philosophical and policy support for the community-based model?

Mrs. Oleson: No.

Ms. Wasylycia-Leis: Could the Minister explain how she can say on the one hand she supports totally the community-based model and then tell us that she has not ruled out centralization?

Mrs. Oleson: In the context of the way the Member asked it, if I would never, you can not say you would never do something. That is totally ridiculous because who knows what circumstances we might meet somewhere down the road. As I say, in the 10 years

when we are still in Government, that need might arise, but I said I am still, myself, of the thought that community-based services are essential to serving the needs of the children under our protection. It would be rather ridiculous to say never ever under any circumstances I would do anything, because things change over the years over time and to say one would never do something then is rather ridiculous when at some point in time you then have to do it.

Ms. Wasylycia-Leis: Could the Minister explain what she and her Government mean by a community-based model, why they have expressed support for it and what are the tenets of that model?

Mrs. Oleson: Whatever the system that one uses to give service, we want to support families and have children able to remain in their own homes. We want to be sure that we investigate all allegations of child abuse, that we protect children when it is necessary to protect them and that we provide foster care if that is the kind of care that is needed for children who cannot remain in their own homes or if we provide residential care, if that is the way it has to be done and that children would be placed for adoption. All of these things are what we will be attempting to do in the care and the protection and the nurturing of children.

It would seem to me, personally, that an operation based in a community could answer the needs of that particular community. That to me is a good way to go. To have the Member insisting that I say I will never do this or never do that or never make any changes, it is not really realistic? Sometimes you have to make changes. I am not saying that I am making any.

Ms. Wasylycia-Leis: Does the Minister's understanding of the community based model include the concepts of community self-help, of a development oriented approach, of an understanding of the systemic nature of the problems, of an understanding of the multi-dimensional nature of the problems occurring? If that is the case, how can the Minister be considering if she believes strongly in that approach and the principles of that approach be considering centralization?

Mrs. Oleson: It is the Member for St. Johns that says I am considering centralization. I did not say I was considering centralization.

Ms. Wasylycia-Leis: The Minister herself has said that she has not ruled out centralization and changes to the current model. We are not talking about changes to the exact administration of the service and the delivery of the service but changes to the model. My questions have to do with how her understanding of that model and how if that understanding is founded on the principles of self-help at the community level, of self-determination, of communities improving their own communities, of communities working together to deal with their problems in terms of their own cultural, historical economic context, then how can she be considering or not ruling out changes to the model that result in centralization?

* (1550)

Mrs. Oleson: I agree with the tenets of what the Member was saying of self-help community involvement and so forth. One can never rule out change. Changes sometimes have to take place for one reason or another. I have not indicated any changes that I am about to make.

I have indicated that there is a chronic problem with funding of Child and Family Services agencies. They certainly want it addressed. I want it addressed. My Government wants it addressed. We are trying to resolve the issue.

The agencies at some point may come to me and say, we think we could run such and such better if it was run centrally. They might very well do that. I would consider it. Life goes on and evolves and changes are made from time to time. I am certainly not going to make any changes in a hurry without a good thorough study of the matter. Any change that would be made would be an improvement to the system and not through some idea that I thought up suddenly. I am looking to have the system run effectively and efficiently with the best possible care for children and the best possible use of those hard found tax dollars that are so difficult to come by. We have a massive problem here and I am trying to address it.

Ms. Wasylycia-Leis: Mr. Chairperson, I think we all agree around this table that we all support change. We know that organizations and institutions and communities go through an evolutionary process, but change occurs from a philosophical framework from an understanding from a policy. The Minister continues, whether we are talking about this issue and the delivery of Child and Family Services or we are talking about the delivery of services for the mentally retarded or any aspect of this Department, to want to pretend that she can have it all ways and give no clear indication of where this Government is coming from. As a result, she leaves providers, volunteers, families, parents and communities in the dark, in a quandry about future directions, about what to expect from this Government.

All I am asking from the Minister is a clear indication of where she is coming from? What is her Government's approach to the delivery of Child and Family Services? Just like I tried to get indication from her about her Government's position with respect to community living, with respect to deinstitutionalization, but to no avail.

Could the Minister indicate if she supports the community self-help model and has a philosophy of prevention and a development-oriented approach, why she actually proceeded unilaterally to change the community outreach program funding that goes to Child and Family Services and agencies, why she chooses to centralize in effect prevention dollars?

Mrs. Oleson: I think we have covered that one absolutely thoroughly up, down and sideways, and I do not think there is really any need for more comment on it. If the Member wants to read Hansard, she can review the answers that I have given on several occasions.

I would remind the Member that there is a Child and Family Services Act that states very clearly, and I could

read to her: "families are entitled to services which respect their cultural and linguistic heritage." Now, I am not about to change the Act, so that will go on.

"Communities have a responsibility to promote the best interests of their children and families and have the right to participate in services to their families and children." Well, I certainly do not intend to change the Act in that regard. I think perhaps the Member should relax and not really get so terribly concerned about radical change. I have indicated to her that any change, no matter what, will be considered very carefully, but a Government has a responsibility to deliver service in the best way possible. The service is being delivered now but there are horrendous monetary problems with it.

I have to be responsible to the taxpayers to be sure that those monies are spent wisely. I have to be responsible to the children in care, the primary responsibility, to be sure that money is put to proper use in their care and protection. That is what is being studied. I cannot give the Member a definitive answer that yes, on such and such a date, we are going to say this or do this or do the other thing. It is all under review. It cannot be done in a short time. I think that is one of the things that have bothered me most even in Opposition, and probably more in Government, is the length of time it takes to get anything done. The time you initiate the paperwork and the weeks go by. It is very frustrating as the Member will know. She was a Cabinet Minister.

I would like to have had this financial problem solved long before this, but it takes time. When the immediate problem is solved, then we have to get down to work and look at the long-term solutions, because surely there must be some solution that we do not have to go through this misery every year, of having agencies in a bind financially. They do not know how they will be able to operate and they have to have money thrown at them every year to reduce a deficit. Surely there must be a better way of coming to grips with the problem than has been demonstrated over the last three years.

* (1600)

Ms. Wasylycia-Leis: I appreciate the Minister's comments, but I think some of the misery that she talks about has been evoked or caused by some of the recent decisions taken by this Government, in terms of the budgets for child and family service agencies, indeed for the entire department.

I would ask the Minister, since she feels she has answered the question about the Community Outreach funding, if she felt that there were concerns with that fund, if she looked at other solutions, other than one of requiring agencies to apply centrally on a project-by-project basis for prevention dollars which, in my view, I think in the minds of most community activists, would be a slap in the face with respect to community-based decision making and self determination. Did she look at any other solutions to the problem?

Mrs. Oleson: The agencies themselves are going to participate in the plans of how this money is to be

distributed. I do not consider it a slap in the face, I certainly do not. I think that is a very narrow way of looking at it. There were concerns on the fact that the money was not always used. There was a definite concern that all agencies did not have access to it, and the decision was made to do it this way, with input from the agencies. They will help in setting criteria. We want to make sure the money is used in the way that it was intended.

Ms. Wasylycia-Leis: Could the Minister, since she has embarked upon this review with the agencies before any final budget decisions are taken, could she give some assurances here today that after that review no agency will have to cut back staff or programs?

Mrs. Oleson: I have indicated to the agencies not to cut back staff or programs.

Ms. Wasylycia-Leis: If I understand the Minister's answer—and it relates to a previous answer—she has asked them at this time, before the matter is resolved, not to cut back any programs or staff. My question is post review, and that is, can the Minister give us assurances that once that review has taken place, that no agency will have to cut back staff or programs?

Mrs. Oleson: I will be meeting with, or communicating somehow to the agencies the results of the review and what will be taking place in the future with regard to their funding. I think that I should really leave that to discuss with them before I make it public, shall we say, by putting it in Hansard here, partly because it has not been finalized just exactly what is taking place.

Mr. Alcock: I would like just to add a comment to what the Member for St. Johns (Ms. Wasylycia-Leis) has said. Certainly the decision to centralize the Prevention Grants, it is my understanding, was not taken with input from the agencies. In fact, it is my belief the agencies did not concur with that. I certainly understand the problem the Minister is trying to address, and given that this is the route we are now embarked upon, I am prepared to let it sit there right now.

My concern would be that control over those monies be restored to those agencies as quickly as is possible, because I think the direction, as the Member for St. Johns points out, flies in the face of the Minister's statements about support for community-based services. I recognize the problem you are dealing with, but the action you have taken is, I think, a very dangerous and a very serious one. I would appreciate at some point, as soon as possible, a commitment to returning control over those funds to the agencies for the purposes for which they were originally intended. Having said that, that is not a question, but you can respond to it if you like.

Mrs. Oleson: Do you have a question?

Mr. Alcock: I do. I have several questions. I would like to move a bit, as we are in the Child Maintenance line, to some discussion of child maintenance. The first is, have the rate increases for the group homes been announced as yet?

Mrs. Oleson: I met with the group yesterday and indicated that the increase would be 3 percent. I have not had an official letter on it but I had indicated it to them.

Mr. Alcock: So all of the group homes that are traditionally at the level 2, 3, 4 group homes, anything that is shift staffed will be receiving a 3 percent increase?

Mrs. Oleson: Yes, that is the case.

Mr. Alcock: Okay. There is an anomaly that exists in our service system that I have wondered about for some years. At the current time, Manitoba locks up a number of children who have not committed any crime. I wonder if the Minister could tell us at the present time how many children are currently incarcerated for reasons other than having committed a crime.

Mrs. Oleson: No. If the Member is referring to Seven Oaks—is that his reference?

Mr. Alcock: All children currently deprived of their freedom, despite the fact they have committed no crime.

Mrs. Oleson: There are 42 children at present in the situation where the doors are locked for their protection.

Mr. Alcock: Might the Minister tell us at what facilities those children are?

Mrs. Oleson: Primarily at Seven Oaks.

Mr. Alcock: Does this mean then that there has been a change? Are there no longer locked beds at Marymount?

Mrs. Oleson: I said primarily Seven Oaks. There are some at Marymount and at Knowles.

Mr. Alcock: Perhaps the Minister could tell us how many children are currently incarcerated at Marymount?

Mrs. Oleson: I do not have the number for Marymount or Knowles of children there at the moment. We can get it for you.

Mr. Alcock: Perhaps rather than dealing with a specific number of children at any point in time, perhaps I could ask, how many beds at Marymount and Knowles are designated as locked beds for use by children? What is the maximum number of children that could be incarcerated at Marymount? And the same question exists for Knowles.

Mrs. Oleson: We will get that number in a moment.

Mr. Alcock: Add to that, please, the maximum number of children that could be locked up at Seven Oaks at any point in time.

Mrs. Oleson: We will get that for you, too. We do not have the information for Marymount and Knowles

today. We could get it for the Member. The beds at Seven Oaks amount to 50, 42 children there today.

Mr. Alcock: I will add the Marymount question to my list I have written here. I know certainly, the last I checked, there were I believe 30 beds at Knowles and 30 beds at Marymount, of which the province was prepared to finance 24 in each facility, for a total of—60 plus the 50—110 beds in the Province of Manitoba in which children can be placed and from which children are not allowed to come and go. I will indicate that.

I guess the question I have is under what authority are these children deprived of their freedom?

(The Acting Chairman, Mrs. Gerrie Hammond, in the Chair.)

Mrs. Oleson: This was the subject of a Reid-Sigurdson investigation as well. I am wondering if the Member, having had former ties with Seven Oaks, perhaps he has some thoughts on this. I am not comfortable with the thought that children are locked up either and I think that is what the Member is indicating. I am also aware that there are times when this seems to be the only answer. I am wondering if the Member has some thoughts on it that he may want to say today or discuss with me at another time, but this is a thorny issue.

Mr. Alcock: I am pleased that the Minister recognizes it as such. It is an issue that I have raised many times over the last 10 years. It is indeed a thorny issue and it one that I have very strong concerns about.

The situation as I currently understand it, and I have not been close to this for the last couple of years, at one time children were locked up simply on the word of a parent or guardian. In part, that was done because certain children required protection because they were a danger to themselves. That was before we had a closed psychiatric facility for children in the Province of Manitoba. We now have such a facility, and yet the province has not seen fit to change the operation of these three facilities in particular.

We continue to lock children up even though these children have committed no crime, have not been before a judge and have been judged either incompetent, or before a psychiatric examination and judged incompetent and have not in any way been subjected to any sort of due process that allows an assessment other than the recommendation by a social worker of the necessity of locking these children up. I would ask, given that situation, whether the Minister or the department has any plans to correct that situation.

Mrs. Oleson: It is something that concerns me a great deal but it is a very difficult issue to resolve. We have to think of protecting children, as the Member indicated, often from themselves but we have to find some alternative. They obviously have to be somewhere and the alternative is difficult to find. Yet I am aware of the issue, I am concerned about it.

I think probably philosophically we are on the same wavelength. It bothers me that you would lock up a child or anyone who has not committed a crime but,

on the other hand, there is the safety issue and there is often—I understand that the police just really have no other alternative of a place to keep a child overnight. It is supposed to be for short term, sometimes it ends up it is longer.

* (1610)

Mr. Alcock: Again, I am very pleased to see the position the Minister has taken on this, because I do believe it is a serious issue. It is a difficult problem, although it is a problem that other provinces have faced.

One of the things that I would urge the Minister to do and perhaps, given that some of her staff have got experience in other jurisdictions, she might examine how other jurisdictions have dealt with this. Perhaps the current Deputy Minister would have an idea of how many children are incarcerated in Saskatchewan who have not been before a judge, who have not been judged by a psychiatrist or a judge as needing that kind of protection?

Mrs. Oleson: I will have to ask my Deputy Minister. I doubt if he has the information right at hand, but he and I can discuss it.

I should indicate to the Member that there was a revised criteria for Seven Oaks in June. The criteria is that the child has to be an immediate danger to themselves or absolutely unmanageable, out of control, for initial 24 hours by the police. They are not supposed to stay there any longer. I know that sometimes for one reason or another it happens. I will undertake to find out what other jurisdictions do. I really have not had the time yet to give it the study that it really needs.

Mr. Alcock: I appreciate that, and I would certainly ask that you do that.

I would just like to refer to the question of the police needing a place for a child to stay. The police can place a child in all sorts of locations. They do not have to have a locked facility. The emphasis is on the fact that children today are incarcerated without any due process. It is a fact that I believe, if the Minister were to call for a political opinion, she would find contravenes the Charter of Rights. I would ask that she move quickly to address this issue. I would like to get the specific numbers.

I would also like to know the longest period of time a child has stayed at Seven Oaks in the past year. I will put it on the list.

Mrs. Oleson: Yes, you can put it on your list. We have not got that right now. I appreciate the support of the Member in that question because it is a very serious issue.

Mr. Alcock: There is no question, and I am quite prepared to work with the Minister on that.

There was a plan or there was discussion about closing down Seven Oaks and devolving the responsibility for that facility to the agencies who are responsible for caring for these children. Is that plan currently under way?

Mrs. Oleson: This is taking place on a gradual basis. Winnipeg Receiving Resources is being devolved to the agencies, and the whole thing is in process. I know it is slow, but that is taking place.

Mr. Angus: Do we have a sense of how long it will take to complete the devolution of Winnipeg Receiving Resources?

Mrs. Oleson: Yes, step 1 is the Winnipeg Receiving Resources devolution, which should be done in the next three months; and then step 2 of it is the downsizing of Seven Oaks; and then step 3, to reduce the locked beds. That is in progress.

Mr. Alcock: You mentioned step 1, the devolution of Winnipeg Receiving Resources to the agency, would be completed within three months. However, the downsizing of Seven Oaks, downsizing to what size, completed by when?

Mrs. Oleson: As the suggestions or recommendations by the Reid-Sigurdson Report, it will be downsized to 32 beds to a treatment centre as opposed to its present use.

Mr. Alcock: By when?

Mrs. Oleson: The target is 32 beds by April 1, 1989.

Mr. Alcock: I notice the use of the term "treatment centre." Does this mean that it will no longer act as a reception centre?

Mrs. Oleson: That is correct.

Mr. Alcock: Are there, in light of the question raised about locked beds and the desire to—as in item 3 here, it says "reduce locked beds." To what number, by what date?

Mrs. Oleson: I should correct the 32 beds. I said, at Seven Oaks, that would be all treatment. There will be some beds of necessity left for receiving during that process. There is no set timetable for step 3 of the process because you have to do it in the right steps to be sure you have your bases covered, I guess would be the way to say it. But it is all in progress.

Mr. Alcock: In child maintenance, we have an increase of about \$1 million in supports to Residential Care. Now Residential Care, I understand to be defined as shift-staffed facilities, group homes and beds and what we used to call institutions. Can the Minister describe what that increase is comprised of?

Mrs. Oleson: That is to do with the shift in volume from Seven Oaks to the community, if I understand the question correctly.

Mr. Alcock: So monies that currently went to support beds at Seven Oaks have been reallocated to beds in the community?

Mrs. Oleson: Yes, they will be.

Mr. Alcock: Will be, or has been?

Mrs. Oleson: There is \$900,000 extra for volume in this budget, which has been allocated for beds.

Mr. Alcock: Now just to make sure we are talking about the same thing, I am talking about the Residential Care line that is indicated in '87-88 as being \$12.9134 million and, in March 31, '89, it is estimated to be \$14.119 million. You are saying, within that, there is \$900,000 of a volume increase?

Mrs. Oleson: Yes.

Mr. Alcock: Given that is a Residential Care line, which at least has traditionally indicated shift-staffed beds, where have the new beds being created?

* (1620)

Mrs. Oleson: There is a 3 percent increase there, which is 416,700 and a volume increase of \$900,000; transfer to foster and special rate care, 110,800.00. What will happen is that some of the residences will increase in size. They were funded at 85 percent, now they will be funded at 100 percent. So with the devolution of the Winnipeg Receiving Resources, there will be more children in these smaller residential homes.

Mr. Alcock: The Minister says they were funded at 85 percent of capacity, I presume, with 85 percent occupancy. Are all beds in the system now being funded 100 percent?

Mrs. Oleson: There is enough money in the budget to support 100 percent.

Mr. Alcock: For all facilities?

Mrs. Oleson: For all the current facilities, yes.

Mr. Alcock: Oh! Has this been announced to the group homes yet?

Mrs. Oleson: No, you are hearing it first. As I say, things take time.

Mr. Alcock: I will attempt to be discreet.

Mrs. Oleson: If they do not read Hansard, they will not know. We are so busy trying to solve the deficit, we have not got the paperwork done here to get the news out to them.

Mr. Alcock: You do seem to be spending a little time here each afternoon, if I may. Just help me understand this now. You are saying that all of the shift-staffed group homes funded under this line are now funded at 100 percent of capacity. Would this mean then that the per diem rate program that used to be applied is no longer active? Here is a hot question for you.

Mrs. Oleson: There is no change in the per diem but they will be able to handle more children in the home. It was mentioned to me when I met with them that was

one of the problems, that they had to take in more children to make the home viable and this will allow them to do that, and the 3 percent increase in per diem—sorry, did I say there was no increase in per diem?

Mr. Alcock: In the same area, Maintenance of Children under Family Support services, there is an increase of about \$1.2 million. Now is that a volume increase or is that to meet current volume?

Mrs. Oleson: This includes the range of support services provided by those statutory and non-statutory agencies involving homemakers, parent aids and child care workers, both in the child's own home and in foster homes or residential care facilities. So full-year costs provided through supplemental funding in '87-88, 700,000; volume increase primarily due to increased demand for Native services, 250,000—that was to Ma Mawi; and the 3 percent increase, 168,400, and other minor increases, 90,000.00.

Mr. Alcock: I am sorry, Madam Chairperson, I am having a little difficulty hearing the answer.

The Acting Chairman (Mrs. Hammond): Order, please; order, please.

Mr. Alcock: Perhaps the Minister could repeat the answer?

Mrs. Oleson: As I said before, this includes a range of support services provided by both statutory and non-statutory agencies involving homemakers, parent aides and child care workers, both in the child's own home and in foster homes or residential care facilities. Full year costs provided through supplemental funding in 1987-88, \$700,000; volume increase primarily due to increased demand for Native services \$250,000, and that was primarily given to Ma Mawi; 3 percent price increase 168.4; and other minor increases, 90.3.

Mr. Alcock: So then the volume increase is going primarily to Ma Mawi. The new service will be delivered by Ma Mawi?

Mrs. Oleson: Primarily, yes.

Mr. Alcock: Are there no volume increases anticipated in the other agencies?

Mrs. Oleson: That is in the figure that I indicated was \$700,000, was the volume increase there.

Mr. Alcock: So that there is funding for a volume increase in the six agencies in the City of Winnipeg, central Manitoba and western Manitoba?

Mrs. Oleson: Yes, that is correct.

Mr. Alcock: Perhaps the Minister could provide details on the size of the volume increase by agency. I will put it on the list.

Mrs. Oleson: I would suggest you put it on your list.

Mr. Alcock: The Administration and Service grants for the child caring institutions, could the Minister inform us as to what grants are given to what agencies? There is \$2,403,000 referenced here in '87-88. What is the figure for '88-89 and how is it distributed?

Mrs. Oleson: Child caring institution administrative grants: Children's Home of Winnipeg in '87-88, \$878,000 and in '88-89, 1002.1; Knowles Centre 415.6 and in '88-89, 428.1; Marymount in '87, 792.7 and in '88-89, 816.5; and in Macdonald Youth Services in '87-88, 373.3 and in '88-89, 384.5.

I understand, for the Member's information, that this is the first time in a number of years that they have had an increase like that.

Mr. Alcock: It is indeed, and I commend the Minister for that, frankly. I think they have been neglected for too long.

I do have a question, though, on the Winnipeg Receiving Resources money. In the earlier grants list you indicated a figure for about 300-and-some thousand dollars that Winnipeg Receiving Resources was receiving from other external agency service grants. Given that Winnipeg Receiving Resources is being devolved within the next three months, is that 300,000-odd dollars all that it is anticipated to require for this year and that will meet its requirement up to the point it is devolved, or will there be additional resources there that are being devolved to the other agencies?

Mrs. Oleson: Yes, there are not the same funds required because it is winding down, so the administration and grants would be reduced for that reason.

* (1630)

Mr. Alcock: The grant that is indicated is simply there to carry it through another three months, October, November, say, to the end of December?

Mrs. Oleson: Yes. That is the case. The rest of it has been allocated to the agencies.

Mr. Alcock: And in a subsequent budget year, presumably the 300 and however many thousand dollars would be similarly distributed to the agencies receiving the responsibility for delivering services previously delivered by Winnipeg Receiving Resources?

Mrs. Oleson: Yes.

The Acting Chairman (Mrs. Hammond): Shall the item pass? Pass.

Ms. Wasylycia-Leis: Could the Minister indicate whether or not the change with respect to the Foster Parent rate structure have been communicated—communicated is the wrong word—that the whole change has been processed in terms of the agencies? I was aware of some confusion around this whole area.

Mrs. Oleson: They have been told to send in their September bills and they will be paid at the new rate.

Ms. Wasylycia-Leis: With respect to where we left off on the question of funding for agencies, the Minister has referenced time and time again the question of deficits, the need for review around those deficits. It would seem to me that based on much of the research and much of the reporting that has been done that the reason for the deficits is largely attributable, or to a large extent, attributable to the increase in reported incidents of child abuse. In fact, I think in one newspaper report recently, her department indicated that there was over an 82 percent increase in one year.

Can the Minister confirm that? Does she relate the deficit situation with the whole increase in child abuse reported incidents, and if she does, then what are her and her Government's plans for dealing with this major problem in terms of the whole Child and Family Service delivery system?

Mrs. Oleson: That is not the entire problem with the deficit. That is part of it, but that volume increase has been going on for years, several years, and it has not been addressed. But it is not entirely the problem. From the review that is going on, as I get information, it does not indicate that the whole thing is volume increase.

Ms. Wasylycia-Leis: Can the Minister indicate what other factors she is aware of that are causing these deficits?

Mrs. Oleson: I think we have already covered that in-depth at various times. There has been inappropriate funding for several years. There are things that have never been addressed in the funding, like the payroll tax which the Member's Government imposed. There are things like Autopac rates and things like that have never been factored into the funding. So that has presented part of the problem. There are many aspects of this financial problem.

Ms. Wasylycia-Leis: On the whole issue of child abuse, could the Minister indicate her Government's approach to this problem and her long-term plans for dealing with it?

Mrs. Oleson: Would the Member repeat her question, please?

Ms. Wasylycia-Leis: Yes, Madam Chairperson. With respect to the issues of child abuse, problems pertaining to child abuse, could the Minister indicate what her Government's plans are with respect to dealing with this very serious issue both on a short-term and a long-term basis?

Mrs. Oleson: Madam Chair, we have provided extra funds to the Child Protection Centre this year, as has been indicated before, and there has been a high risk index indicator formulated to identify problems within the Child Abuse Section. As was promised yesterday or the day before, I believe, in the House, that we are going to have a look at the legislation to see if any changes are necessary in the whole area of child abuse and its reporting and so forth. That is something that is going on. Increased foster care rates, that is part of the whole mix and continuing services to children.

Ms. Wasylycia-Leis: Madam Chairperson, could the Minister indicate what percentage increase the Child Protection Centre received?

Mrs. Oleson: It was almost doubled, about 100 percent.

Ms. Wasylycia-Leis: Could the Minister indicate if there has been any other increase relating to supports for dealing with the questions, the problem of child abuse? Is this the only area of increase pertaining to child abuse in our budget directly?

Mrs. Oleson: We are dealing with the whole Child and Family Services agencies. They all got 3 percent increase even though it is not enough. We have increased the rates for foster care which is one of the components. We are working with the agencies to help them resolve their funding and looking at the deficits and looking at funding for future years. All of these things have an impact on how we deal with child abuse.

Ms. Wasylycia-Leis: Madam Chairperson, could the Minister confirm for me, since I have raised this many times before, that the reduction of over three-quarters of a million dollars from her budget to the defeated NDP budget is a decision to not proceed with additional staff in terms of child abuse treatment workers and training for agencies in the area of child abuse?

Mrs. Oleson: No, because the overall increase is \$1.9 million, or 5 percent.

Ms. Wasylycia-Leis: Madam Chairperson, I am referring to the line External Agencies, although we are going back and forth between the Maintenance of Children line and External Agencies line. There has been a major reduction from her budget to the previous NDP budget. Could the Minister confirm that reduction is a result of a decision not to proceed with staffing, with training in terms of child abuse treatment at the agency level, at the community level?

Mrs. Oleson: I would repeat that there was an overall increase of \$1.9 million which is 5 percent, which may have been distributed a little differently from what the defeated budget was indicating. There is an overall increase and the whole area impacts on the work with child abuse. We are using the funds the best way we possibly can and of course have often indicated a concern with this issue. The fact that the lines may have been changed in the budget does in no way decrease our concern with this.

* (1640)

Ms. Wasylycia-Leis: Could the Minister then indicate where in her budget there is the money that had been proposed in response to the Reid-Sigurdson Report by way of increased staff and training for child abuse treatment workers at the agency level, the community level?

Mrs. Oleson: We have been indicating at different times where money is being spent and the increases are taking place. I should point out to the Member that in the

defeated budget there was a 3.5 increase, and our budget had a 5 percent increase.

Ms. Wasylycia-Leis: The Minister keeps dancing around this question.

I would like to ask again specifically if there—let me start from the beginning. There was in the defeated budget increased resources for staff for child abuse treatment workers and training opportunities to help deal with this major problem of child abuse. As a concrete response towards the recommendations of the Reid-Sigurdson Report, can the Minister confirm that she has decided not to proceed with any of those initiatives planned for the previous administration and to in effect not proceed with any of the recommendations of the Reid-Sigurdson Report outside of the additional money for the Child Protection Center?

Mrs. Oleson: As I indicated before, we have allocated money to the Child Protection Center. We have funded the high risk indicator. We spent our money in a little different way perhaps than the Member indicated. The previous budget did not include a 12.4 percent increase for foster parents. One of the things we have done this year is to put that into the budget. If the Member goes through line by line, she will see some differences. That does not mean a lack of dedication to the problem.

Ms. Wasylycia-Leis: I take it then that is confirmation that this Minister and Government has decided not to proceed with the support for child abuse treatment workers and training at the agency level at this time?

Mrs. Oleson: The high risk index was recommended by Reid in the Reid-Sigurdson Report and it was \$49,000; the Child Protection Center, \$370,000; the Child Abuse Registry, \$30,000; and the balance was redistributed for a total of 1.5 percent higher than the defeated budget. There are a lot of things that we would like to do for the information of the Member for St. Johns. I do not think this is a perfect budget; I would be the last one to say it was. We did the best we could under the circumstances in trying to allocate funds where they are needed. All of these things will be considered when we are considering the budget for next year.

Ms. Wasylycia-Leis: I appreciate the information that the Minister has provided. However, the Reid-Sigurdson Report strongly recommended approaching—it identified child abuse as a major problem. It identified the reporting of child abuse incidents as a major factor in terms of deficits facing agencies. It recommended a multi-faceted approach. This budget appears to have allocated money in the direction of only one aspect of child abuse, that being specifically the Child Protection Centre. No one quarrels with the fact that centre required additional resources.

My question, Madam Chairperson, is why did this Government choose to cut out of its budget resources to deal with another aspect of child abuse, to deal with child abuse prevention, to deal with child abuse identification, to deal with assistance for families in crisis? Why did this Government choose not to maintain

in its budget some money to support child abuse treatment workers and training at the community level?

Mrs. Oleson: The Child Protection Centre, for instance, had not any increase since 1983 and their caseload had doubled. I think that was one very good allocation of money to give them almost 100 percent, or in the neighbourhood of 100 percent increase, because of the work that they find it necessary to do.

The Member should remember that there were 55 recommendations put in by the Reid-Sigurdson Report. Not every one of them could be acted upon immediately, and I think it is more of a longer term project unfortunately, that we would all like to have the funds that we could do exactly what needed to be done immediately. I would like to allocate more funds to many of these areas, but I am not apologizing for the way they were allocated this year because they went to very, very needed services. The majority of the Reid-Sigurdson recommendations have been acted upon. As I indicated, the Member should be aware that it will take time and all these things will be considered for next year's budget.

Ms. Wasylycia-Leis: The Minister does not clarify the situation very well for me I am afraid. I still do not understand why, if the previous budget was in line with the budget presented by this Government, the one we are dealing with today, and it dealt with child abuse in a balanced approach by ensuring an increase for the Child Protection Centre and ensuring an increase for front-line treatment, why she felt it necessary to move the numbers around in this budget, to dabble with this budget to the tune of cutting out any resources for agencies dealing with an incredible load with respect to child abuse?

Mrs. Oleson: The budget, there was 1.5 percent added to it so it would hardly be cutting the budget.

One thing that the Member should recall is that when this budget was prepared we had last year's actual figures, so we could prepare a more accurate budget using the figures from last year. I have also indicated that I do not think this is perfect. We all would like to have more money for this and more money for that. We have to work within the framework of what is available. As I have indicated several times, all these things will be taken into consideration for next year's budget.

* (1650)

Ms. Wasylycia-Leis: Again I feel that we are not getting answers to many of the questions. It is a very direct matter that I pose to the Minister, the direct matter of a clear reduction to External Agencies—which I believe has been confirmed—relates to the failure to proceed with recommendations from the Reid-Sigurdson Report, in terms of support and assistance to agencies dealing on the front line with the child abuse problem. The Minister refuses to explain why she felt it necessary to cut that amount out of the budget. Yet this budget, as she herself has said, in overall terms, is not any less than the previous budget and reflects the increase in

cost of living since that defeated budget and was done before her Government's decision to increase the rates for foster parents.

So it still is no clearer to me, to anyone, I am sure, why it was necessary to cut from this line, from Support of Child and Family Service Agencies, support for dealing with child abuse.

Let me leave it at that, I think the record should be clear that there has been no explanation on the part of the Government for cutting that money at a time when child abuse is at an all-time high, at a time when reported incidents of child abuse is at an all-time high, when communities, when families are expressing concern on a day-to-day basis, when agencies themselves are writing to the Minister and talking about the vulnerability of children, and the fact that children are being put in risky situations, suffice it to say that the Minister could not even offer an explanation for failure to move on some support for child and family service agencies for dealing with this very important matter. I am sorry the only conclusion it leaves me with, or I am sure anyone in the community with, is that this Government is not at all committed to the community-based model, is not prepared for one minute to support that model by way of increased resources and supports for dealing with the volume and the major kind of problems it faces on a day-to-day basis.

Let me ask a question, a very specific question, on the Child Protection Centre. Could the Minister indicate if an Annual Report for 1987 has been received by her department from the Child Protection Centre?

Mrs. Oleson: No, it has not. I should indicate to the Member that her statements before her question are, I suppose politely we should say, at variation with the truth. I have indicated all afternoon and other afternoons that we have met—you can read Hansard if you like—I have answered the Member's questions. I have not answered them the way she would like to hear them, that is another point completely. I know that she does not like the answers, but I have no control over her likes and dislikes. I have indicated to her that External Agencies have had an increase in funding; we have increased by 1.5 percent this budget. That is not a cut. The Member just finished saying we had cut the budget; we have not.

(Mr. Chairman in the Chair.)

She also indicated that we had somewhere added—I do not know where she would get that information—that we had not put the 12.4 percent increase to the foster parents in the budget. We had it there, we put it in. We recognized that the foster parents, after years of neglect, needed some increase in funding. It was in the budget, it is still there. The negotiations with the foster parents then were centred around the future. As it turned out, their greatest concern was—well, they were not thrilled with this year's increase, of course. People always want more money and can always use it. But what they were mainly concerned about is the future because they had been told year after year after year that yes, we will look at that and we will do something, and nothing was done. I discovered in the

process of negotiation that when I said, yes, we will negotiate for future funding, and fully realizing that I had written that down, I had said it. To me that was a statement that I was going to follow through with. But they had heard it so many times they did not believe it. That is what we discovered when we got to the end of the negotiations; we discovered that was the crux of the matter. They had heard it so many times they said, why should we believe it this year? We have heard that, that is old news. Last year instead of concrete funding, they got a Bill of Rights, which is lovely but you cannot eat it. It does not chew too well.

To be lectured by the Member that I have not answered questions, that I have cut funding, that I have not done this or done that, I think she should read Hansard. She will find out I have very fairly, very patiently I might add, answered her questions. Because she does not like them, that does not mean that I have not answered them.

Some Honourable Members: Hear, hear!

Mr. Chairman: On item 4.(b), Child and Family Support, subsection (3), shall the item pass?

Ms. Wasylycia-Leis: No. Let me patiently try to raise my question again because I can read Hansard and I can read budgets, and a comparison of this Minister's budget for her department with the previous set of Estimates. I have always put this in the context of Child and Family Services and, specifically, measures to deal with child abuse, because I believe that is one of the more pressing issues facing us at the moment. I believe it is one of the major reasons why agencies are feeling so squeezed at this moment, and concerned about how they will meet the needs at the community level.

The fact of the matter is a comparison of those two budgets shows a major decrease in support for external agencies—and the Minister has not denied that is a result of a failure to move on some support for child abuse treatment workers and training for the agencies themselves—and no corresponding increase, in terms of maintenance of children or in any other line, in the whole Child and Family Services, which would account for a transfer of a similar amount to foster parents or the foster parent rate structure.

What we have, in effect, is a cut with respect to a specific line, a very important cut when one considers the dilemma, issues and concerns facing the agencies, particularly in the context of her comments and her Premier's comments around decentralization. My question has been and still is, because it has not been answered, is why the Minister chose to cut assistance for that specific initiative, that particular program? I do not expect a further answer or any answer.

I will return to the question I just asked on the Child Protection Centre Annual Report. Can the Minister indicate when she is asked to receive that report by and when she will be tabling it in the House?

Mrs. Oleson: I am not aware of when they will be able to produce it and there is no legal requirement of when it has to be tabled.

Ms. Wasylycia-Leis: Mr. Chairperson, is the Minister concerned about receiving that report and set any guideline for receiving it and tabling it, even if she is not legally bound to do so?

Mrs. Oleson: They produce a report of their own volition. I will be very happy to receive it. I do not know what has happened in the past but I would assume that it would certainly be able to be tabled. I cannot see anything at the moment that would prevent me from doing so, but I cannot at this moment tell the Member when it will be received.

Ms. Wasylycia-Leis: I see it is almost five o'clock. On another related matter under, I assume, External Agencies or Maintenance of Children—I am not sure which—could the Minister indicate the status of the request before her from Project Opikihewin, if I have said it correctly?

Mrs. Oleson: Yes, I met with that group and I am considering their proposal, their request. I will be getting back to them shortly to tell them what we have decided.

Mr. Chairman: The time being five o'clock, it is time for Private Members' Hour. Committee rise.

* (1700)

SUPPLY—AGRICULTURE

Mr. Chairman, Mark Minenko: I call this section of the Committee of Supply to order, please. We are continuing to consider the Estimates of the Department of Agriculture. We are presently on item 3, at page 12.

Hon. Glen Findlay (Minister of Agriculture): Now that we are into item 3, MACC, I would like to introduce the staff that are here: Doug Parnell is sitting beside the Deputy Minister, Director of Credit and Administration; and Dave Bilsland, Director of Finance and Administration.

I will just maybe make a few comments before we get into this section. MACC has been in the business of lending to farmers for some 30 years in the Province of Manitoba and has played a very valuable role as credit suppliers to particularly young producers in the Province of Manitoba. The economy of the province and farm community has been such that the young producers, young farmers, those under 40, definitely need some degree of special consideration. The Young Farmer Rebate Program that has been in place for some time has done a good job of doing this. Certainly in light of present situations, we are prepared to look at that program whether it needs to be improved or extended in any direction.

Another program that has worked very well and that needs some consideration between now and next spring is the Guaranteed Operating Loan Program, again another program that has done a good job of serving a lot of producers in terms of being able to get an operating loan in position for them which they might not otherwise be able to have. That program, as I say, has done well. For at least one credit institution, it has

pretty well reached the ceiling of 12.5 percent. Some consideration has to be given whether that program shall be extended in terms of the percentage or restarted so that we can have that program working effectively and efficiently for producers as we move towards the spring of 1989. I think the Guaranteed Operating Loan is one of the best vehicles that can do the most good for the most producers, as we move into the spring of '89, hopefully, a crop that we put in the ground that can return a good gross income for producers in '89 and beyond.

Other areas that we believe we will look at to some degree to see if we are doing what is best for the corporation and best for the producers is the \$185,000 net worth limit. There is obviously some possible consideration to raising that limit. There may be justification of doing that. We want the corporation to be able to lend money at the lowest possible interest rate. We do not like to have to be considered as a lender of last resort. We believe that we can be a lender of major importance in the farm community and maybe raising that ceiling will help us do that. I have already the young producers and we will concentrate effort in that direction.

Another area that we will be considering the eligibility criteria on is the part-time farmers. Maybe those ceilings of eligibility need to be raised to do a full job there. As I mentioned earlier in my opening comments, part-time farming has become a greater and greater percentage of our producers in that category, not because of choice but because they felt they had to have additional income to keep the farm viable. So we need to be looking very carefully at serving their needs to the complete extent.

Certainly the amount of lending that is going on has declined somewhat in the last year or two. I do not think that is a reflection at all on the corporation. I think it is actually a positive response of producers at large that realize under the circumstances it is not a good idea to be loaning more money. A lot of producers have taken the attitude that for the time being, until the farm economy turns around, they are not actively pursuing the borrowing of more money. What the corporation is spending a lot of its time on right now is dealing with existing clients who have at one level or another financial difficulty, in fact see them through this period of difficult farm economy. With those opening comments, I welcome questions from the two Opposition critics and we will answer them as best we can.

One other thing I will just put on the record before I sit down is that the number of vacancies in the corporation at this point in time is one, and it is the Director of Fisherman's Loans. We have just had a recent retirement there.

* (1430)

Mr. Laurie Evans (Fort Garry): I thank the Minister for his opening statement, because I think it clarified quite a few of the issues that I had in mind and may actually reduce the number of questions.

Just as a general statement, could the Minister give us any indication as just what impact this year's drought

has had on the corporation in terms of is the severity of the drought starting to show up in terms of additional difficulties as far as clients are concerned, and is it going to result in one of the more serious years as far as foreclosures, quitclaims, and that type of thing are concerned?

Mr. Findlay: Just for the Honourable Member's information, the billing date for the corporation is annual on November 1. So we do not know yet what the impact of the drought has been in terms of producers' ability to pay what they owe on November 1 of 1988. In fact, we really will not know until some time after that as we see how the payments on principal and interest come in. But to this point, there are no figures to assess the impact of the drought, which most certainly there likely will be some of the impact. I think payments like Western Grain Stabilization and the potential drought payment from the federal Government are very critical for producers to be able to meet these commitments of this nature in the fall.

Mr. Laurie Evans: I believe I asked the Minister—I am sure the '86-87 Annual Report will be the last one that is available. Is the Minister in a position at this time to update the tables on page 12 and page 14, at least the bottom totals to sort of put this year into perspective?

Mr. Findlay: You have '86-87, total loans loaned out in the following fiscal year, '87-88, were 984 loans, total amount of \$53.83 million. For the three-month period of April, May and June of '88, the first quarter of this fiscal year, there were 394 loans for a total amount loaned out of \$20.418 million.

Mr. Laurie Evans: I am trying to get this straight in my own mind, Mr. Chairperson. The bottom-line figure then on page 14 of table 3, that is not quite the same figure as the bottom line on page 12 there. In other words, what I am requesting is can you give us the '87-88 figure that would be the final figure on the bottom of page 14, table 3?

Mr. Findlay: That is the comparative figure that I gave, comparative to the bottom line on table 3 of page 14, the total number of loans and the total amount of loans. So in effect, between '86-87 and '87-88, there was a decline of some 246 clients and a decline in lending of some little less than \$13 million.

Mr. Laurie Evans: Am I correct in my interpretation that the difference between the two bottom figures there is the one on page 12 includes the Fishermen's Loan and the one on page 14 does not? That is the only difference there, I believe, is it not?

Mr. Findlay: That is right.

Mr. Laurie Evans: On page 35 of the Supplementary Estimates, it states that the MACC expects to provide a total outstanding loan program of over \$250 million in 1988-89. I am wondering if the Minister (Mr. Findlay) could just indicate to me how that \$250 million is calculated because, if you use the data that is available

to us and total up the '82,'83, through '86-87 figures, you get to about \$309 million. So I assume this is because there have been some liabilities paid off and some others put out, but I am just wondering exactly what figures were utilized to compile to get to the \$250 million total there.

Mr. Findlay: The \$250 million is considered to be net after payments. The figures I just gave you were loans that were approved and money that went out but, at the same time, there are payments coming in at a reasonably steady rate, of which the balance of the two at the end of the year is expected to be in the vicinity of \$250 million.

Mr. Laurie Evans: Also on that same page 35, it is indicated that the projection is for, I think the figure is, \$48.9 million in new loans. I am wondering whether the Minister could indicate whether what he has given us for the first quarter would lead him to suspect that may be an underestimate as far as the annual, or are the bulk of the loans actually in the first quarter.

Mr. Findlay: The Member is basically right that the amount that was loaned out in the first quarter is expected to be the highest amount for a quarter, because that is the point in time when producers are getting their land loans in position. The next three quarters are only expected to total another maybe a little less than \$30 million on top of the first \$20 million in the first quarter.

Mr. Laurie Evans: Can the Minister give us sort of a status figure or status statement regarding the number of clients who are currently in arrears, how many of them are in arrears for one year, two years and so on, and what this would amount to in terms of dollar figures and percentage of the total clients?

Mr. Findlay: Mr. Chairman, I will give the Member the figures for '87 and '88, so you have two years of figures, and we are going to work from a base of a total of 8,960 clients. I am sorry, in '87, we will start with '87.

The number of clients in '87 was 8,256; the number of clients in '88 was 8,960. The dollar arrears in '87 was \$15.789 million and the dollar arrears in '88 was \$18.516 million, a growth of almost \$3 million in arrears. The percent of producers in arrears in '87 was 30.78 percent and, in '88, it is 28.8 percent. So the percentage of clients in arrears is around 30 percent, but the figure of total arrears has grown a little bit year over year.

* (1640)

Mr. Laurie Evans: Can the Minister give us an indication of just how many clients have actually been foreclosed on over the last two-year period, and how many of them have voluntarily gone out of production through quitclaims and other voluntary procedures?

Mr. Findlay: For the year '86-87, a total of 36 properties reverted to MACC ownership: four by bankruptcy, three by foreclosure, and 29 by quitclaims. I am sorry, I gave the wrong year, '86-87 for those figures. In '87-88, the

figures increase in terms of 65 properties reverted to MACC: no bankruptcies, one foreclosure, 62 quitclaims, and two by assignment for tax sale. To date this year, July 31 of '88 for a portion of this present year, 17 properties have reverted to MACC: two by bankruptcy, 15 by quitclaims. So there was an increase from '86-87 through to '87-88. The numbers so far this year would indicate it would appear to be somewhere in the vicinity of last year's figure at the end of the year.

Just for your interest, just so you will know the number of acres that are involved in these properties reverting to MACC: in '86-87, it was 14,100 acres; in '87-88, it was 24,200 acres; to date this year, it is 4,900 acres.

Mr. Laurie Evans: Can the Minister give us an estimate of the number of dollars that have actually been written off by MACC in the last year or over the period of the last two or three years as a total?

* (1450)

Mr. Findlay: Bad debts written off—and this is all categories—we will give you the total. I will give you the last three years plus this year to date. In '84-85, it is \$920,879; in '85-86, it is \$1,354,700; 1986-87, \$2,265,200; '87-88, to the end of March 31, 1988, it is \$4,614,800.00. So there has been an unfortunate growth in the amount of bad debt write-off to all categories of MACC for the last four years.

Mr. Laurie Evans: The question that follows on, Mr. Chairperson, is how much of this land that has been foreclosed on or otherwise turned back to MACC, is out on a lease arrangement with the original owner?

Mr. Findlay: Yes, it is fairly complex to sort this one out. I believe the Member's question was to deal with quitclaims to the corporation and leaseback to the people that had quitclaims.

In total, there are 65 such leases. Just to give you a quick breakdown on the 65, there are 34 in the five-year program; 12 in the four year; one in the three year; one in the two year; and 16 in a one year.

The first ones I gave you for the five, four, three and two are for those periods of years with a purchase option. There is also 17 in either a one- or two-year with no purchase option back in the hands of the original producer. Of the 65 total leases at this point in time, there are only 55 that are still active. In other words, for whatever reason, 10 have either dropped the option or have left farming or whatever. At this point in time, 55 people with a quitclaim that have a leaseback that they are actively operating on.

Mr. Laurie Evans: Are there any examples where a leaseback has in fact been able to take on the option of repurchasing? In other words, has it been successful?

Mr. Findlay: We cannot recall that there have been any of the individuals exercise that option to purchase, but this program started in October 1986 so it has only been running, basically, two years. I can assure the

Member there are several people, other individuals, who have leased MACC land on a five year with option to purchase, and it is not the original owner, land that came to MACC for whatever reason, somebody else takes out a five-year lease with option to purchase. There are several of those who are exercising that option at the appraised value.

Mr. Laurie Evans: First of all, I would like to thank the Minister (Mr. Findlay) and his staff for the answers. I freely admit that economics is not one of my strong points, so I hope the Minister and his staff will have patience with me because some of these questions are more for my own edification than they are to try to delve into the depths of the operation. So I would like to thank them for their patience.

Moving on into the area of the personnel that are involved, the 55 staff years that are identified. How many of those 55 would actually be individuals with formal agricultural training and how many of them would be more training within the actuarial accounting, banking, that type of background? I am just looking at generalities here. Would it be 50-50 or what sort of a general breakdown are we looking at?

Mr. Findlay: It would be 50-50 between those with an ag background and those without an ag background, you know, clerks and that sort of thing. But there is one individual who is a chartered accountant.

Mr. Laurie Evans: Of those who are on staff, how many of them would have actually had on-farm management experience? In other words, how many of them have had hands-on experience in farming and managing a farm?

Mr. Findlay: The general belief is about half again. In other words, those with an agricultural background really have on-farm experience and some degree of farm management background.

Mr. Laurie Evans: I guess the inevitable question that you are expecting is what is the male to female breakdown in those 55 staff members?

Mr. Findlay: We do not have an exact count in front of us but about 60 percent men, about 40 percent women.

Mr. Laurie Evans: Moving into a somewhat different area then and that is regarding the mediation boards. I would ask the Minister, in his view, how is the cooperation between the federal and the provincial mediation? I believe the Minister at one time in the campaign, I think, was indicating that in all probability his Government may do away with the provincial Mediation Board, but has changed that. I think the attitude was that there was an opportunity for cooperation between those two boards. Is that working well? Is there that type of liaison that you had expected?

Mr. Findlay: Yes, basically what you said is right. We were looking for cooperation between the two boards. We have asked the boards to sit down and work out

a working relationship to reduce the overlap of particularly doing the field report, and that the one report would serve the purposes of meeting the needs of both boards.

That process is still ongoing. There have been meetings between the two boards and I believe one was held early this week, and no recommendation has come to my desk yet as to the procedure they believe is most workable. At this time, there are roughly 1,000 applicants in front of the federal and about 450 in front of the provincial board. There is a lot of work to be done and we have talked about, and I will not say that this is final, but we have talked about mediation panels that will report to the federal board, would consist of, say, two panel members appointed by the federal people, and one from the provincial panels that are going to report to the provincial board and deal with, presumably or predominately, provincial matters like MACC. There should be at least two people appointed from the provincial board and one from the federal, that kind of relationship.

We have money available to assist in settlements and that money is to be handled and allotted by the provincial board only on recommendation from a field panel, so with that process of trying to streamline it to get the process working, to get the best possible people out there doing the mediation between the bankers and producers, so that recommendations can come in, so that we can effectively utilize the funds that are available to help in those settlements. That process is ongoing.

I cannot honestly answer you. When we get down to the mediation board line in the Estimates we will have staff here from there and we can get some more details. MACC has had a meeting two weeks ago with the mediation board trying to work out mechanisms, something that everybody can live with. So that process is ongoing. My reports are that things are progressing in the direction we would like to see them progress.

* (1500)

Mr. Laurie Evans: The Minister has indicated that there are 1,450 cases approximately between the two boards. How many of those would be cases where MACC is the major lender involved?

Mr. Findlay: I do not have the complete figures relative to that total I gave you because there are a lot of ongoing cases, where the applications have been made, which MACC will not know yet, whether they are going to be in front of the board, either board. But to this point in time, they have been in front of the Manitoba Mediation Board on 59 cases. They do not have the figure as to how many times they have been in front of a federal board. But many in the past, many of those cases they could have been to both boards on them with the same client, but there will be a large number of cases where their clients are involved in the mediation process right now, and they will be appearing eventually.

Mr. Laurie Evans: How frequent is the situation where a client actually appears before both the provincial and

the federal board? Is that still a common occurrence or is it a relatively rare thing, where they go to one and are not satisfied and then take their chances with the other mediation board?

Mr. Findlay: It will come up later, but if they are appearing before the federal board on a case and land is involved, which is generally the case with MACC, they are going to end up in front of a mediation board for sure, the Manitoba Mediation Board. We do not have an exact figure as to how many times they have been in front of both with the same client. There have been several but we do not have the exact figure, and we will get that later.

Mr. Laurie Evans: Some of my questions, if the Minister feels they would be more appropriate at a later date, I would welcome him to suggest that, because I have probably gone into this a little more in detail than was necessary in the mediation process.

My understanding is that the Manitoba Mediation Board does have something like \$6.5 million available to it over the longer term of which \$3 million is available at the present time or \$3.5 million. Now, is my understanding correct that all that money can be used for is to guarantee up to \$10,000 per year per client?

Mr. Findlay: In this present budget there is 3.5 million allocated for the mediation board for assisting in debt settling. Six-and-a-half million have been each of the two previous budgets but virtually none of it was allocated. Guidelines were being developed, difficult guidelines to develop. It is not easy to be able to find a way to slot that money into. The guidelines that are in place for allocation of money as loan guarantees is a total of \$50,000 over five years with a general average of \$10,000 a year, but that can go as high as 15,000 in a particular year if there is a demonstrated need for it, but no more than 50,000 over a total of five years. Those are the guidelines that have been in place for a short period of time and some money has gone out in this fiscal year under those guidelines.

Mr. Laurie Evans: In the mediation process then, Mr. Chairperson, is any money available to be utilized by the client in order for him to get outside expert assistance? In other words, is there any what you might call available money to support legal aid or anything on behalf of the client, because I get the impression that you have got on one side the lender who would have tremendous resources behind him in some cases, but the farmer or the producer seems to me to be the one that is sitting there sometimes on his own and perhaps an individual who does not really have the background in finances and economics to be able to build his own case. Is there any way that he can get assistance to do that?

Mr. Findlay: We really should talk about that when the mediation board is here. I am not aware that there are funds to tell you the truth at this time for somebody to hire legal assistance for appearing in front of the board. When a producer is in front of the panel, or at least whether he will appear, he will have the information and the expertise of the fieldman who did a report on

that person, plus the panel member is there to assist the producer in striking a deal with the bank or with the credit union, whoever the financial institution is. I cannot honestly answer the question. We will deal with it when we get to the mediation board as to whether they have been allocated funds or whether they believe that it should be proposed that they should be allocated funds to assist them in that direction.

* (1510)

Mr. Laurie Evans: Mr. Chairperson, I appreciate the Minister's comments about delaying, but there is just one question in the same area though that I would like to ask and that is do Manitoba Department of Agriculture staff actually assist the farmer in his deliberations and his determination? I do not want to be provocative here, but I have a little problem with that. If you have Manitoba Department of Agriculture staff assisting the farmer and on the other side it is MACC that you are dealing with, I see that there is a possibility of a conflict of interest here in that in some respects they are serving the same master.

Mr. Findlay: The farm management specialist is playing a role in terms of doing analysis and helping the mediation board do projections on a particular farmer's account. They do not appear in front of the panel when the farmer is there with the banker. They do not serve in that role. They act as backup resource people in terms of developing projections on analysis of the figures that have been brought forward by the fieldman. The fieldman does a report and then the farm management specialist takes that report and tries to put it in a framework for the panel that gives a projection of the coming years with incomes and expenses as to whether the particular situation is a viable one and that there is some possible reconciliation in the mediation process. I do not see a conflict there.

They are working for helping the farmer as they would for any farmer, whether it is in front of a mediation board or not. If somebody came forward and requested help in developing a financial plan, that is what the farm management specialist is for.

Mr. Laurie Evans: I do not disagree to any extent with the Minister on that other than I have had the impression that occasionally at least, the farmer, because of the fact that he is before the board, obviously is in at best a cash flow problem, and frequently even worse than that. I guess I have some concerns that he would not be in a position to go out and get the type of legal aid or accountant aid or whatever would be necessary to best present his own case. While not wanting to cast any aspersions on a farm management specialist, I am not convinced that particularly those who have not had on-farm experience that they would necessarily be the best one to present the strongest case on behalf of the farmer.

I would like a little elaboration from the Minister, if he can, and that is in respect to the whole process of quitclaim. My understanding of quitclaim is that it is essentially a voluntary thing and would not necessarily even go before the mediation board. Is that correct?

Mr. Findlay: Quitclaim is really surrendering of the land to the corporation in exchange for cancelling the debt. It is done between the producer and the financial institution, whether it is MACC or a bank, and does not involve the mediation board. It is the producer's choice as to which way he wants to go.

Mr. Laurie Evans: This, likewise, brings up somewhat the same issue, and that is when a producer voluntarily goes the quitclaim route, what provision is there to make sure that producer has not had poor advice in terms of estimating the equity that he has in the property? In other words, is there a problem or a possibility that he actually owns more or has more equity in his property and assets than he realizes himself and voluntarily gives up more than was necessary in order to be cleared of what he regards as a problem that is beyond his control?

Mr. Findlay: MACC's approach is when a producer comes forward and that appears to be the route he wants to follow, they advise him to seek legal counsel and send a quitclaim to the corporation through a legal counsel of the producer's choosing. So at least they are trying to force him to avail himself of the service of a professional who might be able to advise him on exactly the question he raised as to whether he is quitclaiming something of value, as he believes the value to be, or whether the value is greater than he believes it to be.

But the choice effectively is the producers and, if he goes in front of a bank or a credit union, then I guess it is the farmer's choice as to whether he wants to quitclaim it right there at the banker's desk or seek legal advice, or see a farm management specialist or anybody else who he believes might be able to assist him in helping him make that final decision as to whether the value of what he is prepared to quitclaim is more than what the value of the mortgage or whatever is being written off for him. It really is the farmer's choice, and the MACC is trying to promote him to go at least a legal route to seek that advice.

Actually, that person may not be able to assess farm value to the extent that a farm management specialist might be able to or some other private individuals who avail themselves or happen to supply this kind of service to help the producers make that ultimate decision, whether they should quitclaim and get their affairs straightened out or whether they should proceed through mediation to try to get a resolution of their debt problems.

Mr. Laurie Evans: This still concerns me a little bit in that, while MACC may be taking a very responsible approach to this, does the Minister visualize any merit in legislating a requirement that when a person goes the quitclaim route, there is a provision in there that if for some reason he is not able to avail himself of expert help on it, there would be some way in which that quitclaim would be reviewed by someone to make sure that this person, who maybe experienced a pretty traumatic situation when he has made this final decision, is not being taken to the cleaners by some unscrupulous group that are looking at it and saying, well, too bad

he is giving up more than he has to but that is his tough luck. Is there any need to bring in a safeguard?

Mr. Findlay: There is potential that there are farmers who will voluntarily do something that maybe with advice, say, they might not do. But, you know, quitclaim considerations, the farmer never gives that until somebody he has borrowed money from gives him notice calling a loan, or his arrears are such that they start asking questions about how you are going to correct your arrears, and he makes the decision. I know that a person in that state certainly has some emotional problems and might make a rash and unconsidered decision.

There has been initiated through the impetus of four farm organizations, three for sure, the NFU, CAP and Women's Institute. They have initiated what is called a networking, and Morris Deveson of our department has been working with them to offer services to people who get into this circumstance, and services of all natures.

The former Minister mentions the churches, yes. It is a well-accepted principle that it is good to have people out there who are prepared on a voluntary basis and staff in the Department of Agriculture who can assist people in this situation you are talking about in terms of how to handle the decision of whether they should quitclaim or go before a mediation board and to handle the family pressures, to handle the emotion, the peer pressure in your community, of having to do something with resolving your debt problems by either quitclaim or going before a mediation board. I think that networking program will assist people through this very difficult period of time, not only emotionally but in terms of making the right decision.

It is working. It is local people. Maybe they have more need—I think sometimes people in this kind of difficulty can respond better to local people, people who they feel comfortable with rather than a Government official. There are certain doubts and connotations about a Government official.

We hope that there is sufficient process to help producers through this, and there are voluntary organizations out there that are prepared to assist producers when they get to this point too. Whether we should legislate, I would almost hate to interfere more with people's freedom of choice than we have to. I think this voluntary networking process that has been developed should be given a chance to see if it can serve this need and all the needs that can be addressed for producers and their families when they get into this circumstance.

There is no question it is very stressful. I received a letter here not too long ago from a producer who was going to quitclaim. He felt he had no choice but to quitclaim, but he did not want it to appear on the land ownership map in his municipality that MACC was now going to be the owner of the land that he was going to live on and quitclaim and leaseback. He wanted his name to stay on there if possible. That showed you the peer pressure that he felt in his community that he was going to have to quitclaim his land back, get

a leaseback. He would stay on it but he just did not want anybody to know about it. He was under extreme pressure because of the local community peer pressure.

* (1520)

Mr. Laurie Evans: I certainly appreciate the Minister's comments because, in the brief time that I have been in the Legislature, I have had not a large number but three or four farm couples come in and I felt very ineffective myself in terms of being able to deal with it. When you have a woman in your office who is in tears and a husband who is distraught and then to look at them and say, well they are going to make the most rational judgment, you really have to wonder whether or not they are capable of doing it. Personally, I felt that just putting them in the hands of some agency in the network, who they have said well we have already discussed it with them, left me a little concerned as to whether they were really going to make as rational a decision as you would like to see them. Yet, to tell them that they should seek legal aid when they are telling you that they have not enough money to buy their next meal with, you begin to wonder just whether there is not some level of protection needed there.

While I do not usually regard myself as a bleeding heart, Mr. Chairperson, I was touched by some of these instances. I am not sure, I am a little concerned that many of our urban dwellers do not recognize the severity of the situation in some of the rural communities. It certainly is serious and, when somebody comes in and tells you that they have spent 15 or 20 or 30 years of their lives on a patch of land that they expected or thought was theirs that they were going to pass on to the next generation and then all of a sudden find that they have absolutely nothing, it is very difficult not to be very sympathetic with them, and yet you feel somewhat helpless in terms of what you can do.

Moving on then, Mr. Chairperson, I would like to have the Minister give me his view as to whether he feels that MACC essentially has a mandate that is identical to FCC, because he made the statement in his opening statement that he did not want to see MACC identified as a source of last resort. I think there was certainly a perception, rightly or wrongly, for a long time that FCC was, but I think in the changes they have made to their mandate I view them as being very little different from any other traditional lending agency in terms of wanting to be very sure of the collateral and the cash flow and everything else that you would typically look at, and they do not seem to be any more likely to provide a loan to a farmer than a bank is. If the bank says no, they probably will say no as well, whereas MACC is still having a tendency to try to support those who may be a little riskier.

Further to that, it would appear to me that the levels of arrears that you mentioned earlier, I would expect that must be somewhat higher than a lending bank or credit union would typically be willing to sustain.

Mr. Findlay: Certainly, MACC has been involved in, you might say, more risky kind of lending in the past. I think roughly 30 percent of clients in arrears as

opposed to banks with 18 percent to 20 percent of clients in arrears would indicate that. But MACC has also got a number of special programs in place that really are not offered by either FCC or the credit unions or the banks. There is a Part-Time Farmer Program, there are Interest Rate Relief Programs, the Livestock Program through the Manitoba Beef Commission, and the Guaranteed Operating Loan are some other initiatives for special needs where MACC has served as a vehicle for, you might say, provincial Government-initiated attempts to serve special needs in the farm community.

Over the past few years, most recently I guess two to three years, the basis for lending by MACC has changed somewhat, as is done by other lending institutions. It has gone from lending on the basis of what the collateral is to lending on the basis of whether the loan will cash flow. Approvals are now on that basis as opposed to strictly collateral. As you well appreciate, a person can have a lot of collateral but, if he does not have cash flow, he cannot serve the debt. That is a common practice within the industry. I still think that MACC, more than any of the other institutions, tries and attempts to serve special needs. The one I highlighted earlier and will highlight again is particularly in the young farmer area.

Mr. Bill Uruski (Interlake): Mr. Chairman, I would like to just follow up on some of the comments that the Minister had made earlier and some of the questions that were raised by my colleague here from Fort Garry. The Minister spoke about reviews being done on a number of the programs currently that MACC administers, and he spoke about the Guaranteed Operating Loan. Could the Minister indicate when the current agreement under the Guaranteed Operating Loan expires?

Mr. Findlay: December 31 of '88.

Mr. Uruski: Mr. Chairman, has a decision been made at this time whether or not the Guaranteed Operating Loan Program will continue?

Mr. Findlay: I thought I had fairly clearly indicated earlier that the Guaranteed Operating Loan Program has served a valuable need for keeping the most number of producers on the farms operating. I think, for the spring of '89, it is going to be very critical that an effective Guaranteed Operating Loan be in place so that the most possible number of producers, who have difficulty getting operating loans otherwise, can obtain operating credit through the authority of the Guaranteed Operating Loan. I think it is a very critical program for the spring of '89, so there is no doubt in my mind that the Guaranteed Operating Loan Program will continue.

Mr. Uruski: Mr. Chairman, I appreciate the Minister's comments that he views the program as a very integral part of governmental support to the farm community during difficult periods of time. The real question is, have either negotiations begun and what instructions have flowed to staff dealing with the present program? Are we looking for an extension currently of the same basic criteria or the basic guarantees that have been

there in the past, or are we faced with the prospect of extending those guarantees beyond the 12.5 percent? I would like to hear what the Minister has to say in this area.

* (1530)

Mr. Findlay: To the Honourable Member, the process and negotiation is ongoing. There have been some meetings involving the credit institutions to try to develop a program with the guidelines that are workable for them, for MACC and serve the needs of the farm community. I guess it would not be appropriate to talk about the details that are in the process of negotiation, other than to say that the 12.5 percent naturally has to be looked at. The ceiling of 125,000 has to be looked at. There are some other components with the clear objective of having the most number of viable producers operating next year that need a guarantee to their operating loan. My understanding is that negotiations have gone well because the program has been received well by both producers and banks in the past and has proven itself. It is just a matter of renegotiating for the coming year.

Mr. Uruski: Is the Minister considering increasing the ceiling of the Guaranteed Operating Loan beyond the \$125,000.00?

Mr. Findlay: That is part of the negotiation process, yes. It is a consideration that the corporation is considering.

Mr. Uruski: Can the Minister indicate to us in that whole area, how many producers are presently on the Guaranteed Loan Program and what is the average guarantee under that program?

Mr. Findlay: The total number of clients, 405; total number of approvals, 405; total amount of loans out, almost \$25 million, for an average of around \$60,000 per client.

Mr. Uruski: If the guarantee maximum is 125,000 and the average operating loan is at 60, why would there be any need for revision of the upper ceiling?

Mr. Findlay: I have not said that there will be change, it is under consideration. There have been requests to look at that. Another component has been a request to look at is if a producer comes in and he needs a Guaranteed Operating Loan of \$130,000 he is over the limit. He gets nothing. His reason to look at it is that he should up to that amount and the rest he has to do on his own. That is all part of the consideration.

Mr. Uruski: I thank the Minister for his information and his indication that clearly it is the Government's intention to work out an additional guarantee. I will be looking with interest and with support to that program because we, as well as the current administration, believe that for an effective use of scarce resources this program has probably done the most good, in terms of keeping farmers operating during very difficult times.

Mr. Chairman, I would like just to move off, just a couple of other questions on the Guaranteed Operating

Loan. Can he tell me whether the credit union movement has entered this program? I want to indicate to the Minister that of any of the programs that I have probably had the most frustration with has been—and I want to place it on the record to him—the whole credit union movement. We were in negotiations with them. They came back to us initially that they were interested. I will tell the Minister that the reason that we are at 12.5 percent today—that program—primarily is because the thrust of negotiations at the time this program came into being was handled, was being pushed by the credit unions. The other financial institutions, I would say, nicely said, yes, that is a good way to go. We were generally supportive of the credit union movement and went along and then “boom” they are not in.

I think initially, and maybe staff will say that I am full of hot air because they did the negotiating, but had the credit union movement not been part, had we known that they would not participate in the program, I venture to say that the guarantee program could have been in place probably in the 10 percent range, and that we probably would have negotiated a deal there. They came back to us finally and said, you can deal with each and every individual credit union, which really was not the intent of this program, which would have been a nightmare in terms of administration, and philosophically would not have treated the credit unions in the same manner as we treat the banks, by treating them all as basically one institution.

I know my predecessor, the Member for Swan River, the Honourable Leonard Harapiak, I know during his time there were negotiations again to see whether or not we could bring in the credit union movement. I would only encourage him and ask the Minister whether he would consider at this stage to try and set up a new round, if they are not in, a new round of negotiations to try and bring them in, because they are a significant lender in rural Manitoba. I believe that their portfolio, if my memory serves me correctly, is very close to what MACC's portfolio is in the ag lending area, and for the credit union movement not to be involved in a program leaves a hole. I know in the Minister's area, the credit union movement plays a significant part in ag lending as it does in my area and other areas, so I would like to hear the Minister's comments.

* (1540)

Mr. Findlay: The former Minister's comments are well taken. I am also very disappointed that they have not been able to amongst themselves resolve their differences on this and find the mechanism by which they could divide up the losses in a particular year amongst the various credit unions.

They have been involved in negotiations on the new agreement to date, they have been involved. I do not think they have given us any indication as to whether they have resolved the problems they have had in the past such that they can be part of this new agreement and participate. I am sure many of them reflect back now and wish to heck they had have been involved because they have encountered just as much trouble as anybody else has had on operating loans in the past three or four years. I am sure that pressure of the past

experience of losses should stimulate them to resolve the differences between the various credit unions so that they can, as a central unit, find a mechanism to enter.

We do not have any clear signal yet that they have resolved those differences. They are part of the negotiation and discussion and I dearly hope that they will. Yes, they are a very significant portion of the farm lending game out there, particularly the operating loan game. They are important and many farmers believe strongly in them and believe that they would sooner do business with a credit union than with a bank because the money stays in the community. I wish that they would and hope that they will join the program.

Mr. Uruski: Mr. Chairman, I guess my assessment of the situation is here is a prime case where those credit unions and their representatives who generally are in a very strong and sound financial position, essentially taking the position that maybe ag lending is not a major portion of our portfolio and we are in sound position and we should not be involved, but if others want to be involved they want to be involved. I guess that is the weakness of one weakness in terms of the central mechanism of the credit union movement. Somehow I would applaud the Minister if he succeeds in getting them on and I hope just by the sheer numbers. If I ask the Minister, out of that 4.6 million in '87-88 in write-offs, I would like to ask him—and I venture to say that a fairly sizeable amount of those write-offs will be under the Guaranteed Operating Loan Program, or is it very small in terms of the pay-out? Maybe the Minister can give me that information.

Mr. Findlay: The figures that I have given you for write-offs by the corporation, those figures did not include Guaranteed Operating Loans. This is a separate budgeted item. So I just want to give you the figures for the '86-87 period, \$892,900 on the Guaranteed Operating Loan Program, and for '87-88, \$1,338,000.00.

(The Acting Chairman, Mr. Helmut Pankratz, in the Chair.)

Mr. Uruski: Mr. Acting Chairman, maybe the Minister should clarify this whole question of write-offs. What is the total budget of the write-offs that corporation has in terms of its portfolio and how does it break out so that we are not confused in that whole area? I am assuming that the Minister, now that I think back that the information he gave was under the regular lending program, and there are others, but maybe he can provide us that information so we are not confused.

Mr. Findlay: The figure I gave you previously for this year, for instance, I will give you this one last year where we had a total loss of \$4.614 million. The categories are: rent, \$67,700 of write-off; beef producers, \$1,500; Stocker Program, \$1,500; mortgage, chattels and agreements, \$4.2 million, the major category; Beef Commission security agreements, \$1,900; promissory notes, \$57,000; Interest Rate Relief Program, \$277,000.00. So the major category there is mortgage, chattels and agreements of the total \$4.6 million.

Mr. Uruski: The \$4.6 then and the \$1.348 are the two areas of write-offs that the corporation has made

provision for, and are these actual this year, or are they, I guess, projections, or are there others to total. I would like to know the total portfolio that they believe that they may write off.

Mr. Findlay: Those categories represent actual write-offs in the previous fiscal year to March 31, 1988.

Mr. Uruski: While we are on this topic then, can the Minister then explain the \$11.271 million in the Estimates?

Mr. Findlay: Yes, what I have given you there is the process of calculating the Allowance for Doubtful Accounts and, as I have mentioned to the Member for Fort Garry (Mr. Laurie Evans) when he asked the question earlier, we would get into this discussion and supply him with the information of how the calculations are arrived at when we get into Estimates.

If you look at the \$11.271 million in the printed Estimates on page 12, the previous year—and we used the same accounting process the previous year—was at \$10.5 million which appears under No. 2 on what I have handed out. If you want a chance to look at it, maybe next time we talk we could look at it in some more detail. It is the accounting process now where previously we only recorded in the Estimates the actual amount lost. Now Finance is asking us to project probable write-offs or make an allowance for write-offs in the year that the Estimates are printed, so that there are no surprises at the end of the year. These are the projections that the corporation has brought forward in their Allowance For Doubtful Accounts.

Mr. Uruski: Mr. Acting Chairman, then in the area of—I will have a look at these numbers—so there has been a significant accounting change in the way now that the Estimates are being presented. Is that correct? In effect, the way it is being presented, between what is on the left-hand column, roughly the \$8.85 million or \$7.5 million difference, is in fact strictly in the way of presentation and an estimate of what is available rather than actual?

Mr. Findlay: The way the Member identifies it is basically correct. If you read the top paragraph there in what I handed out, it gives it just the way you said it, that we are to provide in the provincial records for MACC's allowance, for doubtful accounts in the year of occurrence; in other words, this year that we are in, '88-89. Instead, as in the previous method, of providing for an increase in the amounts in the year after it happens. In some sense you could say the figure is higher because we are allowing for write-offs that in effect have not occurred yet but are anticipated that they may occur in this particular year, before March 31, 1989.

Mr. Uruski: Mr. Acting Chairman, I ask the Minister then why his department would not have put the new comparable figure in the column on the left-hand side of what might have been available in the presentation?

* (1550)

Mr. Findlay: The left-hand column referring to \$2.5 million is the printed Estimate from the year before effectively. As I said, to that figure, the comparative figure, if it had been changed, would have been the 10.5. We are going from one accounting system to the other. Probably there is not a good answer. It took me a long time to try to get a feel for these figures, but the process is there. Actually we had hoped that the figure we have allotted for in the right-hand side, the 11.2, is never achieved.

Mr. Uruski: I do not disagree with the Minister; we all hope that. What bothers me, and I will lay it on the line to the Minister, here we have his colleague, the Minister of Finance (Mr. Manness), in his presentation in the Budget Address saying here is the kind of percentage increase in spending in agriculture one year over the next. In the way he calculated those figures, he talked about the actual spending of the department and in many areas there was an underspending so that the '87-88 actual numbers in this account show far less than what was even budgeted for. He compared the new budgeted figures with an actual spending figure in 1987-88.

Now here we have a situation that if you compare, if you made at least an apples and apples comparison in the accounts, you would have had an additional \$8 million in the Budget. If you made an actual comparison Budget over Budget, you would have had a much different bottom-line figure in the Estimates than we have. The Minister of Finance (Mr. Manness) would not have in fact been in a position to make the kind of, what I would call, bordering on misleading figures of percentage increases that he did. Because if you add to the \$86 million, which is the actual spent figure, and I will even use the apples and oranges comparison rather than what was and add another \$8 million, you would have brought that up to \$94 million. If you would have added the actual budgeted figure from the previous year, you would have had 85, well, 81 and then we had the 4.5 Related to Capital, 85.496, was about a million dollars. It was \$90 million actually, \$90 million, a drop of \$4 million—no, I am sorry—about a million dollars difference, so we would have had a far different figure. The impression that was created by the Minister of Finance (Mr. Manness), at least he would have made what I consider an accurate comparison.

Now I ask the Minister, did he capitulate in the presentation of these Estimates to put a figure on the record that really exaggerates the actual fact of the situation? Did he instruct the staff to prepare the Estimates in this way, or was this a move strictly by the Department of Finance?

Mr. Findlay: Really, by law, the figure on the left, 2.5 million, was the vote of last year so Finance could not change that when they printed the Estimates, and Finance has required that we use a new accounting practice which ends up with the figure on the right.

But I will remind the Member for Interlake that although the estimate a year ago was some \$85 million for agriculture, the actual amount spent was \$70.773 million. That came out in the Fourth Quarterly Report.

There was some underexpenditures which I am sure the Member is aware of, particularly the Special Farm Assistance of 6.5 million was not spent, and 3 million under Special School Tax was not spent. So there can be blame laid anywhere you want, but the procedure that we are in, clearly you could argue that there was an \$8 million figure there that was maybe overstated, overestimated, but I think the legal procedures were followed in terms of the figure on the left relative to the figure on the right. You could not inflate the figure on the left because that is what was legally voted a year ago, and the figure on the right is the new accounting procedure.

So, whether there is blame in any quarter, anybody can play games with figures I guess in how they are reported, but the correct figures are in the Estimates with the old method on the left and the new method on the right, and there is a difference there of some \$8 million, or \$9 million.

Mr. Uruski: Mr. Acting Chairman, I was giving the Minister the benefit of the doubt when we started. Now I am not so sure. I want to ask the Minister then—and I am particularly looking at the Estimates that were tabled in the House by our administration in March, which showed a different figure. It showed a bottom-line figure for Agriculture for the year ending March 31, 1988 of \$85.4967 million. In his figure, they have in fact upped that to \$86.053 million, increased that, and he indicated earlier to me that really we do not change these voted figures at all in terms of their presentation and they are legal.

I am just pointing out to the Minister that they have been changed and have been presented differently and, unless one wants to do what I would consider a political hatchet job on a former administration, then one would present the figures in the best light possible, and I have no difficulty with that, but I wanted to give the Minister the benefit of the doubt that it was done by his colleague, the Minister of Finance. He has not answered that question. He has tried to defend the process, and I do not want him to defend the process, I want him

An Honourable Member: We are explaining it.

* (1600)

Mr. Uruski: Well, if you are explaining it you have not done a very good job because you just told me that there was no change in the way the Estimates are presented and the numbers are presented from year to year. Explain to me why there is an increase then of \$0.5 million from the Estimates that were presented, and I am talking about last year's Estimates, not the new ones. I am talking about the left-handed column in the Estimates presented by the Honourable Eugene Kostyra, Minister of Finance, in March 31, 1989, had a bottom-line figure for Agriculture of \$85.4967 million.

The Estimates presented by the Minister of Finance, the Honourable Clayton Manness, and presented here for the fiscal year ending 1989, shows a left-handed figure in the same Estimate, the bottom line for Agriculture, of \$86.0538 million.

Those are actual budgeted figures, and I know that in his remarks he said the actual expenditures were only \$70 million and I do not doubt that at all. From year to year, those figures will vary. Those of any administration, including yours, your officials are making the best guesses possible. I have no difficulty with that. I did not like the kind of apples and oranges comparison that he gave but I want this Minister to explain, now that it has been found that the figures are not necessarily the same, how does he explain why they were not put in and did he and his officials in fact have a hand in it? Or is that a financial situation which was brought on by the Department of Finance?

Mr. Findlay: I presume what the Member for the Interlake (Mr. Uruski) is referring to, what he has in front of him, is the defeated Estimates compared to these Estimates. If you look on page 10, there is a Reconciliation Statement which takes the '87-88 Estimates, \$84.6 million, and through transfers and allocations you end up with 86,053 and that was established by the Department of Finance. If he wants to ask the Minister of Finance (Mr. Manness) any further details on how those reconciliations are arrived at, that would be the appropriate person. There is no "games playing" that I am aware of.

Mr. Uruski: I want the Minister to tell me—and there is a reconciliation statement in the old Estimates as well—we had a figure of 84.6648 million, the same figure, and then there were greater or lesser amounts in the reconciliation to give you your final figure of a \$0.5 million more than ours. But what bothered me, Mr. Acting Chairman—and the Minister did not answer that question as to whether his officials made the recommendation of not putting in, and is it normal practice that the new amounts be not put in, to make what I would consider at least an accurate reflection of budget over budget from year to year? And that I would like the Minister to answer for me.

Mr. Findlay: Mr. Acting Chairman, there is really no better answer other than legally the right figure, the proper figure, the correct figure is on the left; that was the voted figure from a year ago. The right figure, the proper figure is on the right-hand column the \$11.271 million, as required by the new accounting procedure that the Department of Finance wants. You could always argue that maybe there should have been a footnote in there, that the comparable figure for the left-hand column from the previous would have been 10.5. That footnote is not there.

But otherwise the accounting, the purpose of my giving you this is an attempt to explain to you the accounting procedure that arrived at that figure to meet the requirement of having the doubtful accounts dealt with in the year that they actually occur. I hope in the future we have a declining figure there rather than that figure. The only thing that could have been done and to print the Estimates appropriately might have been a footnote in that respect, but the footnote is effectively in this handout that I have given you here today.

Mr. Richard Kozak (Transcona): Mr. Acting Chairman, I do not want the impression left in this House that the

Member for the Interlake (Mr. Uruski) is speaking only on his own behalf. The Liberal Party concurs that normal accounting procedures require that data be presented on a basis comparable with that of the previous year. What we have here are Estimates that depart in a significant and unacceptable way from normal accounting procedures.

Mr. Uruski: Mr. Acting Chairman, I want to ask the Minister, and I appreciate the information that he and his staff have provided, because I know that in terms of where we are at on the debate, that the officials in the agency certainly all they do is provide the figures and someone else really makes the decisions. I understand that.

I am really getting at the point, and I want to ask the Minister whether he considers it a fair comparison when making a comparison of year-over-year comparing the actual expenditures to the budgeted expenditures, whether that kind of a presentation—he will be in Opposition sometime down the road and the same game playing can occur. I will give the Minister the prime example. I know the 1980 drought, there was a budgeted figure of something like—

An Honourable Member: \$40 million.

Mr. Uruski: —\$40 million.- (Interjection)- Yes. I think the actual expenditure was something like 13.

An Honourable Member: 16.

Mr. Uruski: 16 or something like that. I know the machinations we went through and the ballooning of the budget and that whole thing. I ask the Minister whether he considers that kind of a comparison of year-over-year, what I would consider apples and oranges comparison, a fair comparison of actually what happened? If the comparison would be expenditures with actual expenditures, then you make it. Is the normal comparison that is made yearly, is it made—maybe his officials then can tell him because they have a chartered accountant sitting on staff—when one does make comparisons, to make them at least reasonable from an accounting point of view. Are those comparisons to be reasonable made on a budget-for-budget, budgeted-over-budgeted, or an expended over actual expended? Is that a fair comparison?

(Mr. Chairman, Mark Minenko, in the Chair.)

* (1610)

Mr. Findlay: Normally when the budget is printed or Estimates are printed, you are dealing with a budget of the previous year over a budget of this year because those are the only figures available.

Because of the lateness of the preparation of these Estimates, the actual from the previous year was available, the actual expenditure of 70.77 million. It was reported as budgeted to Agriculture over actually expended. So the comparison was made on the basis of what the figures were from one year to the next. That is why the figures, certainly the widest range of

the lowest figure, in terms of last year, the actual expended was used because that is what we knew at that time. Most years when budgets are printed, you do not know that figure. But this year, because of the lateness, it was known. We were surprised that it was that low, I guess really, in some sense, a little bit disappointed that some of the categories of expenditure did not occur in the previous year. There was that wide difference from 70 to 115.

Mr. Uruski: Does the Minister consider that a fair comparison?

Mr. Findlay: It was a comparison. The parameters of the comparison were given—budget over actual expenditure. The figures were fair in terms of what they were quoted as. If you were looking for budget-over-budget, it was 85 as opposed to 115. If that is his definition of fair, then that is the comparison if it is budget-over-budget.

Mr. Uruski: I am pleased that the Minister now is getting around to the point of saying that the type of comparison made by his colleague was not quite fair. In fact, I will go even one step further and indicate that if even the actual expended figure is out, because if you are at least making on this column, even taking the worst scenario, they should have added the additional \$8 million to the 70 million, to make it at least fair of an unfair situation. I know the difficulty that the Minister is in, but I say to him that his colleague the Minister of Finance (Mr. Manness) has basically made him and his department look and appear like they are cooking the books. The way they presented them, one cannot get away from having the impression, when you make really comparisons by any accounting standards as being inaccurate as nothing more than cooking the books, in terms of what was spent and what was spent versus what was budgeted.

This Minister here, even in the figures that were given, is having to defend what I consider a very—and I think maybe my colleague, the Member for Transcona (Mr. Kozak) or my colleague the Member for Fort Garry (Mr. Laurie Evans)—The Member for Transcona is an accountant. He may want to share how the accounting profession views this kind of process in terms of presentation, whether it in fact borders, and I will let him put his advice on the table, on the unprofessional and goes beyond the conduct, unprofessional in terms of accounting methods. Richard, do you want to tell us?

Mr. Kozak: Mr. Chairman, I thank the Member for Interlake (Mr. Uruski) for his kind words and his invitation to add to the remarks that I made earlier on behalf of the Official Opposition. I feel, however, that the remarks that I made earlier stand well on their own. We do believe that normal accounting procedures have been departed from in this case. We see no need to add to that statement. Thank you.

Mr. Findlay: From the Department of Agriculture's point of view, we have supplied you with the information as it is. We have given you an up-to-date accounting of the procedure of arriving at the Allowance For Doubtful

Accounts and I would hope the Members are not reflecting on the expertise of the accountants of the Department of Finance.

Mr. Laurie Evans: It is not a case of reflecting on the people who are involved, but I think if I have one concern, Mr. Chairperson, it was the comment in the Budget Address that indicated the amount budgeted for Agriculture in this fiscal year was 150 percent of the previous year, a 50 percent increase, which is essentially taking 114 over 71, which I understand was the way it was done, which I do not disagree with. But I think it was a little unfair to have not identified in the Throne Speech that is actually the way the calculation was made. Now it is clear that there was \$8 million more than was actually spent in terms of the debt situation, so at best it should have been 114 over approximately 80, which would have given a different figure.

I think when this was put in the press that there was that kind of an increase to Agriculture and we started to look for it, it was difficult to find it because it was a rather difficult means of determining exactly that level of increase. I guess, to put it bluntly, I was disappointed when I looked at the 85, or whatever it was before, and calculated 50 percent before getting the detail and was looking for a budget from Agriculture that should have been considerably higher than it actually was if an apples and apples situation had been used.

Mr. Findlay: I guess in terms of the amount of money that we have in Allowance for Doubtful Accounts, those that will be in the category of having an allowance for their account, a write-off, if they have quitclaimed or stayed on their land because of quitclaiming, there is a benefit to those producers. Although you could say it is not a direct expenditure, it is money that is not coming out of our producers in terms of paying a debt, so it does some good. Although you can argue about the procedure, but what is in place and what is on paper is not going to change.

Mr. Uruski: Mr. Chairman, I want to indicate to the Minister that our intent and my intent is certainly not to have or to put any reflection on the staff either in his department or the Finance Department. My intent is to deal with a very jaundiced reflection on the political masters, meaning the Minister who sits before us and his colleague, the Minister of Finance (Mr. Manness). The Minister did not answer my question earlier. I want to ask him point blankly, did he play a hand, did he advise the Minister of Finance on the method of presentation that he made in the Budget Address to give, to provide the kind of comparison that he did knowing now, as he admitted here to us today, that it was wrong?

* (1620)

Mr. Findlay: No, I did not advise him.

Mr. Uruski: Can the Minister indicate whether anyone from his staff advised the Department of Finance?

Mr. Findlay: No, not to our knowledge.

Mr. Uruski: Mr. Chairman, is the Minister then saying that those figures that came in the Budget were strictly prepared by the Minister of Finance?

Mr. Findlay: The department staff supplied the figures requested from Finance under the guidelines that Finance established. There is an accounting change from year over year here, and staff supplied the figures based on those requests.

Mr. Uruski: Did the staff supply the information when asked or if asked, or were they asked whether or not, if one was to make the comparison in terms of even the comparison that was given, whether the \$8 million figure would have been in that information? Was it requested or was it supplied, either, either/or, or did Finance ask any further elaboration and what did the department actually send to Finance?

Mr. Findlay: No, the department arrived at the calculation of the allowance for doubtful accounts basis the guidelines they were given. They submitted the figures to Finance, and Finance prepared the budget as laid out there, and they made comment as they saw fit from that point on.

Mr. Uruski: Mr. Chairman, then Finance did not ask any further questions on the figures supplied? Would that be an accurate assessment?

Mr. Findlay: No, Finance did not ask any more questions about the figures that the corporation supplied from the facts that they had.

Mr. Uruski: I have a number of other questions in this whole area. I will leave this area for now.

I would like to ask the Minister, he made comments on the regular lending program about the \$185,000 net worth ceiling. Can he tell me, when was the last time there was an increase in the lending limit, and what was the previous ceiling and now the \$185,000, when was that?

Mr. Findlay: The previous ceiling was \$185,000, and we believe it was 1983 that it was raised. We are not sure, but we will clarify that for him next time.

Mr. Uruski: Mr. Chairman, yes, I seem to recall that time frame that there were a number of changes in that time. They went from what? Was it 150,000.00? I think it was 150,000.00.

I have to indicate to the Minister and I know, with the monies available, it is always a difficult question as to how far you go and do you allow for less producers if you increase the net worth above? Clearly, I believe it is, as he has indicated, time for a review of this whole area. At least if one even looked at inflation and made that five- or six-year increase, you would probably be looking at a minimum of \$200,000 or \$225,000 as a new net worth and it certainly would not be out of line.

In fact, I want to indicate to the Minister that I would be one who would be supportive of that review because, if one is to balance their portfolio and not be strictly

viewed as the lender of last resort, one wants to have a portfolio of clientele that do have a reasonable net worth and a reasonable avenue of collection or payment record. So because the corporation does and has taken a lead role in beginning farmers where the risks are higher, in order to support those risks and that lending portfolio, one wants to have as wide a portfolio as possible. You know that you are going to have greater risks on the beginning, and so you want a little more on the other side, but you do not want to make it so large that you are then moving into the whole area of FCC, which I believe their lending limit or net worth is around the \$300,000 mark, if I am not mistaken. I am not sure. They maybe up above that now as to their limit, so we have always kind of played a dual role.

So I say to the Minister that is certainly one that in my view is supportable and time for reviewing, especially in light of what is going on in the industry and in fact the type of people who are coming now to apply for other ones who are probably a little more secure but, because of the net worth, they fall between the stool, so to speak. Because it is clear—and I want the Minister to indicate to me what is the current spread of interest rate charged between MACC and FCC, let us say, over the last year or so, and the current rate for whatever figures the staff may have in terms of the loans, and if he can put that on the record.

Mr. Findlay: We will give you some comparisons here and I will use the FCC rates as of September 1. They are FCC for a five-year mortgage, 12.5 percent; 10-year to 20-year period, 12.75 percent, which is the more common loan; Farm Syndicate Loans, 12.5 percent; Shared Risk Mortgage, 12.75 percent; Commodity-based Loans fully indexed, 6 percent; and Commodity-based Loans partially indexed, 9 3/8 percent. So the range is in around 12.5 percent to 12.75 percent for what we might call general loans.

MACC, at the same time, for a two-year loan, 11.25 percent; five-year loan, 11.25 percent, which looking at FCC that is a point and a quarter below; 10 years, it is 11.375 percent; 20 years, 11.5 percent. We are really a point and a quarter below FCC on these comparisons of the same period of time.

* (1630)

Mr. Uruski: Mr. Chairman, I am going to be turning the floor over to my colleague, the Member for Fort Garry (Mr. Laurie Evans). I just want to make one comment and indicate it is very clear that the name of the game in town, I am sure, is MACC. There is just no doubt about it. In fact, I think if one looked back three or four years, the spread was not quite as large as it is today. I believe, at that time, we were probably looking at three-quarters to 1 percent, maybe, and here we are over the 1 percent mark currently.

So I am sure that the Minister will be and probably is inundated with applications from the farm community, and he will be in the same dilemma that I was, we were, with long delays in terms of making decisions on claims, on applications because it is very clear. You start looking at a loan of \$50,000 to \$100,000 and talk

about 1.5 percent, you are looking at a lot of money over a 20-year period.

If I am a farmer who is trying to look at the least cost on my operations, a point and a half on my mortgage is one heck of a cost. So I say to the Minister, it is time to make those reviews but recognizing that they will create some pressure. I will get back to ask some more questions when next we meet.

Mr. Findlay: The Member said we would be inundated by requests for loans. The truth of the matter is the farm community is not in an active lending mood because 11.25 percent is still a fairly high interest rate, but anyone who is in the process of looking for a land mortgage, for example, would clearly prefer MACC as to FCC. We would be the first choice. There is no doubt about that, because we are a point and a quarter better. FCC, I do not know how they do any business at all.

But as I was just saying earlier, there are not a great number of applications coming forward because the farm community is not in a land-buying or lending mood at the moment. If we get good rains this fall and some snow over winter, that attitude might start to turn around as people look at the higher grain prices and say, hey, things are going our way.

In terms of the turn-around time, going back to the December of '86, the turn-around time was calculated at 91 days, and it has improved steadily to the end of August of this year at 40 days. So turn-around time has been improved substantially by a number of actions taken by the corporation because that has been a criticism that has been levelled over a period of time that things have not happened. I have levelled it a few times myself, but I am very pleased to see that things have improved and the turn-around time has improved. I hope that can be maintained as we go along through the next number of months.

Mr. Laurie Evans: I would like to go back to the Guaranteed Operating Loan situation again and make sure that I understand the mechanics of this. My understanding is, first of all, that the maximum that any one participant can get is \$125,000.00. If his net worth or equity is over \$185,000, he is not eligible to get anything at the present.

Mr. Findlay: The \$185,000 does not apply to an operating loan. But you are right, the ceiling is \$125,000 for a GOL.

Mr. Laurie Evans: The guarantee is 12.5 percent for any one lending agent or agency, but the total amount that the corporation will guarantee is \$100 million in total. But only in this past year, I think your figure was that there was \$25 million. Prior to that, there was—I think the year before, it was \$30.9 million. I guess my question is to the Minister, if you have got 25,000 farmers plus or minus in Manitoba and I would assume a large percentage of those are looking for operating loans every year, why are we not getting a larger percentage than 405 out of that 25,000 who are seeking that support through MACC Guaranteed Loans when, as my colleague has said, it is the only game in town?

Is it not the only game in town when you are looking at Guaranteed Operating in terms of the interest rate that is there?

Mr. Findlay: The Member may have the two different issues a bit confused here because, the best game in town, that applies to with a direct lending, say, land mortgage. What we are talking about here in GOL is offering money to any producer who wants a Guaranteed Operating Loan, it is prime plus one. The better producers can probably do better than that at the banks, better than prime plus one. The \$125,000 ceiling, there are a lot of producers who go well over that so they would not qualify for that reason.

I think the third one, and this may be almost a personnel comment, you know you are a farmer and you believe you are operating on your own two feet. You do not like the context that you are getting a Guaranteed Operating Loan. You are able to get the loan on your own and you do not like any—

Some Honourable Members: Oh, oh!

Mr. Chairman: Order, please; order, please.

Mr. Findlay: You do not really care to have it be known that you are receiving Guaranteed Operating. There is a certain negative stigma that is attached to it, so it might cause some people not to—you know, you say 25,000 or whatever and only 405 on the program. There are a number of reasons why there is not a larger enrollment. Some can do better than prime plus one, and many of them are over the \$125,000 upper limits.

Mr. Laurie Evans: My question would be to the Minister: where does the bank or the lending agency get into this thing? When you go to the bank for a loan, is it the producer himself or is it the bank that makes the decision as to whether it is going to be identified as a Guaranteed Operating Loan?

* (1640)

Mr. Findlay: The farmer goes in to get his line of credit prepared for a particular year at any given time. He and the banker get into a discussion on it and if the banker believes that he cannot give the person the operating loan, or if the rate he has to charge is greater than the 1 percent, that is where the discussion starts. The banker may advise the farmer, or the farmer may ask the banker, but the process starts there and the farmer has to sign the application which is then submitted by the bank to MACC to qualify for a GOL. So it starts between the banker and the farmer and either side can initiate the process of the advisability of going under a GOL.

Mr. Laurie Evans: Again for clarification, Mr. Chairperson, I believe the Minister indicated that in the past fiscal year there was 405. Did you indicate that there were 405 applications and 405 approved, or is there a situation where farmers apply for a Guaranteed Operating Loan through MACC and are actually turned down on it because they are too risky?

Mr. Findlay: Yes, the number I gave you, 405, was the number approved. There certainly were some that were not approved, either because they were not within the guidelines of the 125,000, or they did not have the minimum equity required of 20 percent, so there were some that were turned down. We do not have the exact figure here of the number of turndowns. We could get that for you next time.

Mr. Laurie Evans: A minor one for clarification, Mr. Chairperson, on page 14 of the Annual Report, the figure that I cannot quite sort out is under 1983-84 where you are looking at the Guaranteed Operating Loans, and you have 444 that came in in 1983-84, and 51 that were repeats. The question I ask is, where did those repeats come from when apparently that program was not in place the year before? Did they switch over from some other source, or just how did they get in there?

Mr. Findlay: What appears to have happened is that in '83-84 some individuals came in, received it for '83 and then before this fiscal year was complete they were back applying again for the '84 year. So effectively they went through the cycle twice within one fiscal year of the corporation. A good question.

Mr. Laurie Evans: Still relating to the Guaranteed Operating Loans, what is the length of time that it takes between when an application is made and the producer knows that, yes, he has been accepted and that his line of credit is available?

Mr. Findlay: The turn-around time in the corporation office is about two weeks. From the time it arrives at the corporation's desk until the approval or rejection is out, it is two weeks. How long it takes to get from the banker, being developed in the banker's office, we would have to assume maybe another week or two weeks. The producer would know in less than a month from the time he started the discussion as to whether he had approval or not.

Mr. Laurie Evans: Moving on to the direct loans specifically for the purchase of land, what is the minimum that the purchaser has to have in terms of initial down payment? In other words, is it 15 percent, 20 percent, 30 percent?

Mr. Findlay: The corporation is loaning at 80 percent of the appraised value of the land. Let us say the producer comes in. He is going to buy a piece of land and its purchase price is \$110,000, just to pick some figures out of the air. MACC appraises it at \$100,000.00. The producer has available to him, as a loan, \$80,000.00. That is \$80,000 of the appraised value, not \$80,000 of the purchase price.

Mr. Laurie Evans: And you have indicated the appraised value is the appraisal that is made by MACC. Is there any room for negotiation on that? I would assume there are also licensed appraisers that may come up with a figure that is different than the one that MACC comes up with.

Mr. Findlay: It is the corporation's risk, the corporation's security. It is their appraiser who arrives

at that figure. If the client is not satisfied with it, I guess they try the other game in town.

Mr. Laurie Evans: Moving on to another area and that is the interest rate buy down. Can the Minister indicate just how this is calculated? It seems to me that in looking at one or two instances I have seen it does not seem to make a great deal of economic sense. Is there in fact a significant economic benefit in some of the buy downs?

Mr. Findlay: I was in Opposition at that time and I asked the same questions. There is a bit of perception. It is different from reality in those calculations and anybody who approached me at that time, I said, get an accountant to give you an assessment of what the real saving is for you. I think whether there was a real saving or there was not a real saving over a period of time is a decision the producer had to make. If he had the advice of an accountant, he would know where he was at. There were a number of factors that would go into that consideration. A lot of people wanted to get it at a lower interest rate no matter what. Certainly they paid the price up front to get to it. If they could afford the price at that time, in the long term they would be paying a lower interest rate and that might be an acceptable thing for them. The perception and the reality in that case, a person had to evaluate it. Certainly there was good reason why a person should have a financial appraisal of the circumstance before he opted into it because the circumstances varied from producer to producer.

Mr. Laurie Evans: I guess the question is though, in these interest buy downs, is it strictly an actuarial calculation or is there a penalty factor in there as well for doing it?

Mr. Findlay: There was a \$100 administration fee for doing the adjustment by the corporation, but for the producer to get any real benefit out of the buy down he had to carry the loan right through to completion, if it was 20 years carry it through and pay it over 20 years. If he paid it off early, say at five years or ten years, if he had the resources to pay it off then, he actually probably ended up a net loser because he got no benefit of prepaying that portion that he prepaid, through whatever the assessment, by paying a buy-down fee.

Mr. Laurie Evans: Are all of the loans that are currently made by MACC for land purchases or for what you might call chattel purchases, are they all on fixed interest rate, or are there any of them that are actually on floating rates that go up and down with prime?

Mr. Findlay: All loans are at a fixed interest rate but there is no penalty for early payment, so a person could pay it off at any time without a penalty for prepayment, but they are all fixed.

Mr. Laurie Evans: Another area is this whole business of cash flow and how much. When a person comes in looking for a loan, particularly if it is a case of adding additional land to an existing property—and I would

assume many of your loans are on that basis—how much emphasis is actually placed on cash flow that client has, as opposed to his ability to come up with the down payment?

Mr. Findlay: The basic security has to be there and it is the appraised value. There has to be enough collateral to loan the 80 percent, but in terms of the approval of the loan it is heavily dependent on the ability to cash flow the expenditures of the farm, in terms of the operating loan, the living expenses and paying the mortgage. That has to cash flow and they use set prices for the value of wheat and so on. But whether you would save an add-on kind of mortgage as well—there are a lot of young farmers. This is their first loan, so it is a start-up operation for many young people. Maybe they are hooked in with their father in some connection with loan of machinery, but in those cases the father—and I can speak from experience—the father signs a five-year agreement for use of machinery, whatever it is, and so that the corporation feels that the land will be farmed as the proposal is laid out and that there is a cash flow there, so that the person can make the payments, and oftentimes in a father-son relationship the father is signing a guarantee.

* (1650)

Mr. Laurie Evans: I guess what follows on from that obviously are the imponderables when it comes to not only the prices of the commodities that are being factored in, as far as cash flow is concerned, but how does MACC react to the other imponderables, such as the crop insurance, the Western Grain Stabilization Program, special grain payments, deficiency payments where in some respects, some of them at least are almost political decisions? Obviously the crop insurance and Western Grain Stabilization are not political but the special grains payment, and now what we are anticipating is some sort of a deficiency payment. Do they factor those in and take those as being reliable in cash flow?

Mr. Findlay: On a program such as crop insurance, if it is a really high-risk loan that they feel they need the security of that income that they may require. I say "may require" that the producer carry crop insurance. It is not a mandatory at any fashion for a loan.

Western Grain Stabilization payments basis their predictions over the next three years, those figures can be used in the cash flow. They project what they might be, basis the information that the corporation has.

As far as so-called political payments like deficiency payments that may or may not happen, they are not allowed as part of the cash flow.

Mr. Laurie Evans: You have indicated that MACC does not insist always on the client being a participant in crop insurance. What is the situation with the Western Grain Stabilization Program? Do they insist on that?

Mr. Findlay: No, they do not advise him that he must. If he is not a participant they will use the potential payouts that occur under it, but they will not require it as a mandatory component of the loan.

Mr. Uruski: Could the Minister indicate how much has been allocated under the Special Farm Assistance? How many clients have today received assistance under the Special Farm Assistance Program?

Mr. Findlay: You are referring to this fiscal year?

Mr. Uruski: However the Minister wishes to present those figures will be acceptable.

Mr. Findlay: For the fiscal year '86-87, \$14,600 were paid out. For the fiscal year '87-88, no dollars were paid out. For the fiscal year that we are now in, some 25 payments have been made totalling \$250,000.00. Of course on top of that, that is this year's payment for those 25, on top of that is commitments for future years over and above that \$250,000.00.

Mr. Uruski: To the Minister, are there application forms? How many application forms does the Minister see coming in? Are there a number of application forms in the process and how many are there?

Mr. Findlay: The figure I gave was up to the end of August. A few more have come into the corporation since then. I am certain there are more over at the mediation board that will be coming to MACC for payment. At this point, the figure I gave you of 25 clients is to the end of August. Some more are there now and more, undoubtedly, will be coming from the mediation board in the coming months.

Mr. Uruski: I want to ask the Minister, in the leaseback program of MACC, I indicated that there were a total of 65 leasebacks, 55 are still active, is the formula for calculating of leases the same as has been established three or four years ago now? Is that formula still in existence or have there been any revisions in that formula and what are they if there have been any?

Mr. Findlay: The procedure for establishing the lease on a leaseback has not changed. The procedure basically in place is about 5 percent of the appraised value plus 10 percent of the added value of the buildings. If the figure calculated that way is higher than the market value of the area, they will lower it to the market value of the area. That has been in place ever since we started the program and it is still that way.

* (1700)

Mr. Uruski: Mr. Chairman, I just want to clarify. The entire lease rate was revamped I guess probably three of four years ago I think, and I just want to make sure so that I am not confused. The Minister said, "since the program began." "Since the revision," is that it? Okay. Just so we understand each other. I wanted to, before we finish for the day, ask the Minister about the document that he provided us. Was this document Allowance for Doubtful Accounts prepared by the Department of Finance or by his officials?

Mr. Findlay: It was prepared by our officials.

Mr. Uruski: Would the Department of Finance have had this document prior to the tabling of the Budget in the House?

Mr. Findlay: No, they would not have.

Mr. Uruski: So this was your own calculation based on the recommendations of the Department of Finance coming to the Department of Agriculture as to how to present their Estimates and this was only an internal document between MACC and your department on how that would be explained. Is that correct?

Mr. Findlay: I guess it evolved because they are having difficulty getting me to understand the process, so I said I cannot explain it to anybody else unless you put in a form of document that I can give to you so it is the corporation's analysis of the method of arriving at the figures and we hand it out to you as a method of trying to explain it and it is from the corporation through the department through this Estimates process.

Mr. Uruski: I thank the Minister. I am sure that matter, short of being a chartered accountant and even then he may understand it from an accountant's point of view, but to understand it and to explain it are two different things. I certainly appreciate the information that the Minister has provided in this whole area.

I have a couple of other questions, but perhaps we will leave it for today and finish off on Tuesday and then move on.

Mr. Chairman: The hour being 5 p.m., time for Private Members' Hour.

Committee rise.

Call in the Speaker.

IN SESSION COMMITTEE REPORT

Mr. Mark Minenko (Chairman of the Committee of Supply): The Committee of Supply has considered certain resolutions and directs me to report progress, and asks leave to sit again.

Mr. Speaker, I move, seconded by the Honourable Member for La Verendrye (Mr. Pankratz), that the report of the committee be received.

MOTION presented and carried.

Mr. Speaker: The hour being 5 p.m., it is time for Private Members' Business.

PRIVATE MEMBERS' BUSINESS DEBATE ON SECOND READINGS PUBLIC BILLS BILL NO. 2—THE BUSINESS NAMES REGISTRATION AMENDMENT ACT

Mr. Speaker: On the proposed motion of the Honourable Member for Elmwood (Mr. Maloway), Bill No. 2, The Business Names Registration Amendment Act; Loi modifiant la Loi sur L'enregistrement des noms commerciaux, standing in the name of the Honourable Attorney-General (Mr. McCrae). (Stand)

BILL NO. 3—THE CORPORATIONS AMENDMENT ACT

Mr. Speaker: On the proposed motion of the Honourable Member for Elmwood (Mr. Maloway), Bill No. 3, The Corporations Amendment Act; Loi modifiant la Loi sur les corporations, standing in the name of the Honourable Attorney-General (Mr. McCrae). (Stand)

BILL NO. 13—THE MANITOBA HYDRO AMENDMENT ACT

Mr. Speaker: On the proposed motion of the Honourable Member for Flin Flon (Mr. Storie), Bill No. 13, The Manitoba Hydro Amendment Act; Loi modifiant la Loi sur l'Hydro-Manitoba, standing in the name of the Honourable Minister of Finance (Mr. Manness). (Stand)

BILL NO. 16—THE REAL PROPERTY AMENDMENT ACT

Mr. Speaker: On the proposed motion of the Honourable Member for Elmwood (Mr. Maloway), Bill No. 16, The Real Property Amendment Act; Loi modifiant la Loi sur les biens réels, standing in the name of the Honourable Member for Lac du Bonnet (Mr. Praznik). (Stand)

BILL NO. 20—THE WATER RIGHTS AMENDMENT ACT

Mr. Speaker: On the proposed motion of the Honourable Member for St. Norbert (Mr. Angus), Bill No. 20, The Water Rights Amendment Act, Loi modifiant la Loi sur des droits d'utilisation de l'eau, standing in the name of the Honourable Attorney-General (Mr. McCrae).

Mr. Herold Driedger (Niakwa): I could not stand this roll call, this litany of names of people standing and not speaking, so I thought maybe I should jump into the fray and lend some—

Some Honourable Members: Hear, hear!

Mr. Herold Driedger: The applause is welcome. It will actually fire the adrenalin and make the talk that much more—how shall I say it?—exciting.-(Interjection)- All right. We shall try. We will see if we can get our thoughts in order and find out which Bill we are actually speaking upon.

The Water Rights Amendment Act—I believe that this amendment was introduced specifically because of the current free trade deal that has been negotiated on behalf of the Prime Minister of our country and on the behalf of the President of the United States, a deal which we on this side have viewed as significantly flawed, and because it is flawed we feel that certain resolutions need to be brought in, Bills need to be brought in to actually force or cause the Government of Canada to reconsider its actions and perhaps force the Government of the United States to reconsider its actions.

At this moment in time -(Interjection)- the Member asks if I have checked with Senator Everett. I think when he listens to my comments he will understand why I say “forced to reconsider.” We are not taking necessarily a look in this particular comment with respect to the actual legislation of the free trade deal, but rather with the need that is being addressed by this particular Bill.

Just today, I noticed in the Winnipeg Sun a little article on the greenhouse effect mentioned again. In other words, what is being anticipated in this right now with the increased carbon dioxide in the atmosphere, the greenhouse effect, which will actually affect snow, water receipts here in Canada and the United States. We can, if the predictions of the scientists are to be accepted, expect that winter precipitation will be higher in the West, summer precipitation will be lower in the West, no particular changes in the east with respect to snow or precipitation. But it is the West actually which is the point of this water amendment.

Water will soon become the centre of the political agenda. It will become the key determinant of economic and environmental health. It will also be included in the considerations for a country's national security and wellbeing. Just briefly we can take a look at the situation around the world with population increases, despite increased waste treatment plants, that rivers in many major cities are becoming open sewers.

In Southeast Asia, for instance, demand has outstripped water available. Massive food imports are needed on account of this because they are unable to provide sufficient water for their own needs to grow the food that they require. In fact, cities such as Bangkok, Shanghai, and Mexico City face disaster due to the exploitation of groundwater. Soil compaction has caused water infrastructures to collapse. I call these things to attention specifically because to the south of us in the Ogallala aquifer, surface subsidence caused by overuse of groundwater from this prehistoric, this Pliocene-created aquifer has resulted in surface subsidence. That means this land is actually compacted and sunk.

This is as a result of overuse of this particular aquifer. Naturally in a situation like that people who use that water and see themselves running out cast their covetous eyes northward, and of course we are in view of those particular eyes.

If we want to take a look at the Central Valley in California which is right now, if I remember correctly from one television documentary I saw, it could be essentially the vegetable patch for Canada, that one small valley produces enough vegetables and fruits to keep all of us here north of the 49th Parallel in vegetables year round, they also are running out of water. One thing I wish to call to this House's attention is that you should never underestimate America's technological ability. If water must run uphill, it will. If they need to move mountains, they will.

Current irrigation methods in the dry United States are wasteful. They use systems that are actually highly wasteful of the precious water that they actually require. In the south underneath the subtropical anticyclone off

to the western coast of California, you have high evaporation because they are in a very dry region. High evaporation with surface water means that you leave many of the salts carried in that water behind.

Hydrostatic pressure from having evaporation at the surface causes groundwater to be brought up to the surface, whatever groundwater there is, bringing further salt to the surface. In a case like that you need more water to flush the salts away. You start irrigating and you end yourself up in a never-ending cycle where you need irrigation water first to provide the water for the plant and you need more irrigation water to flush away the salts, and you need more irrigation water to flush away those salts and so on and so on and so on.

* (17 10)

For the purposes of the Bill that we are discussing here at this moment, it is not a case of if we will be asked to sell water to the United States, but a case when we will be asked to sell water to the United States. It is the intent of this particular Bill under discussion to give us control in such negotiations when this prospective sale of water actually will take place.

Control to be able to place conditions upon the sale of our water, control to perhaps suggest to the people who want the water to have them clean up their act. You see, in this particular time—and we have heard the First Minister (Mr. Filmon) here speak many times about the Brundtland Commission, the U.N. Report on the Environment, talking about sustainable development, sustainable use. We need to bring those particular concepts into the agricultural practices of our neighbour to the South, as well. We need to have these people work with the environment and not against the environment. In a case like that, I personally would want to see that, if we are talking about a potential sale of water at some future point in time, I would like at least to see the water that will be moved will be used very, very, very frugally and there would be no waste, because we can see right now the problems we are having when we try to improve on nature.

For instance, when there is too much water, we create drainage ditches to speed the run-off because the water is not exactly where we want it when we need it. It is just now is the wrong time for water, so get rid of it. If we get rid of the water too quickly, we actually speed up its movement off the land. This reduces the ability of the groundwater aquifer to store up water for the time of need which means that, come the dry period, we have to find sources of water again, so we are now in a cycle. You speed up run-off, which means you reduce water retention in the soil, which means you need to get more water when you have a period of drought.

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Have you read the Free Trade Agreement?

Mr. Herold Driedger: Pardon me.

Mr. Ernst: Have you read the trade agreement?

Mr. Herold Driedger: The question on the free trade—(Interjection)—The question dealt with have I read the

Free Trade Agreement and the answer of course is yes. Who would ever admit the contrary?

Mr. Ernst: But did you understand it.

Mr. Herold Driedger: I understand it as well. Just listen to the comments, I have still got a few minutes left.

Now this particular increased run-off leads to increased toxicity of run-offs particularly when you include, within the run-off, pesticides, herbicides and fertilizers. Now once again, since we have created the situation, and this situation of improving on nature, as it were, occurs in the States as well, we need to ensure that maximum pressure is brought to bear on users of water, American users of water, to improve their water practices so that we, with our bountiful supply, when we are asked to provide water to them, do not encourage their wasteful practice.

For this reason, as this particular Act is intended to, there must be delay, there must be hindrances to the potential sale of water.

We can make these hindrances work to our benefit. I think it is something that we really need to think about because, when we talk about industrial growth centres even with water and water development and water use within respect to irrigation, water use with respect to waste water industry and take a look at the people who are employed in this industry, the water and waste water industry by itself employs about between 50,000 to 60,000 people. The environmental protection industry, on the other hand, employs between 100,000 to 130,000 people, and invests over \$2 billion per year in the extensions and improvements in this industry. Obviously, if we wish to have parts of our economy work better, we need to take that part of the economy which we have in bountiful supply, what we need to have, where we have access and, where we know we will be asked to provide raw materials or we will be asked to supply resources, we should actually spend some creative effort in getting this industry, the environmental industry, the water and waste water industry to actually be utilized within our own society, particularly with respect to a Free Trade Agreement or free trade deal where we find that our position, at least from this side of the House, tends to be significantly weakened. I do not want to see Manitoba become the Maritimes of 20 years ago.

Just a case in point and still speaking about water and water industries, in North America, about 400 companies are involved in selling or distributing equipment for the control of water pollution. Another 36 companies deal specifically with chemicals for water treatment. Of these 436 companies, less than 20 percent manufacture products in Canada and, of these, only 30 control any unique or proprietary technology. Canadian firms supply only 55 percent of the domestic market and this share is declining.

So here we have a resource, water, which is needed. Here we have a resource, water, which under the terms of the Free Trade Agreement is included as a good. If it was not included as a good, how come the definitions of this particular good are so well defined? What we need in this country is a coherent science policy for

water. Regardless of what the eventual outcome of the trade deal may be, we need to take a very businesslike attitude to this resource and not a take-it-for-granted attitude such as we have at this moment. We need to make certain that this resource is protected ultimately to the point where we have the total control of determining what its disposition will be. We know that the federal Government has introduced a resolution to exclude water from the free trade deal. If it is, as they initially said for the longest time when they were stonewalling about this particular instance, why is it defined so precisely?

This piece of legislation which was introduced by the Member for St. Norbert (Mr. Angus) challenges the federal Government's ability to negotiate away our most precious natural resource. For this reason, I urge this Assembly to accept this Act and pass it into law. The Americans have been called a nation of traders. Let us not be out-traded this time.

The enabling legislation which introduces the Free Trade Agreement to the United States retains far too much power of American law over the Free Trade Agreement. Ours, on the other hand, retains none. That is why we need this Act. We need this challenge. We need to protect the resource that we have.

I think I mentioned in my comments earlier on another Bill that Canada has 9 percent of the free world's available supply of fresh water. This 9 percent should be guarded. This 9 percent should not be dealt with hastily in a cavalier manner, as it has been by the Mulroney Government and the Free Trade Agreement. Thank you for your attention.

* (1720)

Mr. Gary Doer (Leader of the Second Opposition): I rise to offer our comments on this very important Bill before the Legislature. First of all, the principle of maintaining the sovereignty over water exports is clearly a principle that the New Democratic Party supports, and it is clearly an issue that we feel is excluded clearly from the Free Trade Agreement, and therefore at jeopardy with the Mulroney-Reagan trade agreement that is presently before the people of Canada in terms of this election.

There is no question of that, Mr. Speaker. There is no question of it, because the Canadian Government originally put in—and if you look at their original proposals to the United States—a clear proposal to exclude water from the Free Trade Agreement, and that proposal was rejected by the Americans. Unfortunately, as our bottom line in these sets of negotiations kept getting lower and lower and lower, the quality of the agreement, in my opinion, and its contents went way below just removing tariffs, but also provided for access to water.

If you check any expert in this area, and I really would ask the Members opposite to read statements from Mr. Clark and others, not Joe Clark but other experts, former trade experts, read Mitchell Sharp, read people who have dealt in this area, and I think they will find that there is no question that water is included. There

is no question that water is a commodity beyond just a good in a little bottle. John Crosbie's answer about it just being, "It is just a little bottle of water," Mr. Speaker, is just totally, unfortunately unfortunate. I love his jokes but it is too bloody serious, I would suggest, in terms of this issue. I use that word because Prince Phillip uses that word, and he is closer to the Queen than I am certainly.

In saying that, I would want to say to you that this Bill, I believe, has been drafted with some major, major weaknesses by the Liberal Party, weaknesses that I believe and our critic, the Member for The Pas (Mr. Harapiak), believes require amendments at committee stage. This Bill provides the ability of a Minister of Natural Resources to sign a licence to allow water to be exported and sold to the United States. I do not want any Minister of Natural Resources to have that right to sign a licence to sell water to the United States on his own hook. In fact, we have been arguing the last eight weeks in this Chamber on the issue of Rafferty-Alameda Dam. We have been arguing that the Minister of Natural Resources (Mr. Penner) should not be able to sit down with the Americans and indeed the Saskatchewan Government and cut a deal and sign a document on our behalf.

So clearly, this Bill has to be amended. It has to be amended in clear ways so that we can speak consistently on the issue of resources, conservation and on the environment. I would suggest that we should look at an amendment to this Bill that allows—and our critic will be working on an amendment to the Bill that we will be introducing at committee stage that will allow for mandatory public environmental impact studies and give the public some rights because it is not our water, Mr. Speaker. It is not the 57 Members who sit in this Chamber's water. It is not the Minister of Natural Resources' water. It is Manitobans' water, and clearly Manitobans have to know the final impact of any commercial sale of water. Sovereignty can only be protected when all the people have rights in sovereignty, not just the temporary Ministers who are sworn in by temporary Governments and a temporary political regime.

So we will be looking at wording that is consistent with our comments on the Rafferty-Alameda Dam and consistent with, I suggest, Manitobans' philosophy on wanting water to be protected for the people and by the people not just by the signature of a Minister of Natural Resources. We support the sovereignty part of the Bill, but we also believe that checks and balances with the public must be incorporated through amendments that will be brought forward by our critic on this issue. He is working on the wording as we speak, Mr. Speaker.

Secondly, the whole area of water basins is another area that I am worried about in this Bill. There is no question that the legal draftspeople will tell you—and I am sure this is what happened in the process—and tell us that the water basins in a Manitoba Bill can only be prescribed in Manitoba. There is a real problem with that, Mr. Speaker, the legal draftspeople may not have travelled our rivers or may not be aware of our water basins. They are aware of passive paraphrastic

language or split infinitives in law, and Manitobans need more than that in this Bill in terms of the sovereignty of our water.

All our water or the majority of our water that resides in Manitoba water basins flows from other water basins, whether it is the Saskatchewan River system, whether it is parts of the basin in the United States, whether it is the Winnipeg River system that flows through Manitoba into Lake Winnipeg and flows out of Hudson Bay. How do we deal with the whole issue of the sovereignty of this province and the legality of the drafting of this Bill? We are certainly going to look at the ability of our sales of water to be determined from basins that flow to Manitoba as well as basins that reside in the province. I recognize there are some legal problems with that.

I really think it is important that no Minister of Natural Resources from any political party be given the right, the Treaty of Utrecht responsibilities that are within this Bill. I really believe we have got to look at ways of developing mandatory environmental impact studies, mandatory federal or provincial environmental impact studies, certainly some ability to demand—

An Honourable Member: Demands.

Mr. Doer: Well, in law that is what we are going to do, Mr. Speaker. The Member for Emerson (Mr. Albert Driedger), I know, wants to get more water in the Red River Basin perhaps, and perhaps he can tell us what is going on with the Red River Basin vis-a-vis the Souris River Basin. I hear there are meetings going on about these two different bodies of water. Maybe perhaps the Minister—

An Honourable Member: We need water.

Mr. Doer: I know that, Mr. Speaker, and surely to God we are not trading off water coming into the Red River Basin for water that is not going to come into the Souris River Basin—

An Honourable Member: No trade offs.

* (1730)

Mr. Doer: —no trade offs, we will see, Mr. Speaker.— (Interjection)— That is right. So I would suggest that the critic from our Party will be working on amendments to introduce at committee stage, because we think that is the best place to introduce them; we think the principle of this Bill is sound. Certainly it is a lot sounder than the proposed Mulroney-Reagan Trade Agreement that is before the Canadian people now. We will support the Bill to come out of the House to get to committee. The Member for The Pas (Mr. Harapiak) will be introducing amendments and speaking on those amendments at committee. We think we can strengthen this Bill and protect the sovereignty of our water in this province. Thank you very much.

An Honourable Member: Hear, hear!

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. By agreement, this Bill will remain standing in the name of the Honourable Attorney-General (Mr. McCrae).

Mr. Harry Harapiak (The Pas): Mr. Speaker, I would like to speak on the Bill as well, with the leave of the House.

Mr. Speaker: You do not need leave.

Mr. Harapiak: I am pleased to stand and put my comments on this very important Bill. I think that the water seems to be a very timely subject at this time. There are many people who are concerned about water. I guess I just refer back to three years ago when they were building, in the constituency of The Pas, at Clearwater Lake. We have a body of water that is one of the seven wonders of the world, the clearest bodies of water. When you go to that lake and you fish, you can see down many, many feet, especially during the wintertime when you are ice fishing you can see down many feet, and you can see the fish that are swimming in there and it is quite a treat to go there and catch. Yes, I have caught several lake trout in that lake.

But when they were going to build a lagoon on the banks, not on the banks but very close proximity to that lake, which ran in a direction of the lake, the Clean Environment Commission held hearings in the town of The Pas and the people there were extremely concerned that their water supply may be affected. After many hours of public hearings, there was a decision made not to build a lagoon in that location. I think that gave us an indication of how dearly people hold water to their hearts. I know there was a great letter-writing campaign from the school children in the Town of The Pas. I know that the people there got very concerned when there was a possibility that their water supply may be affected.

I want to remind Members, and I am sure they will recall, that at the first Question Period of this Session, our Leader, the Member for Concordia, (Mr. Doer) asked the Premier (Mr. Filmon) what sections of the Free Trade Agreement protected Canadian water from sale to the United States. The Premier at that time was not only unable to answer the question but also said that he had not read the Free Trade Agreement, and he did not intend to because he had staff that were able to do so. The Premier at that time accused the NDP of fearmongering, just as the Conservatives have done on many other issues, whenever we raise issues that are of environmental concern to the people of Manitoba, be it dealing with the sludge issue at Flin Flon or the Rafferty-Alameda Dam, or storage of PCBs, or the cutbacks in Workplace Safety and Health, officers were always accused of fearmongering.

I know that the people of Manitoba know that we are not fearmongering, we are raising issues that are of concern to the people of Manitoba. We will continue to raise these issues because that is what we are being elected to do as Members of this Legislature for, is to represent our constituents and raise issues that our people are concerned about. Water is one of the issues that our people are concerned about. That is why we want to speak on this very important issue.

Recently there was some discussion on the Rafferty-Alameda Dam. I guess the federal Environment Minister, Mr. McMillan, was dealing with an announcement in Saskatchewan. It was during this time it was released, there was a paper that showed us very clearly there was a backroom deal made where there was a trade-off for parts for the permit to build the Rafferty-Alameda Dam. This subject is too important that we make backroom deals. We should be dealing with environmental concerns. The people should be considered. The water quality that will be coming into Manitoba should also be taken into consideration. I think it is too important—

Mr. Speaker: Order, please. I hesitate to interrupt the Honourable Member for The Pas especially when he is in full flight. If Honourable Members would like to carry on their private conversation, I would ask you to remove yourselves to the little Chamber rooms that we have available to you.

The Honourable for The Pas, kindly carry on.

Mr. Harapiak: Mr. Speaker, when you were first appointed we gave you credit for your fair-mindedness. You have continued to carry on your responsibilities in a very fair way. We, once again, appreciate your admonishment. I am sure that all the Members will pay closer attention to what is being said in the Legislature.

The supply and quality of water is a resource issue that has been with us for many years previous to now. I am sure that it is going to be very strongly debated in the next little while, especially with the discussions of the Free Trade Agreement that will probably be playing a very big part in the federal election that we are involved in at this time.

Canada has over one-third of the world's fresh water supply. Most of it is non-renewable. We do not have an abundance of water because, among other reasons, we do not have very good data on the flow patterns and volumes of water in many rivers, particularly those in the North.

It was for this very reason that I raised the issue of the thesis that the Premier (Mr. Filmon) did when he was in university, a thesis he did on the movement of water. The Premier, when he carried out his thesis, believed that the diverting of the water to the United States was both practical and viable. He claimed that there was an abundance of water flowing through northern Manitoba which discharged into the Hudson Bay, whereas the need for water in the United States and in the southern regions of the prairie provinces is steadily increasing. To him, it was simply a technical problem of diverting water from the North to the U.S.A. He proposed diverting the Churchill River into the Saskatchewan River via the Sturgeon-Weir River by the diversion of pumping the water from Lake Winnipeg into Cedar Lake, and the diversion of these flows, combined with the Saskatchewan River, discharge into Lake Manitoba via Lake Winnipegosis.

At that time, the decision to develop each scheme would be influenced by the demand for water and the value which is placed on water by that demand in the

United States. He told the House, when I raised the issue a few weeks ago, that he no longer supports selling water to the United States. I can only assume that he and his colleagues will be reviewing their support for the Free Trade Agreement because of the fact that they no longer support the sale of water to the United States. Much of the land under irrigation in the United States does not have a natural agricultural capacity and is dependent upon irrigation.

The drought this year and the Rafferty-Alameda Dam Project point out just how vulnerable communities and even countries are upon the use of water. Recently, there was a meeting held in the Carberry area where there was a proposal put forward by the Department of Natural Resources to divert some of the aquifer in that area to the community of Gladstone. There was a major meeting held in the community of Carberry. They were concerned because they felt the water supply is their water supply. I think the water that is underground or any water is the property of the Crown. Therefore, if there is a greater need for water supply as there is in Gladstone where there is a human need for water for domestic use, then I think that those people have a right to the water as well.

There is a proposal being put forward which would pipe the water to the community of Gladstone and there is a study being carried out now of how the aquifer will be affected. I think, from what has been told to me by the experts in the field, that there is sufficient water there to look after the needs of the Carberry area as well as look after the needs of the people in the Gladstone area. I am sure that once the information is shared with the people in the Carberry area that they will be supporting that project as well.

* (1740)

There are many examples of other societies that misjudge the state of their water supply. Mexico, for example, did not stop the Imperial Dam at the United States-Mexico border from being built. They were assured at the time they were building that dam that there would be plenty of water flowing into Mexico due to the project that was being built. I think that the project in many ways reminds me of the Rafferty-Alameda Project that is being proposed at this time. Unfortunately, the data that was used by the people who were building that dam at that time, they used information that was based on 30 of the wettest years over a 500-year period. So, regrettably, the dam no longer flows into Mexico. So there is one example there of where people felt that they were getting good information but yet, in the final analysis, when the dam was built, they no longer have the water flowing in that area.

A year ago the water levels in the Great Lakes of this country were at their highest in over 100 years. Now the current drought will result in lower levels and problems in the St. Lawrence Seaway and rivers as far south as the Mississippi which is now at its lowest level in over 100 years.

You wonder if this is just a cycle or is it the greenhouse effect which the previous speaker, the Member for

Niakwa (Mr. Herold Driedger), raised the greenhouse effect. You wonder if this is just a cycle or are we moving into a period in our history where the temperatures in our country are rising and this will be on a permanent basis and we will be facing a shortage of water.

It is obvious to almost everyone that the costs of this year's drought for farmers will be horrendous. It is regrettable that the Mulroney Government has delayed supporting farmers until the federal election has been called. Now we are finally starting to see some talk of support coming and I guess maybe we will be hearing an announcement within the next couple of days.

The recent attempts by the federal Government to try and convince people that they have amended the Free Trade Deal so that the water will not be on the table proves only that the deal itself is flawed. I am sure that there will be many more discussions dealing with the Free Trade Agreement on how water is affected by it.

Canadian water remains part of the trade deal just as the energy portions do. The deal gives the Americans national treatment status in terms of export as well as imports. Thanks to Simon Reisman and his political bosses, we now must treat water as just another service in this deal. I am sure that there will be many—

An Honourable Member: Harry, we bought water from the States for a long, long time.

Mr. Harapiak: Yes, we know that we have bought water from the United States for a long, long time.

It should be remembered that Simon Reisman himself, prior to working on the trade deal, was an advisor of the Grand Canal Company which wanted to construct a dam across the mouth of James Bay which would have caused fresh water to run into and replace the salt water pumped out and the fresh water would then be pumped south to the Great Lakes. Reisman initially said that the free trade would be guaranteed by ensuring the United States access to our own water. He was later told to keep his comments to himself on that area of discussion so that there would be a better chance of it passing.

If this Bill was passed in its current form, the Minister of Environment (Mr. Connery), who thinks that the Rafferty Project is a good one for Manitoba, would simply issue a licence for it. Allowing the Minister to issue a licence authorizing the use of the diversion of water or the transfer of water out of the drainage basin in Manitoba is the reason why we have been fighting the Rafferty-Alameda Dam all along.

The Bill ignores the fact that most of the rivers in this province originate in other jurisdictions and does nothing to ensure that the quality and quantity of water coming into this province is not changed. The current Bill does not call for mandatory environmental impact studies on now proposed water projects, something that I would hope the Liberal Party would support and we will be bringing forward amendments during committee stage to make sure that is dealt with.

In order to correct these major omissions in the proposed Bill, we will be bringing, as I mentioned,

amendments forward. I am confident this Bill can be amended and passed this Session so that Manitoba will know that their quality and quantity of their water can not be threatened either by a free trade deal or projects such as the Rafferty-Alameda Dam.

I would hope that as a result of this debate, the Minister of Environment (Mr. Connery) will reverse his blind endorsement of the Rafferty-Alameda project and support an environmental impact study into this project. Thank you, Mr. Speaker.

Mr. Speaker: By agreement, that Bill will continue to stand in the Honourable Attorney-General's name.

BILL NO. 22—THE LIQUOR CONTROL AMENDMENT ACT

Mr. Speaker: On the proposed motion of the Honourable Member for Concordia (Mr. Doer), Bill No. 22, The Liquor Control Amendment Act, Loi modifiant la Loi sur la réglementation des alcools, standing in the name of the Honourable Attorney-General (Mr. McCrae). (Stand)

BILL NO. 25—THE UNFAIR BUSINESS PRACTICES ACT

Mr. Speaker: On the proposed motion of the Honourable Member for Elmwood (Mr. Maloway), Bill No. 25, The Unfair Business Practices Act; Loi sur les pratiques commerciales déloyales, standing in the name of the Honourable Minister of Finance (Mr. Manness). (Stand)

BILL NO. 26—THE CONSUMER PROTECTION AMENDMENT ACT

Mr. Speaker: On the proposed motion of the Honourable Member for Elmwood (Mr. Maloway), Bill No. 26, The Consumer Protection Amendment Act; Loi modifiant la Loi sur la protection du consommateur, standing in the name of the Honourable Attorney-General (Mr. McCrae). (Stand)

PROPOSED RESOLUTIONS

RES. NO. 2—HALT TO NUCLEAR SUBMARINES (ARMS REDUCTION)

Mr. Speaker: On the proposed resolution of the Honourable Member for St. Johns (Ms. Wasylycia-Leis), Resolution No. 2, Halt to Nuclear Submarines (Arms Reduction), standing in the name of the Honourable Member for Concordia (Mr. Doer).

Mr. Gary Doer (Leader of the Second Opposition): Yes, Mr. Speaker, how long do I have?

Mr. Speaker: 15 minutes.

Mr. Doer: Oh, good. Thank you. I love talking about very important issues like that, flowing from the absurd amendments from the Member for Charleswood (Mr. Ernst), the Minister.

Mr. Speaker, only the Tories, only the Conservative Government, only the Tories in this province could want to take away a "WHEREAS the minimum \$10 to \$12 billion could better be spent enhancing the health care system in Canada" only they would want to delete a WHEREAS such as that which talks about the—and I am shocked that the Minister of Health would allow that to go through his caucus in terms of the priorities of this Government.

They ran the amendment by him to delete \$12 billion to go to our health care system and instead maintain the \$10 or \$12 billion in terms of the nuclear submarines, Mr. Speaker.

I am sure the citizens of Manitoba will not support the Progressive Conservative Party in terms of their silly priorities of wanting to spend money in terms of the health care system in this country, in terms of the nuclear priorities.

An Honourable Member: He is getting ready for Friday.

Mr. Doer: I am getting ready, Mr. Speaker. The other WHEREASES which the Honourable Minister deleted "WHEREAS it is imperative that Manitoba act to ensure that Canada does not contribute to the arm's race." Well, Mr. Speaker, why would the Member for Charleswood delete a WHEREAS such as that? What is wrong with Manitoba acting in a way to ensure that the arms race is reduced? What is wrong with having the money that goes to nuclear submarines going to our health care system?

A further WHEREAS, Mr. Speaker, is dealing with the WHEREAS on nuclear submarines, also deleted in terms of the economic and defense interests of this country.

* (1750)

Mr. Speaker, then we see the amendment from the Tories, the Tory Peace Priority. No wonder there is no Tory that has ever marched in a peace march. Have you ever seen a Tory in a peace march? -(Interjection)- No, I have never seen a Tory in a peace march in my life. I have seen people from all walks of life, but I never saw a Tory in a peace march. It is contradictory, I suppose, to their philosophy.

I guess with a Conservative Government they should go back to the old days, the old days, only they did not call it the Ministry of Defence, they used to call it the ministry of War. That would please the Tories a lot more in terms of the present term with the Ministry of Defence. We should go back 40, 50 years to go back to the Ministry of War and then the Members opposite would be happy with the designation in terms of the priorities as they see them, as the dinosaurs in the Conservative Party see them for this country and, indeed, this province.

The RESOLVED has been deleted in terms of having this Legislative Assembly urge Canada to halt plans to purchase nuclear submarines. The Member for Charleswood (Mr. Ernst) deleted the purchase of submarines and produced a wishy-washy resolution to have a toothless resolution, a toothless, not enforceable,

wishy-washy resolution. And you know why? Because they did not have the backbone to oppose Perrin Beatty and his preppie amendment to bring in these silly nuclear submarines in this country. They did not even have the backbone to register in terms of what Manitobans feel about the purchase of these nuclear submarines.

Even the Prime Minister is trying to deep-six these proposals in terms of nuclear submarines. He has got it way over to a shelf somewhere during the federal election. I hope that Canadians never allow Mr. Beatty again to be the Minister of Defence and proceed with his little toys in terms of this country and in terms of the National Defence Policies in this country.

I would like to see -(Interjection)- I walk in peace marches, Mr. Speaker, I would like the Member for Charleswood, the Member for Charleswood I would challenge him personally. Live a little; live a little. Join us, join us, Mr. Speaker, join us in the next peace march in this province. Join all the thousands of Manitobans from all walks of life, from all religious groups, from all ethnic backgrounds, join us in a joyful day of peace marching. It would really be nice and then we would not see these warlike resolutions that come forward from the Minister of Charleswood, these hawkish resolutions. You know Alexander Haig would be proud of the Member for Charleswood (Mr. Ernst) in terms of these proposals. His thick neck would just get a little thicker with excitement if he saw the resolution from the Member for Charleswood.

Mr. Speaker, the whole world is attempting to disarm, except for Canada. The whole world is rejoicing at the disarmament attempts of the Soviet Union and the disarmament attempts of the United Nations. There is only one country and one political party in the world that is going the other way. It is the national Progressive Conservative Party under Perrin Beatty that wants to arm when everybody else is trying to disarm. What kind of logic is that? It is absolutely incredible.

Not only is he trying to arm Canada with killer-hunter submarines, he is attempting to arm Canada with nuclear weapons—that in the words of the Senate, head of the Armed Forces of the United States, the Senator from Virginia, he said it is ridiculous. These proposals are ridiculous. If Canada is going to spend more money on military spending, we welcome it, he said. But this proposal for nuclear submarines is absurd, said the Senator in charge of the Strategic Arms for the United States, the Senator in charge of the committee. So, Mr. Speaker, the only people who are going to gain with this silly proposal to put 12 nuclear submarines underneath the Arctic ice is maybe France who can sell us the submarines, maybe Great Britain, and God knows who else in terms of this proposal.

I believe we should join the rest of the people of the world and disarm. I believe we should join the strategy of disarmament that has been established by the Soviet Union and the United States. I applaud their efforts to attempt to have disarmament in both countries, to have verification of that disarmament. I applaud the efforts of the Soviet Union to withdraw from Afghanistan. I applaud the peace efforts of the Contradora peace initiatives in terms of Central America. I applaud

anywhere where there is more of a move by countries of the left or the right to disarm and work together and negotiate peace, rather than have—indeed yes, Iran and Iraq is another one.

My father and grandfather fought in the war and I am sure that many others have fought in other great wars in this country. There is no question of it, all of us in this Chamber have listened to people, and some in this Chamber before us have fought in other wars, have listened to the horror of war and the total indiscriminate way in which people of all nations are slaughtered and citizens not even in the armed forces are slaughtered in terms of the efforts that go between two countries. That is why every resolution that comes forward in this Legislature should be on disarmament and on peace, not on armament in terms of nuclear submarines, Mr. Speaker.

I would urge the Members opposite to pick up a copy of an excellent document written by retired Admiral Johnson, who is an expert on peace and disarmament, who is a former member of the military establishment in Canada and has written an excellent document on peace and disarmament. Just coincidentally, he is running for the New Democratic Party against Flora MacDonald. It would be nice to have him as Minister of Defence, rather than having the preppy Perrin Beatty and his nuclear submarines that are before the Canadian people today.

I think that the amendment put forward by the hawkish Member for Charleswood (Mr. Ernst) is truly unfortunate.

Some Honourable Members: Oh, oh!

Mr. Doer: It took me 10 minutes to get him off his chair.

Mr. Speaker: Order, please. The Honourable Minister of Industry, Trade and Tourism (Mr. Ernst).

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): I was paying strict attention to the address by the Leader of the New Democratic Party (Mr. Doer) here when I distinctly heard him say during that address, attributing motives to myself, as being hawkish. In presenting the amendment to the resolution, it clearly indicates my desire for world peace.

Mr. Speaker: Point well taken.

Mr. Doer: I have never seen the Member for Charleswood (Mr. Ernst) be so happy with the designation and label that has been given to him by the Members here. I think he likes it. Look it, he likes it, Mr. Speaker, because it fits. It fits because the very important clause in the WHEREAS section, to have the money to go to our health system, a health system that is now being reduced on a year-over-year basis, and the Minister of Health (Mr. Orchard) can attest to that. It has gone from a 50-50 health care system.

An Honourable Member: That is not right.

Mr. Doer: Well, Mr. Speaker, it is correct. It has gone from a 50-50 health care system to a system where

the Minister of Health (Mr. Orchard) signs a cheque for about 58 percent. The Minister of Health from Steinbach signs a cheque for about 42 cents. It is going slowly and slowly down in terms of a national health care system. What is the priority of the people of Manitoba? What is the priority of the Member for Charleswood (Mr. Ernst)? Would he rather have the \$10 billion or \$12 billion go into our national health care system and return us to a 50-50 universal health care system, or would he rather have this \$12 billion go into 12 little boats that go under the ice as killer hunter submarines and join God knows how many other boats that are sitting under the ice now? What do they have, a little meeting down there with the Russians and the Americans in terms of underneath the Arctic?

I believe that Canada has to have a much more rational arms policy, a much more rational disarmament policy and a much more rational policy on disarmament in the amendments that are typified by the Members of the Government.

Mr. Speaker: Order, please. The Honourable Minister of Health.

Hon. Donald Orchard (Minister of Health): I wonder if the Leader of the New Democrats might answer, in his demand for a rational defence policy, whether he would believe in maintaining our membership in NATO, being a good New Democrat?

Mr. Doer: I would agree to answer that question if the Member would answer a question I will oppose to him in one minute.

I support the position of the New Democratic Party to discuss—

Some Honourable Members: Shame, shame!

Mr. Doer: —the role of Canada in NATO and the position put forward by Admiral Johnson, which is the disarmament policy of the New Democratic Party. We oppose the cruise missile testing, we oppose the nuclear submarine purchase, we oppose war. We are in favour of peace.

My question to the Minister of Health, would he rather have the \$12 billion in the health care system of Canada or in the nuclear submarines?

Mr. Orchard: . . . to answer that question because in this country of ours—

Mr. Speaker: Order, please; order please. I believe we are taking up the Honourable Member for Concordia's time. If you are willing to give up your time?

Mr. Doer: I will give it to him because I would like him on record, Mr. Speaker . . .

Mr. Speaker: Okay. The Honourable Minister of Health.

Mr. Orchard: In this country of ours, one of the greatest democracies in the world, we have one of the finest health care systems provided by revenues and taxation

generation from the free enterprise system. It is only with the free enterprise system and being a free country that we have been able to dedicate the resources to health care, much unlike our friends in the Communist bloc.

Some Honourable Members: Hear, hear!

Mr. Doer: And in a free country you have the right to make choices and decisions if you have any leadership at all. The Member for Pembina (Mr. Orchard) has no leadership. He was given the choice of money for nuclear submarines or money for the health care system. The Member from Pembina did not have the intestinal fortitude to come forward with a straight answer in this Legislature. That is what democracy needs more of. It needs less of the slippery answers from the Member for Pembina and more of straight answers to straight questions in this Chamber.

I am in favour of the original resolution posed by the Member for St. Johns (Ms. Wasylycia-Leis). I am in favour of getting rid of this proposal to purchase nuclear submarines. I am opposed to the amendment from Charleswood. I look forward to the continued debate on this important issue.

Some Honourable Members: Hear, hear!

Mr. Helmut Pankratz (La Verendrye): Mr. Speaker, I would wish that you would call it six o'clock.

Mr. Speaker: Therefore, Resolution No. 2 will remain open.

The hour being 6 p.m., this House is now adjourned and stands adjourned until 10 a.m. tomorrow morning (Friday).