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of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

40 Elizabeth II

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

LIB - Liberal; ND - New Democrat; PC - Progressive Conservative

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CARR, James	Crescentwood	LIB
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WASYLYCIA-LEIS, Judy	St. Johns	ND
WOWCHUK, Rosann	Swan River	ND

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 24, 1991

The House met at 8 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY—HEALTH

Mr. Deputy Chairman (Marcel Laurendeau): Will the Committee of Supply please come to order. This evening this section of the Committee of Supply, meeting in Room 255, will resume consideration of the Estimates of the Department of Health.

When the committee last sat, it had been considering item 1.(c) Program Evaluation and Comprehensive Audit Secretariat (1) Salaries \$769,400, on page 83 of the Estimates book and on pages 25 and 26 of the Supplementary Information book. Shall the item pass?

Ms. Judy Wasylycia-Lels (St. Johns): Mr. Deputy Chairperson, when we last met, we were talking about some of the problems around the consultation process vis-a-vis psychiatric nursing. I will not go back over that whole issue.

I will move on to what I consider to be problems around another consultation process—that pertaining to the report All in a Day's Work with the nurses of this province. I raised those concerns in last year's Estimates, and I am just wondering if some of the problems have been worked out and where we are at with respect to the work being done in response to that report All in a Day's Work.

* (2005)

Hon. Donald Orchard (Minister of Health): Mr. Deputy Chairman, I think some of the issues identified in the report have been certainly discussed, probably some of the recommendations advanced. I would be more comfortable if we were able to discuss this report with the Manitoba Health Services Commission. My associate deputy minister has been involved with dealing with that report via, in part at least, a committee of the commission including some of the commission board members.

Ms. Wasylycia-Lels: That is fine, thank you.

Just a couple of tidying up questions on the Health Services Development Fund. I have asked a

couple of times if the minister would be prepared to table the list of those organizations and individuals who had applied, the 122 applicants. I am wondering if the minister would agree to do that at some point.

Mr. Orchard: Yes, when we get down to Lotteries funding we will for certain have that. I think there is a line in here, Lotteries Funded Programs, that we can deal with that one.

Ms. Wasylycia-Lels: At that time or now, would the minister tell us the criteria for selecting projects under this fund?

Mr. Orchard: Yes.

Ms. Wasylycia-Lels: Thank you.

I would like to ask a couple of questions on the consultation papers that the minister put out when he first became minister, a series of papers with the overall head, Partners for Health. I believe this kind of document went out with respect to mental health, continuing care, health promotion and a number of areas. I know that the minister had sent out these papers for comment from the public. I am wondering if he could tell us what outcome he had from that solicitation of input and views, how many groups responded, what outcomes happened as a result of these papers and what did the public generally have to say.

Mr. Orchard: Basically, I think this is accurate. The only one that we invited—no, we are not right. The health promotion one we invited comments back on as well, in a formal fashion. The Continuing Care one, I am advised, is the one that we got some response back on.

I will tell my honourable friend that the papers, I think, maybe served more of a purpose of providing a vehicle of information to the recipient and were not taken up to the degree maybe that we anticipated or—and that is not even a fair statement, because we did not really know what to expect in terms of feedback. The response and return were not sizable for many of those discussion papers, so I think maybe a fair assessment might be that individuals and organizations in receipt of them took them as information as to where government may

well be wishing to move in those various policy and program areas.

Ms. Wasylycia-Lels: Given what the minister has said and given that they are not really very meaty documents, is it fair to conclude that this was really a public relations exercise?

Mr. Orchard: I guess one can conclude that if one was narrow in their focus and view, but that was not the exercise of any of those documents.

The documents themselves were the product of some fairly extensive consultation. The mental health one was several months in the creation. The health promotion one was a culmination of fairly substantive work around health promotion, identification of risk activities, health risk activities, et cetera, and had a fair amount of input from a lot of organizations prior to publication.

If I can be so risqué as to say, I think there was maybe a reasonable degree of satisfaction amongst those who made input through the consultation process prior to a crafting of the documents. There was, I think, a general level of good acceptance for those documents because many people saw what they had suggested to government incorporated in the various discussion papers.

* (2010)

So I think my honourable friend might want to call them whatever she described them as, but I think they have been a very useful tool of communication of general direction of government and have helped to open, sort of, the windows and let the light shine into this government's approach to health care delivery and—oh, I do not want to be this way to start out a fine summer evening, but to sort of clear out some of the cobwebs that we from time to time collect in government.

Ms. Wasylycia-Lels: And open the door to more studies, I think, is probably the conclusion of all of that. Might I ask at this point under this line, how many contracts or how much work has the minister requested of Michael Lloyd and Associates?

Mr. Orchard: Michael Lloyd and Associates have been involved with three contracts—two really, because one of the three was an extension of the first, and that is through the Health Advisory Network on the Teaching Hospitals' Cost Review Task Force. Michael Lloyd and Associates were retained by the Health Advisory Network to undertake pretty substantive analysis of teaching hospital costs.

One might recall—my honourable friend, particularly, might recall the document crafted by my two-away predecessor, Mr. Desjardins, through, I believe, Dr. Evans. Dr. Evans was the main author of Manitoba and Medicare, an analysis of costs from '73 to '84, I think, somewhere in that neighbourhood. That report was subject to a lot of discussion, if my honourable friend wanted to go back to some of the Estimates debate prior to 1988 and the change of government.

I was often asking questions around the teaching hospital review. That was one of the task forces that we wanted established through the Health Advisory Network because it is a very important issue. If my honourable friend might recall, in the original report done for the government that she was in cabinet with, it demonstrated that over that period of time, and I believe '73 to '84 is the appropriate time frame, our cost per patient day, our hours of salary paid, and a number of—how would I put them?—generic indicators of relative cost comparisons within the teaching hospital and community hospital facilities, in an analysis of those cost indicators, we find that at the start of the study, in approximately 1973, we were below the national average.

By the time the study period was over, circa 1983 or thereabouts, we had exceeded the national averages, and one must logically ask the question: Why? What drove those cost indicators from below the national average to above the national average in that approximate 10-year period of time?

I tried to get further clarification from the previous government as to whether they had any analysis around that, and I think it is fair to say none existed. The report was crafted and not pursued. We did refer the issue to the Health Advisory Network; a task force was established; and those reviews have neared completion. I think we are close to having a final report from the Health Advisory Network.

Michael Lloyd and Associates was contracted with, and I believe without tender—

An Honourable Member: No, it was tendered.

* (2015)

Mr. Orchard: Oh, that one was tendered, okay. It is the second one that we did not tender with the MMA, a negotiation that I will deal with in a few minutes, but Michael Lloyd and Associates won the tender competition to do the work for the Health Advisory Network task force. I think my honourable friend might appreciate that that is a very complex

review, and preliminary indications from the Manitoba medicare report crafted by Dr. Evans for the previous government certainly indicated that there were a lot of dollars that had to be analyzed because you do not move from below national average to above national average without asking some questions as to why and what has happened here. So that was the first contract with Michael Lloyd and Associates.

The second contract, I am informed, and I had forgotten the area, but it was a smaller contract where they were engaged to provide us with some comparative information for MMA negotiations which were completed approximately August of '90.

Ms. Wasylycia-Lels: The third?

Mr. Orchard: The third was an extension on the Teaching Hospitals' Cost Review that they were unable to—well, they completed, but additional work was requested and they were given that extension without going back to tender. I think you can understand that you would not go back and retender.

Ms. Wasylycia-Lels: Is it of any concern to the minister that under the Manitoba Corporations Branch, Michael Lloyd and Associates is listed as being in default, or having a default status?

Mr. Orchard: I was not aware of that information. Is that a recent occurrence or—

Ms. Wasylycia-Lels: This corporation is listed as having a default status on the most recent information provided by Manitoba Corporations Branch, so I assume it is current.

Mr. Orchard: Well, I will stand to be corrected but I believe the firm was not so listed at the time that we engaged them to undertake the work. I believe they have completed all their obligations under the Health Advisory Network and, as well, with the MMA negotiations, so I cannot answer for my honourable friend's concerns about their most recent financial situation. I am quite confident, and will affirm this tomorrow, that during the period of time in which they undertook work for government they were not in the position as indicated by my honourable friend.

Ms. Wasylycia-Lels: Thank you, I will look forward to having a response on that.

With respect to health disciplines legislation, could the minister indicate which health disciplines are being considered at this point in terms of

legislation, or being studied by the Law Reform Commission?

* (2020)

Mr. Orchard: Right now the professional legislation that we have before the House is The Pharmaceutical Act, and I would expect that next session will have amendments to The Manitoba Dental Association Act.

I am not aware of any such similar substantive legislation that might come in next session as well. There might be some minor amendments requested by other professional associations but not of the substantive nature that represent both pharmacy and dental. The issue that is before the Law Reform Commission is for new health professions, which currently do not have professional acts which guide their incorporation and set standards, which may range from educational requirements through to ability to discipline members of the profession. The Law Reform Commission is attempting to give us some recommendations as to how we might be able to proceed.

My honourable friend would understand that this is a fairly complex issue because as government, the previous administration were asked for professional incorporation by a number of allied professions in health care delivery, some of them new, some of them very recent in terms of their formation as an association. Hopefully, we will be guided reasonably by a report of the Law Reform Commission.

Ms. Wasylycia-Lels: Could the minister give us a list of those groups that are seeking other amendments to existing legislation or requesting new self-governing legislation?

Mr. Orchard: In terms of amendments, as I indicated, major amendments to the professional act—The Pharmaceutical Act is the one that immediately comes to mind, mainly because it is before us this session and I would hope that we could achieve speedy passage on that.

Following that, Manitoba Dental Association has indicated and expressed desire, and as a matter of fact I believe my honourable friend raised the issue in the House about the dental association, and it is expected that, barring unforeseens we ought to be able to present those amendments to the House next session.

There has been discussion with a number of other groups. How in depth, or how advanced their

individual proposals are, I cannot give my honourable friend that indication as we sit this evening. To give you an example of some of the groups, one that comes to mind immediately is the massage therapists, athletic therapists, and dental auxiliaries have some concern about where they fit in the legislative agenda. The dental auxiliaries issue was one that was before us when we came into government in 1988, and I believe that they may not be happy, but they are willing to wait for the Law Reform Commission and its guidance before they approach government again on the issue of legislation.

Ms. Wasylycia-Lels: I would like to ask a final couple of questions on the Health Advisory Network, precisely if the minister could go through the list and just give us dates when he expects to receive final reports?

Mr. Orchard: I have a range of time from almost immediate to March, 1992 anticipated. I appreciate that this has been something of a moving target. I can recall a number of Question Periods over about a year and a half where I kept having, for instance, to move off the date of the Extended Treatment Bed Review. So the range is from almost immediately until, I anticipated, March 1992. There are a number of reports which will be in my office, I would fully venture to say, by the 1st of September, probably five or six at a minimum.

* (2025)

Ms. Wasylycia-Lels: Are those the same reports the minister said would be on his desk by June of this year in last year's Estimates?

Mr. Orchard: There may be some similarity there.

Ms. Wasylycia-Lels: Let me ask a few specific questions. The minister, whenever we have raised the question of Winnipeg Hospitals Role Definition, has referred to obstetrics. I understand that to be one part of that task force. What are the other parts and when does he expect to receive final reports?

Mr. Orchard: Right now we have tasked the Winnipeg Hospitals Role Definition Report on obstetrics first. We expect to receive that report, I am led to believe, in October of this year. There are other targets of programs that we can investigate. They range from, for instance, pediatric services, as an example, to, I suppose, areas like orthopedics, et cetera.

Basically, we want to—the first task given to this role definition task force was of course obstetrics,

because we had a circumstance where one institution was at capacity or, from time to time, over capacity, had been delivering more babies than their planned-for capacity in the original design of the facility. At the same time that an expansion of that program was being requested, we had in several other institutions in the city of Winnipeg the ability to handle more mothers and newborns. Hopefully, the task force will give us some guidance as to where we ought to move in terms of resolving, I guess it is fair to say, the issue of maldistribution of capacity rather than the pure issue of lack of capacity.

Ms. Wasylycia-Lels: The minister said there could be other reports under this Winnipeg Hospitals Role Definition Task Force. I do not understand that. Was it not set up to study certain areas or make recommendations on certain areas? Are there not delineated subject matters under that task force?

Mr. Orchard: Mr. Deputy Chairman, my honourable friend is correct, but I have been so chastised and so cowered and intimidated by the criticism that all we do is study the issue, that is why I say, may, because I know if I announce yet another study my honourable friend will roundly criticize me, and I simply cannot take it any more.

* (2030)

Ms. Wasylycia-Lels: That could very well be. It certainly remains a curiosity to us why after a major task force was set up several years ago to study obstetrics among other things in terms of Winnipeg hospitals, it has resulted in the need for another study via the Urban Hospital Council. Still it is hard to understand why we need several studies going on at the same time on one particular issue. However, I think we have been round and round that, and I will not go over it again.

Could I ask, since the Teaching Hospitals' Cost Review Report, which has been touched on over and over again over the last couple of weeks and was one of the first task force efforts to be announced by this minister back in 1988 or '89, if he could give us a rough date when we might expect to hear something?

Mr. Orchard: Mr. Deputy Chairman, first of all, my honourable friend talks about a number of studies. Of course, that is exactly why I am so sensitive whenever she asks me to undertake yet another study.

I indicate to my honourable friend that the information compiled through these task force

analyses will be, as appropriate, made available to the Urban Hospital Council to aid them in their decision making. I know that is the case, for instance, in obstetrics.

The Teaching Hospitals' Cost Review—I believe next month the interim report will be released to the two facilities for their comment, and I am expected to receive the final report in November of 1991, November of this year.

Ms. Wasylycia-Lels: Is the minister saying that the final report from the Teaching Hospitals' Cost Review Task Force Report will be—he is expecting it in November of '91?

Mr. Orchard: I have this word "anticipated" behind it, and it is November 1991 in which it is anticipated. The one thing I can tell my honourable friend definitively and for sure is that in June of 1990 we received the Extended Treatment Bed Review for the city of Winnipeg.

Ms. Wasylycia-Lels: So what the minister is saying, just about two years from the date that he announced this major teaching hospital review, he expects a report. How much time does he expect then that we might see an action plan coming out of that report?

Mr. Orchard: I would hope that we could act on that report as quickly as we acted upon the Extended Treatment Bed Review where we received the report in June and at a major press conference in July we announced our action plan as a result of that report. Now I realize that in that case my honourable friend said, oh, it was mere electioneering, all it was was trying to buy votes as we approached the election, et cetera, et cetera, but yet only two short months before that they were saying we were holding up everything, study, study, study, and we never make any decisions. So it is one of these terribly, terribly pressing problems that I have where if I take action I am criticized for electioneering, and then if we do not take action we are criticized for just studying the issue.

Now, I cannot prejudge how quickly we might react to the Teaching Hospitals' Cost Review, because if I go by some of the memory of the quick calculations that I used to voice at the time that I was in opposition, just going through without the advantage of all of the numbers that the minister had and the government had, I used to say that these reports in simply bringing us down to average Canadian cost for teaching hospitals could involve

upwards of tens of millions of dollars, so that it is not an insignificant financial analysis of our two teaching hospitals that is coming at us. It has taken a long while. Is this not one of our most expensive task force reports for the Health Advisory Network? Because to bring some expertise to view on it we have engaged, as we have discussed earlier this evening, an outside consultant to attempt to bring impartiality and, what is the word I am looking for?—outside knowledge to this review.

I cannot prejudge the speed with which government might react to that because we may well have a report which would take some significant review at the Treasury Board level, some significant review from a policy standpoint, because clearly this is not a lightly taken issue and being two years in the creation, we hope to be able to receive some pretty sound guidance from the findings of this task force report. Hopefully we will be able to act within time for next year's budget cycle, for instance, of '92-93, because I will indicate this to my honourable friend, unless there is something that is absolutely as obvious as the nose on your face in terms of its achievability within budget, the teaching hospitals themselves would probably make the case that they are having a large enough challenge in this fiscal year coming to grips with the budget as provided, let alone having additional challenges put to them.

However, we would view with some great deal of interest the recommendations that come from this task force and would hope to be able to implement recommendations that are achievable and of benefit to the system as quickly as possible.

Ms. Wasylycia-Lels: Well, I am glad to hear that the minister might be prepared to act promptly when he gets these reports and include their recommendations in budget deliberations for this coming fiscal year.

I hope he will do the same for the five or more completed other Health Advisory Network task force reports because when I looked over those reports—and they include the three involving the Health Services for the Elderly, Rural Health Services, Health Information Systems, Health Promotion—the number of recommendations are well over 200.

I think the minister has a fairly major exercise on his hands. I was going to say a problem. I think the minister has gotten himself into a bit of a problem in terms of an exercise that has changed along the

way, one from starting out as a task force for implementation, that has clearly become a task force of reviews and production of wish lists. So we will be anxious to see. I am wondering if the minister has put some mechanism in place for starting to digest and address the over 200 recommendations from the five or so task force reports that are now complete.

Mr. Orchard: My honourable friend says two things that are interesting, first of all, that the Health Advisory Network task forces have turned into a compilation of a wish list. Well, Mr. Deputy Chairman, I hope that is not the case.

Of course, I am not able to comment as to whether that has in fact happened because when my honourable friend uses the language of final reports, I simply want to reiterate to my honourable friend that the only final report I have received is the Extended Treatment Bed Review one. No other final report has come to my desk, so I cannot comment as to how many recommendations there are, whether they have budget implications in part, in whole, all of them, none of them, some of them. I simply do not have that information and shall not have till I receive the task force reports.

I want to indicate to my honourable friend that one of the original mandates that we put to the Health Advisory Network—and I simply want to remind my honourable friend of this—is that the task forces were created because over my time as Health critic I received advice from a lot of individuals, groups, professional associations, institutions, in which they made clear indication that there were ideas on how to provide better quality health care and not significantly increase the budget. In fact, oftentimes the indication was made that probably they could reduce the budget in terms of increasing the effectiveness and the efficiency with which some health programming is undertaken.

It was on the basis of that concept that we are spending enough money at \$1,750,000,000. Although that is the budget today, it was not when we struck the Health Advisory Network.

I did not strike the task forces to turn into the "wish list" that my honourable friend indicated earlier on in her last question. They were clearly created as an opportunity for Manitobans who had a perspective on the health care system to share that perspective of reform and new initiative and to guide government

in the pragmatic ways of delivering programs within the financial resources of government.

* (2040)

You see, I cannot indicate to my honourable friend if in fact the task forces have turned into a "wish list" exercise because I have received one report. That report was very expensive for the taxpayers of Manitoba to accede in part to some of the recommendations, but it provided us the kind of guidance that we believed was appropriate in terms of melding a whole series of competing needs.

I just want to tell my honourable friend, I want to remind my honourable friend again that when we came into government, we had a redevelopment proposal before us from Municipal Hospitals that had not been acted upon for about a decade. We had a proposal for construction at Concordia which was there from the formative years of '69 and again in '81. Both times they were cut back because of the change of government. At Concordia Hospital, their plans were not acceded to.

At the same time, we had a construction program ongoing at Deer Lodge hospital, as a result of an agreement struck, I believe in 1979, with the federal government to bring Deer Lodge under provincial control in return for federal government contribution to capital redevelopment of that facility. Having all of those proposed construction plans and development plans in front of us, one must ask the very logical question, how many of these "extended treatment beds" do we need?

That was the task force's job, and they did tell us. It was significantly less than what was on the construction books committed by previous administrations. From that standpoint, I suppose, we potentially saved a lot of money. Had we moved with the redevelopment program as envisioned in the capital program of, say, 1987 or thereabouts, we would have built inappropriate bed capacity. Here we have, I think, tried to meet the best projection of needs in the rehab and chronic care bed area and have committed ourselves to some personal care home beds, new capacity, which was not there in the system.

Ms. Wasylycia-Lels: There are five or six task force reports that have been completed. The minister may not have received the final reports, officially, but they have been completed. I am wondering if the minister could tell us when he expects to officially receive those six Health

Advisory Network task force reports that I just mentioned.

Mr. Orchard: Mr. Deputy Chairman, I indicated to my honourable friend about three questions ago that I am expecting them from almost immediately to having them in my possession by the 1st of September.

Ms. Wasylycia-Lels: One last question: I trust that the minister, when he gets the final reports, will table them in the Legislature or, if the Legislature is not sitting, will forward them to the opposition parties.

Mr. Orchard: Unless we break the pattern that we established with the Extended Treatment Bed task force, my honourable friend should not be disappointed.

Mr. Deputy Chairman: Where am I? 1. Administration and Finance (c) Program Evaluation and Comprehensive Audit Secretariat: (1) Salaries \$769,400—pass; (2) Other Expenditures \$476,100—pass.

(d) Finance and Administration: (1) Salaries \$2,054,800—pass; (2) Other Expenditures \$1,036,500—pass.

(e) Human Resource Management: (1) Salaries \$947,200—pass; (2) Other Expenditures \$113,000—pass.

(f) Health Information Systems: (1) Salaries \$3,410,900—pass; (2) Other Expenditures \$504,000—pass.

An Honourable Member: Which line are we on?

Mr. Deputy Chairman: We are on line (g) Communications: (1) Salaries \$93,700—shall the item pass? -(interjection)- We will recess for two minutes.

The committee took recess at 8:46 p.m.

After Recess

The committee resumed at 8:51 p.m.

Mr. Deputy Chairman: Order, please. Before the recess we were considering item 1.(g) Communications: (1) Salaries \$93,700.

Ms. Wasylycia-Lels: The minister has been fairly flexible up to now. I am sure he will indulge me in going to the previous line for just a moment, the Health Information Systems.

I just wanted to ask a couple of questions in this area, partly because of the interim task force report, which, I understand, actually has been completed. I am sure that the minister has read the interim report and the final report, even if he has not received it officially; and, even if he has not, he is no doubt aware that this is an area in which there are serious problems that need to be addressed with or without a task force report.

The task force Health Information Systems executive summary indicates very clearly that this is—and I would like to just read from this report in two places: Individual health care institutions have collectively spent many millions of dollars on information systems which, for the most part, cannot be shared, cannot exchange information with each other and are evolving in independent directions.

Also, as part of the executive summary, that report states senior information systems staff of the larger health care institutions are more competent, experienced and knowledgeable than these individuals who have had the job of reviewing them. It goes on and on with very detailed, descriptive criticism of our present health information systems and in calling for major changes.

I would like to know from the minister—

Mr. Deputy Chairman: Order, please. The honourable member for The Maples has a point of order.

Point of Order

Mr. Gulzar Cheema (The Maples): Mr. Deputy Chairperson, on a point of order, I just want to know which report is that because I think I came a few minutes late. I just wanted to know.

Mr. Deputy Chairman: Order. The honourable member for The Maples did not have a point of order. It is only a matter of clarification.

Ms. Wasylycia-Lels: I would like to know from the minister, and I raise this very seriously. He is obviously aware of these problems. Could he tell us what his plan of action is for improvements in the area of Health Information Systems?

Mr. Orchard: First of all, I want to point out as gently as I can to my honourable friend that we have not invested in any major health information systems since we came into government.

What my honourable friend is quoting from is the system that was developed while she was sitting around the cabinet table and part of—oh, my honourable friend said, not entirely. She will maybe have a chance to explain that because some of the quotations that she alleges to have come from the Health Information Systems task force report are comments I would have to presume are on information systems that have been installed as a result of possibly some of the major agreements that my honourable friend entered into as a member of the Pawley administration.

Now, I have not received the report. My honourable friend is indicating some pretty critical analysis of that report. I am prepared to debate that when I receive the report as to what worked, what did not work. Clearly, what we attempted to do when we came into office was to come to grips with Health Information Systems policy and program and government directive to the health care institutions.

My honourable friend must recall that the government she was part of undertook an agreement wherein there was to be approximately a \$30 million investment by the government of Manitoba in computer hardware and software. That investment was undertaken over the past several years and was an inherited agreement when we came into government in May of 1988. My honourable friend full well knows, because she sat around a cabinet table at which the issue was no doubt discussed, that there were some concerns emerging at the time as to what sort of an information system capability we were developing as a result of the agreement.

I might point to out to my honourable friend that in terms of finding the \$30 million hardware, software customer, I believe without consultation, the Manitoba Health Services Commission was the chosen implementer. My honourable friend from time to time has been critical of me for making decisions without consultation with those involved. This is an area that my honourable friend knows a lot about, implementing and imposing program without consultation.

I am prepared, Mr. Deputy Chairman, when I receive the Health Information Systems task force report, to debate it very thoroughly with my honourable friend and seek her advice, given that I suspect a lot of the recommendations are going to be a critical analysis, good or bad, of the development initiative entered into by the

government that she was a cabinet minister in. I know that my honourable friend will have, no doubt, some explanations, some excuses, maybe some repentant suggestions as to how we can make things better.

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, I do not want to use up time to get into a long debate with the minister on this matter, but first, let me declare that I am not here as an apologist for previous decisions and am prepared fully to accept some of the difficulties that arose as a result of previous decisions made around the question of UNISYS and Manitoba Data Services. That is one part of the problem. The minister has read the task force interim report. He will know that the scathing condemnations of the present Health Information Systems are much broader than that.

This report talks about the absence of a provincial plan, the absence of an overall provincial health care strategy, the result being that institutions are on divergent technology paths with different timetables, and that the whole system has basically revolved around vendor preferences and sales pitches and individual institutional choices.

The question here is if, in fact, this report says the institutions themselves seem to know more than those reviewing the institutions and their information systems, what are the 99 staff now doing in this branch? What kind of training is underway to help deal with this problem, and what steps has the minister taken in three years to deal with the problems, not just outlined in this document, but readily available in terms of the system as a whole?

* (2100)

Mr. Orchard: Mr. Deputy Chairman, what has this minister and this government done? We have established the task force to try and provide us some guidance as to where government ought to go in health information systems.

Had my honourable friend had the foresight in government to do that, we would not have a critical report that my honourable friend alleges is there with all of the condemnations of the current system which has been inherited from the Pawley administration. Because the same policies are in place, we had to complete that agreement that they wrote up with its implementation path, its investment path, and its imposition upon the health care facilities. Then after having done that, completed the agreement that we inherited from the Pawley administration, my

honourable friend has the audacity to sit here and ask: What have you done as government?

We have tried to get around the issue of what is wrong with the information systems within the ministry of Health and the commission and the funded institutions. We have done that by bringing together a preeminent group of Manitobans to analyze where we are at, to suggest where we are in error and where we need improvement, and to suggest to us what our strengths are.

Had that been done by my previous friend in the Pawley administration, who is now finding herself in the delightful role of being critical of what they did in government and, hopefully, nobody will notice that they were there and established the policy, the agreements, the imposition on the facilities in the Manitoba Health Services Commission, that this will all magically go away and she will be able to ask the question: What have you done as government?

Mr. Deputy Chairman, give me a break. I look forward to receiving the report with what, I hope, are reasoned recommendations because these individuals who were involved in the task force have taken some considerable amount of time to try and bring their knowledge of the issue around a very complex set of circumstances of an agreement which was economic development in nature being foisted upon a customer and client department, namely the commission of the Department of Health and its funded institutions.

Rather than a needs-generated information system developed by the health care system for the health care system, this is an economic agreement driven supply arrangement which imposed on the health care system a system for which they were not consulted. Their advice was not sought, hence, the reason why we had to take this time to investigate where we are at, to find out what are the strengths, what are the weaknesses, and what is a health care system plan for information systems.

My honourable friend might want to be critical of this government for taking that course of action to inform itself of what to do before it does anything. I would prefer to be criticized for acting on sound information than, instead of like my friend in the previous Pawley administration, of seeking an economic development arrangement and then imposing its parameters in health information on an unwilling recipient group.

Ms. Wasylycia-Lels: Not to get into a debating mode again, I wish the minister would give me a break. He has been the minister for three years. He has had ample opportunity to begin a process to deal with the serious problem, and all he can say is he has appointed a Health Advisory Network task force to look into the matter.

A report has been completed, a report which the minister has seen and could have been the basis for some action by now, the beginnings, at least, of an action plan; and the minister is prepared to say that he is waiting for the final report. Well, Mr. Deputy Chairperson, that is not acceptable, whoever is to blame for the problem. The problem is serious and getting worse with every day that passes, and what is required is some direction from this minister and some guidelines. While he is waiting for the report, the minister could clearly be showing such leadership and direction by providing some guidelines to institutions and other facilities in terms of purchase of software and hardware. He likes to hide behind these studies and then blame it on the previous government, and I imagine three years from now he will be doing the same thing if, of course, he is around three years from now, which is becoming increasingly doubtful.

Since we are obviously not going to get any answers on this area, I will pass to the next line which I suppose—

Mr. Orchard: Mr. Deputy Chairman, I know my honourable friend does not want any answers on this issue that she mistakenly brought up without understanding of the issue. Naturally, she does not want to discuss it anymore, because the very process we have gone through ought to have been gone through by the Pawley administration, and we would not be here today.

Had there been this kind of bringing in of experts in Manitoba to study the information needs in the health care system and to develop a plan of action that government could sponsor and recommend and support financially to the major health care institutions in terms of provision of an information system capital infrastructure, we would not have needed a task force on information systems.

For my honourable friend to say, well, we are wrong because we have studied the issue to unravel and unscramble the omelet we inherited is just absolute balderdash. How can anybody who was part of that kind of decision making now criticize the

group in government who are trying to make sense of the system of health information for the ministry of Health and its funded agencies? I find that just absolutely incredible that my honourable friend would have the audacity to sit here and complain about seeking advice and information and direction from experts in the field, completely opposite and contrary to the process that she undertook as a cabinet minister in the Pawley government that led to the difficulty she so eloquently wishes to describe tonight.

Ms. Wasylycia-Lels: Just a couple of more questions on this area since the minister indicated he is interested in pursuing it. I have just noticed in the terms of reference for the task force on Health Information Systems, that it was intended to have covered not only hospitals but also community clinics and other facilities. My reading of this interim report tells me that very little attention has been paid to information systems for community clinics. I am wondering if the minister will be requesting the task force to ensure that its final report also includes a presentation on the needs and concerns of community clinics.

Mr. Orchard: Not having the wisdom and the knowledge of what is in the interim report, I simply cannot comment. I simply say to my honourable friend, I hear what she is saying. I will await receipt of the report from the Health Advisory Network and, hopefully, be able to address some of my honourable friend's innermost concerns.

Ms. Wasylycia-Lels: I am just curious. You know, the minister prides himself on reading material and grasping new ideas. I just find it quite curious that he has not read these reports that are available publicly. It may sound a little cynical or skeptical since I hardly believe that to be the case, but since the minister says it is the case, and he said it so many times, could the minister explain why he has not at least perused these task force reports, the interim reports which are available to the public and have been read by many individuals? They are not documents that came to us in brown envelopes; they are publicly available, and I am wondering why the minister keeps saying that he has not read them.

* (2110)

Mr. Orchard: Mainly, because I have not read them. Secondly, because I wish to have the final report from the Health Advisory Network. That is the system, and I want to just indicate to my

honourable friend—I will read to her from a letter that went out from the chairman of the Health Advisory Network, for instance, and this is to deal with the task force on Alternative Health Services. It says it has completed an interim report on palliative care. This interim report was formally received by the Health Advisory Network steering committee. Consistent with the Minister of Health's desire to ensure adequate consultation—which my honourable friend has criticized me for quite extensively in this set of Estimates so far—the steering committee invites input—

Mr. Deputy Chairman: Order, please.

Point of Order

Ms. Wasylycia-Lels: On a point of order, that covering letter has appeared on all the task force reports. The minister does not need to read it or go over it. That is available to everyone.

Mr. Deputy Chairman: The honourable member for St. Johns did not have a point of order. It is a dispute over the facts.

* * *

Mr. Orchard: Mr. Deputy Chairman, I am now even more confused as to where my honourable friend is coming from. If she knew the answer to the question, why did she pose the question? I mean, there is a process, and my honourable friend knows that in the second paragraph, third line—

Point of Order

Ms. Wasylycia-Lels: Mr. Deputy Chairman, all I asked was why the minister did not read the interim reports that are available publicly. That was my only question. He says he has not read them. That is fine, we can leave that—

Mr. Deputy Chairman: Order, please. The honourable member for St. Johns does not have a point of order.

* * *

Mr. Orchard: It goes on to say the steering committee invites input from those affected by the recommendations of the task force before—and "before" is underlined—it formalizes its own recommendations. It goes on to indicate that those recommendations, after the extensive consultation around the report, will be synthesized into the final report which will then be made available to myself.

Now, I will go through the example. I am only going through it once because my honourable friend for The Maples is not here.

My honourable friend for The Maples tabled—well, his Leader, in the House—tabled the extensive—

Mr. Deputy Chairman: Order, please.

Point of Order

Ms. Wasylycia-Lels: The minister has been through this before; he has put it on the record before. Surely to goodness there has to be some semblance of order in this committee and a relevance to the question asked.

Mr. Deputy Chairman: Order, please. The honourable member knows that is not a point of order. The minister can answer the question to his liking.

* * *

Mr. Orchard: I only point out that an interim report was tabled in the House and the opposition party of the day, the Liberals said, why are you not acting on this report? That report was an interim report. It left out the whole northeast quadrant of the city including the constituency of the now Leader of the official opposition. I found that to be offensive to those people in northeast Winnipeg. I waited for the final report from the steering committee in which recommendations and options were there to provide a vehicle of meeting the needs of the people in that quadrant of the city of Winnipeg.

That is why I do not embrace interim reports, because they do not embody the wisdom of the Health Advisory Network steering committee and its overview on the issue. So I wait with patience for the steering committee final reports and will undertake to read them and hopefully to be able to take action where reasonable and where possible.

Ms. Wasylycia-Lels: Just a final question. Does the minister have an opinion on the management information systems guidelines, and is he prepared to recommend them to all institutions?

Mr. Orchard: I would very much beg the indulgence of my honourable friend that when I receive them, if she could ask me that question then, I will be prepared to attempt to answer it.

Mr. Deputy Chairman: Item 1. (g) Communications: (1) Salaries \$93,700—shall the item pass?

Ms. Wasylycia-Lels: Yes. I believe we are now on the Communications line. I am wondering if the minister could indicate who the two staff are and who was let go.

Mr. Orchard: We had three individuals who were, due to the reorganization within Communications, laid off and two of the individuals left in the Communications branch were retained in the same capacity that they were retained or employed prior to the reorganization.

Ms. Wasylycia-Lels: Who are the two individuals who have been retained?

Mr. Orchard: An individual by the name of Ms. Webster who is a media specialist and is now part of the central communications unit and information resources. The other individual is Lisa Lacombe who is our French language service co-ordinator and she is now part of Admin and Finance providing French language service co-ordination for the ministry.

Ms. Wasylycia-Lels: Why is the one that is now part of the central communications department or whatever it is called listed here then?

Mr. Orchard: The Estimates book, I believe, was prepared on the basis of the staffing patterns prior to centralization into information resources.

Ms. Wasylycia-Lels: How many does that leave in this branch?

Mr. Orchard: Technically none, because the one individual is over at—Ms. Webster is over at information resources and central communications and the second individual is—next year, for instance, will appear in Admin and Finance because that is where the French language service co-ordination is taking place.

Ms. Wasylycia-Lels: If no one is left here, who was responsible for the many publications we hear about from the Minister of Health? Who is sending them out? Who is doing these publications?

Mr. Orchard: There is no change. The program areas have been responsible for distributing their respective programs. For instance, the AIDS pamphlet has been available through Communicable Diseases.

Ms. Wasylycia-Lels: Could the minister indicate the names of the individuals who were let go?

Mr. Orchard: Yes, I can. I have to say, though, that I do not find this to be a pleasant airing of their circumstances, but if my honourable friend wishes

to know who they are, I will indicate who they are: Ms. McCracken is one; Mr. Kenny, and Ms. Writen.

Ms. Wasylycia-Lels: Thank you. On what basis where these individuals fired and not redeployed somewhere else vis-a-vis the centralized Communications branch of this government?

Mr. Orchard: Mr. Deputy Chairman, my deputy has been quick to point out that Ms. Writen has been reassigned, so that there were just the two layoffs, Ms. McCracken and Mr. Kenny.

Ms. Wasylycia-Lels: My question is still on what basis were these individuals fired and not redeployed elsewhere in the department, or in terms of the government's centralized Communications department.

Mr. Orchard: Mr. Deputy Chairman, as has been indicated on a number of occasions to the official opposition and others, the needs of the new Communications branch, or Information Resources and central communications were much narrowed and not every individual, either within my ministry or within other ministries with similar circumstances of layoff, were qualified or had the ability to fill roles in the new centralized resource information centre, and it was on that basis that the very difficult decisions were made.

* (2120)

In terms of redeployment within the ministry, or within government, certainly individuals have exercised a range of options in that redeployment, either to actively go on the redeployment list, to not, and exercise an enhanced early retirement option as a result of the layoff—a number of different options—and depending on the needs within the ministry.

Ms. Writen was reassigned because her expertise was clerical support and secretarial, and there were other opportunities for employment within the ministry so that individual moved from Communications to other areas of the ministry.

Ms. Wasylycia-Lels: Could the minister tell us, given what he has just said about the needs of the central Communications branch, how someone of John Kenny's experience and 17 years in the government, having served on the front line in terms of regional delivery, having worked for the department over that length of time, in an able fashion from my understanding, was not of the kind of material that the central communications staff

might need, or indeed the Minister of Health's (Mr. Orchard) department might not need?

Mr. Orchard: Well, I have a difficulty getting into the writing skills, et cetera, of the various individuals involved. I would indicate to my honourable friend, contrary to some of the indications in the newspaper that—I will just say very directly, I seldom used any of the remarks that were brought together for me for my use by Mr. Kenny. However, I did use often the information and the writing developed by Ms. Webster. It was a difference in style. Not everybody can be a writer, not everybody can put together information into a speech or a greetings package, and of the individuals who were within my Communications branch, Ms. Webster had the greatest level of skill in doing that.

I simply indicate to my honourable friend that when you are establishing a communications directorate with the purpose being to craft for government, speeches, greetings, background information pieces that one would use in terms of, you know, speeches that one would use, it requires some interesting talent and capability.

Without getting into the individuals' strengths or lack of strength or ability or disability in terms of delivering a communication package, we attempted to be as fair with the individuals as possible. Naturally, you know, one can always be subject to criticism in making those decisions.

Ms. Wasylycia-Lels: Has the arbitration involving John Kenny been resolved?

Mr. Orchard: I am informed not.

Ms. Wasylycia-Lels: Is the minister still using a Doug Scott from Toronto to do writing for him?

Mr. Orchard: Mr. Scott has done some writing for the ministry. I believe he was responsible for the mental health paper that was brought together and edited into its final form.

Ms. Wasylycia-Lels: Is the minister saying that there are not people here in the province of Manitoba who could have provided that writing expertise?

Mr. Orchard: I am not saying there was not, and I am not saying there was. I am simply indicating to you that, for the needs of the ministry, Doug Scott did undertake those and deliver, what I think, is a very usable and quality presentation.

Ms. Wasylycia-Lels: Thank you. We certainly find it quite incredible that someone with John Kenny's

17 years experience and reputation as a writer is fired while the minister continues to use taxpayers' money to hire people from outside the province to do policy papers and write speeches. I do not think anything the minister says is going to settle that with the people of Manitoba.

I would be curious to know on what basis, outside of the fact that the minister was not comfortable with John Kenny's writing style, an individual of this kind of contribution to our Civil Service would be fired so callously.

Mr. Orchard: When my honourable friend says fired so callously, just what is it my honourable friend is alleging?

Ms. Wasylycia-Leis: It is clear with that kind of attitude we are not going to get very far on raising human issues with this minister. Someone, who has served the province for 17 years in a variety of ways and has demonstrated skills and abilities, is fired abruptly and without indication of problems on the job. At the same time, this minister has no hesitation in hiring people from outside the province to do writing for him and his department.

Mr. Orchard: Mr. Deputy Chairman, you know, I guess I am tiring rather rapidly of my honourable friend's little games. She makes an allegation of fired callously and then does not like to pursue the matter and indicate just exactly what she meant by that. I want to tell my honourable friend that Mr. Kenny was treated absolutely no differently than any other individual within the ministry, exactly the same, with as much courtesy and compassion as one can engender in a difficult circumstance like that.

If my honourable friend wants to go into the issue of some of the allegations made, we can do that, but it will not serve anybody's purpose. It will not even serve my honourable friend's purpose, because I simply want to tell my honourable friend that there are always two sides to every one of those stories. One side has been heard. I have chosen not to defend the staff who undertook that difficult task and were maligned by some of the comments that appeared in the news media surrounding that issue.

I simply indicate to my honourable friend that there was a significant contrast between individuals handled in exactly the same way. One of the same individuals, unfortunately laid off as well, wrote a letter the very next day indicating how professionally this difficult situation had been handled by my senior

staff, just to let me know, and indicated an enjoyment of working within the ministry and would accept an opportunity for redeployment within the ministry. That is entirely at contrast with the allegations that swirled around another individual, Mr. Kenny's dismissal, and one side of the story was told. If my honourable friend is referring to that side of the story with her phraseology of callous dismissal, then she had better lay her allegations on the table and we will play out two sides of the story, and no one will win in that circumstance. That is why I never engaged in that public debate.

* (2130)

Ms. Wasylycia-Leis: This is obviously a very sensitive issue for the minister as I had not raised any of the allegations that the minister is hinting at, any of the references in the newspaper article. No, Mr. Deputy Chairperson, I am raising the fact that this minister and this government have no problem with firing individuals, meritorious civil servants who have been with this province for 17 years, for 25 years, for 28 years, for 33 years. I am talking about a callous and cold-hearted government and minister that treat civil servants in that way, with that kind of disregard and lack of respect and human dignity. That is the issue we are raising here, and that is the issue we will continue to raise throughout the Estimates.

I am not raising any other details. I simply wanted to know how this government could choose, this minister could choose to treat its civil servants that way, and then proceed to hire consultants and writers from outside the province of Manitoba to do the work that was being done and could continue to be done here in the province of Manitoba.

My next question to the minister is pertaining to the Communications branch since it appears to have been emasculated and gutted. Could the minister tell us what is happening to the physical space and the equipment, specifically the computer equipment, in the Communications branch?

Mr. Orchard: Mr. Deputy Chairman, my honourable friend prattles on. Any time a government lays off individuals there are always going to be concerns expressed, public or otherwise, but I want to tell my honourable friend that every individual who was laid off within the ministry was treated with the same kind of courtesy in a difficult situation. No one was treated in a callous way, as my honourable friend alleges. Lest my

honourable friend have any doubts about that, please do not.

I want to tell my honourable friend that every individual who was laid off in the ministry of Health and the Manitoba Health Services Commission was personally so informed by senior departmental officials. Personally.

Now, I want to tell my honourable friend what contrast—if she wants to get into callous—I had a deputy minister in Highways who had been a 30-plus year career civil servant at the deputy minister's level and served several governments at the deputy minister level. Do you know how he found he was no longer in the employ of Howard Pawley and the NDP? He heard it on the radio coming back from a meeting in Regina, that he had been fired as deputy minister.

My honourable friend says, oh, well, there was probably some reason why that happened. Not so. You want to talk about callous treatment of long-term career civil servants, how do you contrast hearing on the radio that as a deputy minister you have been fired by the Pawley administration? The member for St. Johns (Ms. Wasylycia-Leis) is part of it. No such information came to any individual in the layoffs that occurred within the ministry in this last round of budget preparations. All were informed in person by senior members of the department and the circumstances of options available to them were explained. So let my honourable friend not play her silly little games about callous treatment.

The equipment, et cetera, that is part of the shop there has been redirected by the computer steering committee to areas of need.

Ms. Wasylycia-Leis: What are those areas of need?

Mr. Orchard: Wherever they are in the ministry, and if they are not in the ministry, wherever they are in the government.

Ms. Wasylycia-Leis: Could the minister tell us what is happening to the space for the communications office given that there are two years left on a lease?

Mr. Orchard: The space is vacant.

Ms. Wasylycia-Leis: Is the space going to remain vacant for two more years?

Mr. Orchard: I am told that part of the reorganization will probably utilize that space.

Mr. Deputy Chairman: Item 1.(g)(1) Salaries \$93,700—pass; (2) Other Expenditures \$19,400—pass.

Item 2. Healthy Public Policy Programs (a) Administration: (1) Salaries \$923,600.

Mr. Cheema: Mr. Deputy Chairperson, can the minister tell us what is quite clearly mentioned on page 38 of the detail book, that one of the positions is not there because of the senior middle management position and medical officer vacancy? Can he tell me which one is not there?

(Mr. Gerry McAlpine, Acting Chairman, in the Chair)

Mr. Orchard: Mr. Acting Chairman, that was the SY that takes you in Professional and Technical from 13.42 down to 12.42. It was a vacant medical officer position which, through combining the function of medical officer with the Director Dr. Margaret Fast, we eliminated. That was one of the SYs, the staff years, that we eliminated, and it was a vacant one in this case.

Mr. Cheema: Can the minister tell me or tell us who is in charge of this program and what are their qualifications? Is that the first managerial position or a technical position?

Mr. Orchard: My honourable friend might recall on the organization chart, going back several days ago in the Estimates, this is the one ADM position under Healthy Public Policy that we are in the process of recruiting and have not, as of yet, filled.

Mr. Cheema: I remember that and, as I said from the beginning, that was a good step to have one person in charge of the department. I just wanted to know who this person was, and I did not know that this position was still vacant. Can the minister tell us who is filling in that position for the time being?

Mr. Orchard: My Assistant Deputy Minister, Betty Havens.

Mr. Cheema: Can the minister tell us if there are any other positions vacant in the department as far as the staff years are concerned?

Mr. Orchard: Yes. We have a vacant officer supervisor position here in this appropriation of the 19 SYs.

Mr. Cheema: Can the minister tell us the last name—Dr. Betty Havens? Excuse me, I just wanted to have the right pronunciation for Dr. Betty Havens. I just want to know how she is fulfilling her obligation as a Provincial Gerontologist as well as

the ADM and how much she is dividing her time between two positions, which is very crucial from a minister's point of view to have an ADM for the community for the Healthy Public Policy and especially for the Community Health Services. I just wanted to know that his ministry is happy and satisfied with the time he is getting from the same individual to work on two different major portfolios.

Mr. Orchard: I am kind of glad my honourable friend brought that up, because I have been meaning to talk to Ms. Havens about this. She is so busy I seldom get to talk to her in my office to share some of the ideas and the direction. However, saying that partially tongue in cheek, because that is a reality, we have not had the opportunities that we had over the last couple of years to get into a little bit of future, forward thinking on policy, particularly around the issue of seniors services.

* (2140)

Ms. Havens is undertaking the role and the responsibility of both ADM and Provincial Gerontologist with a great deal of skill, both program and administrative-wise. She is, I think, providing a degree of very needed leadership in the ministry.

Mr. Cheema: I am glad to hear the minister is satisfied, and I just wanted to see how this major branch is functioning. Can the minister tell me if Dr. Havens is also involved in the Seniors Directorate?

Mr. Orchard: No, not in the Seniors Directorate.

Mr. Cheema: Can the minister tell me who is involved from the Department of Health in the secretariat for seniors?

Mr. Orchard: There is no direct staff person, we have seconded to the Seniors, but we have a significant liaison as we started out with and have been building upon through the various areas of the ministry, not the least of which is the Provincial Gerontologist as well as the program area of support services for seniors.

Mr. Cheema: Mr. Acting Chairperson, the minister is satisfied with the Seniors Directorate. He does not need anybody, a specific designated person, to co-ordinate the very challenging approach we are going to have now in terms of setting some of the goals and objectives in the Department of Health as far as the seniors are concerned. Is that a fair assessment to make that the minister is satisfied with nobody really to guide him with what is happening in the Seniors Directorate?

Mr. Orchard: Mr. Acting Chairman, I am going to be very nice about this, because it is approaching the witching hour almost. To make the statement that no one is guiding policy around seniors within the ministry of Health is wrong. I mean, that is what Dr. Havens is doing, in terms of the Provincial Gerontologist and also as assistant deputy minister for the whole Continuing Care, Long-Term Care program. You know, that kind of leadership is there within the department.

Now, I think, to answer my honourable friend's question, the Seniors Directorate is staffed directly under the Minister responsible for Seniors (Mr. Ducharme). What we do is liaise with them in terms of providing advice upon request and, indeed, help them as much as we can in terms of some of the initiatives that they wish to undertake where we have advice that is based on experience or that we can appropriately provide.

In addition to that, we have liaison officers that our seniors program responsible staff liaise with within other ministries. There is a, if you will, contact staff person in each of the various ministries, so that we can very easily, for instance, bounce ideas, make inquiries around the impact on seniors programming of initiatives within other ministries and likewise get a feel fairly quickly as to how a potential issue or policy or program might impact conversely out of the ministry of Health on those other departments and ministries of government.

Mr. Cheema: We can go probably to the next specific programs, and we can—

The Acting Chairman (Mr. McAlpine): Item (a) Administration: (1) Salaries \$923,600—pass; (2) Other Expenditures \$164,300—pass.

(b) Health Promotion, Protection and Disease Prevention.

Mr. Cheema: Mr. Acting Chairperson, can the minister outline to us what are the projects they have started for the last one year? Last year they gave us some projects in terms of the Healthy Public Policy. Can the minister outline some of those projects?

Mr. Orchard: A lot of the areas that we are working in in Health Promotion, Protection and Disease Prevention are longstanding issues of policy wherein we are seeking improved ways of education, of awareness, of bringing knowledge on disease prevention or health promotion issues to Manitobans. We are constantly, I think it is fair to

say, on a regular basis, updating our information that is made available, updating our public information campaigns through direct contact with client groups and have been working to advance Healthy Public Policy initiatives through this appropriation of the ministry.

We are into such a diverse range of programs here that, within that program, there are a number of very-much-carried-on programs that are annual or ongoing in nature. Those have a degree of consistency, I think it is fair to say, year in and year out, but also the staff and the individuals involved here very much try to keep abreast of current events, current information, particularly on the new initiatives in health promotion and risk prevention.

Mr. Cheema: Mr. Acting Chairperson, I gave the minister a very open-ended question to make all the good statements. My next question is, can he give me some indication about the Life Saving Drug Program and if there has been any recent change in that program?

Mr. Orchard: Let me give my honourable friend some current numbers. For instance, the program, as was originally envisioned, still assists persons requiring long-term lifesaving medications in instances where the purchase of same could or would constitute significant financial burden to the family. It was meant to assist those persons not eligible for assistance for other programs such as social allowances but for whom the purchase of medications would, nonetheless, be difficult.

I want to indicate to my honourable friend that last year there were—pardon me, these are as of December '90. The actual number of individuals served by the Life Saving Drug Program was 1,479, and we have projected that to December of '91 we will assist some 1,695 Manitobans.

* (2150)

Mr. Cheema: Mr. Acting Chairperson, I will ask again the minister, has there been any special change in the program as far as the inclusion of the drugs that are concerned?

Mr. Orchard: In terms of what aspect of the drugs?

Mr. Cheema: Have any new drugs been added to the Life Saving program?

Mr. Orchard: No, staff indicates not. The only thing that I can think of that has changed within the last 15 months is the lower threshold level of AZT. That is about the only one.

Mr. Cheema: So it is fair to say that there has not been any change in the policy as such for the Life Saving Drug Program?

Mr. Orchard: No, Mr. Acting Chairman, that program has remained, as we were able to protect it within this budget round.

Mr. Cheema: Can the minister give us some idea as to the AIDS education and prevention program? Is this the right place to ask, or should we wait for Dr. Fast?

Mr. Orchard: Yes, it is appropriate to deal with AIDS prevention in this line. I want to share with my honourable friend some numbers in terms of AIDS, specifically. Our actual number of persons testing positively for antibodies to HIV—in 1987, the actual number was 54; it dipped to 45 in 1988; it increased to 57 in 1989; was back down to 50 in 1990; and we are projecting 50 for 1991, as well.

In that same period of time, the number of AIDS cases as opposed to those who have tested positively for antibodies—1987, there were nine AIDS cases; in 1988, there were five; in 1989, there were 17; and then in 1990 there were five; and we are projecting that there may be 15 this year.

Mr. Cheema: Can the minister give us some indication where we fall in terms of the national average, in terms of the number of cases per thousand population or 100,000 population, whatever terms he wants to use?

Mr. Orchard: You know, we are going to have to maybe try and—you see, my honourable friend might recall some of the seroprevalence blind study testing that we were doing through Cadham Lab and Red Cross, but I do not think that is what you are asking for.

Mr. Cheema: Mr. Acting Chairperson, I am simply asking where we fall in terms of the national average because that issue has been sometimes very blurred, that people say whether we are really doing well in terms of the national prevention program. I just want the minister to tell us the exact numbers if he has them.

(Mr. Deputy Chairman in the Chair)

Mr. Orchard: I am told that in a population, constant comparison of cases per million, or whatever the number that is used, we are the second lowest province in Canada.

Mr. Cheema: I think, if the minister will recall, there was some concern that one of the individuals got

infected with the virus after she was pregnant, and there was some concern raised. I just want to know whether there is any information we have, or am I misreading the report?

Mr. Orchard: Well, now, I want to make sure I understand my honourable friend. I do not know of a specific instance that has been before the news, but the seroprevalence surveys, the blind studies that we undertook in—well, the one at Cadham Lab began in April of 1990 and was an 18-month-long study. I do not have the specific information in front of me, but I recall that our blind study indicated that we had the lowest or the second lowest seroprevalence positive results amongst pregnant women.

Mr. Cheema: Mr. Deputy Chairperson, I think I got the information, and specifically, I think there was a question whether some individual got infected with the AIDS virus after the pregnancy. That was the issue, and I just want the minister to clarify that.

My next question is: Can the minister tell us how much we are spending on the AIDS prevention program as such and, out of that, one will be the outreach program; second is that the funding to the Village Clinic; No. 3, any other specific program in any other hospitals?

Mr. Orchard: Well, I will try to give you a composite figure of what we are spending. We are spending in a number of areas on AIDS. The seroprevalence surveys are both ones which cost us dollars. We are still making available pamphlets and we have supported over the past number of months, for instance, attendance at aboriginal conferences on the issue of AIDS. We provided support to the Women and AIDS Conference. We have undertaken a number of initiatives in that regard.

The AIDS Advisory Committee, we funded the costs of the chairman attending the San Francisco conference. I mentioned earlier on, AIDS education for aboriginal people is part of the service delivery that we have undertaken. Although not specifically accounted and identified in this regard, Continuing Care and certainly our acute care facilities do provide program support to those infected with AIDS.

We undertake of course blood testing. We undertake provision of AZT and, with the lowered threshold, I am informed that that cost is approximately a little of \$3,000 per year now. We are providing the AIDS pamphlet translated into 11

newcomer languages so that this kind of education information can go on.

We have supported within our post-secondary education system, the universities, the funding for peer counsellors; in other words, students trained in providing counselling to their student peers as to the issue of how AIDS is spread and how they ought to prevent the spread of AIDS. We still support the AIDS telephone information line through the Village Clinic.

I mentioned home care earlier on, and of course the joint venture with the City of Winnipeg in terms of the Street LINKS project. This is probably our most significant targeted education, prevention program on AIDS, because we are going right to the streets, if you will, in co-operation with the City of Winnipeg to provide information to the "street kids," if you will, those who may engage in some of the high-risk activities of prostitution, intravenous drug use and other related high-risk activities.

I think my honourable friend can see that we have a fairly extensive, broad-based program for attempting to combat the spread of AIDS in the province of Manitoba, and I hope that we can maintain our apparent relative position of second lowest infection rate of all provinces in Canada.

* (2200)

The activities—I will try to give you a rough cost of how much all of the activities I have mentioned would represent in terms of funding, but I caution my friend, we have some difficulty in terms of assigning acute care hospital costs. Physician visits and the home care budget are not readily identifiable to persons with AIDS.

Mr. Deputy Chairman: The time now being 10 p.m., what is the will of the committee? Continue? Agreed? Agreed.

Mr. Cheema: Mr. Deputy Chairperson, I was asking the minister to give me the Estimates funding for the Outreach program, not the hospital ones.

Mr. Orchard: I think \$200,000 over two years is the provincial funding commitment.

Mr. Cheema: Mr. Deputy Chairperson, does that also include the funding to the Village Clinic?

Mr. Orchard: No, the Village Clinic budget is in addition to that.

Mr. Cheema: Can the minister give us the figures for that?

Mr. Orchard: The Village Clinic budget—we will be able to get that for honourable friend. I just do not have it right at my disposal right now.

Mr. Cheema: Has the minister made funds available from the federal government? There was supposed to be a substantial amount which could have been shared for some of the programs. As of last year, there was some difficulty to have access to the actual funding.

Mr. Orchard: Mr. Deputy Chairman, the Street LINKS Project—we have committed \$200,000 over a two-year period of time, \$100,000 per year. Because of the—well, I guess I will put it directly—innovative approach that this Street LINKS Project represents, the federal government has agreed to joint fund, and they are also committing \$200,000 over the two-year period of time as well.

Mr. Cheema: Can the minister tell us, the rest of the money which was supposed to go, \$500,000, for the drug education program and the AIDS prevention. Did the minister get access to the rest of the funding for the other drug education program?

Mr. Orchard: This is a portion of that which lays or supports Street LINKS itself.

Mr. Cheema: Can the minister tell us if they are also participating in the needle exchange program? There was some talk a few months ago and, at that time, the minister was not convinced. Are they going to participate in that program?

I will repeat the question again. Can the minister give us some update on his views about the needle exchange program because he has, in the past, said that he did not have enough information to fund that kind of program? Can the minister tell if he has changed his mind now after two years of experience?

(Mr. Jack Reimer, Acting Chairman, in the Chair)

Mr. Orchard: No, Mr. Acting Chairman, I am still not informed that would be an appropriate use of scarce resource. However, I will indicate to my honourable friend that part of the Street LINKS program is that part of their distributables—I guess, is the way to put it—were requested needle-exchange kits. But I indicate to my honourable friend that the province is not providing any support funding. My understanding is that is direct dollars from the City of Winnipeg. The province has not, to date, committed, and we have

not committed in this fiscal year any sharing of dollars toward needle exchange.

Mr. Cheema: Can the minister tell us if they have set up a special budget for the terminally ill patients in terms of having their care to be given at home or in a specific place? I guess there is one place where the terminally ill patients are being taken care of. I forgot the name of that place, but I think there was some question about getting the proper funding to provide the care for the terminally ill patients who are suffering from AIDS.

Mr. Orchard: Mr. Acting Chairman, no, we do not have specific palliative care programs for persons with AIDS. We provide, where appropriate, support from the Continuing Care Program, for instance, for individuals who may still be residing at home and suffering terminally from AIDS, and as well within the acute care hospital system. Naturally, if hospitalization should be required, that also is provided. That is the area that I indicated to my honourable friend earlier on where we have no ability to track directly—I think, my honourable friend can maybe appreciate that maybe we should specifically assign or attach costs in both continuing care and acute care system. We have not done that to date. I think my honourable friend might understand some of the pragmatic difficulties encountered.

Mr. Cheema: Mr. Acting Chairperson, as the minister knows, there will be a very—it will not be very expensive to take care of those patients in the community as compared to in the hospital when they are occupying acute care beds, which are very expensive. I know that the numbers are very small, and I do not think anybody wishes the number to be larger, but still I think it would be worthwhile to look at that aspect to make sure the health care dollars are spent wisely if we can designate a few beds outside the hospital in the community where the home care can provide the services and also the families are willing to take some responsibility to provide the last days of care in their own community. I did ask the minister the same question for the last three times. I just want to reinforce their idea again, even though the minister has said that we do not wish to have those numbers. That is right, but still if money can be saved and can be spent properly, the minister is willing to look from that point of view.

* (2210)

Mr. Orchard: I hear what my honourable friend is saying, and we have not developed a specific program line to support a specific program dedicated to hospice care of persons with AIDS. I realize that these programs are part of the range of available services in some of our larger communities where, unfortunately, for those communities there is a higher incidence of persons with AIDS.

I just want to take my honourable friend again through the numbers. Over the last year, we had 17, for instance, in 1989 of people with AIDS, down to five, and we are projecting that it may increase to what I believe is 15 this year.

What we have attempted to do, rather than establish another, if you will, formalized—I hesitate to use the word “institution”—but a formalized, funded system of care delivery. With such variable numbers and numbers which, thankfully, are quite low in relative comparison to other jurisdictions, we have been able to provide, I think, a reasonable amount of support through acute care as well as Continuing Care Program.

I accept my honourable friend's critique that it would be more appropriate to provide care outside of an expensive acute care hospital bed. I think, with few exceptions, that is definitely tried to be accomplished with the support of the Continuing Care Program.

However, there are circumstances that I think my honourable friend can understand where acute care admission is the only effective medical management of the individual's circumstance.

Mr. Cheema: Mr. Acting Chairperson, can the minister tell us about the program outside the city of Winnipeg? Especially, he has mentioned a program for the aboriginal community in terms of the AIDS education and prevention programs. Can he give us the indication of how much money the provincial government is spending and how much money the federal government is putting into that specific program?

(Mr. Deputy Chairman in the Chair)

Mr. Orchard: Mr. Deputy Chairman, the circumstances of AIDS as an aboriginal health issue is fairly recent. It is only in the last short while, and I even hesitate to even say how long, probably within the last year, year and a half, two years that there has been an increasing awareness that the

aboriginal community can be subjected to rather high-risk circumstances in contracting AIDS.

As a result, we are attempting to work with the aboriginal community and committees of Native leaders, education and health consultants to prepare a proposal for AIDS education. For instance, let me just share with my honourable friend, the Swampy Cree Tribal Council has received federal funding for a two-year project which addresses culturally appropriate education programs and activities for the schools, the home and the community. These activities are going to occur in the northern half of the province. A component of the education in the core area is also incorporated, recognizing the mobility of many Native people. It is proposed that this project could be a demonstration project easily adapted for other Native communities.

Phase I is a needs assessment of the Swampy Cree proposal. It is complete, and AIDS education committees have been established in all Swampy Cree Tribal Council communities. The education program will be launched in March, with a Native AIDS conference in The Pas.

It was around that AIDS conference in The Pas that we got involved not in a financial way, because the federal government is providing the two years of funding support, but rather in terms of staff support, in terms of planning and resourcing the AIDS conference in The Pas.

I want to provide some more information to my honourable friend. In 1990, the Medical Services Branch, which is federal, trained 96 individuals in other tribal council areas to deliver AIDS education. I am informed that most communities have received at least one training session. I can say to my honourable friend that we are with staff resource, with the expertise that we have within the ministry, providing that kind of working relationship and support to the aboriginal community.

To date, I think it is fair to say, and rightfully so, that the federal government has been the lead funding agency, because their responsibility is directed towards providing program and service delivery to the aboriginal community. That is the genesis of the two-year pilot project. Our involvement with the Native community, the Swampy Cree Tribal Council, as I indicated, has been in the form of support staff and information resource, et cetera.

Mr. Cheema: The minister has said there is only one demonstration project at Swampy Cree, and they are going to look at this, but I think more needs to be done. Eventually, as I told in the beginning of the Estimates process, the provincial government will be ultimately—it will probably be responsible. The minister has made it very clear the federal government is morally and legally responsible for the funding through the Medical Services Branch, but the issue is not very clear in the Native communities, especially if they want to take responsibility for their own health.

Ultimately, the provincial government will be more involved, either indirectly or directly. There needs to be development of programs, especially when we have so many Native individuals moving to Winnipeg. The urban Native community is also increasing at a rapid rate, even though transient at times. There has to be development of special programs for the Native communities so that we can, at least, prevent some of the spread.

I would ask the minister whether they have any statistics to indicate any alarming situations for the incidence of AIDS in the Native communities. If they have any incidence data to share with the committee, I think that would be beneficial.

Mr. Orchard: Mr. Deputy Chairman, let us not shrink away from the issue, but clearly the federal government has the lead responsibility. I would venture to say they would love nothing better than the province to come in and take over that responsibility. Unfortunately, we do not believe that would be an appropriate initiative. In this area, though, the federal government has undertaken some leadership in the role.

To round the circle, if I can with my honourable friend, the Street LINKS project, which is jointly funded by both the federal government and the province, does have amongst its target group aboriginal youth and individuals who find themselves in the core area engaged in high-risk activities. The Street LINKS project, to put it bluntly, does not provide services to all street youth that they come in contact with, regardless of whether they are from the aboriginal community or from the balance of the Manitoba community.

Ms. Wasylycia-Lels: I hope I do not end up repeating too many of the questions already asked by the member for The Maples (Mr. Cheema). If I do, I am sure the minister will let me know.

Let me just start at the very beginning of this area. I believe the member for The Maples did question the decrease in this budget from the previous year. I did not quite entirely hear the entire explanation of the minister, but it strikes me that, given the focus and the emphasis that this minister has placed on Healthy Public Policy, it is very hard in that context to understand a decrease for whatever reasons, and particularly when this is an area that seems to me, if the minister is serious, requires an increase. I know he will argue about the current economic climate, but he did find extra money for the field of health, and I am surprised that he has not reallocated some of that increase to this area.

I am wondering if the minister could tell us why this reduction in such an important area. What are the plans to increase resourcing in this area?

* (2220)

Mr. Orchard: First of all, I want to indicate to my honourable friend that along the salary line there was one vacant SY, which was part of the 56 that were eliminated from within the ministry. The balance of the program delivery costs involves the transfer of our health promotion in the workplace function over to the Department of Labour. That accounts for, if not all, very close to all of the decrease year over year.

(Mr. Jack Reimer, Acting Chairman, in the Chair)

It is not a lack of emphasis by this government, as my honourable friend would want to allege, but rather a changed focus for delivery, with that, I think, quite successful program becoming part of the ministry of Labour and Workplace Health and Safety.

Ms. Wasylycia-Lels: Could the minister tell us why that was transferred over to the Minister of Labour? He has talked about it as a very successful program. It seems to me he has also talked about the need to integrate Health in terms of all other areas. Why was a supposedly successful area then transferred out of the Department of Health?

Mr. Orchard: The issue of the workplace health promotion program, if my honourable friend—and I would be glad to take her through all of the initiatives that were funded—would find that most of them were clearly activities from the workplace, as was indicated in the title. A lot of the initiatives—or a number of the initiatives—were around safe working attitudes, back injury protection, et cetera.

The program was very successful and I thank my honourable friend for acknowledging that because it took some \$140,000 of taxpayer dollars through the ministry of Health and levered it up into—with participation from both employer and employee groups—levered the \$140,000 into almost a half million dollar program, Mr. Acting Chairman, which I think all taxpayers in Manitoba can be pretty proud that we were able to lever a three to one commitment towards Workplace Health and Safety as a result of this promotion program.

Having successfully launched the program with a great deal of enthusiasm and participation, it was deemed, when we had our interdepartmental working groups—in other words our funding envelope groups, while the ministry of Labour was part of the human services envelope, that there was a natural fit within Workplace Health and Safety for this health promotion program in the workplace, because it allowed them to reinforce efforts that we have ongoing throughout government, for instance of smoking cessation, exercise programs, nutrition and a very important marriage and liaison through the ministry of Labour with the Workers Compensation Board.

One can understand pretty quickly that programs to prevent back injury, for instance, and a number of the programs we funded—well, not a number, but at least some of the programs—were in the health care field where back injury is a constant problem with resulting claims being made on Workers Compensation Board. So that in coming around the issues of the human services envelope and the ministries involved, it was found that there would be a very logical and quite beneficial marriage of this successful program in the ministry of Labour with its opportunity to liaise with Workers Compensation Board more directly than myself.

Ms. Wasylycia-Lels: Can the minister tell us what capability exists within the Department of Labour to assess these projects from a health perspective?

Mr. Orchard: Two things. First of all, there is a liaison that is maintained within the ministry. Dr. Redekop, who was involved fairly substantially with the program, is with the ministry of Labour and in that actual branch I am informed.

Secondly, my honourable friend must remember that this was not a program that was driven solely from within government in terms of the assessment analysis and the decision making around which the

number of applications would be approved. That was achieved by a small board which had served the role on behalf of government of reviewing the applications and making decisions as to which of the proposals ought to be funded. That involved the business community directly to some degree in helping to make those decisions and give the program yet another wider aspect of community involvement, hence acceptance.

Ms. Wasylycia-Lels: Is there an interdepartmental committee to work co-operatively then on the question of workplace health promotion projects?

Mr. Orchard: Well, as I indicated to my honourable friend, directly with this branch there is every opportunity for close liaison through Dr. Redekop, who is in Labour. This is yet another area and opportunity for the Healthy Public Policy steering committee which is the steering committee of deputy ministers chaired by my deputy minister and also having membership from the ministry of Labour so that there is that second opportunity for larger overview of government via the Healthy Public Policy steering committee as well.

Ms. Wasylycia-Lels: I just wanted to raise a general concern with this kind of move. It seems to me that the Department of Health can play a very important role in terms of addressing serious health issues in the workplace. That is not as likely to happen in the case of a department directly responsible for labour management issues and has other interests at the top of its agenda.

It seems to me this is just a logical area for the Minister of Health to be involved in especially when he cites such examples as Japan in terms of its success and given his other statements involving understanding health in a much broader way and involving many areas and the overlapping of many departments.

I just wanted to make that general comment, but a specific question I have is, I believe that one of the projects under this program is the heart health project at the now closed Tupperware plant in Morden.

I am wondering if the minister can tell us, has money been lost and investment been lost in terms of approval of that project. Secondly, does he have an alternative place for piloting that particular project?

Mr. Orchard: Let me comment to my honourable friend first of all about how my honourable friend

fears this initiative, moving it from Health to Workplace Health and Safety goes against, somehow, the exercise wherein she has heard me speak about what are the determinants of health, what drives health status, what improves health status.

There can be nothing more important than that than to take a successful health promotion program from the ministry of Health and make it a successful health promotion program in the workplace of the Minister of Labour because that brings them very much into successful models of health promotion and a closer liaison and a closer understanding of what drives system costs in health care.

* (2230)

I think it, in fact, reinforces the examples my honourable friend has brought to the committee and reinforces where we are attempting to come from to have a wider understanding of what makes for health and that it is not narrowed exclusively to the expenditures within the ministry of Health. I do not think that this shift of successful function to another ministry mitigates against that. I think it reinforces it.

Secondly, this program was not the program under which the Manitoba Heart Health Project was funded. That is a separate funding arrangement between the federal government, ourselves and the Manitoba Heart and Stroke Foundation. They successfully completed Phase I which was a sizable survey of Manitobans, and Phase II chose two workplace sites outside of the city of Winnipeg, Beausejour and Morden.

Unfortunately, the Morden initiative has naturally some questions surrounding it, given the announcement last week of the future closing or the imminent closure of the Tupperware plant in Morden. I cannot indicate to my honourable friend what sort of investment may have been made to date in the Tupperware-Morden project. I cannot provide that information, but I shall seek the answer to her questions and provide that tomorrow or as quickly as we can ascertain the information.

Ms. Wasylycia-Lels: Mr. Acting Chairperson, I remain concerned about the ability of this government to actually address workplace health and deal with health promotion in the workplace, especially since the minister keeps talking in terms of this being a good move to help others understand what drives the health system's costs. Increasingly,

we have a minister of health care costs and not a minister of health care.

Maybe there is not, given this government's overall agenda vis-a-vis workers and labour in the province of Manitoba, any centre, any proper place for addressing workers health and safety and protecting the rights of workers. I would certainly question the ability of the Department of Labour to put this as a priority when in fact the whole agenda of that department has been to deny workers their rights in the work force, to add stress to the lives of working families in the province of Manitoba, to do the opposite of what the minister has suggested will happen with the movement of this branch to the Department of Labour. So I remain concerned and will put that on the record.

Let me ask the minister, relating to this area, I notice in terms of the new organizational chart, the Chief Medical Officer of Health reports directly to the ADM for Healthy Public Policy and programs. Has that position yet been filled?

Mr. Orchard: Would you repeat the question again, please?

Ms. Wasylycia-Lels: The position of Chief Medical Officer of Health.

Mr. Orchard: Mr. Acting Chairman, as I indicated to the member for The Maples in earlier questions, the function of Chief Medical Officer of Health lies with the director of communicable diseases, Margaret Fast.

Ms. Wasylycia-Lels: Has the position been filled, unless I am misunderstanding what the minister is saying?

Mr. Orchard: The function is being undertaken by Dr. Margaret Fast.

Ms. Wasylycia-Lels: Is that an interim temporary arrangement or is that now the permanent arrangement in terms of this position?

Mr. Orchard: The latter rather than the former.

Ms. Wasylycia-Lels: How many medical officers of health are vacant at this point? How many positions are vacant?

Mr. Orchard: I am informed 4.3 are not filled as medical officer of health.

Ms. Wasylycia-Lels: It would appear then that the problem of recruitment in this area remains. I am wondering what steps the minister is taking to address this particular concern.

Mr. Orchard: Mr. Acting Chairman, as my honourable friend correctly identifies, this is an ongoing and continuing problem of recruitment into these positions. There has not been a great deal of success over the last number of years. What we are attempting to do is to redefine over the next number of months the role of medical officer of Health and, in redefining the role, attempt to seek the advice of Community Health Services at the U of M in order to give us some sense, from their perspective, as to what ought to be made of these positions because it has been an ongoing or a recruitment difficulty.

Ms. Wasylycia-Lels: Will the position of ADM for Health be public policy, be bulletined, or what are the intentions with respect to the minister in this field?

Mr. Orchard: Yes.

Ms. Wasylycia-Lels: Could the minister indicate what kind of person he is looking for? When will the ad be out?

Mr. Orchard: The absolute best person we can find, and as quickly as we can find him.

Ms. Wasylycia-Lels: When did the minister say he would be bulletining the position?

Mr. Orchard: It is bulletined now.

Ms. Wasylycia-Lels: Because of this, I am curious about a couple of issues under this reorganization. On the chart I notice that acute care is listed as an area of responsibility for this branch. That is obviously also an area falling under Hospitals and Community Health Services. Could the minister indicate why acute care is under Healthy Public Policy when it is a treatment modality? What is the relationship between this acute care in this branch versus the Hospitals and Community Services branch?

* (2240)

Mr. Orchard: Under the Healthy Public Policy—and I reiterate the three words healthy public policy—that does not narrow itself to only community-based services or only health promotion, or only a line of professional service delivery, or only public health, for instance, as a focused program delivery. It is an attempt to understand across all of the disciplines and all the spectrums of care delivery what their impact is on Healthy Public Policy.

The delivery of acute services is not happening under Healthy Public Policy. It is happening under

Hospitals and Community Health Services, but that does not remove, or indeed prevent, or curtail what we see as an opportunity to understand the context of acute care service deliveries in the continuum of services we deliver, where they fit and what is their effective role. So that the Healthy Public Policy, and again I emphasize those three words, is an understanding of the spectrum of services we deliver within the ministry and also will take us in a number of areas and a number of circumstances beyond the funding lines of the Ministry of Health alone.

Ms. Wasylycia-Lels: I am still not clear as to how responsibilities will be divided up. Could the minister tell us what this vacant ADM will do in terms of acute care and what Mr. DeCock's staff will be doing in terms of acute care?

Mr. Orchard: Mr. Acting Chairman, Mr. DeCock's area will be in the service delivery and the funding of the hospital. Let me use an example my deputy has reminded me of. Consider the circumstance of an emergency department which is in the acute care. That is where it is funded; that is where the program is delivered. You have a substantial increased usage of your emergency department. When you analyze that substantial increased use of your emergency department you find, for instance and for example and hypothetically, and maybe not too hypothetically, that a majority of the individuals who present themselves at the emergency department are trauma and otherwise victims where the common contributing factor is the abuse of alcohol. Now, we deliver the service here. We fix the fight cuts. We fix the broken bodies if it is a vehicle accident, within the program delivery line.

When we move over here to acute care and we find out that part of the drive of the increasing utilization of the emergency department is alcohol abuse, that then embarks this area of the department to start thinking creatively around programs which will curtail at the community level, the individual level, the abuse of alcohol, not for any other purpose than to hopefully reduce the number of trauma appearances at our emergency department which are driven by alcohol.

I want to indicate to my honourable friend that is why we brought in the toughest drinking and driving legislation in Canada. I want to indicate to my honourable friend that although that was not a health ministry piece of legislation, it will contain costs within the Ministry of Health and as part of our

Healthy Public Policy. Let me take the speculation one step further because we have the correlation of acute care emergency service delivery in our acute care hospitals driven by abuse of alcohol in the community and the creation of tough drinking and driving legislation.

The second greatest abuser on the highways is the unlicensed driver. After the drinking driver, it is the unlicensed driver. How do we come around that, when that individual is causing accidents and carnage on the highways from time to time? Well, another Healthy Public Policy initiative takes it to my colleague, the Minister of Highways and Transportation, wherein over the next two years we will all have photo identification licenses. That is an effort to curtail those unlicensed drivers from flaunting the law, driving with their brother's or their sister's driver's licence.

Does my honourable friend now understand the correlation between acute services and its analysis in terms of Healthy Public Policy program development, because I can give my honourable friend another example. There have been indications that a lot of acute care admissions—well, my honourable friend is now chortling. I mean she wants to know -(interjection)-

Point of Order

Ms. Wasylycia-Lels: The minister asked me the question, did I now understand?—and then proceeded to give another example. If he had let me answer that question, I could have answered that I think I am getting a pretty clear indication of what the minister intends. I was going to ask where in this branch the acute care category falls.

The Acting Chairman (Mr. Reimer): The honourable member does not have a point of order. It is a dispute on the facts.

* * *

Ms. Wasylycia-Lels: This issue of acute care is listed like the other areas that constitute separate parts or separate branches within this branch. I am wondering where acute care shows up in terms of the structure and the reorganization of the department.

Mr. Orchard: I am not sure I understand my honourable friend's question.

Ms. Wasylycia-Lels: Well, let me just elaborate a bit further. We can look at Health Promotion,

Protection and Disease Prevention, that is a particular line; we can look at Women's Health, that is a particular line; Healthy Child Development is a line. Where is acute care? It is not listed in any of the descriptions in the Estimates book. Is it something that is being worked out? Is this part of the wrinkles that are being worked out in terms of the reorganization? Who is responsible? Is there a person? Is there an individual? Is there a group of people?

Mr. Orchard: Mr. Acting Chairman, I realize that this may sound confusing that we are actually trying to determine what drives our acute care system. As the example that I gave to my honourable friend that she said she understood, as to what was the reason why we have acute care down here, it is one of the examples of trying to understand from a Healthy Public Policy standpoint what drives the system and how initiatives, not solely contained within the budget of the ministry of Health, might offer and proffer solutions, and I give the example of alcohol.

I could go through another example, but I do not know whether it would help my honourable friend. In terms of ambulatory care, it is another program area that every ministry talks about. Let us understand its relationship in Healthy Public Policy; its fit in the community, for instance, as it may well have an impact on housing programs, transportation programs as funded through the ministry of Highways and Transportation. It may have an attachment with programs developed and service programs for the City of Winnipeg, although that is yet another level of government.

* (2250)

Let us talk about capital planning. Surely, within the Healthy Public Policy, when we are making choices of where to spend scarce resources, some interrelationship between departments and program on our capital side would be appropriate. For instance, should we simply rebuild the Brandon Mental Health Centre? A very good question, or is it more appropriate to replace the function of the Brandon Mental Health Centre in more community-based program delivery modes and how do we come about that?

Let us deal with substance abuse. Separate the issue of substance abuse from the program delivery arm of the AFM. Substance abuse probably cost the ministry of Health some significant amounts of dollars. It cost the justice system some significant

amounts of dollars. It costs the Family Services department some significant amounts of dollars. It costs Manitoba Public Insurance Corporation dollars. It costs Workers Compensation substantial amounts of dollars.

So what better opportunity under Healthy Public Policy programs, under an ADM, do we have to bring into the context of Healthy Public Policy, again referring back to the committee of deputies that my deputy minister chairs, to bring the system-wide analysis of substance abuse under one responsibility so that we understand its interrelationship between other areas of government, Crown corporations and program delivery lines?

It is an analysis of the Healthy Public Policy in terms of policy creation rather than the delivery of acute care services, rather than the delivery of ambulatory care, rather than the delivery of aboriginal health, rather than the delivery of women's health programs, rather than the delivery of substance abuse programs, be they educational, prevention or rehabilitative.

So this area is very new, very innovative and really reinforces the point that my honourable friend made earlier on. She said that, you know, I have always talked about health indicators, determinants of health and the concept that health status is driven by Health department spending is not accurate and not correct. I stand by that.

I have come to believe in that more and more as each month and year goes by, and that is why, in the reorganization of the ministry of Health, we are putting a separate ADM to bring together that perspective that the determinants of health, the factors contributing to a population's health go far beyond the formal funding and program delivery lines of any ministry of Health into a number of other departments, as I have described. So we are setting up here the opportunity to come to grips with those large policy areas and to understand their interrelationship from a Healthy Public Policy standpoint and how we can achieve a greater—I am searching for the word here—a greater level of co-operation, hence effective program delivery when we understand the relationship between other departments and their program mandates.

Ms. Wasylycia-Lels: Let me pursue a couple of those examples with respect to capital planning. Is there a planner that is part of this branch?

Mr. Orchard: Yes.

Ms. Wasylycia-Lels: Who is the planner?

Mr. Orchard: One of the capital planning individuals who was in the Manitoba Health Services Commission.

Ms. Wasylycia-Lels: So we have one of the capital planners brought over here; others remain in, I would assume, Mr. DeCock's branch. How is this any more of an integration and more of a focus on an integrated strategy than before? Why did the minister not bring over all the capital planners into this area if that is the intent? What will be the relationship between staff reporting to the ADM for Healthy Public Policy to the ADM for community and—whatever the branch is—Mr. DeCock's branch.

Mr. Orchard: Mr. Acting Chairman, that is what was done and, when one looks at the capital construction under the associate deputy minister's responsibility, that is in terms of the actual ability to prepare tenders once construction decisions are made, to make sure those tenders are properly advertised, having received those tenders to analyze them, to recommend the acceptance of one and then to put in place—what are the people who undertake the construction supervision? Anyway, an individual whose job is to assure that the construction project, once committed by government, proceeds within budget and according to the standards and without glitches and problems such as was experienced, my honourable friend might recall, with the Children's Hospital.

Now, that separates clearly the planning of capital construction budgets versus the delivery of that budget once established.

Ms. Wasylycia-Lels: Might this capital planner under Healthy Public Policy be looking at the whole expanded psych services building at the Health Sciences Centre, and perhaps making the links that the minister talks about in terms of community services and facilities, and perhaps giving the minister an alternative viewpoint in terms of that whole expansion?

Mr. Orchard: In terms of the planning for the construction, of course, that was done a couple of—three years ago, and was well in process as of May '88 when we came into government. My honourable friend might recall that her Leader committed to the construction at Health Sciences

Centre in, I believe, the 1988 election so that that construction function was done.

Now, if my honourable was asking: Is there a role in a relationship for investigating the role of the new site building in terms of its ability to deliver service to the system and how it correlates and fits within the current availability of acute psychiatric care beds? Yes, that is an area that, for instance, is currently being investigated by the Urban Hospital Council at the request of government.

I went into that issue earlier on this afternoon, my honourable friend might recall, where the establishment of the Crisis Stabilization Unit at the Salvation Army showed to us, that we can deliver comparable acute psychiatric care in a lower cost environment at a crisis stabilization unit like Salvation Army.

Now that then takes us to the next step of: Can we more appropriately provide those services in other than expensive acute care hospital environments? Clearly, the answer is yes. We have demonstrated that. How that fits and emerges in a reformed mental health system is still open to discussion, but clearly this group of capital planners can give us some perspective on that as well as others who have an interest in that specific initiative of capital planning.

* (2300)

Ms. Wasylycia-Lels: Is the minister saying that the size of the psych services project is then open for reconsideration and that some advice might be that the one role of this capital planner under Healthy Public Policy might be to investigate that whole issue and give the minister some advice with respect to the size of the project?

Mr. Orchard: I think the physical size of the construction project has already been determined. I mean, that is a past issue. How it fits into the acute psychiatric care services, naturally, is open for further discussion, but the physical parameters of the construction project has been determined some number of months ago.

Ms. Wasylycia-Lels: On the other issue that the minister raised or used as an example, substance abuse, I am curious as to know what is the relationship between this new area under Healthy Public Policy with the AFM?

Mr. Orchard: And the AFM? The AFM is the funded agency of the government which provides direct programming, handles a number of programs,

as well as provides support directly to a number of funded agencies. They also work with the education system and with law enforcement.

The substance abuse issue as part of the Healthy Public Policy program of the ministry will reinforce and expand upon AFM's role.

Ms. Wasylycia-Lels: Could the minister give us an update on his War on Drugs consultation? When can we expect a final report?

Mr. Orchard: A final report later on this summer. They are attempting to finalize the hearing presentations by the end of this month, and they are on a very stringent time schedule, as I think as my honourable friend can appreciate.

I say this—I know my honourable friend will accuse me of political bravado, but I think that exercise of the War on Drugs Consultation Committee chaired by Rosemary Vodrey, the MLA for Fort Garry; and assisted in that role by Louise Dacquay, MLA for Seine River; Ben Sveinson, MLA for La Verendrye; and Gerry McAlpine, MLA for Sturgeon Creek; that I believe that their substantive efforts during the months of January and February, through the hearing process that they undertook and through receipt of a number of written replies that they received from the consultation paper that went out, was a response that, I think, exceeded everybody's expectations.

It has taken longer to consolidate all of the presentations and the information received, but I am hoping that—well, certainly again for the next budget cycle, I expect to have a completed report with a synthesis of the suggestions from the community across the length and breadth of this province, as to how they believe government can form partnerships with them in terms of battling on a community-by-community, if you will, basis their specific, and, in some cases, unique and some cases not-so-unique issues of substance abuse.

Ms. Wasylycia-Lels: Can the minister now tell us if he has received a report from his officials on Bill 91, and if he is prepared to move to proclaim that legislation?

Mr. Orchard: No, I have not, Mr. Acting Chairman, and as soon as I do, I am most anxious to share the information with my honourable friend.

Ms. Wasylycia-Lels: Would the minister like to give us a status report in terms of when we might expect that report, and what he thinks may be the problem that he has hinted at with this legislation?

Mr. Orchard: Yes, I hope fairly soon, because I do not like my honourable friend asking me on a regular basis. I know that my honourable friend wants to assure that we have a workable piece of legislation that is as wrinkle-free as possible, and I know that any advice that I may receive she will most anxiously attempt to provide assistance from the official opposition in moving in whatever direction may well be recommended.

Ms. Wasylycia-Lels: I believe the member for The Maples (Mr. Cheema) has already asked about the Lifesaving Drug Program, so I hope this is not a replication or a duplication.

The concerns I have heard about that program is the program is being applied on a selective basis. I am wondering if criteria have been established for access to the Lifesaving Drug Program.

Mr. Orchard: Mr. Acting Chairman, my honourable friend might wish to review Hansard. I would be pleased to try to answer all these questions, because that is a question that was asked by my honourable friend, and the indication was that the program accessibility and criteria are the same. They have not been changed.

Ms. Wasylycia-Lels: Is the minister saying that there is a standard set of criteria and if an individual matches that criteria he or she is able to access the Lifesaving Drug Program? If that is the case, why are we continuing to hear concerns about accessibility to that program?

Mr. Orchard: Mr. Acting Chairman, as I indicated to my honourable friend from The Maples, and I will indicate to my honourable friend from St. Johns, the program was instituted to assist persons requiring long-term "lifesaving medications," the purchase of which would constitute a significant financial burden to the family. It was meant to assist those persons not eligible for assistance for other programs such as social allowances but for whom purchase of medication would nonetheless be difficult.

Those criteria and the ability to access the program have remained constant. I cannot answer for my honourable friend's quote, unquote, rumours in the community that she hears. I will indicate to my honourable friend that there were, for instance, 1,311 individuals accessing the program as of December 1989. There were 1,479 accessing the program as of December 1990. We project that there will be 1,695 individuals accessing the program in December of this year.

Ms. Wasylycia-Lels: I am wondering if the minister would be prepared to table the criteria that are used in terms of assessing eligibility.

Mr. Orchard: Yes, we will make that information available.

Ms. Wasylycia-Lels: The minister I think has said he has some sort of an AIDS Advisory Committee. Could the minister indicate how often that committee meets, who is on the committee and what the aims and objectives of the committee are?

Mr. Orchard: It is to advise me on matters of policy and programs related to AIDS. The committee is chaired by Mr. W. S. Gardner, Jr. and has representation from the general community in the legal, medical and educational community.

* (2310)

From time to time expert advice will be available to the committee from Communicable Disease Control, Manitoba Health Services Commission, Cadham Provincial Laboratory and Manitoba Education. The members in addition to the chairman are: Ms. Bodner, Mr. Landrie, Ms. L. Thompson of Mount Carmel Clinic, Mr. E. Fabian, Reverend Ian MacDonald, Ms. J. Fontaine, Ms. Joan Anderton of the city of Winnipeg and Dr. E. Chapman.

Ms. Wasylycia-Lels: Did the minister indicate how often this committee meets and what kind of advice he seeks from this committee?

Mr. Orchard: I think it is bimonthly that the committee meets. They have quite a close working relationship, as one might expect, with Communicable Diseases and have been involved in discussion both in general and specific terms around the issue of AIDS in the province of Manitoba and how we can achieve initiatives of wider public education, et cetera.

I suppose we can go through all of the programs again as I did for my honourable friend for The Maples but we do have a rather extensive range of educational and support services and programs available in the province of Manitoba—I might say significantly enhanced over the last three years—and that has given us, by national indications, the second lowest rate of HIV infection in the country, using provincial comparisons.

Ms. Wasylycia-Lels: Has the minister asked this committee to give him advice as to the results of the Cadham Lab and Red Cross studies pertaining to

the rate of HIV infections and the conclusions of—or at least the interim conclusions of those studies suggesting a far more serious problem than anticipated earlier?

Mr. Orchard: That preliminary information from the Cadham Lab, I believe, has been shared with the committee. This fall when the final report, I believe it is this fall, the study is completed and the final report will be provided, I would fully expect that information base will provide the AIDS Advisory Committee with an opportunity to make recommendations on what steps government ought to consider in terms of dealing with the information provided in the blind seroprevalence study undertaken by Cadham Lab.

Ms. Wasylycia-Lels: Notwithstanding those studies, I think there has been enough evidence to suggest that we can only anticipate a growing problem in this area, in terms of people with HIV infection and full-blown AIDS, therefore it is of concern to me that funding in this whole area for this branch, Health Promotion Protection and Disease Prevention has remained flat. It seems to me that one surely would be looking at some way to prepare for the future to put in place necessary resources and steps to deal with an increasingly serious problem.

I am wondering how the minister intends to deal with this problem given no increase in funds for combatting this serious disease or for increased public education.

Mr. Orchard: Mr. Acting Chairman, I want to share with my honourable friend the information I shared earlier this evening with the member for The Maples (Mr. Cheema), so that my honourable friend might have a reasonable understanding of the issue.

In 1987, the actual number of persons who tested positively for antibodies to HIV totalled 54. That dropped in 1988 to 45. It bounced back up to 57 in 1989, down to 50 in 1990, and we are projecting 50 again for 1991. So my honourable friend can, I think, see that there has not been the exponential growth in the last number of years of HIV positive individuals in the province of Manitoba as was the case in '86, '85, '87 when she was last in government.

In addition to that, I want to indicate to my honourable friend that the number of AIDS cases in the province of Manitoba in 1987 was nine, 1988

was five, 1989 was 17, 1990 was five, and we are projecting 15 for 1991.

Now, Mr. Acting Chairman, I know this answer might offend my honourable friend. We have the second lowest infection rate per million population in Manitoba of all the provinces of Canada. We have undertaken in the last two years some of the most progressive programs in terms of trying to understand the issue of AIDS, its spread and how we prevent it.

I think if my honourable friend could at least acknowledge that the levelling off that we see in Manitoba of AIDS cases has to be at least somewhat encouraging to all of us that our efforts on education, program, awareness, outreach, peer counselling at the university and the blind studies even, seem to give us some encouragement that we have not won the war, but certainly we are not losing the battle as it appeared we were in the mid-1980s.

Now I have not curtailed our efforts in AIDS awareness prevention. We have translated pamphlets, our AIDS pamphlet, into 11 newcomer languages. We have supported aboriginal AIDS education awareness and promotion. We have undertaken all of these things, because we would like to advance ourselves to the lowest infection rate in Canada, not the second lowest.

My honourable friend says how are we going to do this. Well, we are going to do it by continuing the kind of progressive programs that we have already put in place. We are going to do it by having available to us this fall the results of the blind study from Cadham Lab. I made mention to my honourable friend the other day when she was talking in great alarmist terminology about AIDS, which is easy to get a headline on under normal circumstances if that is all one is interested in, but even that did not work, because I made the simple observation that if we had not undertaken the blind study through Cadham Lab, what would my honourable friend have had to criticize government about? She would not have had any piece of information, and having that information will allow a number of things to happen in terms of possible policy and possible program implementation.

When we receive that report we will seek the advice, as I have indicated to my honourable friend already, of the AIDS Advisory Committee and certainly others expert in the field, but it will be based on a target which is only there because we have

continued to spend money to identify the parameters of the issue, not to deal in rhetoric, not to deal in anecdotal circumstance, but to try and come to grips as accurately as possible with the extent of the problem and then to craft progressive and meaningful policies, program initiatives and funded initiatives to try and deal with the problem.

We have done all that in the last three years, and we inherited one program at Village Clinic when we came into government. I will be that direct with my honourable friend. We have put our money where our hearts and our minds both are, and it appears to be working.

If my honourable friend wants to politicize the issue of AIDS, go ahead, make my day, because we have got one of the best records of any provincial administration in terms of innovative ideas and progressive new programs that we have funded.

If my honourable friend thinks I get a little testy when she makes these blanket statements about the great incidents and the increasing incidents and that we are not spending any money on it, I get a little bit annoyed, because from time to time even my honourable friend has to recognize and has to hear from the community that what we are doing in Manitoba is quite good. I do not expect my honourable friend to ever admit that. Whether it is enough is a moot question.

* (2320)

No one can ever say what is enough in terms of spending in this program area, but if you want to do a relative comparison of the growing exponential incidence of AIDS identification, when my honourable friend was last around the cabinet table making funding decisions, and the commensurate program that was made available and the money that was spent by the NDP under Howard Pawley, you will find that they have a very bad record compared to what we have done with a levelled incidence. We have put substantial millions towards the program.

I just simply want to ask my honourable friend to approach this issue with at least the recognition that there have been a number of initiatives undertaken by government, not because we had all of the great ideas, but because we sought advice on what we should do. Where the advice was appropriate and we thought would be effective, we acceded to that advice and brought in program commensurate with

that advice, and I think the results, in part, demonstrate the success of taking that advice.

Ms. Wasylycia-Lels: It seems that it is not possible to have a dialogue on any issue unless one first pats the minister on the back. He seems to need a lot of stroking before you can get down to serious business and having a dialogue.

Well, if that is what is necessary, let me start off my comments by saying we certainly appreciate the fact that these studies were commissioned, the Cadham Lab and the Red Cross studies. At no point have we been critical of the studies. In fact, I think that acknowledgement and recognition came shining through when we took those results and brought them to the attention of the minister and sought his plan of action based on those findings.

We have also, in the past, acknowledged and recognized and paid tribute to the initiatives of this minister and this government in this area. At no time has there been a criticism of steps that have been taken that does not address our concern for a proactive response to a very serious problem, notwithstanding interim findings of the Cadham Lab and Red Cross studies. Our concerns with this minister's response and attitude remain.

We took umbrage a year ago with the minister suggesting that the problem of AIDS had levelled off. We take umbrage with those same statements, those repeated statements, this set of Estimates. There seems to be absolutely not one iota of fact, any basis, for the minister to suggest that the problem has levelled off. The initiatives of this government may certainly help, but the critical nature of the problem requires this government to be far more concerned and vigilant or for this minister to show more concern and vigilance than he appears to be doing whenever we broach this subject.

I do not know what is wrong with the minister not recognizing the interim findings of these studies and the fact that both concluded the problem is far greater than anyone anticipated. I do not know what is so reprehensible about the opposition pointing out to the minister that HIV, the problem is that one has to recognize that HIV infection may not show up as full-blown AIDS for many, many years following the detection of that infection.

Mr. Acting Chairperson, we are simply raising this issue from a public policy point of view and, out of a deep concern, as I know the minister has the same

concern, deep concern for the individuals and the families affected by this deadly disease. We are raising these questions again, this year, as we did last year, simply to see if we can convince this minister that the interim findings are a basis for action, that not a minute or a moment has to be lost for the minister to first even acknowledge that the findings are serious and, secondly, to say that he is working on a plan of action to address these concerns.

As I said, notwithstanding the studies, our concerns remain. We do not live in a glass bowl here in Manitoba. We are not isolated unto ourselves. We recognize that there are provincial, national, international studies to draw on showing a serious problem. On the basis of all of that information and research we should be acting proactively and as quickly as possible.

I simply ask the minister if he would at least not recognize that the problem is not one that is levelling off and disappearing, that it is likely based on international statistics. Our own data here in Manitoba is going to grow and going to mean more aggressive, assertive action on the part of government.

Mr. Orchard: Mr. Acting Chairman, I never indicated that AIDS was levelling off and disappearing, as my honourable friend just put on the record. I said, it appears from any information that we have that the incidence of AIDS is levelling off. I have never indicated at any stage of the game, as my honourable friend says, that it is disappearing.

Ms. Wasylycia-Lels: I have just a couple of more questions on this area, then I will pass it over to my colleague.

There were some concerns raised with us about the question of the future of palliative care at St. Boniface Hospital. I simply am not raising this with any motives or hidden agenda, I will put that first on the record. I am simply wondering if the minister has been able to ascertain the status of palliative care, particularly with its specialty in terms of people with AIDS, and tell us what the future holds in terms of that service at St. Boniface.

Mr. Orchard: As I sit here tonight, I am not aware of any anticipated change in that service. I will note my honourable friend's concern that she has heard, and attempt to be armed with answers when we reach the line of the department of institutional

funding where we can provide my honourable friend with answers.

Ms. Wasylycia-Lels: I am wondering if there have been any increased efforts in terms of getting information on AIDS to STD patients.

Mr. Orchard: That is part of our ongoing information that we provide to individuals who have STDs.

Ms. Wasylycia-Lels: Is this group targeted in any specific way in terms of ensuring that they get the information, given the interim findings of the studies we have been talking about?

* (2330)

Mr. Orchard: I can only assume that the interim findings are part of the discussions that the professionals have with individuals infected by the STDs.

Mr. Cheema: Mr. Acting Chairperson, I just noticed that on one of the Expected Results, there is a drop in the communicable diseases in 1990. It is at 1,097 versus 1,584 in 1989.

Can the minister give us a breakdown of various categories where we have seen the decrease in the sexually transmitted diseases?

Mr. Orchard: Gonococcal infection actual, 1988—2,035; 1989 actual, 1,584; 1990 actual, 1,097; and projected, 1,000 in 1991. So there is a consistent decrease.

Syphilis: 25 cases in 1988; 34 cases in 1989; 2 cases in 1990; and projecting 5 cases in 1991.

Chlamydia: 1988, 6,235 actual cases; 5,893 actual cases in 1989; and 1990, 4,476 actual cases; and projected, there are 4,000 actual cases in 1991.

Chancroid infection: 1 in 1988; 5 in 1989; zero in 1990; and projecting zero in 1991.

I think that from these figures my honourable friend can see there certainly appears to be a decreasing incidence of STDs in Manitoba.

I want to tell my honourable friend that I am particularly pleased to see the decline in the chlamydia cases. I only have 1988, and it just sticks in my mind that in '85-86 the number of cases approached over 10,000. One of the things I did as opposition critic was to meet with some individuals who pointed out how chlamydia was a very serious infectious STD, and they urged me to advocate for inclusion of chlamydia as a reportable disease.

I undertook that with the then Minister of Health, the Honourable Larry Desjardins, and the government of the day did include chlamydia as an STD reportable disease. Since that time, it appears as if we have had a quite successful effort in certainly reducing the incidence of chlamydia, and I think that points out that from time to time even opposition and government can get together on an issue of public health that is important.

Mr. Cheema: Mr. Acting Chairperson, can the minister give us the incidence of tuberculosis?

Mr. Orchard: Mr. Acting Chairman, we do not seem to have that tonight, but we will try to get that information for tomorrow afternoon.

Mr. Cheema: Mr. Acting Chairperson, also can the minister give us a breakdown about the tuberculosis incidence in the Native population tomorrow?

Mr. Orchard: That would be part of any information we brought together, because my honourable friend knows that is a pretty important consideration.

Mr. Cheema: Mr. Acting Chairperson, one of the expected results over an extended time period is that there will be a reduction in the utilization in secondary and tertiary levels of mental health services. Can the minister give us what specific program they have as far as the prevention is concerned for mental health services?

Mr. Orchard: I do not know whether I understand my honourable friend's question.

Mr. Cheema: Mr. Acting Chairperson, I will try. I wish my primary language was English so I would not have all of these problems, but I will give it a try again.

On page 40, one of the expected results is that over an extended period of time—I am reading from the minister's book—there will be a reduction in the utilization of the secondary and tertiary levels of mental health services.

I am asking the minister if there is any specific program in the Health Promotion branch which specifically would deal with the mental illness, and can the minister give us the list of those programs? If this is not the right place to ask, we can ask in the Mental Health Services.

Mr. Orchard: Now I see what my honourable friend is referring to. Yes, clearly the issue being identified here is that as we approach the reform of the mental health system, which we can further discuss when we get to the Mental Health Services line, anyone

who—let me be cautious as to what I say. Most people who observe mental health service delivery and what it can be in the province of Manitoba clearly indicate to us that they can see the province of Manitoba with an appropriately planned and staffed and resourced, community-based mental health service, that the province can with that mature program, in fact, eliminate a lot of acute-care bed capacity currently providing mental health services.

So this statement really indicates that we believe that is achievable, and not without controversy and criticism, but is achievable and will in fact lead us probably to a system which, because it is closer to the individual, hence more readily accessible, will probably help to reduce the number of episodes for which admission to an acute psychiatric or mental health institution is required, i.e.,—how do I put this in language that does not offend anybody, but really states the essence of where we are coming from?

From time to time the stress or the anxiety which an individual may experience in his job and home environment, or her job and home environment, if that individual is unable to sit down with a mental health worker, a psychiatric nurse, a social worker or another individual involved in delivery of mental health services, and the problem keeps growing and is unresolved, it may lead the individual to a circumstance where they break down and require substantial intervention and treatment to bring them back to a normal lifestyle, or their usual lifestyle, and that because there would be an absence of readily accessible and trustworthy services within their local environment.

By moving in the direction of reform we hope we can place those services closer and better distributed throughout the province of Manitoba, and in doing so, provide that kind of early intervention, that early opportunity for service which will prevent larger problems from emanating. I think my honourable friend understands where I am coming from.

Mr. Cheema: The minister has given a good explanation, but I was asking him is there any special program under this branch? I understand the whole intent of the minister's statement, but I am asking very specific information, because when you are having expected results out of a branch, are there any specific programs you have in place to achieve those results? It seems like we may not have here. I think that is what the minister is saying.

It is the general intent of the whole mental health reforms, but not a particular part of this branch. Is that a fair statement?

* (2340)

Mr. Orchard: Well, again, you know, there is no program delivery here. This is again the issue of assuring that the policy direction that we go into indeed is crafted in such a way that the goals as I enunciated that we hope to achieve are in fact achievable. But in terms of program delivery, no. The program delivery for mental health services will still remain within the mental health assistant deputy minister's administrative realm.

Mr. Cheema: Mr. Acting Chairperson, can the minister share with us the information—he has one of the expected results to be reviewed by the Clean Environment Commission and the Environmental Management division. Can he tell us what are their concerns and how this branch is tackling those concerns?

Mr. Orchard: I am trying to think of a readily understandable example. Let us use biomedical waste disposal as the issue. We have a fairly aggressive planning process in place to establish a physical capacity for biomedical waste disposal, and naturally any new physical presence to accomplish that would have to undergo an environmental assessment. It would be this area of the ministry which would attempt to pull together the information which would assure the public that this disposal in a modern facility can be undertaken with no public health risk in a very safe manner, indeed, significantly safer than the risk involved without having the disposal opportunities there.

Mr. Cheema: Mr. Acting Chairperson, I do not think the minister has properly answered the full question. What I am asking is if there is any specific set of concerns by the Clean Environment Commission other than the biomedical waste facility. I am sure we will ask questions about the specific issues in the Health Services Commission branch, because I do have a concern that it may not be that all the hospitals do have that kind of facility. It may not be the right place here, but I am asking if there are other concerns which are expressed by the Clean Environment Commission. Has this branch reviewed those concerns if there are any?

Mr. Orchard: I give the biomedical waste as an example, but let us deal with some environmental health concerns, for instance, air quality in Flin Flon.

That is the responsibility here—the issue of benzene contamination in Ashern, the inspection of X-ray facilities. There is the issue of lead in drinking water, radon gas and, of course, the issue of Winnipeg's water supply. So those are areas where the expertise of Dr. Sarsfield can be focused to provide advice to government and to the Department of Environment as to the health risks of some of those areas that I have gone through, as well as to provide some co-ordination for such initiatives as biomedical waste disposal.

Mr. Cheema: Mr. Acting Chairperson, can the minister share with us the status report on the three or four issues he had just raised—the lead supply, the radon level as well as the problem at Flin Flon, because I thought even in last year's Estimates we had very primary discussion on some of the issues. Can we get a status report?

Mr. Orchard: Let us deal with the outdoor air quality at Flin Flon first. Since 1988, there have been multiple complaints from Flin Flon residents about the extent of air pollution in Flin Flon due to emissions from HBM&S in Flin Flon. Manitoba regulation 16588 sets limits for monthly and annual sulfur dioxide and particularly the emissions, as well as setting monitoring obligations.

A June 1989 order pursuant to Section 24(4) of The Manitoba Environment Act set levels of sulfur dioxide exposure which would lead to warnings to the public and/or abatement actions. Since 1988, there have been multiple monthly exceedances of sulfur dioxide over both the one-hour and the 24-hour maximum acceptable levels as adopted by Manitoba in 1985. Most of these have lead to warnings, but no emission reductions.

Public complaints about the air quality and about the perceived inadequacy of the warning and abatement process have been increasing. Stack emissions from HBM&S are not the only problem as fugitive emission is from HBM&S. Plant and buildings and equipment are the major source of local air pollution. HBM&S has plans to alter its plant and process by 1994 to meet acid rain standards. As a result, the present air quality problems are being referred to as interim. The proposed alterations have not been recommended or designed to meet health needs.

In the summer of 1990, Manitoba Environment requested advice from environment health regarding the degree of risk posed by the ambient

air quality in Flin Flon. This led to a gathering of information from Manitoba Environment, a literature search, consultants with the medical officer of health for Norman, Dr. K. A. Wotton and review of a 1985 study on the same topic conducted by the University of Manitoba and Manitoba Environment and obtaining a consultant's opinion from the University of Manitoba.

These inputs have led to the conclusion that the present exposure to sulfur dioxide poses a threat to the health of Flin Flon residents and the present system of warnings and abatement procedures are inadequate. This was communicated to Manitoba Environment on November 16, 1990. Recommendations in the communication included a comprehensive warning and abatement process, an additional monitoring site at a local school and more complete reports to Manitoba Environment from HBM&S and regular meetings between community representatives and staff of Manitoba Health, Manitoba Environment and HBM&S.

Ms. Wasylycia-Lels: In the interest of saving some time, perhaps the minister could agree to table that?

Mr. Orchard: Mr. Acting Chairman, if my honourable friends are asking questions about what is going on, I will provide them with as much information as I have. If you do not want the information, do not ask the question. The person who raised the point of order was not the person who asked the question. -(interjection)- I did not hear a point of order from the member for The Maples. I remember some sort of nattering.

In conclusion, the conclusion is that present ambient air quality in Flin Flon poses a health risk to residents leading to recommendations that warning and abatement procedures should be strengthened. Manitoba Environment has recently issued an order to HBM&S strengthening the warning and abatement process.

It is not felt that the epidemiological study will be required unless HBM&S continues to frequently exceed provincial air pollution standards.

The Acting Chairman (Mr. Reimer): Item 2.(b)(1) Salaries.

Ms. Wasylycia-Lels: I have lots more questions, thank you. While we are on biomedical wastes, let me ask a couple of questions. One has to do of course with an issue that has been currently in the news, and that is the question of incineration capacity in the province of Manitoba. Could the

minister indicate what his plans are for addressing this issue and for developing appropriate incineration capacity in Manitoba?

Mr. Orchard: Mr. Acting Chairman, I can share that with my honourable friend when we get to the capital program.

* (2350)

Ms. Wasylycia-Lels: Okay. Could the minister indicate what regulations are now being followed? What directives now go out to all health care facilities, institutions, community clinics for disposal of sharps, biomedical waste and body parts?

Mr. Orchard: I can provide that information to my honourable friend when we get to the hospital line.

Ms. Wasylycia-Lels: I am raising an issue that does not specifically deal only with hospitals; it deals with general action with respect to biomedical wastes, and the leadership provided by this ministry, environmental protection is clearly part of this branch. Does the minister have something to say on this issues at all, or does this reflect the fact that there are no policies or regulations or directives pertaining to biomedical wastes?

Mr. Orchard: I think my honourable friend would have to take a leap of faith to conclude that.

There is, as I indicated to my honourable friend for The Maples, active consideration of the biomedical waste disposal capacity in the province of Manitoba and how we can achieve that. I will indicate to my honourable friend, however, that there was a small error in the recent newspaper report. I believe they indicated in there that the capacity for disposal that was required was 5,000 tons per day. There was a small error in that; it is actually 5 tons per day. It is around that issue that we are attempting to plan an appropriate facility in disposal. In terms of the policy, I am sure my honourable friend would understand that the commission is the area under which that policy would be discussed with the appropriate individuals here to provide my honourable friend with a full and complete answer. I do not have that with me tonight.

Ms. Wasylycia-Lels: I will leave that for now then and come back to it under Health Services Commission line.

On the overall question of funding for health promotion, we have already raised the issue of a decrease in funding, although the minister has given

us some explanation for it. Notwithstanding that, we are still dealing with flat funding for an area to which the minister, and we would agree, attaches a great deal of importance.

The minister, obviously, will not have read the latest Health Advisory task force report on health promotions, since he says he does not read those until they are officially presented to him. That report on health promotion recommends a 3 percent increase in funding for health promotion. I am wondering if the minister takes that kind of recommendation seriously, and if he is prepared to increase resources in this area to respond to the kind of emphasis he has placed on it.

Mr. Orchard: Mr. Acting Chairman, naturally, I think my honourable friend could understand that I am not able to react to recommendations that I have not received. I am fully prepared to discuss that issue when I receive the report, given that the recommendations contain therein approximate what my honourable friend is saying, but I would be at a loss to comment on a recommendation that I have not yet received.

Ms. Wasylcia-Lels: I am wondering why this task force would have felt it necessary to make recommendations in terms of allocating a portion of the Health Services Development Fund for community health promotion initiatives, particularly since it was my understanding that the Health Services Development Fund was clearly set up to respond to innovative ideas in the health services field, generally, and should have included proposals dealing with health promotion initiatives.

Do the present criteria for the Health Services Development Fund not permit applications specifically dealing with health promotion initiatives?

Mr. Orchard: Again, Mr. Acting Chairman, I am at quite a loss to respond to the first part of my honourable friend's question because I have received no report which makes such recommendations. I think my honourable friend might reasonably understand that I cannot give a reaction to something that I have not received.

In answer to the second question, health promotion initiatives may qualify for support funding under the Health Services Development Fund if they meet the criteria of application and if, upon evaluation, the selection committee concurs that the goals of the Health Services Development Fund will

be met and that they will be able to show demonstrable savings elsewhere in the system. Just to give you some idea, there are for instance, back injury projects that are there which presumably can offer prevention and save dollars to the health care system. Diabetes awareness, cardiovascular education are yet two other areas for which funding has been approved through the Health Services Development Fund and these are preventative initiatives.

Ms. Wasylcia-Lels: Given not only the recommendations from this Health Advisory Network task force, but also general concern and needs expressed by the community as a whole, I am wondering why the minister, if there were not enough applications to pick up the \$10 million Health Services Development Fund, let that money lapse without trying harder to ensure that innovative projects that tied into this whole area of Healthy Public Policy were not done.

Why was not (a) an effort made to perhaps change, expand the criteria, explore innovative approaches, and secondly, why the minister did not consider helping groups that would not otherwise have the ability to come up, because of lack of resources, with creative proposals? Why would you let the money lapse? Why would you cut the \$10 million fund in half when there are so many needs that have to be addressed in this whole area of Healthy Public Policy, new initiatives, creative approaches in terms of broaching, or moving from institutional to community-based care and more in the direction of preventative, holistic approaches?

Mr. Orchard: Mr. Acting Chairman, do I detect that my honourable friend is reconfirming the old NDP approach to everything: when you have money, you spent it? What we went through was a very specifically laid out series of criteria for access of health reform funding, if you will. In other words, funding of programs that will provide an opportunity to contain costs and deliver high quality service within the health care system. I clearly said from the outset not to use the monies in the Health Services Development Fund as an opportunity to fund existing service levels, which some of the applications were going to do, or to fund—

Ms. Wasylcia-Lels: A point of order, Mr. Acting Chairperson.

Point of Order

Ms. Wasylycia-Lels: I think some of the misunderstanding could be cleared up if the minister would agree to table the criteria for the Health Services Development Fund before we get to the Lotteries line, which is at the very end of our Estimates. Perhaps if he could table it as soon as possible that might help in terms of my understanding of these issues.

* * *

The Acting Chairman (Mr. Reimer): The time is now twelve o'clock. What is the will of the committee?

Mr. Orchard: Mr. Acting Chairman, I could finish my answer to my honourable friend.

The criteria are the same as those that were tabled, given to my honourable friend, when the Health Services Development Fund was announced. There is nothing secret about them; there is nothing changed about them. The caution I give to those applying is do not expect government to fund programs which will be add-ons to the system.

My honourable friend says, why did we not change the criteria. Well, would we change them simply to spend the \$10 million? Because the objective is not to spend the \$10 million because it is there. The objective is to provide those individuals, groups and organizations and institutions that have, if you will for lack of a better vernacular, who know of a better mousetrap in health care delivery have an opportunity to prove its worth and value, (a) to the system, (b) to the patient; and (c) to the budget of the Province of Manitoba.

I do not think that, because we have \$10 million, we should change the criteria, as my honourable friend suggests, simply so we can spend it. The money did not go any place; it was not spent. It is Lotteries funding that we had. We did not expend it. We had access to it, but it was not expended.

I guess I do not find anything particularly offensive about government's not spending every nickel they have budgeted and then some. I think that happens to fall under the category of prudent management of taxpayer dollars. In this case, it is Lottery dollars.

Just because it is Lotteries dollars, is my honourable friend suggesting we change the criteria so we spend it and not try to achieve the goals that

we set out in the Health Services Development Fund? Surely she does not suggest that; because if she does, I will not accept that advice.

The Acting Chairman (Mr. Reimer): The time being now twelve o'clock, what is the will of the committee? Committee rise?

Mr. Orchard: It does not matter.

The Acting Chairman (Mr. Reimer): What is the will of the committee?

Mr. Orchard: If we are going to stay, I would just like to beg the committee's indulgence for a couple of minutes.

Mr. Cheema: If we are going to stop, I do not mind that. It is up to you. You are the boss.

The Acting Chairman (Mr. Reimer): Committee rise.

* (2000)

SUPPLY—AGRICULTURE

Madam Chairman (Louise Dacquay): Order, please. Will the Committee of Supply please come to order. This section of the Committee of Supply is dealing with the Estimates for the Department of Agriculture. We are on page 16, 4.(f) Marketing Branch: (1) Salaries.

Would the minister's staff please enter the Chamber.

Mrs. Sharon Carstairs (Leader of the Second Opposition): Madam Chairperson, we were talking just before we left about the input costs specifically with regard to fuel. I would like to move into another area of fuel, and that is the whole issue of ethanol and the use of ethanol.

We know that it is an environmentally friendly alternative to traditional fuel, and it also provides a new market for Canadian wheat and barley at a time when traditional Canadian markets do not seem to be as viable as they used to be. It would appear that we should be looking for new niche markets, and ethanol production certainly seems to be one of those areas.

Can the minister tell me what activity is going on specifically with his department with regard to the promotion, the use and the production of ethanol?

Hon. Glen Findlay (Minister of Agriculture): Madam Chairperson, further to the question at five o'clock about fuel prices, we have some information here from the competitive task force on looking at

Canadian average fuel prices versus American average fuel prices. When you consider the retail price versus the rebates in diesel fuel price the Canadian average 34.1 cents a litre and U.S. fuel price average 29.7 cents a litre, really and truthfully, they are not as far apart as one might think, on average.

In terms of Canadian federal tax, 12.2 percent and U.S. federal tax, 2.8 percent, there is quite a difference in tax. When you take into account the rebates and everything, they came up with an average overall retail price that surprisingly is not all that far apart.

With regard to ethanol, there is no question that we have looked upon ethanol as being a niche market, an opportunity to grow a product on land that can be used for something other than food production. From an environmental sustainability and cleanliness of burning and all that sort of consideration, ethanol is clearly a good thing to do. It is good for agriculture and I think it is good for the environment.

Mohawk at Minnedosa clearly has over the last—I guess we are talking about 12 years now, done a good job of being able to competitively put a product on the market that they can sell. They have undergone an expansion of approximately a million dollars worth in the past couple of years. The fuel rebate, the tax rebate that we now offer them, we increased it from 2.5 cents a litre up to 4 cents a litre.

Clearly, there is lots of expectation that at low grain prices there should be economic opportunities in the ethanol market. It is not easy to attract people to invest in that industry. They still remember some of the—I guess we will have to call them—economic failures in the United States where a number of plants have closed over the last few years.

* (2005)

There is a new plant now going in in Saskatchewan. They are hooked in with a feedlot, Poundmaker, in Lanigan, Saskatchewan, hooked in with Poundmaker feedlot. That plant is under construction right now, so although it is not in the province, it is an expansion of the industry. Again, it requires investment and somebody to put capital and to think that there is an opportunity to be had. I think that is probably a good experiment in terms of a combination of the feedlot using the surplus or the by-products from the ethanol production plant.

We have had different inquiries over the last three years of people showing an interest in Manitoba. When a lot of people sat down and looked at the economics and the risks associated, there is some lack of desire to make the investment. Clearly, we are very proud of what the ethanol plant in Minnedosa, Mohawk, has done, their expansion. We look forward to additional things that they will do in the coming years.

Mrs. Carstairs: Madam Chairperson, I understand they do not sell all of their production or that their capacity is not at 100 percent. Obviously, in addition to producing the product you have to find a use for that product. Has there been any discussion within government itself to use ethanol, for example, in fleet vehicles?

We spend a great deal internally on gasoline in the province of Manitoba. Has the government decided as a use of an agricultural product to move us to an ethanol-based system?

Mr. Findlay: Madam Chairperson, the specifics of that question would probably be better asked in Government Services. They are in charge of the purchasing policy, but clearly from our point of view, we would like to be able to say, as a Department of Agriculture, we would like to promote government to use that. I have had that discussion with the Minister of Government Services (Mr. Ducharme), but the specifics of the purchasing policy would be better asked in the Estimates of Government Services.

* (2010)

Mrs. Carstairs: Then I will expect at least the minister to support the resolution from the member for Crescentwood (Mr. Carr) with respect to the government's use of ethanol for government fleet vehicles.

In terms of interest rates, which is another obviously important cost in input, the minister I know is aware that in the United States, the Farmers Home Administration and the Commodity Credit Corporation in fact lend money below the stated interest rate, below market rates, as a matter of fact, which obviously puts this government at a disadvantage because we do not loan below the market rate, although we did in the Interest Rate Program of last year, but we are not doing it this year.

Can the minister tell us, with respect to input costs, how the difference between interest rates in

the United States and interest rates in Canada affect the farm market for a Canadian producer vis-a-vis their cousin south of the border?

Mr. Findlay: Madam Chairperson, there is no question that interest rates are lower in the United States. In fact, if I am not mistaken right now, our prime rates are about three percentage points apart so on average, you should be able to borrow money in the United States at at least three percentage points below Canadian. The member mentions Commodity Credit Corporation—probably at even lower rates than that.

In terms of the task force on competitiveness, it did an analysis and they have in the table here selected agriculture interest rates in Canada and the United States in 1988. Mind you, that is three years ago, but they show in Canada provincial rates on average of 9.4 percent and FCC rates of 12 percent in Canada versus federal farm bank loans, life insurance companies and farm and home loans around 9 percent and 10 percent in the United States. This would show about a two percentage point spread between available cost of money in the United States versus Canada. I would have to think it is a little wider than that at this point in time.

I guess, and sometimes people often comment on the value of lower interest rates. On operating loans, I think farmers probably receive the majority of the benefit of lower interest rates. On mortgages for buying any capital asset, whether you are talking land or buildings or equipment, unfortunately what has happened so often in the past is the person, if he can get his money at a lower rate, tends to run out and buy at a higher capital cost. There is an incentive there—well, it is going to cost me less than my neighbour to borrow the money so therefore I can outbid him for land, or he may buy a bigger piece of equipment than maybe he should.

Over the course of the last 15 years, that is where a lot of farmers got into trouble. They thought they had low-cost money. They thought that the cost would always go up and that they would capitalize a lot of their investment today. History has shown that interest rates were really low 10 years ago compared to where they have been over the last 10 years.

Even today, MACC rates are a half point to a full point below what we call commercially available money in the province and generally below FCC rates. Even at 10 percent or 10.5 percent, that is

still—as one looks at a hundred thousand dollar loan, that is still \$10,000 interest a year, and for a young farmer or any farmer, paying just that interest is not an easy task. There is no question that in the United States, there is a certain lower cost of interest. There is a lower cost of fuel, but in terms of some other assets, that the cost—equipment probably is higher priced here.

* (2015)

On average, I think, my understanding is that land costs, comparing here to the United States, there is a little less pressure on land in certain parts of this province than there is in the United States, so the actual capital cost of land, my understanding is, is not as high here as it is in the States, although our operating costs are obviously a bit higher than the United States.

Mrs. Carstairs: I think the minister would find that in the United States it really depends on the state to which you are referring, just as it does in Canada in terms of the province to which you refer and the availability of land.

If he looks further in the task force on competitiveness, he will see that there is actually a May 1, 1990 figure, which shows that the difference between the two is about 4.75, which is well above the usual 100 basis points differential that exists or the 10 percent differential that usually exists between the Canadian government and the American government.

Can the minister tell me if interest rates are a topic for discussion at agricultural meetings? I mean, there has been a great pressure, certainly at the Finance ministers' level, in talking about when Ontario heats up, the rest of us suffer, because the interest rates that rose the last time certainly were a direct result of an overheated economy in Ontario.

One of the areas in which that very heavily, negatively impacts is the farming population. Does it come up in ag meetings? What is the general sense of the agricultural ministers with regard to keeping a lid on interest rates and not allowing them to climb as they climbed because one aspect or one province in the nation seemed to be overheated?

Mr. Findlay: Madam Chairperson, there is no question that in the past two and a half years, interest rates have been a fairly dominant factor at our meetings because interest rates have been high. They have come down roughly four

percentage points since the last time we met which is a move in the right direction.

I would have to say, at least from my point of view, an even bigger issue at that table is the value of the Canadian dollar. Since we are so heavily dependent on exports, we would like to see, from that point of view, a dollar that is 80 cents or 75 cents or 72 cents, which increases the value of the commodity we are selling. We have argued long and hard about it. We would like lower interest rates, but particularly, we would like a lower dollar from an export point of view.

Clearly, it has been federal monetary policy for some time to fight inflation by keeping interest rates up. You keep the dollar value up, the idea being that keeping the dollar high will attract foreign currency to come into the country.

In agriculture, we have paid a fairly dear price for the high dollar and the high interest rates. It is part of the monetary policy, and as Ministers of Finance have raised the issue continually, we have in agriculture because of the impact on us, and virtually no change has happened other than in the last few months when interest rates have tended to come down partly because, I guess, inflation is deemed to be somewhat under control, but certainly the dollar, at 87.5 cents, is not very constructive to us when we are exporting over 50 percent of what we produce.

Mrs. Carstairs: Madam Chairperson, I am not sure I would agree with a 72-cent dollar, but certainly a 78-cent to 80-cent dollar would make sense to a lot of us in terms of a lot of export businesses, not only agricultural, but in a lot of other aspects, as well.

That does not seem to have happened with the drop in interest rates. I think that it was an expectation that as interest rates dropped, so too would the Canadian dollar, but the Government of Canada seems to be maintaining a high dollar. I did not see it today, but the last time I saw it, it was 86.9, so we are -(interjection)- Well, we are still in that kind of a range, so I urge the minister to raise it again at his agricultural meetings that are coming up.

* (2020)

One of the other output costs, of course, are fertilizer and herbicide prices. The fertilizer prices tend to be somewhat comparable, but herbicide prices tend to be about 40 percent cheaper in the United States. Can the minister give any explanation as to why they are so much cheaper? Is it in fact the expensive registration? Is it the

smaller marketplace? What kind of evaluation has been done by his department or by the Ministers of Agriculture to try to put a handle on why they are so much more expensive in Canada?

Mr. Findlay: Madam Chairperson, the pesticide task force—its report came out just a few months ago—clearly identified the fact that there were higher costs in Canada. One of the recommendations is that there be a monitoring of pesticide costs in Canada versus the United States and have the authority to open the border if particular pesticides are deemed to be out of line in terms of cost, particularly for the minor-use herbicides that tend to really be high priced here, if they are even registered or available here, because some of the companies do not deem it desirable to go through the cost of registration. Either they keep the price under control by the monitoring process with the probability of opening the border or just allow the minor-use chemicals in here without going through the registration process.

That was discussed at the task force and I think, as we have seen it with fuel, with the idea of allowing farmers to bring fuel in and dye it if they want to bring it into the United States, not a lot of gallonage is coming in, but the very fact that this option is there tends to keep a lid on prices in Canada because the supplier has to look at the comparative price. If he gets too far out of line here, he is going to trigger farmers to go and do that with fuel.

I think now that the task force has made that recommendation, the vehicle is there to do the monitoring of both sides and if a particular chemical or pesticide gets out of line, the option is clearly there for the minister to open the border and allow those chemicals to come in here, obviously at comparatively cheaper prices.

The border used to be open many years ago, and the chemical industry lobbied for its closure, and clearly the cost of the pesticide registration process is one of the factors in this country that has caused prices to go up. Of course, the other is that there is a captive market here with the border being closed. I guess you could argue for the idea of keeping the border open to control prices, but there is a bit of a trade-off with regard to whether we want a Canadian registration process.

I guess that debate will go on for some time to come, because the companies really provide much of the same data for the American registration as

they do for the Canadian registration. The task force recommendation really still suggests a Canadian registration process should be maintained, but we have some flexibility in what we allow across the border if prices do get significantly out of line.

Mrs. Carstairs: As the minister is aware, Canadian chemical legislation, particularly pesticide regulations, enforces testing costs which are estimated to be about 15 times higher than they are in the United States which leads us to the question, either our testing is excessive or we should be really concerned about products that are coming across the border.

It is one or the other. What is it? What do your experts tell you it is? Are we overtesting? Is that testing too high or, as many would say, should we be very cautious about the safety of imported food?

* (2025)

Mr. Findlay: Madam Chairperson, when I think back to two years ago when this pesticide registration task force was struck, I for one was not happy with the make-up of the committee, because as I recall there were only two producers and only three or four out of the 15 that—no, I guess six out of the 15 who had a knowledge of the pesticide industry in terms of the benefits it generates for the food production industry.

As they went through the negotiations, discussion with representatives of the environment, from consumer groups, from labour—I guess I am very pleased that they really all did come to a consensus, with one small minority report from the labour representative, I believe it was. There was an amazing consensus there. Although the sides came into the room initially with quite opposite opinions and ideas about how a registration process should go in this country, they did come to some degree of a general consensus through the process of discussion.

I know there has been concern about food coming in from the United States. Maybe the controls down there are not quite as demanding as they are up here. There has been concern about the overtesting that we do. The producer representatives there told me: We came in there with such divergent opinions; we were very pleased that we could get a better understanding from the people who opposed our use of chemicals; we believe the consensus is worth keeping; and maybe

we have to give in to the fact that Canadians want a little more testing, that they want a little greater assurance that food safety is maintained in this country, from the standpoint of our registration process in the food that we produce.

The question of food that is coming in from the United States or other parts of the world, we have little or no control on what has happened with that food other than we do some spot checking, some residue analysis. Every once in a while you do hear of shipments—I think cheese is one of the ones that every once in a while gets identified out of the European community of having residues that are suspect.

We do some of that monitoring of food coming in. Clearly I feel us fairly confident in saying that no country in the world does a more thorough job of the testing and the evaluation of the use of chemicals relative to residues that we do in this country. We create a very high standard that maybe not all the food that is coming in here meets that standard in terms of the types and the methods and the timing of the use of chemicals that is kept in check that we do in Canada.

I guess I am pleased that we have gone through a very major analysis of our pesticide use and registration process without great falling out of the members of that committee. I thought it would happen myself two years ago. I did not think there was any way that those divergent groups could come to a consensus when we were in a minority position. We came out of that really with a pretty good indication that there was a better understanding that we are paying high costs and that we would maybe like the border open every once in a while if costs get out of line and our access to the American market for the minor use chemicals was recognized. In balance, I guess, we have to be happy that they have not put any further restrictions on our use of chemicals. In fact, they may even reduce some of the restrictions when that whole report is finally implemented.

Mrs. Carstairs: As the minister is aware, I mean, we now not only have free trade with the United States, we are looking at the United States having free trade with Mexico. How is that going to impact on the quality of food moving from Mexico into the United States and then moving from the United States into Canada? They are then a free trade area and there will be no way in which we can place limits upon them that we do not place on American

imports at the present time. Has there been any analysis done again within his department or within the federal Department of Agriculture that he is aware of which would indicate the position that the Canadian government may take with regard to the imports of these foods?

* (2030)

Mr. Findlay: Madam Chairperson, with regard to Mexico, we have been importing vegetables particularly from Mexico for some time. Ag Canada does do their analysis, does their scrutiny of the product coming in, and I guess we would have to think that our surveillance of the incoming product will catch the majority of contaminated product that does arrive here. It is about, what, two or three years ago that there was some arsenic found in grapes. It was believed they came from Chile, so it does prove that once in a while the screening system does catch things that come in.

Clearly, I guess we would have to say, honestly, we do not know exactly what products are used, that maybe we would not register if that crop was grown here in Manitoba or Canada but through the spot analysis of samples of products coming in. Hopefully we are doing a reasonable job of screening out problems that could emerge.

I guess there is always a message back to the exporter in Mexico, if you send something up here that is clearly in violation and we detect it, your ability to access this market is severely restricted or restrained in the future. We are watching you very carefully, so I would think they would be very cautious, because if they get a market up here for vegetables at a certain time of the year, or fruits, it is something they would want to maintain. They would not want to upset us in any major way. I think between the surveillance and the concern at the other end that they do not want to cause a problem. I think we are probably as well protected as we can be.

Mrs. Carstairs: The other difficulty that is faced by farmers in a variety of provinces across the nation is interprovincial trade barriers, which also have affected a variety of agricultural products. The Agriculture ministers are on the record four times since 1985 as saying we have to do away with this, but it is my understanding that your provincial counterparts as well as the federal agricultural minister were suspected to approve a mediation process modelled on the international trade dispute

mechanism with the United States. Can you tell us what is the status of that initiative and what changes Manitoba can expect as a result?

Mr. Findlay: Back in 1988, as the Minister of Agriculture, we met and we talked about interprovincial trade barriers and we are a strong advocate of removing those. At that time some 169 interprovincial trade barriers in agriculture were identified, and it was agreed that we would come to some agreement as to how to handle disputes between provinces. I advocated at that time that we have a dispute-settling process and that the results of that analysis, that panel process, would be binding on the two provinces involved in the dispute.

Since then a Memorandum of Understanding has been drawn up. I have said I did not win the argument. The MOU only says that the dispute-settling process, the end result, will not be binding on the two provinces but that the results of that process would be made public. That is what the MOU says, and every province has assigned it except Quebec and Newfoundland.

Quebec had initially said, yes, we will allow the dispute-settling process to go along, but their hangup right now is they do not want the results to go public. Of course they do not want them to be binding either so what is the point exactly? I was advocating strongly that if we are going to go through a dispute-settling process the results have to be binding.

I really did not have any allies amongst the other provinces. Everybody wanted to go through the process. They were prepared to let it go public, say with the exception of Quebec and Newfoundland, and then provinces could choose to just refuse to abide by it, let the public pressure disappear over time and they carry on doing what they are doing.

I wanted it to be binding but the MOU has said nonbinding but make it public, and we still do not have every province's signature on that. We now have eight provinces. There is not a willingness to have disputes settled in a binding process so far.

Madam Chairman: Order, please. I wonder if I could have the indulgence and the co-operation of the committee in requesting a five-minute recess. Apparently we have a technical or mechanical breakdown with the air conditioner there. It has left a sizable pool of water on the floor that needs to be dry vac'd and the sooner the better so as not to

damage the carpet. Agreed that we take a five-minute recess? Agreed and so ordered.

* * *

The House took recess at 8:37 p.m.

After Recess

The House resumed at 8:40 p.m.

*(2040)

Madam Chairwoman: Order, please. Would the Committee of Supply please come to order. We will continue.

Mrs. Carstairs: Madam Chairperson, can the minister tell the House how they justify a settlement dispute mechanism with the United States, which they consider binding and which they want published, but they are not prepared to accept that same kind of binding dispute mechanism in Canada between provinces? They must have given some explanation. Obviously, the minister was on the right side of this issue. Why were the other nine offside?

Mr. Findlay: Well, I guess, Madam Chairperson, it is difficult to give somebody else's excuses why they would not agree with the position we advocated in Manitoba. You know, it went to the discussion three years ago and two years ago. It was fairly obvious that they were talking north-south free trade, why can we not at least accomplish an east-west, get our back yard in order before we start talking to somebody else about free trade?

There is just a long history of provincial desire to use subsidies and all kinds of other processes to protect their own industry. It is a Canadian tradition. It is a provincial-Canadian tradition. It is difficult to break down. There was not a lot of logic presented, just we do not want to be tied to something that we cannot live with. We want the right to say no.

Maybe I overstated the case with Quebec a little bit, because they are just refusing to sign any agreements now since Meech Lake, until the Constitution thing is evolved. Quebec has not been at the federal ministers' meeting now for some time, well for the last year. They have missed at least two meetings. My understanding is they are not going to be there next week either. It is unfortunate because we do not know what they are thinking or saying and, clearly, they will not know what we are thinking or saying.

It is an unfortunate Canadian situation, but I just cannot give any logic. There just was not any. They just said we do not want to be bound by a decision that is out of our control. It is that desire to—they want to control their own destiny. We want to promote a certain industry, and we want the right to do it. You look what Alberta has done with their subsidization in the red meat industry. I mean, they are not going to listen to anybody. They decide if they have the dollars, and they are going to go and do it.

Mrs. Carstairs: Then in terms of agriculture as a percentage of their viable economy, it is not in the Maritime Provinces as viable as it is in the other parts of the nation. They have recently agreed to a free trade agreement among themselves, at least the genuine Maritime Provinces, excluding Newfoundland which is, of course, an Atlantic province—a lot of Canadians do not know that is the distinction, but that is indeed the distinction. In terms of those three, the minister would perhaps have some allies at this next round of agricultural meetings. Will he be raising it again, or has he decided as a matter of Manitoba policy to be satisfied with, at least, getting this first agreement signed and delivered without the exception of Quebec?

Mr. Findlay: Madam Chairperson, clearly, yes, in the course of the meetings I have been involved in the last couple of years, the Maritimes are an interesting group of people. The last three years have been dominated by issues related to the grain industry in western Canada, particularly with droughts and low grain prices. The Maritimes have been very supportive of us. They have not interjected or made any effort to try to take the agenda away from us or say our issues were not something that had to be dealt with. They have been very supportive. When we wanted to get a federal commitment to do something, they did support us.

Clearly, the biggest issue that has hit the Maritimes, from an agricultural point of view recently, has been the potato episode with a potato virus in P.E.I. and, to some degree, in New Brunswick. When we meet again next week, clearly trade is going to be a fairly major issue on the agenda not only from the standpoint of GATT and the international trade, whether that process is going to get back on some meaningful track. Clearly, there is a little bit of light at the end of the tunnel.

There does appear to be some renewed commitment out of Europe that they are prepared to deal. We have to wait and see if the offer they are prepared to put on the table is technically meaningful for us here in Canada.

We hope to get an update that gives us some reason to hope and, clearly, interprovincial trade will be part of that discussion at the same time. So the issue is always there and we will continue to pursue it, both internationally with GATT, the Free Trade Agreement, obviously the trilateral agreement involving Mexico, and the interprovincial trade. So it will all receive some discussion both at the meeting of just provinces and also at the meeting with the federal minister.

Mr. Edward Connery (Portage la Prairie): Madam Chairperson, as I said earlier, we are moving to a lot of, maybe, some shipments into Minneapolis into a market that is bigger than western Canada. One of the problems that we have encountered with the Americans is that they hold products for residue testing. It is the old nontariff barrier.

What, as a department, can we do to counteract that? If they are putting 10 percent or 20 percent of our loads into the United States under detention for residue testing, which takes up to about a week—and, of course, if you are dealing with fresh produce, it is a week old. Secondly, the wholesaler has his cooler tied up with a load of produce that he does not have room for.

What can we do as a department? If it is 10 or 20 percent of our loads that are being stopped for residue testing, would the department request that the Americans have the equivalent percentage of loads tested coming into Canada?

Mr. Findlay: Madam Chairperson, clearly the activity by American inspectors to hold up loads for inspection can be called nothing more than a nontariff trade barrier. There is no question about it. It is an issue that they have done with other commodities too to some fair degree, and I guess we in Canada would like to think we can handle the issue somehow without getting into retaliatory action. Clearly, next week, it is an issue that can and must be raised not only with vegetables but also with meat products that are crossing the United States border, and there are examples over the past year and a half to two years of them at various times being fairly restrictive and holding loads up for

testing that in many cases allows the load to eventually pass. So it is an attempt as a nontariff trade barrier to harass us.

We have said that, in the international situation, if we cannot get resolution, we will talk for a long time. If we cannot get resolution, retaliatory action may be the way to get the message across. I will be testing the minister next week to see if he is prepared to—a selective opportunity, use the retaliatory action to get the message across. You do it to us, we will do it to you. There is no question, for the Manitoba vegetable grower to be able to access the Minneapolis market is very, very important. I mean, to me it is quite a coup for us to sell vegetables to the United States when in the majority of the year we are buying from them.

As I look at the availability of water in that large vegetable-growing area out in California and the battle they are having over available water for irrigation and how agriculture got treated in the past year, really having their water almost shut off for irrigation of vegetables, there may be, you know, a market opportunity for us in the future. The Americans cannot produce that large volume they always did produce because of the shortage of water in that growing area. So, yes, we need to solve or resolve that issue in some fashion. The agreement is there, and the use of nontariff trade barriers is something that we should be able to deal with in discussion with the Americans.

* (2050)

In the cross states-to-provinces discussion, the states do not disagree with the fact that it is harassment when we are talking about these kinds of issues, but they have no clout. There is no impact on Washington from the states at all. So we have to talk directly from trade minister in Canada to trade minister in the United States.

Mr. Connery: Madam Chairperson, I know that if 10 percent of their loads started to be held in storage here for residue testing, we can be assured that the Americans would soon be—we would have their attention very quickly.

We talked a little bit about free trade with Mexico and I have mentioned it. I think I have mentioned my concern about free trade with Mexico. I am still hoping to have some information in a general sense, but has the department taken a look at what commodities would be affected by free trade with Mexico? I look at one commodity that we grow,

which is the bunched green onions. It is a fairly large commodity for us and it employs a lot of people during the summer months. In fact, there are 40, 50 people who are basically employed bunching green onions. It is a job for people and it displaces American imports.

A few years ago we could go down into California and Texas and go through the fields and see their fields of green onions and talk to the producer and look at their equipment and that sort of thing. Now when we go down there we do not see the fields of the green onions. We asked them, where are the green onions? They are all being grown in Mexico. There is a reason for that. It is because of the cheap labour. The distance between southern California and southern Texas and northern Mexico is maybe only a hundred or two hundred miles. When you are looking at a trip of 2000 to 2500 miles, that extra 200 miles, as far as distance, is not going to save Manitoba industry.

If we are faced with extremely cheap labour and at the same time the federal government is harassing us when we do bring in a few Mexican workers to augment the shortage of supply of Canadian workers and, while there is a large number of unemployed in Manitoba, they do not want to work in the vegetable industry, so we bring in, the industry brings in something like 80 people, which is a small percentage of the workers.

What has the department done or looked at? Have they had an opportunity to review the effects of free trade with Mexico and Canada?

Mr. Findlay: Madam Chairperson, in terms of what we sell agriculturally to Mexico, two or three reasonably good markets come to mind. One is canola. The only other export market for canola seed other than Japan is Mexico, and breeding stock both in terms of swine and in terms of beef breeding stock. A fair bit goes down there. We sell quite a few bulls and boars and gilts into the Mexican market.

With regard to the vegetable industry, we have met with a number of the different commodity groups, the Minister of Industry, Trade and Tourism (Mr. Stefanson) and myself. There were not a lot of issues raised when we met with them about two months ago. Everybody kind of thinks it is so far away that it is not likely to impact us, but in the vegetable industry we have in the Free Trade Agreement a snap-back provision in the agreement.

I guess the opinion I have heard is that if the Americans, the vegetable growers in the southern United States, have a snap-back provision in any agreement that they may strike with the United States, we in Canada should have exactly the same snap-back provision available to our growers to protect them here. It may be an improved snap-back provision from what we presently have in the Free Trade Agreement or maybe the same one, but if there is ever any trilateral agreement we believe the vegetable growers of Canada should have the same snap-back provision that any American grower would have with respect to Mexican products flooding the marketplace.

Mr. Connery: As far as I understand it, the snap-back provision, though, is not a long-term protection; it is more of a short-term, more a band-aid in the initial process. Then, further on down the road, the snap-back would not play a part. We would have to be competing head on, and that is why I have some difficulty with that.

The minister makes mention of water and the lack of water in the southern United States. I would hope that, as a government, we would resist giving or selling even water to the United States for large production when we have great tracts of land in Manitoba that we can irrigate.

I would like to sell food to the Americans in tin cans and frozen packages and fresh and whatever, because it is the water. We want to make sure we send them enough water that they can have their industries and have the people down there, then to need our food, and so that in the cold of winter we can also go down there and have a cold drink of water as we are on holidays. I think it is most imperative that we not give away our water because that is one of the resources that Canada has.

I have a couple of other questions on chemicals, but on the matter of water, I wonder what position the Minister of Agriculture (Mr. Findlay) has vis-a-vis the Holland dam on the Assiniboine River. We have seen the south Hespeler report as far as the need for southern Manitoba having water and the large tracts of excellent production land that can be irrigated and the potential for all of southern Manitoba, but it needs water. We can look at extending the dam at the Shellmouth another five feet which would increase maybe for another 15,000-20,000 acres, where if we built the Holland dam we could irrigate 300,000 acres as vast, vast amounts of water that we could do.

Would the minister give some consideration to support for Holland dams so that, indeed, agriculture in southern Manitoba, not just residential, industrial or municipal uses, as they call it, would be available to all of southern Manitoba.

Mr. Findlay: I heard an interesting quote the other day. I have to assume it is right, the member for Crescentwood (Mr. Carr) is not here to check me up this time if I use the wrong quotation from the wrong person, but the quotation from Mark Twain is that water is not for drinking, it is for fighting over.

You look at the United States, clearly there have been some fights over water. I think that the United States is in some difficulty over the next 20, 30, 40 years in regard to having enough water to have the degree of agricultural capacity of production that they might like to have.

The same naturally applies here in Manitoba. We have a pretty large tract of land in south central Manitoba that if there is anything limiting their ability to further produce, it is going to be water in the coming years—it is today, it is the limiting factor. I think it is fair to say that if we are talking about sustainable agriculture over any period of time, it is going to require the will of all society to make water available to agriculture.

Some will argue that we will have to sort out priorities of water on the ability of the various users to pay, whether we are talking domestic or municipal or industrial or general agriculture or irrigation. I think the ranking tends to go on about in that direction.

If agriculture is going to be asked in future years to pay a competitive price for water with all the other users, we probably will not have a lot of water available to us because we cannot afford to pay. I say, in terms of agriculture's use of water, we probably are in a position to argue for a lower cost of our water because I say agriculture stimulates the economy. If we are going to produce vegetables or sugar beets or whatever with the use of water to increase the production, by and large we are talking about a product that will be further processed or further value added to it here in the province. So you start a process by growing the product that creates additional value-added jobs in the industry after the primary production is done.

* (2100)

On that basis, I think we can promote the economy of the province of Manitoba not only to the

agricultural level, but to the industrial level by making water available. If we can hook that up with economic markets somewhere in this country or outside this country, I think we have a powerful argument to say, we should sit down and determine what amount of water we can make available to agriculture to increase valuable production and determine the cost that agriculture has to pay for that.

Obviously, as the Minister of Agriculture, I have to promote the fact that we can, logically and sensibly, use water to stimulate the economy and the well-being of all Manitobans. I think that over the course of the next few years, we will have to sit down with all the players in society and find some degree of harmony in terms of how much water we can get for use and then allocate it to the highest value crops that we can produce. It stimulates the entire economy.

It is a challenge. I guess, I would have to say it would have been nice if we would have started this discussion 20 years ago. We probably would have been well along the way today of being able to have increased production of very high-valued product and all that processing occurring here in this province.

The fact of the matter is, today we are into it, and we have to consider all the elements in terms of the analysis of the cost-benefit equation, the environmental impacts of having water, make it available. I think there was a general study done several years ago in Manitoba. We have on an annual precipitation cycle enough water to satisfy all our needs in agriculture, if we could just keep it here long enough to use it.

We have not done a good enough job of retaining water that does fall in the wintertime and in the spring, fairly large quantities at times. We do not retain it in Manitoba. We let it flow through the river systems into Hudson Bay and out into salt water. We have to be more constructive in keeping it here, so we can use it at the other times of year when the precipitation is a little less than normal.

Mr. Connery: I do not know whether to take those comments by the minister as being supportive of the Holland dam or not. I would have to think that maybe he is, but those are only my words. He did not say so directly.

Madam Chairperson, the very fact that we talk about California and the United States—and I think

their water crisis, if they have a little bit more continued, prolonged problem with drought, is much more serious than what we perceive—and the impact when you look at the San Joaquin valley being cut off from about 80 percent of their supply of water, what that means. I do not know how many people have seen the San Joaquin valley, but it is a huge, huge tract of land. When they are not able to produce, that means there is a lot of production available to other areas.

In fact, last year the Americans, because of nematode problems and other problems in southern California, Texas, were buying carrots out of Manitoba and hauling them back to Texas. In fact, there is a person from Texas who was supposed to be coming up into Manitoba this week or next to look at contracting large carrots, because they do not tend to get as large a carrot, and they like the large carrot and the quality of the Manitoba product, which really means something.

I think if we are going to be serious about positioning ourselves to take advantage of some water shortage, real severe water shortage problems in the United States, that we have to start now, because the time required to put a dam in at Holland or anywhere on the Assiniboine River, when we look at the opposition we are likely going to get from the opposition, because they are going to be running like Chicken Little, the sky is falling, about the environment issues. Rather than looking at it from the rational, common-sense point of view, it is going to take us eight years or longer before we would ever have a dam in place. So if we do not start looking very quickly and very rationally at putting some of those impounding structures in place, we are not going to be in a position in Manitoba to take advantage of that wonderful opportunity. I thank the minister for those comments.

A couple of other questions on chemicals. There is no question that in the smaller crops, the smaller usage crops, fruit, vegetables, those sorts of things, that getting chemicals in Canada is much more expensive than our American counterparts. As you mention, the registration and all of these sorts of things are very difficult, and I think we need to take a hard look at some exemptions in those very small use chemicals that allows our producers in all of Canada to be competitive with our American counterparts.

I do not know if the department is aware of, and I cannot remember the name of a herbicide that the Americans were using, and this is going back before I got into politics, so we are looking at six, seven years ago, where there was a herbicide used in the United States that was forbidden in Canada, prohibited, and yet we were able to import the American product, which was onions in this case, into Canada with the use of that herbicide. We objected to the federal government, we, through the horticultural council objected to that and yet there was nothing done. Are there any chemicals in that line that the department is aware of and what is the position on it?

Mr. Findlay: Madam Chairperson, one chemical that is receiving a little bit of concern right now is Banvel which lentil producers would like to be able to use, and I think it is used maybe for disease control, I am not sure. Anyway it has been used on lentils and they have been trying for two years to get the federal government to conclude its registration process and pass it. We sent letters to the federal minister saying for these reasons, the industry, the lentil industry particularly, wants the use of Banvel. As recently as this spring, the answer was still no. They would not allow the registration in Canada because of some evidence that came up in their testing on rats that the officials in Ottawa were not happy with. But the registration process does create a vehicle for the importing of minor use chemicals under specific conditions for specific purposes, and when that task force report is fully implemented it will be of benefit, particularly on minor use chemicals as I said earlier. It will also be of benefit for chemicals where the pricing structure in Canada gets out of line with the pricing structure in the United States which gives the federal minister the authority to open the border on a chemical-by-chemical basis.

There has been amazing consensus amongst all the players that agriculture needs those two options, minor use chemicals and in chemicals where the price gets out of line.

Mr. Connery: Madam Chairperson, the minister mentioned not being able to use Banvel on lentils, and obviously the Americans use Bravo on lentils. Do those lentils come into Canada, and are all American lentils tested for Banvel residue?

Mr. Findlay: Clearly, there will be some lentils probably coming into Canada in one form or another in prepared foods or whatever. The probability that

all those products coming in are tested for Banvel is probably not very high. So, again, it is another example of a double standard. We restrict the use of it here, but we still allow somebody else to use it and then the resulting food product to enter our food supply. There is a double standard there, and we would like to be able to open the border a bit more in terms of our access to those chemicals for our growers, provided they use them under the right regulatory process.

Mr. Jack Penner (Emerson): Madam Chairman, I have only a few questions. One of them is regarding the herbicide registrations. Having been involved in the process and the pesticides review committee in Ottawa for at least three years, having sat on the same committee with the chairman Hyjo Versteeg that did the pesticides review across Canada, much of the work that has gone on under that department has been also part of the board that was made up largely of membership of the chemical corporations company.

It became very evident in discussions around that forum that there was a large attempt made by the various interest groups to retain the structure under the current situation, in other words, one standard for the U.S. and one standard for Canada. That became very apparent.

I reflect simply on the fact that a number of years ago, probably three, four years ago, we in the sugar beet industry wanted to import a herbicide, Betanex, into this province when we ran out of Betanex. We found that the price of Betanex was better than \$100 a pail cheaper across the line than it was here. When we attempted, as individuals, to import that herbicide we were told that no, you cannot. It had to be done through the dealer network and the distributors. They of course added, must have added, \$100 or so to a pail in order to make it worthwhile to bring it in, although we have no proof of that.

* (2110)

Has any attempt been made by this department, other than through the review processes that have gone on by your department, Mr. Minister, to lobby Ottawa, the Department of Health in Ottawa and also the Department of Agriculture in Ottawa to ensure that registration standards could in fact be unilateralized under the Free Trade Agreement or a portion of it to ensure that we in fact have the same standards that the Americans use or vice versa to

ensure that we in fact are allowed to be competitive in the production of many of our agricultural products, simply from the fact of pricing of those commodities that we use similar to what the Americans use in their production of their commodities? I refer to such things as Desis, Betanex and many of the other herbicides, pesticides that are used that are often called to question and not allowed to use. So I ask you, sir, whether that, in fact, has been encouraged by you to your department in a direct effort to change those standards in Ottawa that it would allow for some unification.

Mr. Findlay: Madam Chairperson, in terms of our attempt to address the issue, deal with our somewhat lower competitive edge or lack of competitive edge that we have in chemicals with the United States, our attempt has been in discussions with the federal minister over the past period of time. Really, the efforts that have been focused through the task force were—they went across the country and received submissions. When we made submission here, we said we have to be able to somehow harmonize our process to some degree with the American process. We do not want to have lower standards, but yet we have to harmonize in some fashion so we can keep our registration of cost down to a point that the producer can buy the chemical in Canada at a competitive price with the United States.

Clearly, a number of tests are done, required by the American process, that we should not have to duplicate for our process. Surely there is some ways and means that we can reduce the registration cost in the Canadian system by some degree of U.S.-Canadian harmonization. I think it is important that we have to keep in mind that the public at large in Canada wants us to maintain "high quality food." That does mean that our registration process is above reproach and the farmers and pesticide users who are on the task force came back saying that to me, although we want this and we want that and we want lower cost chemicals, lower cost registration processes, we still have to keep in mind that at the end of the day, we do not want to dilute our standards in any meaningful way so that we have a lower quality product on the market that the consumers can complain about.

In the process of being able to open the border for minor-use chemicals and for the point where prices are out of line, will help to, I guess, bring some

common sense into the pricing of the chemicals in between the two countries. If we can get some degree of harmonization between the two countries so that we can keep the costs of registration under control in this country, it will be good.

Mr. Penner: Thank you, Mr. Minister, for that answer. I could not agree more that it is important that we not reduce our standards in our pesticides. However, I would suggest that in many cases, the American standards are as high as ours are, in some cases higher than ours are, especially in pesticides. Therefore, I would wonder why we still retain those controls. The reason I asked whether your department specifically has been lobbying Ottawa directly about our concerns in these areas and that to ensure that there be uniformity in standards and the application of uniformity in standards—if they, in fact, are superior on the American side than ours are, then why do we not open the borders to them?

If the products we use on this side are similar to the products they use on that side, whether they are imported through a distributor or not, we be allowed to buy them at the same prices and similarly, I think maybe what is needed is an effort similar to what is happening in the southern part of this province today in fuel prices.

By the way, I filled up my car this morning in Letellier at a Tempo station, which, of course, is a co-op station, which is owned by local people and which buys their products from a local refinery in Regina, a farmer-owned refinery or a consumer-owned refinery, at 37.9 cents a litre. The pump mark-up price is 44.9 less \$2 for a 25 cent coupon discount, which brings it down to 37.9 cents a litre. I suggest to you, Mr. Minister, that maybe that is what is needed as well in the pesticides and chemical industry that our farmer-owned co-ops and industries might in fact play a leadership role in buying more competitively and selling more competitively to the farm community.

If we are going to be faced with the kind of pricing structure that we are faced with in Canada now and forced into a competitive market, whether it be grains or other commodities in the world, we had better bring our production cost way below where they even are today if our farm community is able to survive.

When I hear many of the comments that are being made currently by the farm community when they

are looking at harvest, and some of the farmers still faced with half of their grain bins full of grain, not being able to move their barley and their wheat, and flax prices being at the depressed price where it is not even feasible to sell at these prices, I question where we are going to be at under the terms of the GRIP program when farmers are guaranteed a certain amount per acre and are facing a harvest. Are they going to build new bins to store those grains, or what are they going to do with the grain? Comments I hear are saying it is not our grain, it is going to be the government's grain for government to take care of.

Those kinds of attitudes, I think, are dangerous and when we set policy, be they pricing policies or other, we need to be very careful that we do not instill that kind of negativism in their thinking in our farm community. It has only been competitiveness that has got us to where we are today in our productive cycle.

If we are going to continue to devise and accept other countries' standards, be they in pesticides or other pricing, we are going to be faced with a very, very serious situation in this province as well as this country, which brings me to the point of an alternative crop that we have grown for many, many years in this province and has been a diversified activity. That is the sugar beet industry, and I believe that our sugar beet industry today faces the same kind of a dilemma that our grains industry faced last year and the year before in a competitive cycle. Simply, if our federal government will not be pressured into by—our government and our minister's staff, I think, need to be very involved in discussions with the federal government today to impress upon them the need of a national sugar policy that will be similar to what the Americans are using now to protect their industries within their boundaries, especially when we are starting to talk free trade with Mexico and maybe even some Central American countries. I see that as the next step. That, of course, puts that whole sugar sweetener industry in a very, very delicate balance in the productive cycle as far as being competitive.

I would ask, minister, that you ask your department to become very involved in discussions with the sugar beet growers of this province to ensure that our position is put clearly and concisely to the federal government to ensure that we in fact are able to compete on a policy basis with the

Americans and the Mexicans when we talk about free trade.

* (2120)

I ask you whether in fact you have instructed your staff that they start—or have maybe already started discussions with the association to take that position to Ottawa to ensure that this industry can survive and be expanded, because there is tremendous potential in this province if we were allowed to compete on an equal basis with the Americans on the sugar market and the rest of the world on an equal basis without having dumped sugar being allowed in this country day in and day out.

Two years ago we were allowing sugar to come into this country at two cents a pound, which was simply unreasonable. No other country in the world allowed sugar to come at those rates. Similarly, we are facing that same sort of competitive factor. In fact other countries produce a surplus, they can sell to Canada for whatever the market will bear in Canada, for whatever the processor will pay. I think that needs to be corrected and it needs to be corrected sooner than later.

Mr. Findlay: Madam Chairperson, as I discussed with the sugar beet growers at our annual meeting a few months ago, clearly Canada does need to have a national sugar policy that prevents us from being a dumping ground so our producers have a chance to compete. I think we are producing, what, 10 percent of the sugar we consume in this country is produced here. Clearly, with the soil we have and the climate and our producers' capability, we can expand that industry if we could just have -(interjection)- yes, all the irrigation to make it grow—if we just had a national sugar policy to prevent us from being a dumping ground.

I guess with some pleasure I could report to the member that there does seem to be a different attitude at the Ottawa end now than there was a few years ago, much more receptive to the philosophy of a national sugar policy as being right and responsible for this country. Clearly we will be addressing that issue next week and see if we can push it along to getting some action that I know all the sugar beet growers in this province and in Alberta would like to see happen.

Mr. Penner: I have just one brief comment, and that is simply that I believe since B.C. Sugar for instance acquired a fairly large interest in one of the major sugar processors in this country as well as interest

in the United States of some processing facilities, I think it is important that the federal government recognize that our sugar processing corporations and companies are no longer dependent on the Canadian market, that they in a large part depend on the American and supplies from offshore and anywhere else they can buy into, and that they have, in a large part, become very integrated with the American processors. Therefore, I think there is probably a greater willingness now in Ottawa to listen to reason than they did a while back.

Mr. John Plohma (Dauphin): Madam Chairperson, it was interesting to hear the member for Emerson (Mr. Penner) and the Minister of Agriculture (Mr. Findlay) talking about the need for a national sugar policy. It was something that the former minister, Bill Uruski, was advocating for years in this province and did not get a lot of recognition and support from these members when they were in opposition. -(interjection)-

That is right. We did not want to get involved in picking up federal costs and federal responsibilities, just like we are criticizing now with the present government with picking up federal costs and responsibilities, because Manitoba cannot afford to do it. You only have to look at your cash flow statements and your treasury to know that Manitoba cannot afford to pick up federal offloading.

That has been one of the major factors, not one identified by these members when they talk about the difficulty in meeting programs and services that are required by the people. It is usually a blame on the previous government with regard to the deficit. They should look at that as one of the realistic reasons why Manitoba and other traditionally smaller provinces—or traditionally called have-not provinces which some people do not like the term—cannot maintain the programming and services because of federal offloading and cutbacks in equality in transfer payments and so on that the national government has had a major function in providing so far as fairness in this country over the years.

I wanted to ask a few questions about a number of areas in this area. I know we are going to have difficulty finishing in the time that we were kind of informally discussing now that we have had some interventions along the way that have taken some time. I think one of the reasons Quebec has been very opposed to eliminating interprovincial trade barriers is because they have a lot to lose. They

have a lot of them. They have been subsidizing their industries for years at a rather substantial level.

The minister is getting used to not having Quebec at ministerial conferences. That was the norm when we were in government when the separatist government was in Quebec. They did not attend federal-provincial meetings either. So you were always without Quebec at the table and became used to dealing with other provinces with Quebec not being there.

Certainly other provinces are just about as guilty as Quebec in their protectionist policies. The minister said it is kind of a fact of life in Canada the way traditionally we have developed, I guess. I find a real hypocrisy there with most of those provinces advocating free trade with the U.S., yet unwilling to practise what they are preaching in this regard. It probably demonstrates that there is a major impact on their economies within the provinces as a result of conscious government policies to protect—protectionism.

It is unfortunate because Manitoba probably engages in this the least. We did have a "buy Manitoba" program a few years ago which was on the basis of contracts for products only on the basis of a 5 percent to 10 percent differential, where you could give the preference to the Manitoba company, but certainly never in contracts. Saskatchewan has been known to give preferential treatment even to service contracts and to construction contractors—a deep concern.

I think the minister should be doing all he can in this area to promote and facilitate and expedite a free trade agreement within Canada, a removal of interprovincial barriers. He certainly should be, I think, in keeping with Manitoba's tradition, advocating this, but also pointing out the hypocrisy of the other policies that these other provinces so publicly advocated free trade and then practising something so different insofar as their actual reality of their operations.

I wanted to ask the minister about the issue of European beef. Could he give Manitoba's position on the retention of the tariff that was put in place? It is scheduled, I think, to expire July 15 this year. Has it been agreed that will continue? I understand that Saskatchewan and Alberta were advocating retention. There was no mention of Manitoba in the article I saw, and I wonder what the minister's position is on this.

Mr. Findlay: Clearly, the issue of European beef, there has been a tariff in place for some five years. We are prepared to compete with anybody on a level playing field, but we cannot compete with subsidized beef, so our position is very clear. There has to be retention of that until Europeans stop the subsidization that they are doing over there. Our beef producers cannot compete if we open the border and become a dumping ground for their subsidized product.

* (2130)

At the Ministers of Agriculture meeting next week, we will be pursuing that topic from the standpoint that it has to be maintained; the tariff has to be kept in place. It has been our position all the way along. The Canadian International Trade Tribunal has held hearings on it. They are not expected to report until some time about mid-July, but the five-year period on the tariff expires, I believe it is July 25; so we expect to hear from them prior to that in the direction of maintaining it.

All beef-producing provinces, as far as I am aware, are advocating to the federal government it must be retained. As long as there is subsidized beef coming in here, we cannot allow it in tariff free. That has been our position, and we will be pursuing that topic. Manitoba will be presenting that position very strongly next week.

Mr. Plohman: I thank the minister for those assurances. Actually, the issue seems to be one of potential displacement of Canadian beef and, therefore, exporting a greater amount to the United States and the potential retaliation there. As I understand it, if there was a large influx of European beef—I do not know if there is that much stockpiled, although there are large amounts stockpiled or in cold storage in Europe at the present time, and it is something that we obviously have to concern ourselves with so that we do not become a dumping ground for highly subsidized commodities from other countries, to protect our own industry.

The other issue dealing with the Manitoba Hog Marketing Board and the issue of the Dutch clock auction and so on, has the minister had anything further to report on progress between negotiations between the buyers and the producers on that issue?

Mr. Findlay: Madam Chairperson, clearly the hog industry over the last 10 years is an industry of success in terms of the growth of production. We

have the processing, the slaughtering and the value-added processing here in the province. It is a very good partnership and we have always advocated that we want to see more of that, more production and processing of that production here in this country, and sell a processed product, keep the jobs of processing here.

For some time now there have been significant disputes between the various processors and the board, but not all processors have the same disputes that they are taking to the board. There has been some, I guess a little lower level of trust between those players than I would like to see. We have attempted as a department to play a mediating role to bring the two sides together to discuss the issues and try to come to some resolution that both sides can live with. We have been playing that role of mediation and will continue to play that role as we try to help this industry develop even further in this province, both in terms of production and in terms of processing, so that we can expand the industry. We have the feed grains here. We have a high quality product and we can produce it competitively with any other part of the country, and clearly the volume of sales we have had to the United States has been very impressive over the last few years. There is obviously a willing buyer down there for the quality product we are producing.

I cannot report that all the issues between the two players or the three processors and the board have been resolved, but we continue to hold face-to-face discussions with those partners and try to bring them to some resolution that they could both agree with. It is an ongoing process as we look at the future of the hog industry and how we can maximize the ability of everybody to have some success in the growth and development of that industry. Both parties do advocate, we need each other and we need a stream; we need a partnership of production and processing to maximize Manitoba's economic opportunity in this direction.

Mr. Plohman: I understand that the minister did bring the two sides together on April 4, with Greg Lacomy as chairman of the meeting, but that really nothing was resolved at that meeting, and there still exists a degree of frustration between the buyers and board on this issue. There is, obviously, a need yet to have this resolved and, hopefully, it will be done with little pressure from the government on either side for the other side to adopt the position taken by either one side or the other.

I want to ask the minister whether, as a result of the hog decision with the free trade dispute settlement mechanism, there is any significant impact of the other tariff on live hogs that, I understand, is not subject to dispute settlement through the Free Trade Agreement. Is that a significant factor in the trade of hogs? Obviously, the value added to the process for hogs is to our advantage to have the tariffs removed or any countervail protectionism, but on the other side, the live hog issue—just very briefly how that impacts.

Mr. Findlay: I want to assure the member for Dauphin (Mr. Plohman) that we will continue to play a very aggressive role and try to mediate the dispute between the processors and the producers. No pressure will be brought to bear. We will try to act as a mediating force to create a forum for discussion that ends up in results that everybody can live with.

With regard to live countervail, clearly there is some additional increase that is probably going to happen very shortly in live countervail basis the degree of tripartite payments that took place in 1989 when they were entered into the calculation. My understanding right now is that the countervail is about 3.6 cents per kilogram and that it may increase somewhat here in the not-too-distant future, like next month. I do not have the figure in front of me as to what the increase might be, but it is not all bad news from the Manitoba perspective, as the member I think eluded to.

You have the production here, and we do the processing here and sell the processed product without any countervail. You know, when there is a countervail on live, it stimulates that process to happen. So it is kind of a, almost a good-news story that you can stimulate the processing here and then sell the processed product without countervail. We only hope that the United States does not attempt some nontariff trade barrier with fresh, chilled and frozen pork in the coming period of time, but we do expect the live countervail to go up somewhat, and we expect the announcement very soon.

* (2140)

Mr. Plohman: Madam Chair, there are a number of other areas that we would like to discuss: alfalfa processing, the potential for expansion, the issue of ethanol and even some of the activities of the Canadian Food Products Development Centre in terms of potential for marketing of raw fish products and so on.

Time is of the essence here, and we will be prepared to move on to the next section at this time.

Madam Chairman: Item 4.(f) Marketing Branch: (1) Salaries \$349,300—pass; (2) Other Expenditures \$297,200—pass.

Resolution 9: RESOLVED that there be granted to Her Majesty a sum not exceeding \$11,209,200 for Agriculture, Agricultural Development and Marketing Division for the fiscal year ending the 31st day of March, 1992—pass.

Item 6. Policy and Economics Division (a) Administration: (1) Salaries \$99,300—

Mr. Plohman: I asked the minister about the port of Churchill and the potential for shipments of grain through the port this year. Can the minister provide any light on that issue from his perspective insofar as involvement that he might have in encouraging the use of the port this coming shipping season, which should start about the end of July, normally, or middle of August?

Mr. Findlay: Approximately three weeks ago we met with the chief commissioner of the Canadian Wheat Board, Mr. Lorne Hehn, and certainly discussed with him the possibilities of being able to have sales occur through the port of Churchill. Naturally his position is not all that different from mine, that yes, we would like to see exports occur through there but there are two criteria that must be met.

First, the buyer or the shipper must want to pick it up there and secondly, the Wheat Board is required to sell the grain at the highest advantage or best price advantage to the producer. He was reasonably optimistic that the sales would be negotiated that would occur through the port of Churchill and we have not heard anything different in the intervening period of time.

They had missions leaving Canada around about that time going to U.S.S.R., which is obviously one place that they can access out of the port of Churchill, and other countries over in Europe that have traditionally bought from there. Some of the Arab countries have shown interest in the past and they were negotiating with them. It sounded relatively optimistic that we would have a season at least as good as last year if not better, but I have no confirmation that there is real sales on the books but they were in the process of being negotiated.

Mr. Plohman: The honourable minister, then, has no concrete updated news on this. It is something

that arises every year and, unfortunately, it does because there is no commitment to a certain percentage of sales. I never advocated a certain volume of bushels or tonnage through the port, but we have always advocated a percentage of total sales as a target that would be averaged out over a number of years and would certainly set a target that would eliminate this uncertainty each year.

I know there is a lot of competition from the St. Lawrence Seaway now and a lot of pressure coming to ensure there is a certain commitment there, because in almost all cases now it seems that the major markets are through the west coast. That is adding greater uncertainty I think to port of Churchill's future and requires vigilance and some lobbying to ensure that Churchill is continued as a major port.

I do not think there is any problem meeting those two criteria. It has never been stated that there is a problem meeting those two criteria, that the best price for the producer, because of the cost advantage through Churchill, they can give substantial discounts even to the buyer and still get a better price for the producer overall. I do not think there is any doubt they do that, the Wheat Board. It has been more or less admitted on numerous occasions.

So I just advise the minister that he should take whatever steps he can to continue to keep his finger on that issue and promote every opportunity he has because, gosh knows, there are enough enemies to the port insofar as those who have other interests elsewhere.

I want to also ask the minister with regard to the diversification task force, is that under his department? Is he heading that up? Is it working at the present time, and are there any other major policy studies taking place in his department under this issue at this time?

Mr. Findlay: As we discussed earlier, I mean the Agri-Food Advisory Council is in place. They have been doing a major analysis over the past two years on the Western Grain Transportation Act and what the future is with regard to grain transportation costs and how the producer can pay it in the future, how we can remain competitive in the world market with the transportation costs that we face in this country.

With regard to the diversification task force, yes, we are responsible for it. I have had discussions with the University of Manitoba, the industry as a

whole, various farm commodity groups with regard to what needs to be the mandate of a diversification task force. Everybody agrees we need to focus in some meaningful way to try to promote things that can happen in this province both in terms of production and processing.

We are formulating through that consultative process what a mandate should be and to get all the players to support the process. As time goes by, hopefully within the next two months, we can come up with a mandate, a process and a membership that will cause some things to happen that are constructive not only for production, but for value-added processing of diversified production.

Mr. Plohman: Well, again, we could have some lengthy discussions on transportation issues and certainly diversification and policy studies that the minister is involved with at this time. I would just say to him that we would like to see the mandate for this task force tabled in this House insofar as that is worked out. Obviously, the minister does not have it yet and really has made from what he said then no substantial process, probably waiting until this Legislature is out until he will start giving that some more detailed attention. Is that what he looks at happening here?

Mr. Findlay: Madam Chairperson, we are going to try and set the task force up in such a fashion that it builds on our strengths, builds on the past experience, the successful experiences of diversification and the value-added processing. As I said, the more you talk to a few commodity groups or a few people in industry the more ideas come forward and maybe the more difficult it becomes to focus on exactly how and what we can accomplish with the purpose of the task force.

Everybody agrees that the principle is right, how you put it together, so we are in a consultative process with all the players that we want to have involved and see what we can evolve. I had hoped that we would have had it in place by now, but all the other pressures of everything that is going on and the various players being away at different times, we are working to get it put together. We are involving the industry and the producers and the university in this process.

Mr. Plohman: One other question on the transportation issue, the changes to the Western Grain Transportation Act. Has the minister taken any further position on this issue in terms of the

pay-the-producer recommendations or suggestions that would be coming from the federal government? It seems there were some major changes that were just around the corner and they seem to have been put off perhaps a little bit. Does the minister expect a major initiative in terms of revisions in the next six to 12 months on this? Is he ready insofar as a response from Manitoba as a result of activities that have taken place to date?

Mr. Findlay: Madam Chairperson, there has been a lot of discussion on the transportation of grain question in western Canada surrounding the Western Grain Transportation Act. We set up the minister's advisory council about two years ago to do some analysis on what would be the right position for Manitoba to take, and clearly they have identified very definitely that there is no such thing as status quo. Things will never stay the way they are today; they are going to change.

The way the WGTAs were set up in 1982, the farmer pays the first 6 percent of inflation; he plays all transportation costs over 31.5 million metric tons, so there are increases that have crept into the system in terms of farmers' costs.

* (2150)

He has gone from paying about \$5 a ton back then to around \$9 to \$10 a ton now, and the projections that they have given me would indicate that by the year 2000 the producer could be paying anywhere from \$15 to \$25 or maybe more dollars per ton out of his own pocket for transportation costs, and in addition the federal government is putting in approximately \$20 a ton through the WGTA. So clearly the farmers face a tremendous problem if those increased costs that are projected actually do happen.

The federal government has recently come out with an efficiencies paper, looking at ways and means by which we could promote increased efficiency in the grain-handling system to keep the costs down, keep them under control. Clearly, that efficiencies paper has been receiving discussion across the country right now. Howard Migie is going across the country having meetings with various interest groups with regard to discussion of the efficiencies paper and the use of a three dollar per ton surcharge on the lighter rail lines and the accelerated abandonment of some 3,000 lines and compensation to producers who have to haul a greater distance.

Clearly, there are discussions going on around the efficiencies in the grain handling system so the farmers' costs can be kept under control today and into the future. The grain transportation question has got a lot more complex than just pay the producer or pay the railroad. It is much more involved than that and from Manitoba's perspective we have taken a very strong position. If there is ever any attempt to change the mechanism, the question of Canadian Wheat Board pooling cannot be left under the table because that will negatively impact on Manitoba producers unless the mechanics of pooling are addressed so that we have equal opportunity to access saltwater for Manitoba as they do for Saskatchewan and Alberta.

That process involves some significant bits of information to help us in any arguments that might come up in the future. The major real question is how can we keep transportation costs in line so the producer can afford to export grain in today's competitive world market?

Mrs. Carstairs: Madam Chairperson, the government made a committee to fund this study by the Agri-Food Advisory Council. Can the minister tell us what has transpired and is the report expected soon and has it been budgeted for in this budget and by how much?

Mr. Findlay: The advisory council did commission three reports that were published a little over a year ago. In fact, they went out and had public meetings on the basis of those three reports in February and March of 1990, explaining what they had found with two producers of the province. So the majority of costs associated with those studies done by Deloitte & Touche were in the previous budget. We are just trying to find the figure.

In this budget they have done some additional studies around the pooling question—what are the real pooling costs, and if somebody was to ask us what cost would we want to have recovered in a pooling analysis.

Anyway, we do not have the actual costs here for the various studies, but I think it is suffice to say that the information they generated has been seen by all players to be very useful and very helpful. I know that some of the other players like Manitoba Pool and United Grain Growers have used some of the information to help formulate the position they want to take.

We have had some fairly significant discussions with Alberta which, I think, has taken a pretty narrow perspective on this issue of pay the producer or pay the railways, and they did not want to talk about it in terms of any more complex fashion than that. I think some of the analyses we put forward may cause them to understand the issue a little better than they did even in that province.

Mrs. Carstairs: Madam Chairperson, I thought that they were going to come through with the final report which would indicate just what Manitoba's position should be on this issue. I mean, the original report indicated there were a lot of options and a lot of choices, but they did not really come down with the finite position, as I read it, as to this is the position Manitoba should take, and this is why Manitoba should take it. Are they not going to come forward with a final report of that nature?

Mr. Findlay: Madam Chairperson, really, I would say that there will never be a real final, final report unless there is a real final, final question laid on the table. They continued to try to analyze the positions brought forward from various players over time, and the pooling question is a very definitive position we have taken. We will not address any change of method of payment without addressing the pooling question. If there is anything finite, that is certainly there, and I think it is strongly supported right across the province.

Secondly, the efficiencies pay that the federal government put out—they have done an analysis on that and they have taken certain positions that the federal government should not receive any benefits from efficiencies. All the benefits should go to the producer or the municipalities in terms of road costs. They have taken some position in regard to the 3,000 miles of line abandonment that is proposed. As issues come forward, they do an objective analysis and make recommendations to what positions I should take in further discussion with the various players. So it is kind of an ongoing process. It has been helpful for us all to sort of feel out where Manitoba should be. We have never seen a final position on a table by the federal government with regard to what they are going to do with the WGT act, if anything.

They have also said to me, you know, if the industry as a whole takes a position and we do not want to tackle the issue today, we are just going to let it sit on the table for another 10 years and just let the farmers' costs rise. The real benefits of WGTA

will just basically disappear because of inflation; it will just eat away at it. Maybe on that basis we better be more aggressive in terms of dealing with the issue today than just sitting back and saying, no to this or no to that.

It has been kind of a very constructive process for bringing pools, UGG, university and the Union of Manitoba Municipalities, and producers together and it has been a constructive process of discussion—ongoing. As I said, there will never be a final, final. It is kind of an ongoing—this is the information today. We recommend that you take this position or, if the information changes, we recommend you change a little bit.

Mrs. Carstairs: Madam Chairperson, I assume that if the federal government does at some point put a final position on the table, then Manitoba is going to have to have that final position as well.

The other transportation issue that I just want to address very briefly is the fact that the federal government made a proposal to introduce a user fee to recover the \$25 million associated with marine negotiations. As I understand it, they expected it to cost the grain producers an additional \$3 million next year; 65 percent will be levied against the farmers shipping through Thunder Bay and the other through those shipping through Vancouver and Prince Rupert.

Can the minister tell us what the government's position is on this and what effects this will have on Manitoba farmers as he sees it?

* (2200)

Mr. Findlay: Madam Chairperson, clearly the desire by the federal government towards cost recovery on the Great Lakes—if the users of that system have to pay higher fees, then the shipper of the grain will be charged higher fees—which means the producer in Manitoba and Saskatchewan—and that, over time, will make the seaway a little less competitive with the West Coast as a place to ship grain.

Over the last few years we have gone from 60 percent export out the east side, 40 percent west side, to the reverse of that. We now have about 40 percent going east and 60 percent west. Partly it is because the shipper prefers to pick up at the west 12-month port. You can bring the big salties right up to the loading docks without having to transfer the grain. I think that the producer, in terms of looking at comparative costs in transportation, is

always going to advocate we should be selling it wherever our costs are cheaper. Anything that increases the cost of a seaway makes it less competitive, and certainly over time less and less grain is going to go there.

I can remember 10 years ago there was virtually no chance of any wheat ever being exported from Shoal Lake to the West Coast, and now it is quite a common practice. Grain can move either way quite readily and simply because we look at the East Coast as being just a little bit of—the costs are creeping up and the future costs through the East Coast are going to be even higher, there is no question.

Mrs. Carstairs: Surely the real issue here is—is this not the first time that the federal government has actually suggested that the farmers pay for negotiating a new deal or a new arrangement? This is what they seem to be asking here. Surely the provincial Agriculture ministers are taking a position about this kind of offloading by the federal government onto, ultimately, the producers for negotiations, which is constitutionally the role of the federal government.

Mr. Findlay: Madam Chairperson, I guess we are having some difficulty just trying to understand exactly what the issue is you are referring to, whether you are saying federal government offloading. Certainly, in terms of costs that they might have paid out of the federal Treasury, there is offloading, but it is on a user-pay basis, thus increasing the cost in the seaway, but if you are referring to offloading onto the provinces, we do not quite see how that is happening. Maybe there is something here we do not understand that is going on. Clearly, as I said earlier, if the costs of going through the seaway are completely out of line with going through the west or through Churchill, the producers and the grain companies will be using that system to the east less and less.

Mrs. Carstairs: This came from an article that we found in an eastern newspaper, quite frankly, which actually spoke about the negotiations and the federal government deciding to introduce a user fee for the negotiations involving transportation in shipping which they were going to then charge to the grain farmers. Now, I cannot give the minister any more details than that, so we will leave it at that, and he can perhaps look into it as well, but this came out of an article in *The Globe and Mail*, as a matter of fact, which kind of befuddled us, I must admit. So

I raised it because I thought you could perhaps provide an explanation, but we could not provide an explanation for exactly what was happening here.

I am quite happy to pass the Administration end of this and get into the Economics and Planning.

Madam Chairman: 6.(a) Administration: (1) Salaries \$99,300—pass; (2) Other Expenditures \$15,700—pass.

6.(b) Economics Branch: (1) Salaries \$496,500.

Mrs. Carstairs: Madam Chairperson, I asked earlier if this is where the minister wanted to discuss NISA, and I think that is where he gave the indication that he would like to talk about it. Can the minister tell us at what stage the negotiations are at the present time with regard to the NISA program and the projections? I mean, is it going to be a '92 program, a '93 program? Just what is he anticipating at this particular point in time?

Mr. Findlay: Madam Chairperson, the involvement of Manitoba in NISA was made public on May 3. At this point in time, Saskatchewan, Manitoba, Ontario, Nova Scotia and Prince Edward Island have shown a desire to have NISA administered and delivered in their provinces. The federal government is responsible for the administration of NISA. My understanding is that the application forms that will be mailed to all producers basis income tax numbers will be happening within the next two weeks. We certainly expect all farmers to have them by the middle of July. Then they fill out the application and on the basis of the income tax information will qualify for 3.5 percent of their eligible sales as a NISA payment for 1991.

So producers, as soon as they receive the application form, it is to their best interest to mail it back immediately. Then their application will be processed and the money will be sent directly to them. Technically, as I understand it, they will have until the end of December of 1991 to fill it out and return it, but the sooner they return it, the sooner they will get their '91 support payment.

Mrs. Carstairs: There were two things that the minister said that surprised me. First of all, I did not realize that the federal government was prepared to go on this program with only five provinces. Secondly, it was my understanding that P.E.I. was one of the ones which had decided originally that they would not participate in this program. The minister has now indicated that they are in.

Is there any indication that the other five are going to join? Will that increase the benefits available to farmers if, in fact, all 10 provinces are participant members?

* (2210)

Mr. Findlay: Madam Chairperson, yes, those are the five right provinces, exactly right. P.E.I. was the one province that was adamantly opposed to NISA when it first came in. They have essentially done a 180 degree turn on it and have enrolled.

No, it is clearly our understanding that NISA is a go. There has never been any question of whether it is a go relative to the number of provinces that are prepared to participate. We do not know exactly where Alberta is at, or B.C. They had shown interest in the past, so far have not shown a desire to participate. Really, there is no provincial cost required this year. The provincial costs are starting next year and the year after.

We have no reason to think NISA is not a full go, because the whole process of getting the application forms ready for mailing out to the producers is ongoing as if every province was in. It was our understanding even if Saskatchewan was the only province which was going to participate, it was still a go even with them. We do expect additional provinces to join, though.

Mrs. Carstairs: Well, as the minister indicated, there is no cost to the province in the '91-92 fiscal year or does it begin in January of '92 that we have to start paying in? Maybe it is fiscal year, but there will be a cost in the '92-93 and then a greater cost again in '93-94.

Does the minister anticipate that this is going to come out of the current agricultural budget as GRIP had to come, or is he anticipating that there will be additional revenues to pay the provincial portion of this program?

Mr. Findlay: Clearly, the question of how it will be funded for the next fiscal year will be the subject of some discussion between now and the next budget. The anticipated cost for the NISA program, the provincial cost next year, will be roughly \$6 million. Again, it will be function of participation, but from a producer's point of view I cannot imagine that there would not be very close to 100 percent participation. For every dollar they put up in the long run, they get it matched by another dollar. This year they do not have to do anything. They just received 3.5 percent of their eligible sales, so it is hard to imagine

producers who would say no to that offer. For the year after that, it will be a little over \$11 million provincial cost. Where the money will come from will obviously be determined by the strength of the provincial economy as we negotiate the next budget in this province.

Mrs. Carstairs: Can we anticipate that the provincial Agriculture minister will be lobbying for no further deterioration of programs in the Department of Agriculture, because certainly there have been major cuts? When we first started talking about GRIP, it was that this was a plus program for the Department of Agriculture, and it ended up not being a plus program at all. It had to be found all within the current budget, in fact, a little bit less than the budget for last year. I think the farmers of Manitoba would like to know that the minister will not be encouraging that kind of rape and pillage of the Department of Agriculture in order to get NISA acceptable to this government.

Mr. Findlay: I cannot promise what the next budget will do. I can only say that we will attempt to the best of our ability as a government to be able to find the resources in addition to the existing budget in the department, but can give no guarantee as we see the economic picture unfold over the next few months.

Madam Chairman: Item 6.(b) Economics Branch: (1) Salaries \$496,500—pass; (2) Other Expenditures \$99,000—pass.

6.(c) Boards and Commissions Support Services: (1) Salaries \$297,800. Shall the item pass?

Mrs. Carstairs: Madam Chairperson, I just have one question in this area and that has to do with KAP. I was somewhat shocked to find out that KAP's membership had declined to some 4,600 members this year. I understand that three or four months ago it was as low as 3,800 members in the province of Manitoba. It is difficult to say that it is truly a representative farm organization with that kind of reduction in membership from its original highs.

Has the minister had any discussions with KAP about the size of their membership, and has he given them any indication that it is the feeling of government that we would like a higher representative number? I mean, nobody can be forced to join. Everybody has an opt-out, and that is what they should have. It is distressing that they would see that kind of an erosion of their

membership and still see themselves as the best representative, if you will, of the farmers in the province of Manitoba.

Mr. Findlay: Madam Chairperson, there is no question that the KAP organization has done a very good job of lobbying on behalf of farmers and bringing forward issues. They have a good democratic process of bringing their issues to the general assembly and from the general assembly to the executive. The problem that KAP is encountering, I would not say so much is a desire to be members as it is the process has run into a few snags in terms of the checkoff process. They have the names of producers who want to be members and have given those lists of names to the various purchasers of agriculture commodities and they have had very good response from the milk board, the sugar beet growers and from the hog board in terms of the checkoff being taken by the commodity board and then sent to KAP.

They certainly encountered some administrative difficulties dealing with the elevator companies—Pool, UGG and Cargill particularly have been mentioned—and all of those companies, it is my understanding, have met with KAP. I think the meeting was relatively constructive, and I think there is some process underway now to try to improve the ability of those companies to take the checkoffs that they are required to take by legislation.

If I know the figures properly, there are some 9,000 members whose names were on lists submitted to the elevator companies and the elevator companies were expected to take the checkoff, and I know many of the producers have said that they expected to be checked off, they expected to become members through that checkoff process, but again, I say there is some difficulty between the elevator companies with regard to their desire to do that. The discussions KAP has had with the elevator companies I think has moved somewhere towards resolving whatever difficulty did exist with regard to the elevator company's desire to take the checkoff, and we hope that the process now starts and that those producers who want to have their membership checkoff taken from the elevator companies, the companies will actually do that.

The legislation does say that they shall take that checkoff. If the name of the producer, the willing producer, is given to them and that process has

taken place, KAP has given those names to the elevator companies, so as I said earlier, it is not so much desire to be members, but it is just the mechanics of having the checkoff taken.

So I think that you will probably see some resolution of that on behalf of the elevator companies in the future. At least that is my understanding in discussions I have had with KAP executive.

Mr. Plohman: Madam Chair, I certainly would disagree with the Liberal Leader on the involvement of the government in this process. If there is something that involves improper application of the act, that is one thing. In terms of the legal application of the act, but certainly the minister should not be involved in attempting to pad or support or push one organization over another under this system, and that is something that clearly the producers have to work out. If the organization is representing the position and views of the vast majority of producers, and they think they are doing a good job, the membership will follow, providing these technical aspects that the minister talked about are worked out and everyone is adhering to the laws as set out at the present time.

* (2220)

I certainly would not want to see the—I am not sure what the Liberal Leader (Mrs. Carstairs) meant by saying the minister should be putting his views to KAP to let them know that he would like to see a higher membership. I do not think that is his position to be saying that. That is for the organization to work out with the members, with the producers of Manitoba.

Insofar as the other areas of this department, we are prepared to let this Boards and Commissions Support Services pass with just some explanation of the positions that have been discontinued. Have these been layoffs, Madam Chairman?

Mr. Findlay: Madam Chairperson, with regard to the Boards and Commissions, we are in the process of making an amalgamation between four boards of commissions and National Products Marketing council, Farm Lands Ownership, Farm Machinery Board, and the Milk Prices Review commission. The staff reduction will be three positions. Of the three positions, one is in a layoff position, one is reassigned and one took early retirement.

Mr. Plohman: Yes, just on the previous question. I realize I did not put a question to the minister on

that. Has the minister been lobbying for KAP in any way?

Mr. Findlay: In terms of our involvement with KAP, lobbying for them, we put the legislation in place, the legislation is there. As I said, this Section 25(2) says that the purchaser shall take the deduction, and we have not talked to the purchasers ourselves.

KAP has come and given us their impression of what is happening. I am told this is, as I said in the previous answer, that they believe that the discussions they have had with the purchasers have been relatively constructive for a better level of understanding, and they expect a greater degree of activity by the purchasers in terms of taking the checkoff in the future from those farmers who want to be checked off.

The process of discussion has been going on between the purchasers and KAP with regard to the elevator companies. We have not been involved other than hearing KAP's position as they came to meet us and talk to us about a number of issues, one of which was that one which they raised, that they said they were in discussion, and they felt the discussions were relatively constructive.

Mr. Plohman: Madam Chair, is there a cost to the organizations in deducting these administrative costs, in deducting these fees? There must be. Who pays for that? Is that expected to be borne by the organizations themselves?

Mr. Findlay: The purchaser does do the deduction and passes on the entire \$75, to the best of our knowledge, to KAP.

Mr. Plohman: Can the minister indicate if there are any other referendums, commodity groups, that are currently pending? I note the Supplementary Information from the minister says that one of the functions of this section is to conduct referendums amongst producers to determine if commodity organizations should be designated under The Agricultural Producers' Organization Funding Act, and also may appoint inspectors to ensure funds are being deducted and remitted to the designated organizations.

There are two questions: one, if there are any organizations currently in the process of organizing in this way and under this act; and secondly, whether he has appointed inspectors to enforce the legislation insofar as the deduction of these pursuant to the previous questions.

Mr. Findlay: KAP have their checkoff in place. Pulse growers have gone through the process and their checkoff is in place. Canola growers have indicated an interest, have had discussions with staff, to date they have not officially or formally come forward requesting a referendum. No inspectors have been appointed and none have been requested.

Mrs. Carstairs: I just want to put on the record that I was not suggesting in any way that the minister lobby Keystone Agricultural Producers about anything. The question I asked was clearly about the certification agency, which is a responsibility of this ministry, and also my own personal concern that if they are going to indicate that they speak for all farmers, they have, at the present time, a very small membership.

Mr. Plohan: A clarification on my part, Madam Chair. I was not suggesting that the minister should lobby them and that he would lobby on their behalf to producers to get them to sign up, which is, I think, what the Liberal Leader was suggesting, that the minister play a role to get support for KAP, and I say he should not.

Mrs. Carstairs: Well, I anticipate that the member will read my comments a little bit more carefully.

Madam Chairman: Item 6.(c) Boards and Commissions Support Services: (1) Salaries \$297,800—pass; (2) Other Expenditures \$151,400—pass.

Item 6.(d) Agricultural Research: (1) University of Manitoba—Grant—

* (2230)

Mr. Plohan: Yes, Madam Chair, research dollars continue to be a concern to many of us and certainly the university is concerned about the reductions or the lack of growth in research dollars to the university over the years.

I note that Manitoba is falling well behind in the provincial portion of total research funding to the faculties of agriculture, around 20 percent versus close to 30 percent in B.C.; over 30 in Quebec; nearly 40 in Alberta; over 60, 65 percent in Saskatchewan and Ontario, so a very small percentage of funding from the province to the faculties of agriculture in Manitoba versus other provinces.

Insofar as the relationship to the early 1980s, Manitoba has dropped back slightly from where it

was in the last couple of years. Of course, another area of concern—provincial funding to faculties of agriculture as a percentage of gross agricultural cash receipts—Manitoba is lower than B.C., Alberta, Saskatchewan, Ontario and Quebec and significantly lower than some.

I think this points to the fact of what we have been saying all along, that the difficulty in provinces with less flexibility to deal with cutbacks in federal funding is evidenced all throughout the budget. The minister may choose again to try and blame it on the previous government. It is not going to wash. I think it is a recognition that the poorer provinces are not able to provide the funding in areas that they would like to provide, to the extent they would like to provide, because they just simply cannot afford it, another reason why we have to continue the fight for equality in this country.

However, the minister still has a responsibility. Can he respond to the kind of position he is taking with regard to agricultural research in the public sector insofar as the role of his department and whether he sees a greater emphasis under his leadership in that area or less emphasis on public research from his department?

Mr. Findlay: In terms of my history, certainly I put a lot of credence in research and the value of research to promoting agriculture. We have seen no end of examples of that no matter what commodity we are talking about, whether it is new varieties or disease resistance in crops or whether it is better species of cattle or leaner beef and all that sort of thing. It is all the result of research.

Some of that research is done in universities, some of it is in federal institutions, some of it is done in the private sector, and some of it is done out on the farm. We have developed in this country because we have aggressively used the tool of research to find new and better techniques, new and better ways to do things.

Sometimes the ability to succeed in research is not always measured by dollars. Clearly at this point in time it is difficult to say that we can just put more and more dollars into research when the federal government by and large is not carrying its fair share of the load. We would like to see them do more and more in promoting research.

I have had a significant degree of ongoing discussion with the dean of the Faculty of Agriculture since he came here about a little over a

year ago with regard to how we can most efficiently use existing dollars we are putting into research at the University of Manitoba. They are going through a number of analyses as to the way they do things, the way they run their farm, the costs associated with that, which come out of our research grant and how they can most effectively and most efficiently use the public dollars coming from the Manitoba treasury.

Certainly there are additional funds going to the university directly and indirectly from us in addition to the \$875,000 that you see in the budget. Under the soil accord, there is some \$15,000; under the Environmental Innovations Fund, some \$30,000; under the Red Meat Forum, some \$40,000 is being contributed, half from the ministry of Agriculture, half from the ministry of Industry, Trade and Tourism. A lot of that money will probably end up as a contract back to research at the University of Manitoba.

So there are additional funds going, as clearly I would like to be able to put more dollars toward research. Certainly my objective in the future is that we will try to find a way to do that, but at the same time I want to be sure that the highest level of efficiency in the use of that money is being done out at the University of Manitoba. Clearly in terms of the past history of that faculty and what it has done, the quality of research in my mind is second to one.

In addition the university has been fairly successful in attracting monies from the private sector as well as from government to promote its research. We also have different research projects being conducted by the private sector in Manitoba and the kind of work that is going on out at, I think it is Rosebank UGG. In Rosebank they have a half section research farm out there which is just getting started in recent years. I was out there last year, and I am very impressed with the kind of joint partnerships they are forming with various foreign companies working on wheat, barley, flax and rape, with a different kind of cross-breeding and different kinds of products that may well end up on the market someday in the future. So the combination of the private sector doing more research, the private sector putting some money into the university, and the support that we continue to give to the university is, I think, fairly significant.

One other area that I should mention is that through the Universities Grants Commission there has just been approval for an almost \$2 million building, a metabolism unit to be built for the Faculty

of Agriculture, and that is fairly recent information. The Universities Grants Commission has authorized the money, and that metabolism unit will go a long ways to promoting improved research, particularly in the area of animal nutrition at the university.

Mr. Plohman: The only major concern, of course, would be—and I would ask that the minister shares this—that the private sector, when combining progress in work with DNA and genetic engineering with the automation of the computer age, is able to cut through perhaps hundreds of years of trials that would normally have been done in developing new breeds, new strains, of certain crops and so on.

Now we can do that, accomplish all of that work within a few months, weeks, or even days in terms of the trial and error and so on and the development that had to take place through the normal system that was in place over the years. The more that this research is left in the hands of the private sector, the more there is the opportunity for the producers to be dependent on seed varieties and the strains that respond to only certain kinds of chemicals and certain kinds of conditions that can be engineered into the genetic structure of these new strains.

I think there is a concern that the public retain the control to a large extent over this type of process in engineering, because it is important that it be universally accessible and that it not be in the hands of one, two, three, or four, perhaps, major companies who could control the kind of varieties that are available to the vast majority of producers, if there is not the public sector presence in this area.

Does the minister share any of that concern, or does he feel that the private sector—this new engineering in the hands of the private sector is consistent with what he would feel would be acceptable insofar as the development of new species and strains as we move along?

* (2240)

Mr. Findlay: Madam Chairperson, I do not really share the concerns the member has about the private sector manipulating research to the detriment of society. I think it is important that we have partnerships between universities, government and the private sector. I think that the past history has shown me that they can all work together. Sooner or later any degree of research information that is generated has to be used out in the commercial scene. That is where the private

sector can play a role. They earn money, they earn profits and if we can set up a system of having them channel some of those profits back to research and development to support research in the universities, I think, is a good partnership.

I would like to tell the member that when I was in Brussels, at the GATT meetings, we spent a couple of hours at the University of Ghent where I went and talked to three young researchers there in the University of Ghent. They were a private company, they had formed about 15 years ago and they go out and attract investment from private sector interests all over the world. They had a pool of \$50 million of research money for development in the agri-food area.

They have developed a technique of hybridization of canola which has not been perfected anywhere else in the world. We have hybridization in corn and they have a technique for the genetic engineering of sterilization in canola which, you know, is at the forefront of research and it is critical research that I think is important to the advancement of the canola industry.

So I think in the partnership of the private sector and universities and government we can have the right developments. Anything that is produced, there is a licensing process, a company has to satisfy the public sector, the public at large, through the licensing process in terms of products that they put on the market. I think we have the safeguards through the entire system that companies cannot manipulate and control producers in any disadvantaged way.

Mrs. Carstairs: Madam Chairperson, I do not think there is anything intrinsically wrong with private money and research at the university level. It only becomes wrong if they have the right to dictate what will be researched and what will not be researched at the university level. That is where the dangers sometime occur.

In reality, we are the only province in the nation that has seen a decrease since 1981, that I was able to find, in the research contribution. Under the Sterling Lyon government, interestingly enough, the funding that came from the province to research was \$1.25 million. It then decreased under the NDP administration and then was marginally increased in the first year of the Filmon government's budget in '88-89, in their first budget, and has not seen any increase since then.

What concerns me in addition to that are some statements that have been recently made by the federal government at least as recorded in the *Western Producer* on May 23, 1991, in which Art Olson, the assistant deputy agriculture minister and head of the federal research effort stated, and I quote: You are going to see a continual withdrawal in the kind of supports that are available for federally funded and other government labs.

He went on to say that there would be a two day conference in Montreal in June—in early June—which I assume has now taken place which will bring federal-provincial research community industrial representatives together to help figure out priorities, goals and methods for research in the future.

Did we have a representative at that particular conference? Is it clear that the federal government is going to pull out in any massive way from their contribution to research which they speak about in terms of being an essential part of getting Canada ready for the 21st Century?

Mr. Findlay: Madam Chairperson, in terms of people from Manitoba who were at the Montreal conference, which, yes, has been held; there were people there from the farm community, from government, from university and the federal government. I guess the outcome was clearly a strong understanding that there had to be partnerships, that resources are limited, and we have to maximize the efficiency by which we use these scarce resources.

In terms of university representation, the Dean of the Faculty of Agriculture, Mr. Jim Elliot was there; Dr. Clay Gilson; Dr. Ian Morrison, head of the Plant Science; and Dr. Bob McGinnis, the retired Dean from the Faculty of Agriculture; Earl Geddes was there from KAP; and Tom Pringle and Dave Donaghy from the department were also there. There were additional people there that we cannot think of at the moment. So there was pretty strong Manitoba representation there and, as I said earlier, a pretty good understanding that only by working together in co-operative partnerships are we going to be able to advance the agricultural science research in the future. The amount of resources available to us are probably going to be somewhat more limited than they have been for the last 10 or 15 years.

Madam Chairman: Item 6.(d) Agricultural Research: (1) University of Manitoba - Grant, \$875,500—pass.

Resolution 11—

An Honourable Member: No, we have Mediation Board.

Madam Chairman: No, I am sorry. We passed that way back when, about four or five days ago when the staff was there. -(interjection)- Yes, we passed those items. I have them both identified as being passed June 17.

Mr. Plohman: Madam Chair, I know we discussed it at that time with the staff that were here from MACC. We discussed it as it was (1), but we did not go over to this section. Did you read it out along with another resolution? How could you pass a portion of a resolution?

Madam Chairman: No, I did not pass the resolution. I passed only item (e) the two individual amounts under that, both passed June 17. Both myself and the Clerk have it diarized.

Mr. Plohman: Well, I have one other question on that, Madam Chair.

Can the minister indicate—and maybe he does not have the right staff here now, and it is not meant to cause confusion in that area, but it is one thing I did not ask but wanted to at the time. I had asked about a particular case and I never received any information back on that one. I do not know whether the minister can give an update on that since we are hoping to finish tonight.

Secondly, he indicated in about 70 percent of the cases the board was successful in enabling producers to continue. Can the minister indicate if he has any statistics on the level of viability and the percentage of size of the operation after going through the board as opposed to before going through the board? Does he have any idea on that aspect of it?

I have accused him of having largely a liquidation process of large portions of farmers' assets, and in terms of viability it would seem to me in most cases that the farmers really cannot possibly be viable after going through the process. They have just lost too many assets and they are at a point where they would not be able to continue for any length of time. Perhaps a write down of their debt would free them from the burden for the short time but because they

just do not have the assets and the land base any longer are not able to continue.

* (2250)

So I ask the minister then whether he has any idea, in terms of the statistical information from the board, the 70 percent of the cases, of the 200 cases or 300 cases that come before the board, what percent of assets remain after going through the board as opposed to when they enter the process, if he has that information? If he does not, an undertaking, if it is possible, if the statistics are kept in that way, to provide that at some other time would be satisfactory.

Madam Chair, if the minister wants to just provide me with some information later as opposed to verbal, it is fine with me.

Mr. Findlay: I think the member is probably referring to a certain Lapka case. You know, we reviewed the history on it, and it is clearly an ongoing case. There have been many meetings held and additional meetings are scheduled to happen shortly. So it is a very complex case, and I think the board is doing the very best they can to come to some degree of resolution that the Lapkas can live with.

A number of proposals have been put forward and accepted either by the creditor or by the Lapkas and for one reason or another they have not reached a final stage.

With regard to the level of viability, I guess there are certain statistics that I think indicate a level of viability that farmers coming out the Mediation Board do achieve. That is a degree to which the guarantees are called upon when producers go through the mediation process and a guarantee is put in place which will be a maximum of \$10,000 per year guaranteeing lease payments, or up to \$50,000 over five years.

Back in '88-89, 87 percent of those guarantees were actually called upon by the producers. In '89-90, only 50 percent of the guarantees were called upon. In the last fiscal year, '90-91, only 27 percent of the guarantees were actually called upon. The low call on the guarantees means that the farmers actually paid all their debts, all their cash flow and all their expenses out of their existing income. It did not have to call upon the guarantee. So that means that as the years have gone by, the producers that have come out of that process have been more and more viable in terms of being able

to pay the costs of operating out of their own assets that they receive in the farming operation. So that is one aspect.

The other is that in the process of going through debt review, farmers' average net worth is, in many cases, very close to zero when they enter the process. Those who successfully come out of it end up with roughly \$73,000 average net worth. That means a lot of the liabilities were written down in the process of mediation and certainly, if some land is given back or quitclaimed or the debt is written off on it in return for quitclaiming it.

I do not have hard figures on the real question the member asked about size of operation in terms of capital assets owned by the producer, but I just should show him some figures. The net worth is improved. Obviously, the viability is improved because less draw on the guarantee by the producers as the years have unfolded.

Mr. Plohman: Well, I only raise these again tonight and pursue this matter just briefly, because I believe this is a very serious area in terms of the overall future viability of the operation if too much of the assets have been given up in order to satisfy the creditors during that process, and they end up with such a small operation left that they cannot be viable in terms of continuing to farm in any meaningful way in the future. That is what I am trying to get at here.

I think that the function of the percentage of guarantees that are drawn upon is not that important if we do not talk about the levels of guarantee, the amount of dollars on average. Are the guarantees the same as they were in '88-89 per farm? Are we talking about the same kind of dollars?

The second point to the minister is the leaseback of land. A farm can be made viable if the assets themselves are down because of the debt that was incurred. So they have turned over this land base to the creditor and then, through MACC, leased it back. I understand this is only a three-year period, and there is no way a -(interjection)- A five-year period? That is an improvement, but even at five years I think it is very difficult for a farmer who has just come out of a very difficult, troublesome time to be able to develop the equity unless they have some real bumper years with some very good prices in the short term to develop the equity to buy that back again.

I say to the minister that perhaps he wants to look at a longer leaseback provision. I do not have a lot

more questions in this area. Is the longer leaseback provision so that farmers have an opportunity to get their land back rather than taking it after three or five years now—he said it was five—and selling it off to the highest bidder, no longer able to come into the hands of that individual again, if that is the way it works? I just raise that with the minister. He may have some comments on that, but I think he should look at the longer leaseback.

I would also like to pursue with him, perhaps in a different forum, the issue of the assets that remain following mediation process in terms of percentage of what was there before to see whether we have viable units that are left or whether we really have a largely debt-free operation but not viable because of its size and assets that are there to make it viable.

Mr. Findlay: I guess when you consider what was happening to that producer when he went for mediation either under Part 3 or Part 6, either under foreclosure or voluntarily, in either case either he decided or somebody else decided that the business was going nowhere and that probably it was coming to the end of the road, and you go through a mediation process and you give them new life, new opportunity to be able to produce and compete. Obviously there is a reduction in the land base size, but clearly it really comes down to annual cash flow as to whether a person is viable or not. It is not how much land he owes debt on, it is how much land he is making money on. That is really the critical thing.

* (2300)

I think there has always been a perception out there that in order to farm you have to own land. Clearly, in order to farm, you have to cash flow a positive bottom line year in and year out. If you can do that with rented land you may be further ahead for the short term until you get some economic viability back into your operation. In the leasebacks that MACC has in place, those leasebacks as I said are five years. FCC is mandated three years maximum, but we have five-year leasebacks. In that leaseback there is option to purchase and the leasee has an option to exercise that option over the five years. There is nothing that says they cannot renew the lease if they are not in a purchase position in the five years.

We think the statistics indicate that there is improved viability without the mediation process and the debt right down that goes along with mediation.

They were not going to be viable. They just were not viable. The other side of the coin is that farming is not just owning land. Farming is doing other things on a home quarter in the livestock sector, and maybe for some farmers that is more viable to do that than to farm large acreages of bare land. So I think you must appreciate the process is difficult for the person who is in some degree of financial distress, and going through it is difficult for the mediators. I think there is a much higher level of success than what we thought would happen two and three years ago.

Hopefully, those farms that are deemed viable and are now able to make their lease payments without drawing on the guarantees are starting to show viability. I know I have had a couple of letters which have indicated, thank goodness I had that process to give me some insight as to what I have to do in order to farm successfully in the future. Without that process, I would not be in the business today, but I am still here, and I think I can build on my experiences of this process to become viable over the longer term.

A 70 percent success rate, though it may sound high, is not as high as we might like to see it. Certain farm operations in the mid '80s, early '80s, got some heavy leverage with debt that was just unsupportable, and it causes them to go through a mediation process and, in some cases, the mediation does not lead to a successful conclusion.

It is not any different in the agri-business industry. We are seeing a lot of businesses that serve farmers closing the doors because there is not enough business, so they do not have the viability, and that is distressing to see. For them, there is no mediation process. For the farm community, at least there is an option, an opportunity, to go through a process that can, in many cases, find viability, although the land base may be reduced in terms of what they own. The land base actually farmed through leased land may be a little different than when they went through it.

Mr. Plohman: Madam Chair, I want to move along and just ask the minister one short question, whether there is an offer of renewing a five-year lease as a routine option for a person who has gone—well, we do not have that many who have been through the mediation process now and have a chance for—they have not been on it for five years, but there is a five-year lease. Is it the intent of this minister to renew those leases for an additional five

years if requested by the lessee, because he is farming successfully but not able to purchase back the land that he is leasing because he just does not have enough equity?

Mr. Findlay: Madam Chairman, the member referred briefly to the five-year period, and I will just give him some information here. In terms of the guarantees that are in place, there are 16 guarantees that are in their fourth year, 110 that are in their third year, 90 that are in their second year and 57 in their first year.

With regard to MACC leases, when the five-year term is up, if they have not exercised the option to purchase, the land will have to be put up for public tender. The present lessee has the option, of course, to bid in public tender for that land.

Mr. Plohman: Did I hear the minister correctly, Madam Chair, that MACC has the option or must put it up to tender?

Mr. Findlay: Madam Chairperson, the MACC policy is whenever they sell land or they lease land, it is done by public tender.

Mr. Plohman: Sorry, that is not the question, Madam Chair. If a person is leasing land and they cannot exercise their option to buy it after that five-year period, first of all, do they have first option to buy outside of public tender after the five years? Then if they cannot buy, does it have to automatically go to public tender or can they renew their five-year lease to give them a greater chance to develop their equity in property?

Mr. Findlay: Madam Chairperson, the person has the option to purchase the land at the appraised value during the lifetime of the lease. Once the lease expires whether it is a one-year, a three-year or a five-year lease, the policy now is that the land goes back for public tender.

Mr. Plohman: Madam Chair, I would encourage the minister—and I know that I will visit this in the future, this issue, considering the trying times and the stressful times, the difficulty with the debt picture for a certain percentage of producers out there, usually younger producers—to visit that policy, review it, to see whether he cannot keep a few more families on the land by allowing them an extension of that five-year lease. I think that might provide another option that will give them an opportunity to get on their feet. I encourage the minister to look at that.

Mr. Findlay: There are two ways to look at that. If I am a farmer who has a piece of property under lease, and there is other MACC property over here that is under lease that comes up for public tender, I have the option to bid on that land as well as the land I had. So it is a double-edged sword. If you do not open it up to public tender, those who want to increase the viability of their operation do not have an option to bid on that land. You can win or you can lose by that process if you are somebody who wants to expand your land base through the lease option. If you are locked out from an opportunity to access that land, you could have a negative impact on the people also who want to increase their viability by adding to their land base through MACC leases.

Mr. Plohman: Madam Chair, I am not talking about the Crown land leases that are out there that were not part of a unit. When a unit disbands for whatever reason and the people pass away or leave, those leases come up and other people can get those leases or purchase, whatever is the policy of the government at that particular time.

I am talking about a family farm unit where certain parcels of that land have been given back because they had too much debt and were not able to keep them. They then leased them back under this program that the government has through MACC. After five years they still find that they cannot purchase those back. They need some more time. They are getting close, but they cannot do it yet, and they would just go in head over heels in debt if they did it. They need a little more time. Perhaps a second five-year period would be the way to go. That is what I am suggesting to the minister.

Mr. Findlay: Clearly we will give that some consideration in terms of land that had been previously owned, quitclaimed and then leased back. It is an option that can be considered down the road.

* (2310)

Madam Chairman: Resolution 11: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,792,800 for Agriculture, Policy and Economics Division, for the fiscal year ending the 31st day of March, 1992—pass.

Item 7. Federal-Provincial Agreements (a) Agri-Food Agreement \$200,000—pass; (b) Soil Conservation Agreement \$960,000.

Mr. Plohman: Madam Chair, we are prepared to let this pass. I wonder if the minister could table a list of approved projects under this program for this being the second year I believe of the agreement.

Mr. Findlay: Yes, we will get a list.

Madam Chairman: Item 7.(b) Soil Conservation Agreement \$960,000—pass.

Resolution 12: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,160,000 for Agriculture, Federal-Provincial Agreements, for the fiscal year ending the 31st day of March, 1992—pass.

Item 8. Income Insurance and Support Program (a) Administration \$565,200—pass; (b) Tripartite Cattle Stabilization Plan \$1,597,400—pass; (c) Tripartite Hog Stabilization Plan \$6,759,900—pass; (d) Tripartite Sugar Beet Stabilization Plan \$502,600—pass; (e) Tripartite Bean Stabilization Plan \$428,300—pass; (f) Tripartite Lamb Stabilization Plan \$22,200—pass; (g) Tripartite Honey Stabilization Plan \$180,000—pass; (h) Tripartite Onion Stabilization Plan \$22,300—pass; (j) Livestock Development \$734,700—

Mrs. Carstairs: I just have one question in this area and that is that it was my understanding when the Livestock Development Program came into being that it was to put Manitoba livestock producers on somewhat of an equal footing with Alberta and Saskatchewan, particularly because of the Crow offset that had been set in Alberta and then paid in Saskatchewan and there was no such payment in the province of Manitoba.

It is my further understanding that nothing has changed in Alberta and Saskatchewan but we have got out of it in the province of Manitoba. Can the minister explain why he made this decision in light of the fact that certainly the cattle producers thought there was commitment that this would exist until a greater parity among the three western provinces had been found?

Mr. Findlay: Certainly the desirable position for the livestock producers of Manitoba is to be on a complete level playing field with Saskatchewan and Alberta. We ended the program some two years ago hoping that we could negotiate them down out of what they are doing. We have had considerable discussion, particularly with Alberta, with trying to get them to back out of a number of the different subsidy programs they are involved in.

As I said earlier, they have made a move on 9 percent interest no longer being available. They have reduced the fuel subsidy and the fertilizer subsidy. I guess the fertilizer subsidy is basically gone at the end of July. The discussions still continue on the Crow offset payment that they are making in that province right now. We would liked to have been able to continue our program until such time as that happened.

In terms of trying to come up with the fiscal capacity to do the other things we wanted to do on the agricultural budget, we had to make a decision somewhere to reduce expenditures and this was one of the areas. It is not my desire to have to do it but in the matter of having really little or no choice in terms of reducing our expenditures in order to accommodate the GRIP program in particular, our process of trying to get Alberta, Saskatchewan to back off what they are doing so that we have a level playing field, is a desirable option for us. We certainly have talked to a number of producers and that is their preference: to have government out of the subsidy game because nobody wins in the subsidy game in the long run, particularly the richer provinces. They always come out ahead. There is no question, so my arguments will be with Alberta and Saskatchewan to get them to back out of their program, because the best position for all producers in western Canada is to have less subsidies as possible.

Madam Chairman: Item 8.(j) Livestock Development \$734,700—pass.

Resolution 13: RESOLVED that there be granted to Her Majesty a sum not exceeding \$10,812,600 for Agriculture, Income Insurance and Support Program for the fiscal year ending the 31st day of March 1992—pass.

Item 10. Emergency Interest Rate Relief Program \$550,000.

Mr. Plohman: Madam Chair, when do we pass Drugs and Semen Purchases?

Madam Chairman: There is no figure there.

Mr. Plohman: Pardon.

Madam Chairman: There is no dollar figure attached.

Mr. Plohman: Okay, but it still comes up as No. 9, so we can discuss. You do such a good job.

Can the minister give us a breakdown of the semen distribution centre sale, total inventory that

was sold, and the selling price of the operation and assets? Does he have a handout that he could give, or does he want to go into a verbal dissertation on this? It is up to him, but I would appreciate getting some information on who bought it, what price, what inventory and what went with it?

Mr. Findlay: Madam Chairperson, when the decision was made that the Semen Centre was to be privatized, the Semen Centre was probably doing somewhere between 40 percent and 60 percent of the semen business in the province, and the private companies were in the province selling semen, particularly Western Breeders and ABS, two companies that were out, had trucks in Manitoba selling semen. We offered those two companies, Western Breeders and ABS, an option to give us a proposal. They offered that to Select Sires, to Independent Breeders and Universal. We offered it to five potential companies that are in the semen business, asked them for proposals. They came back with various proposals and the sale was undertaken with Western Breeders who offered to purchase the semen inventory and ABS and with the tanks that we had, the semen storage tanks, a private technician bought one and Select Sires bought two of those tanks.

* (2320)

In terms of what we had for sale, technically we had semen inventory for sale. We had tanks for sale. The property that the Semen Centre was in was leased from Government Services, actually owned by the government of Manitoba. The truck was leased, so the truck went back. The semen that Western Breeders bought had an original purchase price value of \$39,400, and the selling price was at that price, \$39,400. Western Breeders bought six storage tanks, and these were storage tanks that were bought in the early 1970s, had an original purchase price on them of \$45,800 and were sold to Western Breeders for \$11,100. Semen supplies in the centre had a purchase price of \$19,200. Western Breeders bought it for \$19,200, so the total cash sale to Western Breeders was some \$69,700.

Tanks sold to other companies, a total of four tanks, had an original purchase price, again back in the early '70s, for \$14,600, sold to those other companies for \$7,200. There is a fair bit of semen that was not sold directly to Western Breeders that is in the hands of Western Breeders to be sold on consignment. This is basically older semen. A lot of it probably should have been removed from

inventory over the years, but Western Breeders will sell it on consignment for the best dollar they can get. There are still some semen tanks that they are also going to sell on consignment.

Mr. Plohman: Madam Chair, the truck then, did that belong to the government and was part of the government fleet vehicles? I understand that is correct, the minister says. As far as the property leased, does this mean that the private company now is leasing government space from the government? How does that work? Do we do that routinely or will that be sold, that space, to them or to someone else? Is there other government offices in that space as well?

Mr. Findlay: Madam Chairperson, Western Breeders has a lease agreement with Government Services. They have leased the property for six months with a six-month option for renewal.

Mr. Plohman: Is it the intent that they will be purchasing that or moving it to another location or why only the six-month period there? What about the furniture and the computers and all of that? Was that rented from Government Services or was that purchased by the company as well?

Mr. Findlay: Madam Chairperson, the space is in a provincial building so I doubt very much if Government Services would be at all interested in selling that space. I think it is quite inconceivable. The reason for the six-month lease, obviously, Western Breeders probably want to assess whether they want to stay there or whether they want to locate somewhere else in the future. They have a six-month renewal option if they wish to exercise it.

With regard to computers, there were no computers in the centre and as far as office equipment there was very, very little—older desk and chairs is about all that was there other than the tanks for storage of semen.

Mr. Plohman: Well, unless the staff there were working in such antiquated conditions, I would think they were similar to other government offices, furnishings and so on, the same as most—(interjection)— Well, if there was no one there keeping inventory and so on. I have not toured the facility myself, so I cannot speak from a personal point of view as to what existed.

The other issue there is the space and the six-month option. Is it the intent of Western Breeders to amalgamate with their existing operation perhaps, do they have another operation?

The minister said that ABS, I believe, and Western Breeders were operating in Manitoba with trucks, but they are located in Alberta, is that correct?—Western Breeders head office, and they do not have an office in Manitoba, except now for the Manitoba semen distribution centre, one owned formerly by the government. Is it a requirement of the agreement of sale that they establish a presence similar to what is there now in Manitoba, maintain that presence, or can they simply deliver from Alberta?

Mr. Findlay: In terms of Western Breeders presence, certainly they had a truck on the road selling fairly aggressively in the province of Manitoba prior to purchasing the semen inventory from the Semen Centre, and there is no adamant requirement that they stay in the existing space. They will choose whatever business decision they choose down the road with regard to the degree of presence they maintain in the province.

If they are going to continue to aggressively sell semen they have a fair bit of competition. They had previously ABS's competition, now because of the changed circumstances, one of the staff members who was in the Semen Centre is now acting as a representative in Manitoba for Select Sires, one company and also the Independent Breeders, yet another company, so really now we are having in the province of Manitoba the presence of four companies in the business of selling semen.

We used to have two and now we have four. As I said, one of the technicians who worked in the centre is the Manitoba representative of both Select Sires and for Independent Breeders, so we have expanded the options for the producer through the process of this sale. I think that any of those companies that want to sort of capture the market here are going to have to have presence. The nature of the presence they have here is going to be important in their ability to capture that market.

Mr. Plohman: Madam Chair, I think what the minister meant to say was that we expanded from three to four, because it was the government option as well, the western ABS, and now he is saying there are four. Previously there were three, so he is saying an additional option.

I guess I have to ask also about the staff. Were there eight positions that—two positions only, those two people, one is acting now as an agent for

another company and the other has been laid off. Is that right, or was it a vacant position? Laid off.

We will leave that, Madam Chair, just in terms of the drug inventory as also part of this line. We had discussed this previously, and I thought it was rather strange the minister had mentioned that the drug inventory was costing 12 percent to finance and about \$200,000 a year, and that was the major cost factor when it came down to discussing whether the Drug Centre was making money or not.

I have followed this up a bit, and I understand that the way it works is this way, and I have to ask the minister to explain a little further on this, because it is rather peculiar. The drug company supplied the drugs on a 90-to-180-day-free basis. In other words, there is no billing until after 90 days or in some cases after 180 days, that is, from three months to six months. The vets charge 1.5 percent per month interest on the drug purchases after 30 days. I am advised that the Drug Centre actually made money on its inventory because of that differential.

* (2330)

They did not take the money from the vets that was received usually within 30 days and send it on to the drug companies where they purchased the drug. Instead of that, they invested it and, on a rolling basis, because of the rotating basis of the nature of the inventory, they always had money invested for at least a 60-day period as a result of this. So there was interest being earned, approximately \$100,000 a year as opposed to a \$200,000 financing cost, as the minister said.

I would like to know whether the minister could explain that, because it seems to me that makes sense. If it is 90-to-180-days requirement before payment has to be made on the inventory, on the drugs from the companies, and we are charging the vets 1.5 percent per month after 30 days, it stands to reason they are going to make money on it, not lose money, and yet the minister assessed a \$200,000 cost to this inventory, to the operations of that centre. I was concerned about that cost initially. I am more concerned now that that is not a realistic cost.

The other aspect is that the space that the minister assessed at \$7 per square foot in the information he gave is basement storage space, and basement storage space does not cost \$7 a square foot, it costs about \$3 or \$4.

Mr. Findlay: Madam Chairperson, in regard to the storage space and Drug Centre space, we were given a figure by Government Services what the cost of the space was. For office space the figure is, as I recall, closer to \$16, and the kind of space he refers to is basement space. As well, there is some office space. We were given a figure, overall, from Government Services of \$7 a square foot.

With regard to the interest charges, there is delayed billing on some drugs, particularly high volume drugs, from some companies, in other words, not completely universally available. The delayed billing process has really been in place for about a year and a half. It has not been there all the time.

There is always an ongoing inventory of about \$1.5 million there. It goes beyond the 90 to 180 days. So there is always an ongoing inventory that is there. There is delayed billing on some of it but, certainly, not on all of it. Once you are past 180 days or whatever the break-off point is between 90 and 180 days, somebody has to pay the carrying costs on that inventory. So there is that on-going inventory. The savings are there for the first time at the time the purchase is made.

There is still an inventory cost of carrying—an interest cost associated with carrying that inventory for, obviously, longer than the periods of time of the interest rate reduction or the interest reduction. It is, as I said earlier, only available on some drugs from some companies, and particularly on high volume drugs. It is not universally available for all drugs.

Mr. Plohma: Well, Madam Chairperson, I remind the minister that if he has a \$1.5 million inventory, and it rotates every three months, that would be \$6 million total or four times 1.5 every quarter of a year. That is only three months, and that is the lower end of interest-free period, 90 to 180 days, as I understand it. The minister is saying, well, some, but he did not say whether some are 180 or some are 90 before the payment has to be made or the interest is charged.

I would not be getting this picky about this, but the minister provided this information to, first of all, justify that there was a cost to the taxpayers. It is pretty hard to do in this case. As a matter of fact, I think this is such shaky information that he should not be able to say with certainty that there is a \$200,000 cost here that he gave and that therefore the net loss of \$115,000, as he said, largely is a

figment of someone's imagination. Certainly the \$1 million figure that was given initially on the Drug Centre was a mistake by the minister, but the second figure that he gave of \$115,000 loss is based on suspect information.

That is why I am raising it. I think the minister got into a situation where he is providing information to justify a decision that was not solid and is still not solid. I do not think that is the basis for the decision at all. I think the minister should admit that the costs had nothing to do with this decision on the Drug Centre.

Now, I would suggest that we move on, Madam Chair.

Mr. Findlay: Madam Chairperson, I guess the veterinarians will be interested in figuring out your math and how you can take over an inventory of \$1.5 million and it not cost anything. They would be interested in that mathematics.

I would also like to tell the member that on the weekend I had occasion to have to call a vet. His first question was, is the Drug Centre purchase still going on? I said, absolutely. He says, boy are we interested in getting a hold of that. We are going to make some more business activity in the province of Manitoba because we are going to sell it in Saskatchewan.

Just as I told the member the last time we were talking about this, options are there for northwest Ontario to Saskatchewan. The business can be generated out of this province so it will create more activity and, obviously, I would have to think more jobs associated with the Drug Centre. They see it as an opportunity, and certainly they see, as one of the stumbling blocks in the process right now, how they are going to finance that inventory cost. They associate this as a real cost to it in terms of interest carrying costs.

Madam Chairman: Resolution 14: RESOLVED that there be granted to Her Majesty a sum not exceeding \$550,000 for Agriculture, Emergency Interest Rate Relief Program for the fiscal year ending the 31st day of March 1992—pass.

Unless the honourable member for Dauphin (Mr. Plohman) has a question on item 11, or the honourable Leader of the Second Opposition Party.

Item 11. The Manitoba Interest Rate Assistance Program—

Mrs. Carstairs: We certainly do, Madam Chairperson. Will the minister finally tell us what he spent on this particular program?

Mr. Findlay: On this program, when the final analysis and all the figures were in, the expenditure was \$14.4 million.

Mrs. Carstairs: Madam Chairman, I wonder why that does not surprise me that it was \$14.4 million when it was budgeted at 23 point almost four million. It is getting late but I think that is about \$9 million less than the government bragged about, applauded themselves for, patted themselves on the back about, but did not, in fact, reach into the pockets of the Manitoba farmer.

We have known all along why the minister did not want to give the figure. He did not want the federal government to offload any more expenditures onto the province than they had already been willing to do. I will have to suggest that I am glad we finally had the minister come through with the appropriate figure.

* (2340)

However, I think that he will recognize that it will make fodder on the campaign trail for those of us who said from the beginning he would not be spending \$23.4 million on this particular program.

Mr. Plohman: Madam Chair, I just wonder why the minister did not reconcile his statements there to have the accurate expenditure for the budget. He must have known that at the time. I notice it has gone from \$23 million to nothing. Normally, when you reconcile your statements for the end of the year, you reflect what actually happened the year before to what is in the budget this time. That is certainly true when staff are changed, the dollars change and appropriations change. Why does it not happen in this particular case that the accurate reflection, not the budget amount, but what actually happened last year in that line in the book -(interjection)- the Adjusted Vote, yes.

Mr. Findlay: I guess the shortest answer I can give is the fact that that final figure still was not available when the budget was printed in March of this year.

An Honourable Member: You could have a better guess, though.

Mr. Findlay: I do not like to guess. Wait for the final figure.

In terms of the participation, in terms of the acres that were signed up, some 63 percent of the acres

were enrolled in the program, which would indicate that there were a number of farmers who do not use operating loans. I guess I congratulate them for not creating an operating loan just to access sort of -(interjection)- and some of them did—but that degree of creating an operating loan to get a hold of the government money was not as rampant as one might have first thought.

The other interesting statistic was that through the course of the lifetime of that program the interest-free cash advance became available. It obviously was cheaper to go and get the interest-free cash advance and pay off your operating loan. So there was some reduction of call on the program of some 16 percent in that final four months from the previous four months, because all those loans were paid off so that reduced the draw on the program by approximately another million dollars.

Madam Chairwoman: At this time I would ask that the minister's staff leave the Chamber.

We will now deal with 1.(a) Administration and Finance, the Minister's Salary, page 14.

Mr. Plozman: Madam Chair, as we have gone through these Estimates, I was trying to think of the most novel way to cut the minister's salary. I decided that I am not going to move a motion to do that, although it is not because it is a vote of confidence in this minister. It is simply a matter of expediting the situation and the time and so on today.

There was a very good chance at one point that the minister was going to have to face such a motion. I was going to make it \$14,985 as opposed to the \$20,000. That was based on the average net cash income for Manitoba's 27,000 farmers as listed in the latest information that I have, which is about a 27.25 percent drop from last year, on figuring it out on the minister's salary, a 27.25 percent drop in the minister's salary and a 28.6 percent drop year over year for farmers' net cash income. So it would have been very close. The minister would have had a drop in his salary within a percentage point of what the farmers have had from 1989 to 1990; '91 is going to be very close.

I guess next year I could not use that rationale, but I would tell him that it looks like they are not going to be making any more money overall in this coming year. The projections, as it seems now, it might be around the \$15,000 mark next year. So I thought

that the minister probably should be able to get by on the same amount that most farmers on average in Manitoba have to get by. He already has that salary on the side as a farmer, and he is probably not on the average either. So we could have cut him by about \$6,000.

I say that facetious comment in terms of the rationale and so on, although I think that it is warranted on the basis of the information that we received from the minister on a number of occasions throughout these Estimates. I was very disappointed in some areas with the minister's responses on the whole privatization issue, I want to tell you. I think that he initially followed the government line that this was being done to save dollars. In fact, it does save dollars in his department, but it does not save dollars for the government overall in some cases and, in the others, it is very marginal.

So it would have been much more forthright for the minister to come forward initially and say he saw opportunities for developing further in the private sector for job creation, opportunities for expansion of this industry. He did not think it was a function done by government for whatever reason, but to say it was being done to save the taxpayers' dollars was misleading insofar as the reason, the motive behind what he was doing. I think if he is honest to himself and to us and to the people of Manitoba, he would be able to admit that.

That was really what I was after in the whole dissertation on this, the whole probing of this, the questions of the minister right from the very beginning when he stood up in this House on March 14 and said that this is our major reason for doing this, a million dollars to do that. He never once corrected the record. He let that stand for three months on the record, that huge error of a million dollars. That to me is not something that the minister should feel too good about.

I was concerned, as well, about what seemed to be a lack of sensitivity and concern about GRIP and its impact on various categories of farmers and regions, the differentials, the inequities in the program that we have pointed out to the minister and the failure of him to say, yes, I recognize that. It is certainly not perfect, and I really want to see those straightened out, and I tried but I could not.

He did not do that, because I do not know if he believed that they were inequities. He believed

that, yes, people who were in crop insurance should get favourable treatment, so he did not do anything to straighten that out. I think that is unfortunate insofar as the minister's response.

I think he has not provided clear information as to how farmers are able to survive in future years after the liquidation process that goes on in the Mediation Board. He has provided information that leaves on the record that he believes or that he is making the point that farmers come out of this successfully 70 percent of the time.

* (2350)

I am saying, what really is success when you look at this in the final analysis? Are we keeping those farm families on the land in a position where they can farm in the future? We have not been able to get the kind of definitive information, although the minister does make some contentions that he believes that, because they are not drawing on the loan guarantees to the extent they might have been before, that they are viable entities. I do not think that is enough. I think there is a lot of fine information missing there.

Insofar as the 4-H Program, I think the minister has shown a great deal of insensitivity and lack of—I am surprised, really, I know his background in agriculture and so on—a lack of understanding about the impact of the positions that he cut and what those people were doing and the impact that it had on the 4-H movement both morally as well as, in practical terms, in terms of future success of the 4-H movement in this province.

I think that during the haste to find, to ante up, to do his share for the budget-cutting operation for the Minister of Finance (Mr. Manness), the process; he put forward ideas that had not been thoroughly thought through with no consultation, of course, because all of it was done in secret. I think the minister should acknowledge that, and he should say that in the future if he was doing this he would hope to have more time to delve into some of these issues in more detail before he put them forward, so he would understand the implications of doing them before he did.

I think those kinds of elements of this budget that I have identified in these few minutes—and it is late—illustrate that the minister has not been on top of the issues in all cases, nor has he been completely forthright with this Legislature in providing accurate information. Those things have

been lacking, and that is why I feel he is entitled to a cut in his salary. Even though I am not moving the motion, I certainly would speak in favour of it, had someone moved it. Thank you, Madam Chairperson.

Mrs. Carstairs: Madam Chairperson, I suppose that I have one advantage over the member for Dauphin (Mr. Plohman), and that is that I have already been through two other Estimates in this round. I dealt with the Minister of Education (Mr. Derkach) and his Estimates process, and I dealt with the Minister responsible for Decentralization (Mr. Downey).

In both of those Estimates, particularly in Education, there were several motions to reduce the minister's salary. In comparison, the Minister of Agriculture (Mr. Findlay) does relatively well. So I never had any intention of introducing a motion to delete his salary in any way, shape or form, not because I am particularly pleased with what is going on in the Department of Agriculture, not so much from the department's point of view because I think he has a competent staff who are carrying out their jobs with a skill of a very high level, but I am disturbed at the overall government's attitude towards agriculture at a time when agriculture is under such stress.

There appears in a government that—I think there had been great expectation from those who come from rural Manitoba, because they see this government, whether that is realistic or not—but many of them perceive this government as being rurally based and therefore more in tune with those who live in rural communities. They tend to see the Liberal Party as an urban party. They tend to see the New Democratic Party as a northern party and as an urban party. They see the Conservative Party as a party of the farmer, of agriculture Manitoba. Yet it is this government that has reigned over the gradual reduction of agricultural budgets year after year after year.

It is something that, quite frankly, when I am in rural Manitoba, farmers ask with some perplexity saying, how come? Why is this happening, because we thought those were our representatives; they would defend our interests at the cabinet table? I do not think those interests have been well protected.

I think that there is indeed an orientation that budgets in terms of the recession must be cut,

curtailed, but I think there was an expectation of the farm community that GRIP would not come out of previous allotments for Agriculture. It would come out of new money. I think that was a commitment, quite frankly, that was given by this government, particularly by this minister, but the impression was left by the government that this would be a new program for the farm community in the province.

Well, it has been a new program but with old money taken from whatever aspect of the Department of Agriculture that they could find that money.

So I think that the farm community has felt let down by this government as a whole. I think that they want the Minister of Agriculture (Mr. Findlay) to be a stronger advocate for them in the cabinet room. Maybe he is. We are not privy to those debates or those discussions. Maybe he puts his case as firmly and as forcefully as he can put it, but if he is doing that, it is not being listened to by the majority of the members who are also sitting around that cabinet table with him.

So I find no particular fault with the minister, but I do find fault with the government and its lack, I believe, of commitment to agriculture in Manitoba, to rural Manitoba and to farm people in the province of Manitoba. I deeply regret that. Let me assure this minister that he is one whom I hold in great respect and that I feel that he has been under stress and that he has tried to do his best, and I just urge him to try and do a little bit better during the negotiations for next year's budget.

Mr. Findlay: Madam Chairperson, I will just conclude this with a few quick comments. I appreciate, maybe it is the urgency of the time, that there is no vote on my salary, but I will tell the member for Dauphin (Mr. Plohman) I know what the salary of farmers is because I have to live and breathe it every weekend when I go home.

I will tell the members that I personally have a great degree of concern about the future of the agriculture industry and its ability to continue to do the good job it has done for putting food on the tables of the world for many, many years. We have undergone a lot of stressful issues in the last few years, particularly the decade of the '80s. As we enter the decade of the '90s, you know, I have expressed some concern that the GATT process, unless there is resolution in some positive sense, our fiscal capacity to continue to subsidize the

production of wheat for the world export market is going to be difficult for the taxpayers of Manitoba, the taxpayers of Canada.

I thank the member for River Heights (Mrs. Carstairs) for her comments about my staff, because, clearly, I do have significantly dedicated staff, and I encounter on many occasions as I go through rural Manitoba people who are from different commodity groups or different interest groups say how they appreciate the work ethic and the commitment and dedication of various groups of staff and, particularly, certain individuals. That is very reassuring to hear that they are committed, put in the extra effort, go out of their way, go beyond the call of duty to satisfy the basic client, and that is the farmer out in rural Manitoba.

On the privatization issue, I will continue to say that, you know, it was attempted to reduce the costs of government. Clearly, as the member for Dauphin (Mr. Plohman) identified, there is economic opportunity created for the private sector to expand and develop now that the privatizations are underway.

With regard to GRIP and the future expenditures that we have committed to; not only do we have the budgeted commitment of \$43 million, there is also the liability of 35 percent of the deficit that accrues in the name of the province. So we have already committed ourselves next year and the year after to not only the premium payment but that portion of deficit liability which may in the first year amount to some \$70 million. So, you know, when other people are looking at me, they know that I am giving you a direct commitment of this today, but you are also committing yourselves to a liability down the road that somebody has to fund along the way. We are committed to NISA which will cost us, you know, some \$5 or \$6 million next year, more like \$11 or \$12 million in two budgets from now.

* (0000)

There is a lot of additional commitment that is in the works that is going to happen for the industry of agriculture in Manitoba. The question of 4-H—certainly, not in my desire or in my liking to have to be able to reduce there but, again, I guess anywhere we make reductions there always will be questions asked, why, why? It was our feeling that the delivery line was there for the 4-H program with the existing staff in the department and the volunteer leaders who are out there and that the assistants

were not an absolutely essential component of that process—although an important component, not absolutely essential. I would hope things improve in a couple of years, and maybe we can get back to using their expertise again. It is unfortunate for this period of time that we had to decide what we did.

With regard to the survival of economically depressed units in agriculture, I guess we can take some consolation in the fact the number of applications for mediation are down from a year ago. We hope that they continue to stay down, but there is certainly no assurance that will be the case.

I have a high level of confidence in the people who are doing the mediation process that they are getting the best deal possible for the producer, certainly much better than he could get if he had to negotiate the settlement directly with the financial institution themselves.

As I said earlier, I have concerns about the future, what direction this industry is going, how viable it will be down the road, but I have a lot of confidence in the leadership that exists in the farm community and the kind of expertise that we have on our staff that we will be able to make more right decisions than wrong decisions in the coming years as we move this industry along. If we ever get some good news on the international trade front it will go a long way to stimulating the morale in this industry from where it is today.

I certainly want to thank my critics and the member for Swan River (Ms. Wowchuk) for the contributions they made through the discussions we have had. Clearly, although once in a while the discussions got a little carried away from all sides, by and large I looked upon the process as a good, constructive discussion, and it will not be too long before we are back at this again.

Mr. Plohman: Madam Chair, I have just one short comment. I just want to emphasize the point that I think was made by the Liberal Leader (Mrs. Carstairs) in response to the ominous statements that were made by the minister about major expenditures that are still to be incurred in future years, NISA being one of them and deficit and GRIP. I hope the minister will resist giving in to pressure to find from within, because I believe he has cut a lot of meat in this year's budget in Agriculture to find the funds for GRIP. He was lucky that some of the other areas were underspent so it was easier in some

areas, certainly in MACC and in the area of interest relief, where \$9 million was revealed not spent last year, so it looks like it is the same, so he did not have to find as much, but he still had to find significant dollars.

The department cannot take that kind of cut two years in a row, and it is not going to get better next year. It is going to be just as tough next year, maybe even tougher, and I think the minister is going to have to say to the Minister of Finance (Mr. Manness), we need those dollars here because this is largely as a result of federal offloading that we have all of this.

The second thing is, I do want to add my words of support for the staff in the department. I think by and large the minister has an excellent staff working throughout the province dedicated to the work. I think in some instances the work they are going to have to do is unfair now as a result of the cuts, and I point to some of the areas like 4-H, for example, where people have to pick up jobs that were previously done by others in order to try to meet the needs out there, and I just think they are going to have a difficult time doing it, but it is not because they are not committed to doing the task at hand.

So I want to add my words of support to the staff, and certainly we will be watching all of these areas very closely in the next—hopefully to make the minister's life a little bit miserable once in a while.

Madam Chair: Item 1.(a) Minister's Salary \$20,600—pass.

Resolution 6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,855,800 for Agriculture, Administration and Finance, for the fiscal year ending the 31st day of March, 1992—pass.

This concludes the Estimates for the Department of Agriculture. The hour being after twelve midnight, committee rise.

Call in the Speaker.

IN SESSION

Madam Deputy Speaker (Louise Dacquay): As previously agreed, the hour being past twelve midnight, this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 24, 1991

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