



First Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

39 Elizabeth II

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARR, James	Crescentwood	Liberal
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward, Hon.	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack, Hon.	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, November 2, 1990

The House met at 10 a.m.

PRAYERS

ROUTINE PROCEEDINGS

TABLING OF REPORTS

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I would like to table Provincial Tax Comparison booklet, revised October 1, 1990.

INTRODUCTION OF GUESTS

Mr. Speaker: Prior to Oral Questions, may I direct the attention of Honourable Members to the gallery where we have from the Teulon Collegiate twenty-seven Grade 11 students. They are under the direction of Ed Masters. This school is located in the constituency of the Honourable Member for Gimli (Mr. Helwer).

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

ORAL QUESTION PERIOD

Burns Meats Ltd. - Brandon Plant Closure

Mr. Gary Doer (Leader of the Opposition): Mr. Speaker, Manitobans were again greeted with bad news this morning with the closure of the Brandon meat plant and the loss of 100 jobs in our Manitoba economy.

The Premier and I and other Members of this Legislature were part of a reception less than a year ago with the CEO of the Burns plant where he talked about the corporate partnership with Manitoba and the corporate responsibility that Burns had to our province.

I would ask the Premier whether he has contacted Arthur Child, the CEO of Burns Meats, to protest the closing of the plant and the loss of these jobs. Has he intervened with the CEO to ensure that the promises the CEO made to Manitobans less than a year ago will be fulfilled and that plant will not be closed?

Hon. Gary Filmon (Premier): Well, Mr. Speaker, I missed the latter part of the assertion on the part of

the Member for Concordia. Did he suggest that Burns had made a promise that they would not close the plant? Is that what he is suggesting?

Mr. Doer: I asked whether you contacted Arthur Child. That was my question.

Mr. Filmon: Mr. Speaker, yes, indeed, I have been in touch by telephone over the past weekend with Mr. Child and have met with him personally on a couple of occasions during the past month in an effort to see whether we could head off the decision that Burns was being forced into as a result of the overcapacity for killing of beef that has developed in western Canada primarily as a result of the large Cargill plant at High River. I might say that this is an ongoing effort, and the Leader of the Opposition may know that we on this side of the House severely criticized his administration and his former Agriculture Minister, Mr. Uruski, for not providing the beef stabilization plan to the feedlot industry, which resulted in the closure essentially of most of the feedlot operations in Manitoba during the '80s and that capacity being shifted to Saskatchewan and Alberta primarily and therefore the growth of the killing plants in Alberta.

Having said all of that, I might say to the Leader of the Opposition that part of our discussion has been with respect to the corporate responsibilities of Burns to Manitoba and our efforts to attempt to convince Burns to continue an investment and a significant employment in Manitoba. They continue to have, of course, significant operations in Winnipeg, but also we are concerned about the Brandon operation and want to enter into some agreement for the continuation of employment in the Brandon area.

* (1005)

Job Placements

Mr. Gary Doer (Leader of the Opposition): Of course, feedlot programs, political comments will not help a 40-year-old worker who is faced in a community like Brandon of probably having to take a part-time job or a service sector job, which has happened to hundreds of people in the last couple of months, Mr. Speaker.

My question is to the Premier. He has just indicated that he is attempting with the CEO of Burns to secure employment for those people. Can the Premier tell us what the 100 people who were laid off today, what jobs have been secured for those people and the other 50 who have been systematically laid off over the last couple of weeks, what jobs he has secured for those workers and families in Brandon?

Hon. Gary Filmon (Premier): Mr. Speaker, I have as much concern and sympathy for the loss of this 100 jobs as I did back in the mid-'80s, when under the New Democrats, Canada Packers closed down in Winnipeg and 825 jobs were lost at that time.

As a result of the changes that have taken place in the packing house industry that I believe could have been headed off by proper policies of the former New Democratic administration, what we are talking about with Burns is reorienting that plant in Brandon to deal with other processed foods and the opportunity that that may in fact provide for long-term employment, shifting out of just the beef kill into value-added processing that would be a greater long-term benefit and a significant employer in the Brandon area. That will take a little bit of time.

There are some studies under way by the Department of Industry, Trade and Tourism in co-operation with Burns to see whether or not a package can be put together to do that.

Mr. Doer: The Premier well knows that there was an agreement between—or public funds were forwarded to Burns for upgrading of both the Winnipeg and Brandon plant to prevent what happened to Swift's and Canada Packers in Manitoba.

My question to the Premier is: Given the workers today did not have any idea of what the Premier is talking about in terms of alternative jobs, will the Premier share with the workers and families in Brandon what he may have secured from the CEO from the Burns plant, because that is not the message the workers got in the Brandon plant today? They were told they were gone and there was nothing left for them.

Mr. Filmon: Mr. Speaker, let us be clear about what we are saying. The plant in its current existence and current form cannot compete, given the excess capacity in the western Canadian market for kill. We recognize and Burns recognizes that by virtue of investments that former Governments have made

in their operations that they have some obligations to Manitoba. We are given assurances that their operations in Winnipeg continue to be viable and continue to be very well positioned in the market, but the Brandon operation of course is competing with much larger, much more efficient facilities in Alberta.

What we are talking about is a future potential that has not been agreed to and may not be agreed to. We are working to try and reorient Burns' investments in the future in Manitoba into value-added potential that has longer-term potential for employment, because—Mr. Speaker, the muttering of the Member for Dauphin (Mr. Plohma) as usual does not contribute anything to the situation and, regrettably, that is not going to help the workers. We are trying to do something—

Mr. Speaker: Order, please.

Brandon, Manitoba Industry Closures

Mr. Leonard Evans (Brandon East): I have a question for the Minister of Industry. As my Leader has indicated, we have received the shocking news of the Burns meat plant closure in the City of Brandon. I might add, since this Government was elected we have already lost 44 jobs with the closure of Marr's Leisure Products, which was a direct result of the Free Trade Agreement; we lost 36 jobs with Great Western Outerwear. Indeed, Brandon's industrial base is being seriously eroded.

Does this Minister have any idea of any other major businesses or industries that are about to be closed in the City of Brandon?

* (1010)

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, I want to say first that it is an unfortunate circumstance for the City of Brandon with the closure of the Burns plant there. We sincerely regret that and the loss of 82 jobs in Brandon.

We have to understand first of all that the Brandon plant closure is a classic example of the consequence of massive Government interference in the marketplace, principally by the Government of Alberta.

What you have is a Government in Alberta who has invested \$150 million of taxpayers' money into subsidies for plants in the packing business. That has severely impacted on the Brandon situation. It is something we regret. It is something that I and my

colleagues in Government have talked to the Government of Alberta about on a regular basis.

We regret the closing of that plant. We are, as the Premier (Mr. Filmon) indicated, working towards establishing additional value-added processing of food products for Brandon and the creation of new jobs.

Burns Meats Ltd. - Brandon Alternative Plant Usage

Mr. Leonard Evans (Brandon East): Mr. Speaker, I am not sure whether to be encouraged or not by the Minister's reports.

I wondered whether the Minister can share with this House any specific studies that his food branch in his department—any studies or reports that division might have indicating whether there really is some hope for that plant to be used for some other type of meat packing or indeed some other purposes, or is there no hope whatsoever for the utilization of this facility?

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, the Member for Brandon East was not listening to the Premier (Mr. Filmon) and he was not listening to my answer just a moment ago.

What we said was we are -(interjection)-

Mr. Speaker: Order, please. Order.

Mr. Ernst: Mr. Speaker, what the Premier and what I said just a moment ago was the fact that we are working with Burns foods to look at value-added processing of food products in the Brandon plant. We are hopeful that we will be able to see something established there in the very near future.

There are no guarantees. We are working very, very hard with Burns to try and establish some additional value-added processing that will create new jobs in Brandon.

Mr. Leonard Evans: I had asked the Minister whether he would share those studies with the House. That was the point of the question.

Brandon, Manitoba Industrial Development Plan

Mr. Leonard Evans (Brandon East): Does the Minister and his department have an industrial development plan for the City of Brandon, Manitoba's second largest city, that the community of Brandon could have some faith that this

Government will take some action to create industrial jobs, because, Mr. Speaker, we have not only lost jobs in industry, we are scaling back in nursing home jobs in the City of Brandon since this Government has been in office? We have lost jobs at MPIC, Mulroney has shut down—

Mr. Speaker: Order, please; order, please. The question has been put.

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, my department and I, as the Minister, work very closely with the City of Brandon, through the mayor, with the Brandon Economic Development Board in terms of creating new industries and new jobs for the City of Brandon.

We recognize that every community in this province needs an industrial base, needs some kind of economic activity apart from simply being an agricultural supply centre. All of these communities need diversification if they are going to survive, including Brandon.

I have been there myself twice with my departmental staff in the last year to meet and work with people in the Brandon area to look for opportunities for new industries there, and we will continue to do that.

Burns Meats Ltd. - Brandon Plant Closure

Mr. Gulzar Cheema (The Maples): Mr. Speaker, my question is for the Minister of Labour.

On February 22 of this year, the Member for St. James brought to the attention of the then Minister of Labour the possibility of layoffs at Burns. Now, more than eight months later, we learn with surprise that Burns is laying off 100 workers this morning.

Back in February, the then Minister of Labour said that she did not know what was going on—

An Honourable Member: He said Burns in Winnipeg.

Mr. Cheema: Pardon me? Why can you not keep quiet now? -(interjection)-

Mr. Speaker: Order, please.

Mr. Cheema: Mr. Speaker, I quote what the then Minister of Labour said: I will be in touch with the Labour Adjustment unit.

Can the Minister of Labour tell us today what his Government has done for the last eight months to ward off the layoffs by Burns Meats, one of

Manitoba's largest employers, and if they have done anything, why have they failed again?

* (1015)

Hon. Darren Praznik (Minister of Labour): Mr. Speaker, the question from the Member for The Maples I think illustrates—not wanting to be overly critical—but a lack of understanding of the meat industry, because anyone who has spent any time looking at the industry and understanding what has happened in the meat industry across Canada, particularly with the investment of Cargill in Alberta and the Alberta Government in the industry, you can see tremendous changes taking place across that industry.

I should tell the Member for The Maples that there have been several major plants closed in the last year in Ontario for exactly the same reason. So it has been a problem across the entire country because of the operations of the Alberta Government.

Burns Meats Ltd. - Brandon Plant Closure

Mr. Gulzar Cheema (The Maples): Mr. Speaker, on February 22 the Premier said that when he met with the chief executive officer that he saw the opportunities and climate much more positive in Manitoba. Can the Premier tell us what has happened for the last eight months? Why are we having 100 layoffs? Why did they not pay attention in February?

Hon. Gary Filmon (Premier): Mr. Speaker, the whole packing house industry is being subsidized massively in the Province of Alberta. As a matter of fact, the Burns foods people can buy their carcasses from the Cargill plant in Alberta for \$50 cheaper than they can kill it and produce it themselves.

That is what has happened because of this massive subsidized investment in the Cargill plant and other plants in the Province of Alberta. That is what has happened over the past year. That plant was not in operation until this past year.

So I say to the Member for The Maples, if he would read the papers, if he would discuss with people in the industry he would find out, and he would not ask these silly questions.

Mr. Cheema: My question is for the Minister of Labour. Mr. Speaker, if the Premier finds that 100 people who are going to lose jobs a silly question I

think he is stupid. It is a serious matter. People are going to lose jobs.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. Order.

Point of Order

Mr. Speaker: The Honourable First Minister, on a point of order?

Mr. Filmon: Yes, on a point of order. Certainly, I have indicated very strongly that the loss of 100 jobs is of great concern, a very serious matter, but asking what has happened in the past year without understanding what—

Mr. Speaker: Order, please; order, please. The Honourable First Minister does not have a point of order. It is a dispute over the facts. Order, please; order please.

Labour Adjustment Branch Funding

Mr. Speaker: The Honourable Member for The Maples, kindly put your question now, please.

Mr. Gulzar Cheema (The Maples): Mr. Speaker, my question is for the Minister of Labour. How is this Minister going to justify a total increase of three cents per worker in Manitoba for the Labour Adjustment Branch when a lot of people are losing jobs? How are they going to satisfy—

Mr. Speaker: Order, please. The question has been put.

Hon. Darren Praznik (Minister of Labour): In answer to the question from The Maples, first of all I should tell him that this morning the Labour Adjustment Branch has been authorized to attend at Brandon, to meet with representatives of the union. The company has appointed two representatives to that committee and that committee—

An Honourable Member: Three cents.

Mr. Praznik: Now, Mr. Speaker, the Members of the Liberal Party opposite keep throwing, three cents.

I do not think one of those Members has probably spent five minutes going down and checking on what the Labour Adjustment unit does. I can tell you as a new Minister that that is an extremely effective unit. If the Members opposite would take the time to go down and see the work they are doing instead of criticizing those people in this House, it would serve public debate better in this province.

Food Processing Industry Trade Deficit

Mr. Jerry Storie (Flin Flon): Mr. Speaker, as the Premier suggested the loss of a 100 jobs in Brandon is a very serious matter, and I am sure the people of Brandon would take more comfort from an action on the part of this—

Mr. Speaker: Order, please; order, please. The Honourable Minister has had an opportunity to respond to the question. The Honourable Member for Osborne (Mr. Alcock) will have an opportunity to ask a question. The Honourable Member for Flin Flon has the floor.

Mr. Storie: Mr. Speaker, the people of Brandon and the workers at Burns want more than messages of condolence, they want action from the Government. In the last two years since this Government took office, the trade deficit in the food processing industry has dropped some 244 percent from a trade surplus of \$19 million to a trade deficit of \$26 million.

Mr. Speaker, the Minister of Industry, Trade and Tourism and the First Minister failed to touch on perhaps the most serious problem that Manitoba faces. That is the Free Trade Agreement.

Mr. Speaker, my question is to the Minister of Industry, Trade and Tourism. Given that everyone, including McCain Foods and other food processors, predicted this kind of decline in food processing jobs in Canada and in Manitoba, can this Minister indicate what this Government is going to do to prevent the complete loss of all food processing jobs in the Province of Manitoba?

* (1020)

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, first of all I will let the Member for Flin Flon know that cattle and beef have traded back and forth across the U.S.-Canada border for very many years without any tariff whatsoever. -(interjection)- Tariff free—free. So it has nothing to do with free trade in terms of the transfer of red meat back and forth across the border.

With respect to the Brandon situation, as I indicated to the Member for Brandon East (Mr. Leonard Evans) and I will indicate now to the Member for Flon Flon (Mr. Storie), value-added food processing is something that we are very actively pursuing with the Burns people for Brandon to provide jobs in Brandon, to provide utilization of the

facility that was virtually subsidized out of existence by the Alberta Government.

Free Trade Agreement Food Processing Industry

Mr. Jerry Storie (Flin Flon): Mr. Speaker, the Minister missed the essence of my question. The question is not just concerning the meat packing industry. The fact is, since 1989 we have lost 1,000 jobs in the food processing industry—Paulin's, Ogilvie's, Campbell's.

Mr. Speaker, our industry is disappearing from underneath us. Does the Department of—Liptons, we could go on. The question is: Does the Department of Industry, Trade and Tourism—does this Government have any plan to deal with the implications of the Free Trade Agreement on the food processing industry? Is the Government planning to do anything?

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, first of all, the preamble by the Member for Flin Flon is wrong. The fact of the matter is that the movement of a food processing capability from a 120-year-old plant at Ogilvie's in Winnipeg to a brand new plant in Ontario does not constitute a problem with regard to free trade. They have indicated, Paulin Chambers has indicated, Campbell's Soup has indicated that none of those things relate to free trade.

In terms of Campbell Soup alone, Mr. Speaker, they closed one plant in Quebec, one plant in Toronto, one plant in Portage la Prairie and four plants in the United States in order to consolidate and to rationalize and to cut costs in their industry. Each time—and I am surprised quite frankly that the Members opposite did not come up this morning and claim that the Brandon closure was because of free trade.

Legislative Review Committee

Mr. Jerry Storie (Flin Flon): Mr. Speaker, we have come to expect this Minister to keep his head firmly planted in the sand. It is no coincidence that our manufacturing base is disappearing, our food processing base.

My question is to the Minister of Industry, Trade and Tourism (Mr. Ernst), or to the First Minister. Will this Government establish a legislative committee to review the implications of the Free Trade Agreement on the food processing industry in the

Province of Manitoba so that we can all understand the implications of ramifications of this agreement and develop a plan which Manitobans deserve to deal with what is going to be a crisis for the workers in Manitoba?

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, the Member for Flin Flon requests that we establish a committee. Let me tell you that industry by industry, I and my department regularly, since the implementation of the Free Trade Agreement, meet with those industries to determine what problems are arising, if any, and what we can do as a Government to assist Canadian manufacturers and Canadian processors in terms of exports. That has worked well to this point and we would continue to do that.

In addition, as the Minister of Finance (Mr. Manness) indicated during his budget presentation and the First Minister (Mr. Filmon) has indicated on a number of occasions, the fact of the matter is, we need to create an environment here in Manitoba where businesses want to invest. We have to create an environment here where they are able to conduct their business without penalty—penalties in terms of taxes, penalties in terms of a number of other initiatives that former Governments have taken. We are doing that.

* (1025)

Pelican Lake Enhancement Project Government's Position

Mr. John Plohman (Dauphin): Mr. Speaker, I have a question for the Minister of Natural Resources. The Pelican Lake Enhancement Project has been talked about for a number of years and certainly the reason that it has taken so long is because it has been very controversial. As a matter of fact, it came forward in 1987 as a tourism proposal under the Manitoba-Canada Tourism Agreement for the Tri-Lakes, Rock Lake, Swan Lake, as well as Pelican Lake.

I ask the Minister of Natural Resources, is it his position, as reported in studies and in the press, that this project is primarily a recreation enhancement project for Pelican Lake?

Hon. Harry Enns (Minister of Natural Resources): Mr. Speaker, there are always combinations of hoped-for benefits when a project like this is undertaken. Members of this House will remember the all too frequent reports of substantial

fish kill because of the low waters and the environmental concern that that has caused. There is an environmental concern with respect to the welfare of the fish populations that would be enhanced by the raising of the waters. This is a project that the residents of the area have requested for over a decade.

I am satisfied that the lengthy process of environmental review, both provincially and federally, has been adhered to. I am pleased that the licences have been granted. I note that there are still further concerns being expressed, but that is the way of these projects. I can only indicate to the Honourable Member that it is my understanding that the Department of Government Services is proceeding to acquire some additional land that is required for the project, and when that is done hopefully the project will commence to be constructed.

Agricultural Benefits

Mr. John Plohman (Dauphin): Mr. Speaker, in view of the fact the Pembina Valley Protection Association, representing over 100 farmers in the area, strongly opposes this project—as a matter of fact, they are taking the Government to court—can the Minister of Agriculture indicate to this House and explain to this House, just what those agricultural benefits are of this project?

Hon. Glen Findlay (Minister of Agriculture): Mr. Speaker, one of the problems we have in agriculture is insufficient water in certain times and places. Drought has occurred in this prairie region far too often. Any program that does anything to manage water in a better fashion to keep water on the Prairies makes it available not only for tourism, not only for fisheries, but also helps agriculture in the longer term. In that context it is beneficial to agriculture as a whole in the Province of Manitoba.

Mr. Plohman: Mr. Speaker, this is an incredible answer because the fact is that Pelican Lake water is not deemed to be suitable for irrigation. Given the fact that the effects on agriculture will be more negative than positive, as shown by the studies, I ask this Minister how he can justify spending \$600,000 from the Agri-Food Agreement, which is designed to promote sustainable agriculture on a project that is going to be marginal or negative on agriculture.

Mr. Findlay: I think the Member has lost sight of what was said out there by the NDP candidate who

said if he was elected, the project would proceed immediately. So I wonder—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Minister of Agriculture, finish his response.

Mr. Findlay: Yes, Mr. Speaker. I guess that bothers the Member that some of his candidates made statements in response to what the public wants. The program has undergone due process and I believe that it will be beneficial to agriculture in the longer term. That is the position of the people in general.

Reid Family Inquiry Firearms Recommendations

Mr. Reg Alcock (Osborne): Mr. Speaker, yesterday we had the report of the inquest on the Reid case in St. Boniface. The judge who conducted the inquiry made a series of recommendations, some of them on the control and management of firearms when they are detected in critical or dangerous situations such as this. I am wondering if the Minister of Family Services can tell us what action he has taken to see that some of these recommendations are implemented.

Hon. Harold Gillieshammer (Minister of Family Services): Yes, we have received the report from the Reid inquiry a few days ago. Our preliminary viewing of the report is that there are a lot of common sense recommendations in there and one of them has to do with firearms. We are actively looking at that report at this time.

* (1030)

Child Protection Services Workload Review

Mr. Reg Alcock (Osborne): Mr. Speaker, the other thing the report references is how seriously overworked child protection workers, those workers who work in these situations, are. I know the department has been conducting a workload review, and I am wondering if the Minister has been able to act upon the interim recommendations of that review in this budget and whether we will see an increase in child protection staff in the current budget.

Hon. Harold Gillieshammer (Minister of Family Services): As we have indicated to the Member before, there is a substantial increase in the

budgeting to the agencies, some 15 percent in this budget. The board of the agencies will make those decisions of how they allocate staff. That is an internal agency decision.

Job Creation

Mr. Reg Alcock (Osborne): Mr. Speaker, I would like to table a copy of an interim working paper from that study that suggests that we might be as many as 106 front line workers short in this system, in child protection, those workers who deal with child abuse. I would like to ask the Minister how many new child protection positions we will see created this year.

Hon. Harold Gillieshammer (Minister of Family Services): We see the Finance Critic of the Liberals continuing to urge us to spend more money. We are—

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

Point of Order

Mr. Alcock: . . . to protect the children in this province . . . time for this answer. They spend less than one-half of 1 percent on child protection in this province, and it is about time you did something about it—

Mr. Speaker: Order, please. The Honourable Member does not have a point of order. It is a dispute over the facts.

Mr. Gillieshammer: Mr. Speaker, I have indicated to the Member opposite that we have substantially increased the budget to the Child and Family Services agencies, that boards of the Child and Family Services agencies have decisions to make on where they spend that money. If they choose to spend that with the workers so be it, but that is an internal agency decision.

Manitoba Hydro Conservation Strategy

Mr. George Hickes (Point Douglas): My question is to the Minister responsible for Manitoba Hydro. At the Public Utilities Board hearing into the Conawapa Generating Station, Manitoba Hydro tabled its energy conservation plan, which would see the utility try and save only about 100 megawatts over the next 11 years. Considering by its own admission, in the document I will now table, Manitoba Hydro will have a weaker conservation

strategy than any other Canadian utility with a plan in place. What action is the Minister going to take to ensure Manitoba Hydro embarks on a better, more ambitious conservation strategy?

Hon. Harold Neufeld (Minister responsible for The Manitoba Hydro Act): Mr. Speaker, it is true. The Member is right that Manitoba Hydro's plan for conservation represents 100 megawatts for the next approximately nine years, but we have to start somewhere. If we can conserve more we certainly will.

We have to have our conservation strategy in place in order to project for the next 10 years, for the next 20 years of Hydro requirements. If we were to project a greater amount of conservation and then not be able to meet it we would have blackouts, and we could not afford that either.

Mr. Speaker, if we can conserve more surely we will. Hydro is spending more money, and our department is spending more money on conservation this year than has ever been spent before.

Mr. Hickes: Mr. Speaker, is the Minister for Manitoba Hydro aware that the utility has now decided to spend \$600 each on watches or rings to commemorate 25 years of service for employees? How does he square this kind of decision with Hydro's dismal conservation strategy, which will see the utility spend as little as \$4 million for conservation each year?

Mr. Neufeld: Mr. Speaker, as you enter into a new program we cannot start at the top, we have to start at the bottom. We are planning for an increased spending in conservation over the next three or four years, but we are not going to start with a large budget and then spend it foolishly. We are going to have a program that is designed to conserve energy.

Yes, we have a \$4 million budget for this year. Hydro is going to work together with our department in formulating the strategy for conservation.

Service Awards - Tendering Process

Mr. George Hickes (Point Douglas): Mr. Speaker, to add insult to injury these rings are not being purchased in Manitoba. Can the Minister tell us what the tendering process was or if there was even a tender put out?

Hon. Harold Neufeld (Minister responsible for The Manitoba Hydro Act): Mr. Speaker, if the

Member for Point Douglas feels that we should not recognize those workers who have been with us loyally for 25 years let him say so.

I am not aware of whether they were tendered, but I will get that information for him.

U of M - Faculty of Management Inquiry

Mr. Dave Chomiak (Kildonan): Mr. Speaker, my question is directed towards the Minister of Education. In light of another call for the resignation of the dean of the Faculty of Management of the University of Manitoba, and in light of the fact that as recently as September 14 of this year the Minister of Industry, Trade and Tourism has provided a grant of \$3.7 million to that faculty, will the Minister now undertake an inquiry to ensure that the public's funds are protected?

Hon. Clayton Manness (Acting Minister of Education and Training): Mr. Speaker, as the Acting Minister, I will take the specifics of the question as notice, but let me say that this issue is within the competence of the Board of Governors of the University of Manitoba.

Human Rights Commission Referral

Mr. Dave Chomiak (Kildonan): In light of the fact the province has directly contributed \$3.7 million to this faculty, I think it is the responsibility of the Members of this House.

Mr. Speaker, in light of the serious allegations of discrimination levelled against this particular individual and in light of the fact that the Minister has the competence to refer the matter to the Human Rights Commission, will this Minister refer the matter of discrimination, varied comments by the dean of the Faculty of Management, to the Human Rights Commission?

Hon. Clayton Manness (Acting Minister of Education and Training): Mr. Speaker, the Government provided funding to the faculty not to the dean. Again, the University of Manitoba is an autonomous body. They will make their own decisions with respect to inquiries, and indeed if they wish to refer to the Human Rights Commission they will make that decision also.

Assessment Report

Mr. Dave Chomiak (Kildonan): This is my final supplementary. Will the Minister release copies of a

report done by an American body which assessed the Faculty of Management and found the faculty seriously lacking under the leadership of this present dean?

Hon. Clayton Manness (Acting Minister of Education and Training): Mr. Speaker, I will take the question as notice and ask the Minister to reply to the question.

Manitoba Telephone System Rural Rate Increases

Mr. Gregory Dewar (Selkirk): My question is for the Minister responsible for the Manitoba Telephone System. Residents of rural Manitoba are increasing their efforts to get his price hikes stopped.

In fact residents of his adopted constituency, Oakbank, are wondering why he refuses to return phone calls or explain the \$60 increase he has ordered them to pay. Will the Minister now agree to review the price hikes to many rural constituencies including his own?

Hon. Glen Findlay (Minister responsible for the administration of The Manitoba Telephone Act): Mr. Speaker, I categorically reject the Member's statement that phone calls are not returned from my office. They are to all people.

There have been a number of people raise concern about the PUB order that issued the rate increases for the expanded calling area.

I will tell the Member that the Manitoba Telephone System has heard the people's complaints. I have heard the people's complaints, and we are analyzing whether the program as put in place by the PUB meets the needs of rural Manitobans. The Manitoba Telephone System is analyzing whether there are options they may be able to offer.

It is unfortunate the process of public hearings indicated a certain desire for the service, and now when the service is offered there seems to be a lack of desire for that service.

The process of public consultation has been done. The message is different now than what we received in that process. The Manitoba Telephone System and my office are analyzing the program and are prepared to go and talk to PUB to see if there is any change that is necessary to get the quality of service that the citizens want in those areas.

Mr. Dewar: That is good. Yesterday an MTS official on a radio phone-in show said that MTS has been

getting a clear message that these rate hikes are not acceptable. Has the Minister got this message yet?

Mr. Findlay: Mr. Speaker, I am no longer sure if he was listening to my previous answer. I told him categorically, yes, the Manitoba Telephone System has heard the people's concerns, I have heard the people's concerns, and we want to have larger calling areas.

The method of how they can be established and paid for will be analyzed further by Manitoba Telephone System, but I cannot roll them back nor can Manitoba Telephone System roll them back. They have been ordered by the Public Utilities Board and approved by the Public Utilities Board so that new process is being followed at this point in time.

* (1040)

Mr. Dewar: Could the Minister table in the House today any correspondence from residents of Oakbank, Selkirk, Lockport, Flin Flon, Snow Lake, Cranberry Portage, Thompson, Cross Lake, Stonewall, Stony Mountain or any other rural area that have praised the increased rates?

Mr. Findlay: Mr. Speaker, I suppose he will ask me to table my phone calls now, too.

I will confirm to the Member that all letters have been responded to and all telephone calls responded to by my office. The Manitoba Telephone System in Winnipeg and the various locations outside the city have also responded and explained to the people the process that is in place, have heard the message and are analyzing how they can respond in terms of delivering a service at a reasonable cost.

Alcoholism Foundation of Manitoba Funding

Mr. Gulzar Cheema (The Maples): Mr. Speaker, my question is for the Minister of Health. One of the commitments made in the throne speech was to have a new drug abuse and rehabilitation program. Can the Minister of Health tell us why they have cut the budget for the Alcoholism Foundation of Manitoba by 0.4 percent? Why they have made this?

Hon. Donald Orchard (Minister of Health): The budget for the AFM can be fully debated in Estimates when we get there, as we do each year, and, Mr. Speaker, yes, we did announce and intend to carry out a significant initiative in drug awareness,

education, prevention and treatment in the Province of Manitoba.

Mr. Cheema: Mr. Speaker, my question is, again, that they have increased the funding only for the board of directors and the executive of the AFM, but they have cut the programs in the Drug and Alcohol Awareness and Information Directorate. Can the Minister tell us why they have cut this funding?

Mr. Orchard: Mr. Speaker, so that we do not get into the confusion that was caused by the NDP where they would have budgeted for a major engine overhaul in the Air Ambulance, because it was done last year they would want to do it this year so we would maintain and increase the budget. My honourable friend, if he would care to attend, and he will be there when we consider the Estimates of the Department of Health, I will give him full and complete answers as to what the budget of AFM will do in terms of drug treatment, education and rehabilitation in the Province of Manitoba.

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

HOUSE BUSINESS

Hon. Clayton Manness (Government House Leader): Mr. Speaker, before I provide direction for the House under Orders of the Day, I am wondering if I could have unanimous consent of the House to vary the Estimates sequence established under sub-rule 65(6.1) and tabled in this House yesterday, by adding to that sequence Community Support Programs, that is, Lotteries Funded Programs, immediately after Culture, Heritage and Recreation, and by adding Fitness and Sport, Lotteries Funded Programs, immediately after Industry, Trade and Tourism. I wonder whether I could have unanimous consent from the House to make that change.

Mr. Speaker: Does the Honourable Government House Leader have unanimous consent to vary the Estimates sequences? Agreed?

Mr. Jerry Storie (Flin Flon): Mr. Speaker, I was not here yesterday, unfortunately, and I -(interjection)- may or may not have been here yesterday. I would certainly be prepared to give leave. I would just ask for a brief explanation for the necessity of this particular addition from the Minister of Finance (Mr. Manness).

Mr. Manness: I agree with the Member, the days he is here I, too, wonder whether he is here, Mr. Speaker. Let me say to the Member that these are

also resolutions that require the vote and, indeed, the consideration of the Members of this House. They were inadvertently left off of the list of the sequence of Estimates that we will be considering starting on Monday, and I am asking for the consideration of the House to add them to that list.

Mr. Speaker: Does the Honourable Government House Leader have leave? Agreed? Agreed.

ORDERS OF THE DAY

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I would ask that you call Bills 15, 16 and 17, in that order, and then after that you call Committee of the Whole House so that we might continue the consideration of Interim Supply.

DEBATE ON SECOND READINGS

BILL 15—THE RE-ENACTED STATUTES OF MANITOBA (PRIVATE ACTS) ACT, 1990

Mr. Speaker: On the proposed motion of the Honourable Minister of Justice (Mr. McCrae), Bill 15, The Re-enacted Statutes of Manitoba (Private Acts) Act, 1990; Loi de 1990 sur la réadoption de lois du Manitoba (lois d'intérêt privé), standing in the name of the Honourable Member for Flin Flon (Mr. Storie).

Mr. Jerry Storie (Flin Flon): Stand.

Mr. Speaker: Stand.

Mr. Paul Edwards (St James): Mr. Speaker, I seek to make comments on this Bill.

Mr. Speaker: Is there leave to allow the matter to remain standing in the name of the Honourable Member for Flin Flon?

An Honourable Member: Agreed.

Mr. Speaker: Agreed.

Mr. Edwards: Mr. Speaker, it gives me great pleasure to stand today to speak to Bill 15. I intend my comments for Honourable Members to also apply to Bills 16 and 17. These are a package of three Bills which are tied into our obligation according to the Supreme Court of Canada decision to put our statutes in order in terms of being available in both French and English.

Mr. Speaker: this is a process which we hope is drawing to a close, because the deadline is fast upon us as imposed by the Supreme Court of Canada. I simply want to acknowledge that. That will

be the reason I will want to speak to this today for all three Bills. Our Party will be passing on this and the other two as quickly as possible to committee, because we understand the time pressures that the Government is under in order to meet the deadlines set down by the Supreme Court of Canada.

Let me simply say in reference to these Bills that I think it is a particularly opportune time for Manitoba to be finishing and finalizing what has been quite a lengthy process involving a lot of effort on the part of, not just this Government—and I acknowledge that—but the staff and the translation department of the Department of Justice. It is an opportune time, in my view, because I think it completes for us a very important process for this province.

At this point in our nation's development as a bilingual nation, it is an important achievement for this province to make. As we in this province embark upon our own constitutional discussions which we hope will start in the near future, and Manitobans, and we as individual citizens, will no doubt want to participate in the initiative put forward by the federal Government, it is an important time to consider the history of this country and its bilingual nature. We in Manitoba, I think, have made a significant contribution to that process nationally by, in good faith, translating our statutes according to the dicta of the Supreme Court of Canada.

* (1050)

So I simply want to say that it is with great pleasure that I think all Members can take that we have gone through this process which has been a difficult and a lengthy and a time-consuming and relatively expensive process, to put our statutes in order to acknowledge the French fact in this province and the rightful place of Francophone Manitobans in the legal sense in this province. We need to ensure their continuing ability to participate in our courts and in our Legislature as an equal partner linguistically and culturally, Mr. Speaker. We have become a multicultural and a diverse society, but we must acknowledge our roots in both the English and the French language.

I simply ask the Minister of Justice (Mr. McCrae) and suggest to him that at the committee stage, it will be appropriate perhaps to ask some of the more detailed questions about these Acts and what they are repealing, and the process that has led to these three Bills before the House presently, because they are quite lengthy Bills. I know the schedules are very

lengthy. We will want to study them, but I think it is appropriate at this time to put it into committee stage where it belongs for that more detailed investigation.

On behalf of this Party, we will participate fully in ensuring that these Bills get put into law before the time set for us by the Supreme Court of Canada passes. I might say in conclusion, Mr. Speaker, that it was a great pleasure to be at the dinner honouring former Chief Justice Dickson. I know my friend, the Minister of Justice (Mr. McCrae), was there and spoke. I simply tie that in because, of course, he was the chief justice when this decision was handed down, and we always think of him I think when we come across these statutes because of his creative approach in making sure that the statutes got put into both English and French. He had a serious dilemma in front of him and I think he gave us the opportunity to show our good faith to Franco-Manitobans. We have done that I believe with respect to this translation.

I simply want to add in conclusion my sorrow that the chief justice is retiring from the Bench. He was truly a great asset to the jurisprudence of this nation, and I think his role in the development of jurisprudence, including the case which leads to these statutes, is a source of great pride for Manitobans, he being a graduate of our law school and having practised in this province for many years.

Mr. Speaker, with that I will close and I look forward to the committee stage for these three Bills. Thank you.

Mr. Speaker: As previously agreed, this matter will remain standing in the name of the Honourable Member for Flin Flon (Mr. Storie).

BILL 16—THE RE-ENACTED STATUTES OF MANITOBA (PUBLIC GENERAL ACTS) ACT, 1990

Mr. Speaker: On the proposed motion of the Honourable Minister of Justice (Mr. McCrae), Bill 16, The Re-enacted Statutes of Manitoba (Public General Acts) Act, 1990; Loi de 1990 sur la réadoption de lois du Manitoba (Lois générales d'intérêt public), standing in the name of the Honourable Member for Kildonan (Mr. Chomiak).

Mr. Dave Chomiak (Kildonan): We ask that this matter remain standing.

Mr. Speaker: Is there leave that this matter remain

standing in the name of the Honourable Member for Kildonan (Mr. Chomiak)? Leave? Agreed.

BILL 17—THE PRIVATE ACTS REPEAL ACT

Mr. Speaker: On the proposed motion of the Honourable Minister of Justice (Mr. McCrae), Bill 17, The Private Acts Repeal Act; Loi sur l'abrogation de lois d'intérêt privé, standing in the name of the Honourable Member for Kildonan (Mr. Chomiak).

Mr. Dave Chomiak (Kildonan): We ask that the matter be stood.

Mr. Speaker: Is there leave that this matter remain standing in the name of the Honourable Member for Kildonan (Mr. Chomiak)? Leave? Agreed.

* * *

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Environment (Mr. Cummings), that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to continue to consider and report on Bill 19, Interim Supply.

Motion agreed to, and the House resolved itself into a Committee of the Whole to continue to consider and report on Bill 19, The Interim Appropriation Act, 1990, (Loi de 1990 portant affectation anticipée de crédits) with the Honourable Member for Seine River (Mrs. Dacquay) in the Chair.

COMMITTEE OF THE WHOLE

BILL 19—THE INTERIM APPROPRIATION ACT, 1990

Madam Chairman (Louise Dacquay): The Committee of the Whole will come to order to continue to consider Bill 19, The Interim Appropriation Act, 1990. (Loi de 1990 portant affectation anticipée de crédits)

Mr. John Plohan (Dauphin): Madam Chairperson, I also am pleased that the Member for Inkster (Mr. Lamoureux) has determined when it is appropriate to stand on these matters and when it is appropriate to sit. I have looked to him for direction in this case, and he was very alert, indicating to me that this was the time to stand.

I want to, at this time, ask the Minister of Agriculture (Mr. Findlay) some questions regarding the issues that we raised in the House on previous

occasions under Question Period format, and not to be dealt with in the kind of detail that is required.

I want to, first of all, use a little preamble in some of the comments I want to make to indicate the problems. I know the Minister is familiar with the serious problem that farmers are facing at the present time. I reflect on the federal Farm Credit Corporation's recent survey that stated, and I will quote from it: The top one-third of Manitoba farmers with the lowest equity and just 15 years experience carry 1.4 billion in debt, or about \$175,000 per farmer.

Now those are the farmers, as stated by the senior vice-president of the Farm Corporation, Marshall Stachniak for Manitoba, that are in trouble. I think that survey, which I am endeavouring to get a copy of—the Minister probably has looked at in detail—provides us with some good information as to the farmers that need be targeted, during this difficult time, for assistance to ease this burden because they have such a high debt and were facing such high interest rates.

I question the Minister about whether his programs are targeted properly when in fact we have in the Annual Report for 1989—and I assume 1989-90 is similar. We have the Young Farmer Rebate being underspent, and we also have loan guarantees underspent through MACC. The reasons given are that the economic conditions are so bad that we are underspending in those loan areas, continuing poor economic conditions. That says to me that we have to take a look at the programs we are delivering to see that they are targeted properly and providing the kind of assistance because, in fact, yes, that is true. There are poor economic conditions, many of those young farmers in trouble. The FCC study shows that, demonstrates that with the \$175,000 on average per young farmer.

I wanted to question the Minister with regard to this whole area insofar as how this program is targeted. I realize that the Young Farmer Rebate has been increased from 2 percent to 4 percent and -(interjection)- Pardon? -(interjection)- Oh, we will get that. The Minister can put that on the record if my figures are wrong on that. I would like the clarification on that. It is doubled to \$100,000.00. The \$100,000 obviously is still inadequate as a cap because of what we see in terms of the facts, on average, \$175,000.00. The five-year period, I believe, that this covers is also inadequate. I think

we have to be looking at a longer term. I wonder if the Minister has reviewed that with staff at the Manitoba Agricultural Credit Corporation with a view to determining whether, in fact, that program should be tailored somewhat differently during this time, and also whether he has made representation to the federal Government on the FCC programs. Obviously, they do not have anything like this.

* (1100)

Here they are coming out with a survey that shows that it is those young farmers that are in biggest trouble, and yet they do not have a program. I think that is largely as a result of federal Government policy, obviously. The Minister could be in a position to be saying, look, we are doing this, and I say enhance it. Why are you not at the federal level? You have a greater impact, you have a greater loan portfolio and a greater opportunity to assist those farmers, that target group during this particular time.

So that is what I was exploring, Madam Chairperson, in Question Period. I wanted to get elaboration from the Minister on what he is doing in that area and his feelings about this serious situation.

Hon. Glen Findlay (Minister of Agriculture): The Member has identified a very wide-ranging number of topics in his comments. Currently I want to address as many of them as I have noted here.

I will correct, as he indicated he wanted the correction if his remarks were wrong with regard to Young Farmer Rebate. He said increase from 2 percent to 4 percent. I will tell him that the level of interest reduction is 4 percent. We doubled the level of qualification from \$50,000 loan to \$100,000 loan. What we effectively did was increase the rebate available from \$2,000 to \$4,000 per year. That program has been a very good program for the young farmer, and it has been used quite extensively.

With regard to the overall problem of debt being the difficulty farmers are facing, particularly the younger farmers, I think what I heard the Member advocate in the process of his discussion was that we should make more money available to people. In other words, give them an opportunity to get further into debt. That absolutely compounds the problem because that is the problem that farmers have gotten into over the last 15 years. They have got themselves into too much debt—too much debt.

Now you may say, well, they cannot buy land or

they cannot buy equipment unless they spend money. We are going through an adjustment period where farmers must realize that they cannot pay the top dollar for land and bid against the person who is in a better position financially. Farmers have traditionally—and I will say this without qualification—paid too much for land. They have not paid what the market can return to them in terms of that land value. They have paid too much for land.

Just giving somebody access to lower interest rates only compounds that problem in the broader sense because in the past many people have capitalized that lower interest rate. If they have money available to them at 8 percent versus 12 percent, they would run out and they would bid up the land and capitalize the benefit. So they would lose the benefit. I have had this discussion with many young farmers. When they sit and think about it they realize that, yes, that is what has happened. We are overpaying for land and we sometimes get a benefit here. We use that benefit immediately and spend it.

There is no question that the interest rate policy of Canada is far too high for the farm community. I do not care whether it is a young farmer, whether he is buying equipment or land or whether it is an operating loan—the interest rates are too high. That is why we put the Manitoba Interest Rate Relief Program in place, to lower it by 7 percent. That is why we doubled the benefit to the young farmers under MACC.

We have also improved the qualifications for the guaranteed operating loan. The maximum allowable loan is now up to \$200,000.00. It was \$125,000 under his administration. The loans in MACC are targeted to those people with lower net worth, less than \$250,000.00. So we are targeting our loans to those people who are less able to get it from the competitive marketplace. We have the lowest loans available, lowest interest rate loans available, in the marketplace to MACC. So we targeted young farmers, people with lower net worth, and we have the best interest rate in the marketplace. So we have done a lot of things to help the young farmer.

I want to caution the Member, putting in place the opportunity to get more money in their hands increases their debt load, and that is really the wrong thing to do. I have had young farmers come to me and say, we want to borrow money. We want to buy this land for \$500, \$550 an acre, and I say, what can

you pay per year on interest and your cash flow? It comes down to maybe \$25 or \$30, and yet they are prepared to take out a loan at \$500 an acre at 14 percent. You figure it out. You know it is up close to \$100 an acre a year in interest. It is just unaffordable; that is the dilemma we are in. Just making money available at a lower rate and more accessible exasperates the problem of increased debt.

The farmers have been very responsible overall in that context. They have reduced their debt loads in the past five or six years, there is no question. The overall debt in the farm community in Manitoba has gone from \$2.1 billion down to \$1.8 billion; that is a move in the right direction. Farmers are very cautious in the purchase of equipment. They keep their equipment longer, they repair it better, and they spend less money on things they do not need. They just are very cautious in their spending. When the gross income comes down, the first address a farmer can make is reducing his costs, and they have done that as effectively as they can.

I will caution the Member that it is not gloom and doom with young farmers. We have many young farmers out there doing very well because they have kept their debt load down. They have been very cautious of how they have bought land. They have rented land. They have gone into the poultry sector, the livestock sector to diversify their operations, keep their capital debt low, keep their gross income, in the operating sense, as high as they can, and with a combination of on-farm, off-job opportunities have been able to stabilize their opportunity of succeeding in the agriculture industry.

So farmers have responded well. Those who got themselves into debt problems that they could not handle, 10-15 years ago, have moved through the mediation process and that process—I will tell them, although some people do not succeed in maintaining their farms, over 50 percent do maintain their farming operation in some context. In the process of the debt review process, farmers have increased their net worth five times from the time they walk in the door until an agreement is struck and they walk out the door.

So the people involved in the mediation panels have become very professional, very good at being able to help those farmers with some equity left and some management ability to get themselves stabilized in terms of a farm plan for the future. In an equity position they come in at less than \$10,000 and they go out at \$50,000 to \$60,000 to

\$70,000.00. That is a substantial improvement in their position and it puts them in a management line for a five-year period with some guaranteeing funds behind them to help them survive.

We do not like to see farmers get into that position, so we have been very aggressive in terms of our farm management specialists in going out and working with farmers before they get to a position where they have to go for a debt review. Let us manage your financial affairs on a cash-flow basis so you can survive and stay in the business.

I would want to caution the Member very carefully not to advocate more borrowing for the farm community. We must advocate less and restructuring of the capacity to repay that debt so they can stay in the farm community.

Mr. Plohman: Madam Chairperson, the Minister covered the waterfront and a lot of things that I did not ask about. We can go into the whole thing in Estimates and we will, but I wanted to target the issue of the loans and the loan portfolio of MACC.

The Minister mentions a number of areas about the Mediation Board and restructuring and so on. I note that the special farm assistance has dropped dramatically and that there is not a lot of money going through the Mediation Board for refinancing, but that is not the issue again that I want to deal with in some detail here at this time.

The Minister says—and he accuses me of saying that I want to throw more money, or give more money to the farmers to get them further into debt. That is not what I said. I specifically referenced the FCC study which deals with \$175,000 on average per farm.

I am talking about existing debt. The Minister knows that the financing costs in debt are by far—or one of the greatest costs—that a farmer has is interest, so you lower the interest and you are obviously going to reduce the cost of that money tremendously. I am talking about replacing that expensive debt with less expensive debt, not adding debt. I know that is a fine line. There has to be good administration. That is what we are really talking about in terms of when those decisions are made and what money is loaned. The fact is that if you can replace that expensive money in terms of interest rates with the lower interest rate, you are going to reduce the cost and give them a chance to be viable when many of them are not going to be viable because of that heavy debt load.

It also says in that study, that the average cost for start-up is some \$450,000.00. Now it is not because -(interjection)- to get into farming today—now it is not because they are not good managers in most cases, it is just a tremendous burden and most young farmers who start up and are successful are because they probably have a relative, maybe their parents or some other private source of money, that assists them in getting started so they do not have that big burden. Someone coming into the business new, and who does not have that kind of contact, obviously would be faced with this kind of investment. That is really what I am talking about in terms of the \$175,000 on average.

* (1110)

I am just saying if the limits, \$100,000 limit while that is welcome, and it is better than \$50,000 for the \$4,000 benefit that the Minister talks about, and they corrected me in terms of whether it was 2 percent to 4 percent, it is actually 4 percent, that interest rate reduction perhaps is insufficient, perhaps it should be 5 percent or 6 percent at the present time to get it in the neighbourhood of 7 percent or 8 percent. I think we are close to 8 percent right now probably on this, but the Minister may be able to tell the House exactly what the effective interest rate is at the present time for those young farmers, but also the capping of it at \$100,000, perhaps that should be increased and replacing this other debt.

I am not talking about adding debt. There is the five-year period. Most of the farmers are dealing with refinancing in terms of longer period, 20, 25 years or whatever the case might be. We are dealing with a five-year period. Obviously after that, they do not have the benefits of the rebate and I think we should look at extending it. That is what I was addressing with the Minister.

The Minister talks about paying too much for land. I agree. We have to deal with that whole issue about the value of land, because of the difficulty that presents for young farmers getting into the business. That is why we believe we should look at a long-term lease arrangement for young farmers that were faced with being driven from their land. Not just a three-year period, and the Minister can correct me whether the MACC is three-year or five-year, what it is before they are having to come up with a final decision.

We put in place that lease arrangement, but I believe it should be extended. They can purchase it

along the road when they are able to, at a future time, but it is not part of their debt load; they are leasing it over that period of time. Does the Minister have a philosophical problem with that concept, because he did identify the problem of land, the cost of the land, which I agree is a major problem? Has he thought about looking at a long-term lease arrangement for young farmers so that they can continue to farm and stay on the land rather than having to be driven off?

Mr. Findlay: I guess just on the latter comments of the Member, Madam Chairperson, I do not know whether the Member is talking about getting farmers into farming with leasing or because they are there and they have debt problems then wanting them to stay on that land. -(interjection)- okay.

The Member talks about the \$450,000 start-up cost and clearly if anybody walks off the street and thinks they can go out and borrow \$450,000 and start farming, it is absolutely impossible. Let us face reality. It is not possible. If you are going to get into farming and you have the backing of a parent or a relative, that is absolutely the right way to go. That helps the process of getting the farmer in or the young person into farming.

If you do not have that backing the only way you can get in is slowly and steadily, small and keep—you know you have an off-farm employment and you work your way up. Many people have done that successfully. In farming just to go out and to buy land, that is not farming by itself. There are many other avenues of getting into farming whether it is in the poultry sector, the livestock sector, whether it is raising spruce trees or Christmas trees, I should say, or many other aspects of farming. Many people do that, successfully start in a small way and it is not just totally land based. I think that is where the big cost of farming is. It is the land-based type of farm. It is unfortunate that land prices are as high as they are. -(interjection)- I think I heard the Member advocating that Governments should own land and that is clearly wrong, too.

An Honourable Member: We do own a bunch of it. We own a bunch of it already, so does FCC—a tremendous amount.

Mr. Findlay: Yes, MACC does own a fair bit of land. It is fairly significant. I think MACC may be the largest landowner in the province right now, but we believe it is desirable to get that land back into the ownership of farmers. That is why we have a lease

in place with an option to purchase and that person has up to a five-year period on those leases—up to five years. The Member asked if it was three or five. It is up to a five-year period with a lease with option to purchase, option to purchase at any time during that five years at the appraised value and that is done by professionals. If a farmer meets that appraised value, he can buy the land. He has that option all the way through.

An Honourable Member: Five years.

Mr. Findlay: Five years. I will tell the Member that many, many farmers exercise that option. I have been amazed at how many exercise that option, and even people who have had debt problems and restructured themselves over that five years, before the five years are up, in many cases well before the five years is up, they exercise the option to repurchase the land at that appraised value. That process is working very well.

He is probably saying, well, we should extend it beyond that. Those options are there on renegotiation to get longer leases or extended leases if the land cannot be sold, because I think at some point that land has to be offered to the public at large because what you are doing is saying that Mr. X has the sole right to that Government land, whereas Mr. Y right next door, or Mr. Z down the road has no right to that land. How does he tell them that, no, the Government is going to give preferential treatment to one person?

I think there has to be the marketplace functioning for everybody to have an opportunity after the first individual has had a reasonable opportunity to exercise his right. That does not mean that somebody else buys it, but it does mean it is put on the marketplace so that there is an opportunity for some individual to own the land to farm it because the desire of farmers is not to lease land, their desire is to own. That is what drives farmers. That is what gives farmers the desire to get up every day and work harder than anybody else in society. They work harder than everybody else in society because of that right of ownership. Maybe that is why it drives them to pay too much, it is built into us.

The farmers do not want Government to own land. They do not, but I will tell the Member that over the past number of years the amount of land that is leased versus which is owned is actually increasing. At this point in time in Manitoba, 63 percent of the farm land is owned by the person operating it. The

other 37 percent is actually leased from a variety of people who own land, whether it is their father, their uncle, their aunt, or whether it is MACC or FCC, yes, it is in that green book.

There is a fair bit of leasing going on. I think that a responsible way for many farmers to get into farming, you lease the land and you pay—I am just going to pick some figures out of the air—maybe a lease rate of \$20 or \$25 or \$30 an acre. That is far better than paying an interest of \$60 or \$70 an acre while you are farming that land. You can build up some equity over time to eventually make an investment in that land. Many people have leases with option to purchase so they can move themselves into a purchase position after they have made some money in the process of leasing that land. That is the process that is ongoing. It is working in many different contexts, but I think the role of Government in that right now is pretty active.

Certainly if there are ways and means to facilitate a better response by Government, it is being analyzed by MACC, it is being analyzed by our department. We may be doing different things in the future, but right now we are playing a very significant role in terms of leasing land under MACC ownership and then offering that land for sale to the farmers at reasonable rates. MACC is trying not to be a landowner, they are trying to sell the land and get it back into ownership of farmers in a variety of different ways.

Mr. Plohman: Madam Chairperson, these areas are so large I am obviously going to have to deal with them in greater detail in the future.

I asked the Minister though about the role of FCC because in some cases FCC, particularly in Saskatchewan but in some areas of southern Manitoba that I have seen in some municipalities, owns a tremendous amount of land as well. Despite the fact the Minister says the people do not want the Government to own land, that is a reality right now, and I think the people would just as soon have the Government owning it as the banks.

So we have a situation that reflects a reality. Because of the high price of land, a lot of farmers have been driven off, and a lot of that land has been repossessed by MACC and FCC primarily. I guess the issue is, do we want to keep those small farmers that are trying to start up that go through a cyclical difficulty, a cyclical difficulty that may improve, as the Minister said, even in a five-year period where

they can get on their feet and purchase that land. We want to keep them on the land. We feel that is important for our rural communities to keep the people there, to keep the schools open, to keep the hospitals and all the services, and the small businesses because if those people go and their children go, that is what is happening in our rural areas, it decimates the rural areas.

That is why I say to the Minister that he should perhaps be less concerned about preferential treatment for that owner. He said he is concerned about whether we should give preferential treatment on the ownership of land. I am saying, well obviously there has got to be some preferential treatment to the guy who owned it in the first place who had it taken away on him because he could not make the payments but still he was there.

So there is that, and most farmers think that is fair. They will look at the next door neighbour—they do not even want to take his land. They would rather see his family stay there, and they feel sorry that he has to go. They are not in there like vultures—some of them might be to a certain extent—but they are there because they want to keep their neighbourhoods healthy, and they want to see the people stay in the area. I think he should be less concerned about the issue of preferential treatment, keeping that land for that individual on a longer-term lease, than he is concerned about putting it out on the marketplace and having someone else purchase it who is continuing maybe to get larger and larger, and we do not have then as many families on the land, smaller family farms which are becoming a thing of the past.

* (1120)

I want to maybe have the Minister respond to that briefly. I know there are others who want to ask questions as well. I want to then explore for about five minutes, before turning the floor over—maybe the Minister wants to deal with that, and then I would like to deal with just one other issue.

Mr. Findlay: He mentions FCC and I hope the Member realizes that is federal lender, right—federal lender. But FCC, I would tell the Member right now, does not have a very clear mandate to operate. They have the highest rates around. They are about a percent, a percent and a half above MACC, so a person is not going to go to them to do business if they can get an MACC loan.

The equity position they need the farmer to have

before they can get a loan from FCC is very high so they are really non-competitive with us as MACC, and non-competitive in many cases with the private institutions. So FCC clearly is going through a review process right now. There is a task force looking at farm finance, a Canadian task force, and they will be reporting before long as to what the role of FCC should be in the future. So it is somewhat in limbo right now.

With regard to ownership of land, clearly he mentioned the banks. They do not want to own land either. They want to get it back into the ownership of farms who were operating it.

The Member talks about preferential treatment to somebody who has been on the land. The kind of example I would give him, which is the most common example, is you are talking about a person who has got into some difficulty. He may have—I am just going to pick figures out of the air—he may have six quarters of land, and he had a MACC loan on two quarters of that six, so we are talking about having a lease for five years on those two quarters and he may, or may not, want to exercise the right to purchase.

So when that period is up we are not putting him off the land. He still has his existing four quarters. It is just the two quarters that he decides, maybe I want to get into some other element of livestock production instead of keeping those two quarters land so I just let them go. That is the kind of land where I say other people should have a chance to bid on it because he may have decided long ago that is not what he wants to keep, that whole package. That is the traditional situation. It is not that they have been pushed off the land. Okay, ask the next question.

Mr. Plohman: Madam Chairperson, I think the Minister's example obviously assists his argument, but there are other situations where the farm is no longer viable when some of those quarter sections are gone. If he can continue to lease that for a longer period of time and then purchase those at some time along the road, it ensures that it is a viable entity, whereas having to give it up in the five-year period, because he was not able to increase his wealth sufficiently to be able to purchase and develop the equity that is required.

All I am talking about is degrees here and the Minister is not differing a great deal in that. It is just that he is saying five years is where he wants to keep

it. I am saying he should consider going a little bit further under certain circumstances, and I would like him to consider that.

Insofar as FCC, the fact is the Minister's comments illustrate the problem. There is a serious problem there with FCC, and I believe it is because of obvious Government direction policy at the federal level, not here. I say to the Minister, since he is in a position to say, look what we are doing for young farmers, and I think he should increase it as I have advocated here today. I think that he can go and he should be making a very strong case there. I do not hear him making it, and I do not know why, and that is why I asked about it, a strong case that FCC mandate should be geared more to the same type of thing that MACC is doing during this troubling time.

It is an opportunity for the federal Government to assist. I ask him to make stronger representation there. I realize it is a federal jurisdiction, but he is in a position where he can have a strong lobby and perhaps an impact on that.

One other question, Madam Chairperson, deals with the priority agreement that I raised in the House the other day. I think this is a real injustice. The priority agreement from the Wheat Board for the lenders, that the lenders have to co-sign, and I asked the Minister about this because I have specific complaints where the Minister's 7 percent interest rate reduction loans were attempted to be covered by the lender in taking the cash advance and putting it on that loan to cover it even though it is not due and payable until January, the individual operator told me, or even a portion of it is not due and payable. In other words, he is not defaulted on and yet the lender wanted to take his cash advance and put it on that loan.

The Minister is guaranteeing the 7 percent reduction so therefore should be able to have some influence on these lenders to say, back off on that, and let these, at least to the tune of at least 50 percent -(interjection)- Yes, okay, it may be that grain is not collateral. I say this to the Minister of Finance (Mr. Manness) and to the Minister of Agriculture (Mr. Findlay), it may be that grain was not used as collateral on some of those other loans -(interjection)- but—

Madam Chairman: Order, please.

Mr. Plohman: —the fact is, this priority agreement says that the above-mentioned advance payment

be payable jointly to the producer and the lender and be remitted to the lender forthwith by the producer and may be applied by the lender to reduce the producer's indebtedness to the lender. It does not just talk about indebtedness that may be in terms of the same collateral, the grain. It is talking about any indebtedness that he might have. The lender can actually take that cash advance for any debt.

I think that is wrong, and I think if he can take it all, the lender, that is doubly wrong. At least there should be some avenue open for the individual operator to determine what his priorities to pay his bills are. If he has to pay the local co-op for his fuel bill and his fertilizer and chemicals and so on, why can he not use this cash advance to pay those small businesses off rather than to have to give it where the lender says, to the bank. He may want to give some, but he should have some flexibility on that.

I think this is too rigid, and I ask the Minister to make stronger representation to have this changed, because I do not think this is fair and it certainly is humiliating for a lot of farmers. In many cases the bank still has to co-sign the cheque even if they do not owe him any money. They find that humiliating as well.

Mr. Findlay: Madam Chairperson, I want to go back to the Member's opening comments before I get into the specific issues just addressed.

I think we have to realize, in the context of the farmer in terms of what he does as a business, that has to be analyzed very carefully. He is talking about I think in the way he made his comments, about a land-based farmer must always be a land-based farmer, and I used the example of four quarters for his six. What we try to do in the department through the farm management specialists is try to convince farmers if it does not cash-flow with a positive bottom line that you keep six quarters, do something else on your four quarters that gives you a positive cash flow. That makes you more viable in the short term and the long term. That is the context that we are trying to help farmers.

Far too many farmers think that they can just grow grain in the summertime, and that is farming. We never were able to build the industry that way. We have to have some diversification, particularly for the young farmer, so he is employed 12 months of the year and he has a cash flow from more than one source of income. So that is what we are trying to do. That is why we structure those agreements. That

is why the farm management specialists caution farmers to do that sort of thing. That is why even the banking institutions nowadays, when looking at cash flows, are advocating farmers be careful that they do not put all their eggs in one basket, to use a particular term.

Whether FCC should be worked on harder, in terms of lending money to young farmers, is part of the task force that is presently going to report to the federal Minister and probably will report to the Ministers of Agriculture at their next national-provincial meeting. There are mixed emotions on whether FCC should be competing with MACC here in the Province of Manitoba. Maybe we should complement each other, but that will come as the task force reports.

With regard to the interest-free cash advances, what happens is if a farmer has pledged his crop as security for a loan, he is legally bound to use the proceeds from the sale of that crop whether it is a direct sale in cash when the grain is delivered or whether it is by cash advance -(interjection)- 178, that is there. That is the legal requirement that is in place, and that is the legal requirement that was not in place with regard to cash advance up until this year.

Farmers did, unfortunately, commit the proceeds of their crop to an operating loan or machinery loan or whatever, in order to run their affairs that summer. Then they went in the fall, got the cash advance and realized it was not attached; they went out and bought a half-ton truck. Then when the loan came due, they did not have the money. They ended up in the Mediation Board's table with a problem, and that was a common problem that occurred. Farmers, yes, they should have voluntarily corrected that and not got into those fixes, but the banks lost money, the farm community lost respect and the law was changed.

* (1130)

Now, the Member says that farmers without a loan have to get a bank to sign off. That is definitely wrong. If they do not have the crop assigned, they should not have to get that declaration from the bank. They should be able to sign themselves. The loan is not attached to anybody. As I said to him in Question Period, there is an industry producer committee that is analyzing it. They are going to make recommendations, I am sure, to soften that approach so that the farmer who does not have his

loan signed in any fashion, anywhere, is protected in terms of not having to get a bank to sign off. It is not right if it is not assigned.

When Section 178 exists, then I think that the process of the bank having claim on those proceeds is a valid one. It may be a bit harsh and a bit stiff right now. We are going to work on it, and it will come up, I am sure, at the Ministers' meeting here in two weeks here in Winnipeg. We will proceed to be sure that the agreements in place a year from now are much more responsible on both sides of the issue.

Mr. Plohman: I think it is important that this be given a high priority, because it is a serious issue for many farmers out there in terms of the humiliation that is associated with this in terms of their own good name and good word being disregarded. You know, they have to go with this to the lender. The cheque is made out to the lender and so on, and some of the lenders are not as reasonable as others might be.

They will, in fact, when they have a farmer in a situation where he has no alternative, he has to do what they say, whereas another one can pay off his loans and tell him, forget it. I am not going to stay with you. I am going to find another bank. They can do that, but many cannot. The ones that can do it, fine, there is no problem. They can tell the guy, look it, if you are going to be unreasonable with this, forget it, but I am talking about those situations where there should be some flexibility. I think maybe it should be limited to 50 percent if there was a rule of the cash advance. In cases where there is grain used as collateral and where it is not used, there should not be any requirement, yet right now it is open-ended. The lender can apply it to any loan.

So I leave that question as an important one, and want to say also to the Minister in closing at this point, this issue of diversification and changing from traditional markets and traditional products in terms of viability of the farms, I think is one that we appreciate on this side of the House.

I would urge the Minister to be making more efforts in that area for crop diversification away from the traditional grains and so on. Maybe we are not going to have the kind of markets in the world in the future, in the near future, the high protein wheat and so on. We may have to diversify a great deal. I believe his department has to make that a very high priority, so I am not disagreeing with him.

I would say that does not have to be six quarters of land to make it viable in his example, that four

maybe would be okay. I am talking about the situations where we are talking about the whole farm being lost or a significant enough portion that it is not viable at all for whatever enterprise he might want to enter into. Under those circumstances there is room for the longer term lease.

Mr. Findlay: Clearly on the diversification question, we are working as hard as we can to be able to find markets for products that farmers can grow in our diversified agricultural environment here in the province. I would just tell the Member that we grow well in excess of 50 crops here now in the Province of Manitoba for which there are markets wherever in the world, whether they are food markets or industrial markets, and farmers are doing a good job of growing those crops and accessing those markets. It is a move in that direction, but we are still far too dependent on wheat right now, even though it is the best quality in the world; unfortunately we are far too dependent on it.

The livestock sector is another area where diversification is quite possible, not only for food but also for breeding stock. We are doing a good job of selling breeding stock around the world, whether you are talking swine or cattle or whatever. We are doing a better and better job of it, but there is always some resistance out there by the farming community about getting into livestock. I think the younger farmers are coming around more and more. They realize that they have to add that to their overall mix of farming to have more than one flow of income and two or three are preferable.

He added some more comments on the industry cash advance. I would have to caution the Member that every farmer has to go to his banker every year to negotiate with him. If the farmer holds the clout over the banker one year, the next year he is not going to get a loan so it is a relationship thing. I do believe that the majority of lenders, whether they are credit unions, caisses populaires or banks, are quite responsible on how they deal with farmers.

The farmer is like any borrower. If his record is good, he will have no trouble getting his lender issue after issue. If his track record is not as good as it should be, then he is actually going to have a little more difficulty in getting flexibility from the lender, whether it is dealing with a cash advance, setting up a new loan, or having an operating loan for next year. So it is a two-way street, and I do not think we can close doors one way or another. There has to be a communication continuing between the lender

and the farmer. Our farm management specialists constantly advocate that a good relationship with your banker and an honesty process has to be used.

I hope the Member is not advocating some dishonest process because that in the long term is very detrimental to that farmer. In the short term he comes out ahead, in the longer term he is not in business. It is a process that is underway with regard to re-analysis, and I will assure the Member that we will be pushing the farmers' point of view all the time but in a responsible manner.

Mr. Reg Alcock (Osborne): I actually would like to pass a comment on that, though I am surprised that the Minister of Agriculture (Mr. Findlay) would suggest that any Member of the House would be advocating dishonest practices. I would hope that the Minister would stand and withdraw that; I think that is quite inappropriate.

A question for the Minister of Finance (Mr. Manness) now, and I am going to be asking some questions of the Minister of Family Services (Mr. Gilleshammer). I would just like to alert the Minister of that, and in a sense I am going to ask much the same questions to both Ministers.

The Minister of Finance has in meetings with Child and Family Services agencies in the past indicated that the problems the agencies have had could be corrected by hiring more accountants. He has also, from his seat, when the Minister of Family Services has been attempting to defend the decisions of the Minister of Finance in social policy, he has been chirping from his seat that these agencies are overadministered. I would like to ask the Minister right now, what evidence he has to support his claim that these agencies are overadministered?

Hon. Clayton Manness (Minister of Finance): Madam Chairman, never ever, either in a private meeting or certainly on a public platform, have I ever made the statement that more accountants were going to be the solution to the funding problems that we may have with respect to outside agencies. Now my good friend and my very close colleague, the Minister of Energy and Mines (Mr. Neufeld) may disagree with that. We have had discussions to that end too, I might add.

Madam Chairman, nowhere have I ever said that the hiring of more accountants, providing greater financial controls in themselves would provide the solution to what I deem to be a problem.

Madam Chairman, the chirping so-called of administrators I have heard come from Members at the front bench, I do not believe I have been one of them. Let me say this, that as we survey where the uptake of funding has been, not only within the area of social services but indeed in many of the outside agencies and institutions of Government, we are struck by the fact that administrations are growing, and that is an indisputable fact. They are growing. One cannot have it all ways.

* (1140)

I mean, the very essence indeed of very scarce tax dollars and indeed how those revenues will be spent, I do not care if it is at the highest level, whether in this case it is the Premier's (Mr. Filmon) support staff, or indeed it is a department of Government, or if it is a social caring agency, as more money is directed towards administrating and trying to organize and trying to control at the higher level, there is less money to provide to the service. You do not have to be a rocket scientist to understand that.

Madam Chairman, I am saying that just like we, as a Government, are going to be challenging ourselves to try and reduce our administration, indeed all groups outside of Government are going to be faced with that same challenge.

Mr. Alcock: Madam Chairman, I agree with the Minister. I think when times are tough we want to move resources from administration to preserve vital services to people. Nonetheless, there have been statements made on the front bench of this Government that child and family service agencies, those agencies that provide protection to children in this community, are overadministered.

Now the Minister of Finance (Mr. Manness) says he has not made that statement and perhaps it is unfair to ask him to answer for his colleagues, but then I would like to ask him this question: Does he know of any study, does his department have any study that suggests that the administration of child and family service agencies in this province is too large, too fat or too soft—any term he wants?

Mr. Manness: Madam Chairman, I do not. Maybe the Minister of Family Services (Mr. Gilleshammer) might be prepared to give greater detail to the question, but I can honestly say to the Member I do not have that study.

Let me say at this point, it is sort of an academic exercise a little bit whether indeed that study does

exist or indeed whether you were to do it. We have all done analysis long enough to know that we can probably buy any conclusions or any results that we wish, but it still does not get around the fact that we have a limited amount of dollars to direct to those priority areas of Government. Indeed, if a cap was put on those dollars, and I think that is the essence of what is being—and when I say a cap I am talking about the increase, the value of the increase—and if there is to be a cap and that is not sufficient to deliver the service in the mind of the Member opposite, then obviously something is going to have to give.

Madam Chairman, I cannot print money and I cannot provide to the Minister of Family Services (Mr. Gilleshammer) all that he genuinely would like in support of the needs of the community, so I have no alternative. We are going to have to work within the existing system and we are going to have to acknowledge that within Government, and outside, that administratively we are going to have to trim the resources that are put toward it. We are going to have to, either through the technology that is existing today in the area of systems, or we are going to have to put our heads together, and if there is redundancy in administration, we are going to have to look at that.

I do not care what studies are there, supporting or not supporting the argument, I mean you are either going to deliver the service better or the same way, given the constraints, or indeed you are going to continue to build people into positions and not deliver the product on the street, indeed where it has to be delivered.

Mr. Alcock: Well, for the sake of time, Madam Chairperson, I will assume that the Minister of Finance (Mr. Manness) did not mean what he said in the latter part of his answer, that he did not mean that he does not care what sort of rational understanding there is of how services are delivered, that somehow some intuitive sense is going to be what he is going to act on, because we are talking about a service area that is an extremely sensitive one, and the Minister of Health (Mr. Orchard) will have some understanding of this.

There are certain kinds of services that we provide that are volume-sensitive. If a person is ill we do not say there is a cap, wait until next year. We respond to that illness—and it does cause us—it is an uncontrolled part of the budget and I suspect around the Cabinet Table the Minister of Health (Mr.

Orchard) sits down with you at times and says, we need to find ways to more efficiently and more effectively, and more cost-effectively, deliver this service, but if somebody needs help we deliver it.

We do the same thing, unfortunately, in our prisons. Somebody gets sentenced to jail, we accommodate them. We do not say, no, we are going to stop removing dangerous people from the streets because we have hit the limit of our budget.

We do the same thing in child welfare. When somebody identifies that a child has been abused, or a child is living in a dangerous situation, we do not say to them we cannot deliver that service. We do not say to them, wait until next year. Unfortunately what we are beginning to say, to certain kinds of people, is that we will not serve you and increasingly, informally, that is being said to older children of this province. If you are 16 or 17, your chances of receiving service, abused or not, are becoming slimmer over time.

So there is a problem when you talk about capping. The Minister would not talk about capping access to health services. He would talk about prevention; he will talk about other forms of service, more efficient, but he still recognizes that when people have a fundamental need like that we respond. Now, that is a situation that the Minister of Family Services (Mr. Gilleshammer) is faced with, he is faced with, off the top of my head, I think over the last four years 127 percent increase in child abuse cases identified in this province. Child welfare workers cannot sit back and say, well, we will get around to that. The day they receive that phone call they had best attend; they had best be at that school interviewing that child; they had best be with that family or we would be standing in this House, and the Minister would be standing, and rightly saying: You are not doing your job.

Those workers are under tremendous, tremendous pressure, and I would challenge either the Minister of Finance (Mr. Manness) or the Minister of Family Services (Mr. Gilleshammer)—and frankly I appreciate the Minister of Finance's candour in saying that he does not know of any study because I do not believe such a study exists. I just do not believe it. I believe if there was a study it would demonstrate that these agencies are not administratively heavy. I do not care what kind of test you use.

What it will also demonstrate is that the workload

has so dramatically increased that these workers, often young and inexperienced, are having tremendous difficulty coping. They are having tremendous difficulty delivering the kind of services that they want to deliver.

When this front bench chirps about fat in the system and overadministration, they are doing a disservice to the very people who are providing front line protection to children in this province. They are sending a message to the community that somehow these people are doing something that is against good service. That is simply not true.

I would like to ask the Minister of Family Services (Mr. Gilleshammer) the same question I asked the Minister of Finance (Mr. Manness). Does the Minister of Family Services know of any study that suggests that these agencies are overadministered?

Hon. Harold Gilleshammer (Minister of Family Services): I am not aware of any study to that effect. I can tell the Honourable Member that my department is working with Child and Family Services on funding and service agreements which will address that question. Hopefully for the funding that we put into agencies we will see the type of service coming out of them which best benefits the users of the system, the children and the vulnerable families in the system. I would hope that the service and funding agreements will address the concerns that the Member is raising.

Mr. Alcock: Now the Minister of Family Services has said he does not know of any study that suggests that these agencies are overadministered. I would ask the two Ministers, the Minister of Finance (Mr. Manness) and the Minister of Family Services (Mr. Gilleshammer), the next time they are in caucus to raise this with their colleagues, and let us stop putting that false information on the record. These agencies have very difficult circumstances that they are living within. Let us support them, let us not condemn them.

I am sorry, Madam Chairperson, Mr. Minister, you had a comment?

An Honourable Member: Ask another question.

* (1150)

Mr. Alcock: To you? Now, the Minister of Family Services (Mr. Gilleshammer) has raised a very important issue. I think that if he is indeed working towards contracts with the agencies, one of the things that I know from having worked on those

same contracts is that there will have to be an open-ended provision in that, or I would assume there would be an open-ended provision to allow for changes in volume. I would like to ask the Minister when he anticipates having those contracts in place, those agreements in place.

Mr. Gilleshammer: A number of those contracts between the department and the agencies have already been signed and are being reviewed. We hope to have all of them finalized in the near future. There has been a good level of co-operation between the agencies and the department in putting these in place.

I hear what the Member is saying about being volume sensitive as well. Part of the budget that we will get a chance to discuss in the Estimates process deals with the volume-sensitive aspect of the situation that agencies find themselves in.

Mr. Alcock: Perhaps I could ask the Minister directly, since we are on Interim Supply, a form of Estimates, has there been money provided in this year's budget for the Child and Family Services protection agencies that is sufficient to allow them to hire more protection workers and still meet their incremental obligations under the contracts that were signed with the support of his department?

Mr. Gilleshammer: The agencies were made aware of their budgets, I believe in June, so that they could do their planning and enter into the service and funding agreements, and were made aware of the operating funds which they would be receiving. They were also made aware of some \$3 million in a special expenditure fund which related to foster care costs, which related to extra workload with families and which related to deficits from the '89-90 budget year. Agencies were made aware in June of budget provisions that are put in place for this budget year.

Mr. Alcock: Well, now we have an interesting circumstance. The Minister to now has said wait for the Estimates, you will see these 15 percent increases, and now he says that agencies have been made aware of it. What the agencies have been made aware of is operating increases in the order of—in fact, in one case, an operating decrease, and the maximum operating increase that we have identified thus far on service and administration is 7.4 percent, and that includes some of that foster care money that he is referencing.

Given that there is no increase in service

administration in Child and Family Services above 7.8 percent, where does the figure of 15 percent come from?

Mr. Gilleshammer: We are getting into stuff that we could better answer in Estimates when we have the Estimates book, but they were made aware of the fact—and it is in the Estimates book—that the funding last year was at a level of \$41.7 million, and this year the budget increase is 15 percent to \$47.9 million. As I have indicated, part of that is in operating budget and the other part is in the Special Expenditure Funds. I think that is in the area in the service and funding agreements that we have to do more discussion with agencies over and how they access these Special Expenditure Funds that are in this budget.

Mr. Alcock: Now there again we have another piece of information that is floated out publicly that I think does a disservice to agencies that protect children and families in this province. If the image that is out there in the community is that these agencies are getting 15 percent increases when the reality is that they are getting either decreases or increases in the order of three and four percent, that does a considerable disservice to people who are struggling very hard to provide basic levels of service, and I think it really reflects on the credibility of the Government.

I would ask the Minister if he would revise his statements in the House and put accurate information forward on that particular situation, because I think he does do a disservice to those agencies.

I would like to question the Minister a little bit on the protocols relative to firearms that were recommended in the inquest.

Mr. Gilleshammer: The question that the Member raises is one that his Leader raised in the House a couple of weeks ago, raised with me about two weeks ago. I responded to her in writing and I would say to him that the Reid inquiry makes, I think, recommendations in three areas. Certainly, one of them is in the firearms area. That is one that we are actively looking at now, and I think it is one of the recommendations that we can act most quickly on.

There is a strong recommendation there that I feel we can react to and put in place a protocol where certainly the citing of firearms, the discharge of firearms, when it is called to the attention of a worker or they are made aware of it, certainly should be

passed on to the proper authorities and in retrospect could prevent situations like this. I do not think we will have any disagreement on that. It is an area that I hope we can act on very quickly.

Mr. Alcock: Good, I would like to thank the Minister for that answer. I agree with him that it is something that we can act on and we can see some tangible benefit in. I also want to state something else that I think is important. It does not matter how much money we put out there or how many protocols we have, we are not going to solve all of these problems. I think to be fair to the Minister that is just a fact that we have to accept the same way we are not going to cure all disease or stop all illness.

There are some steps that can be taken in this service area, I think, to dramatically improve the services to those most vulnerable in our community, because this is the only service that delivers any kind of hope to children of this community.

Madam Chairperson, I asked the Minister some time ago about permanency planning. Permanency planning is a form of case management that takes place in the department to ensure that those children who have been taken into permanent care and who will no longer be returned to their families are given some permanent situation to live in, usually adoption or some kind of long-term foster care or arrangement depending on the nature of the case.

I asked the Minister, how many children currently in the care of agencies or his department are awaiting permanency planning? The Minister undertook to get that information to me. I wonder if he has it today.

Mr. Gilleshammer: Madam Chairperson, I do not have that number for you today, but I will endeavour to get it for you. I would indicate you raised that in conjunction with a specific case. Often this is not the best place to discuss specific cases, but I would say that we are actively pursuing the resolution of that case. We have had a home study team working on it, and we are looking at some long-term solutions. I would say that this is probably an example of a case which, if we can find resolution to it that satisfies all parties, we can use maybe as a prototype for some of the other situations which the Member is alluding to.

Mr. Alcock: Madam Chairperson, I appreciate that information on the case that I raised. I indeed have some information that supports what the Minister

says. There is work under way attempting to resolve that. I think that if they do manage to solve that situation, it will be an important step for the department, because it is a unique circumstance, but it is not one that is uncommon, that never occurs anyplace else. There are children caught in that circumstance, so I applaud the Minister for the work he is doing. I would look forward to hearing from the family that the situation has been resolved.

Now, the permanency planning is a different issue. The Minister is new to his responsibilities, so I do not expect him to have all the answers on this particular issue. In the Child and Family Services Act there is a requirement that the department, under the leadership of the Minister, ensures that all files of permanent wards are reviewed once a year to determine whether or not there are appropriate permanency plans in place.

Now, given that it is a statutory requirement for the department, one presumes that they will have a list of those children who are (a) permanent wards and (b) the status of their cases whether they have permanent plans or not. So what I would ask the Minister to undertake to do is to table a list by agency of how many kids by agency are awaiting permanency plans. I would ask the Minister if he would be prepared to do that.

* (1200)

Mr. Gilleshammer: Madam Chairperson, I have indicated that I would look into this and get the information for the Member. I will provide it to him in the best way I possibly can.

Mr. Alcock: Okay, and this will be my last question. I would just like to alert the Honourable Member for Elmwood (Mr. Maloway), that this will indeed be my last question. Although, I may have a supplementary to this particular question.

I would like to ask the Minister if he is aware of the occupancy at Seven Oaks Centre for Youth at the current time?

Mr. Gilleshammer: Madam Chairperson, I do not have a precise figure, if that is what the Member is asking for. I believe that the occupancy rate has come down significantly in the last short period of time.

Mr. Alcock: Madam Chairperson, I would encourage the Minister to start to watch those numbers. As recently as a week or two ago, there were 12 children in that building. We are spending \$1.9 million a year to support them, and it is illegal.

As the Minister of Finance (Mr. Manness) and the Minister look for opportunities to recover some funds to use more appropriately, providing support to children, I think he might change his focus away from harassing line workers and look at some effective redistribution, that is all. Just a piece of advice.

* * *

Mr. Gilleshammer: Madam Chairperson, I believe the number which the Member has mentioned is accurate and I can confirm that for him. I would tell you that I have the highest respect for the people on the front lines who are working out there, and we will work in a supportive fashion with them. I reject out of hand that there is any harassment going on, and I would ask the Member to withdraw that.

Mr. Alcock: Madam Chairperson, let the record show that I was on my feet to withdraw that statement and I intend to do that because I want to make a point to the Minister.

When you challenge these agencies the way that you do when you make spurious comments about "fat administration," what you are doing is putting very heavy pressure on a lot of people who are working very hard in very difficult situations. I know the Minister has high regard for line workers and I know the Minister has a sincere interest in his department and I wish him very well in it, but I think he has to control Members of his Cabinet and to stop sending a message to this community that somehow these people—the only people in this community who are doing front line work with abused children and their families—are acting inappropriately or illegally or inefficiently, or anything of the sort.

Both the Minister of Finance (Mr. Manness) and the Minister have indicated they have no objective evidence that that is the case. I really think we have to stop sending that message to the community and start sending the message that the Minister just began to, which is that we as a Legislature—that we, as a community, have a very high regard for the people who deliver this service and we are going to do everything we can to support them. I have no difficulty withdrawing that rather flip comment I made.

Madam Chairman: I would like to thank the Honourable Member for Osborne (Mr. Alcock) for the withdrawal of that statement.

Mr. Gilleshammer: Madam Chairperson, I would challenge the Member to work co-operatively with the department to enhance the services that we do provide. I think sometimes the inflammatory statements that one makes here, or elsewhere, that gain headlines do not serve the process well and do not serve the community well. I think that there is the building of a good relationship between the department and the agencies with the service and funding agreements where we understand better what the role of the agencies really is and that appropriate funding is put in place for that.

So I thank the Member for withdrawing his statement and look forward to working with him to make the service providers more comfortable and give them the opportunity to do their work.

Mr. Alcock: With a final comment, Madam Chairperson, I thank the Minister for that and far be it from me to ever put an inflammatory remark on the record. If I were ever to do so, I would ask the Minister to point it out to me.

* * *

Mr. Jim Maloway (Elmwood): Madam Chairman, I have a few questions to the Minister of Finance (Mr. Manness). I wonder if the Minister of Finance could give us some comment and some breakdown on arrears in taxes in this province, particularly with respect to arrears in the retail sales tax field and any others that he might have information on?

Mr. Manness: I do not know if I heard the full question, Madam Chair. The Member is asking about arrears in the sale tax area, I think. Certainly there always is a small percentage of expected revenue within that tax field that is in arrears. If the Member is asking whether those arrears are building, I cannot give him a full response to that. I cannot give him any response at all because I really do not know. If they are building significantly it certainly has not been brought to my attention. I will certainly be able to answer that question fully next week when we go into Estimates.

Mr. Maloway: Madam Chairman, well, the reason for the question was because whether the economy is in a recession or whether it is in good times. Even in good times there are a certain number of individuals and companies who fail to pay corporation taxes, or fail to pay personal income taxes, and also companies that fail to pay the retail sales taxes. I just wondered what the present state was with regard to arrears and how big a problem it

was. The Minister might recall that Governor Dukakis, when he was first elected, did promise to clean up a terrible arrears problem in that particular state that he was governor of, and I believe he won election and was successful in collecting a lot of taxes that were in a arrears state. So if the Minister could report back on that it would be fine.

Mr. Manness: Madam Chair, certainly next week when we are in the Estimates of Finance I will provide a fuller report on that. Let me say that where we are finding some arrears problem is within the sales tax area is related—and this is the only one I can recall—is within the hotel industry. There are a growing number of arrears within that area and that is fully understood as to the pressure with respect to the hospitality industry. We have found more situations than we would like whereby some hotel operators are withholding legitimate tax revenues, but that is because of the tremendous cash-flow crunch that they find themselves.

Mr. Maloway: Madam Chairman, then would the Minister undertake to determine what those figures are for the hotel industry, and also perhaps give us some idea of what attempts his department makes to collect these taxes, and how far do they allow the operator to go before they institute more drastic action?

Mr. Manness: Madam Chair, I will undertake to find that. I would hope that the Members, in the Estimates of Finance next week, again will pose those questions. Let me say that for one year now, we have been very involved in doing a major reorganization in the taxation division of Government, trying to work to greater lines of functionalization, to try within the very limited number of tax collectors and auditors that we have, trying to create a greater degree of efficiency. There is no doubt that the Government of Manitoba is behind in a number of assessments. This is across the whole tax field, and, of course, we are trying to address that through reorganization rather than through hiring more staff.

Mr. Maloway: I have another question to the Finance Minister in the area of the health and education tax breaks. In the budget the Minister gave a reduction to the truckers of Manitoba, and I wondered what the motivation was behind that reduction. Perhaps the Minister could explain that.

* (1210)

Mr. Manness: Madam Chairman, we had a situation

whereby, in the first budget I brought down in 1988, we removed the payroll tax that was applicable to those miles of a driver that were driven outside of the Province of Manitoba. We thought that might help the competitive position of Manitoba firms and truckers. However, we still had a situation where our truckers were at a disadvantage for all the miles that were driven within the province as compared to outside competing firms. We have now removed the payroll tax applicable on those miles driven by a trucker who does out-of-province trucking, those miles that are driven within the Province of Manitoba, and that is the removal of the payroll tax in that question. These companies, though, that have their head offices located in Winnipeg, still are paying payroll tax with respect to the head office operations. I might tell the Member, though, what we had was a situation where one and maybe two of our major companies were beginning to set up head office operations just south in North Dakota.

Mr. Maloway: Could the Minister tell us how much of a tax break is envisioned here in terms of a dollar amount and perhaps how many companies will be affected by this?

Mr. Manness: I cannot tell the Member with certainty how many companies. It seems to me there are a minimum half dozen and maybe as many as 10. The tax dollar that would be applicable under the present law, as compared to the new law that we are proposing, the difference in revenue coming to the province, would be roughly a little under \$1 million.

Mr. Maloway: Also, I would like to ask the Minister of Finance, or perhaps follow up a little bit further on the trucker situation. I think that he is aware that the Trucking Association of Canada has suggested that supposedly after three big money losing years that there are a number of firms that are on the verge of going under in Canada, and I would assume that given that I believe 9 of the 15 largest firms in Canada are headquartered here in Manitoba, that the trucker's association are referring to at least a couple in Manitoba. I mean, when the ministry as a whole has three money losing years and it is anticipated that bankruptcies will occur, does the Minister have any information as to specific companies in Manitoba that may in fact be on the verge of bankruptcy?

Mr. Manness: Madam Chairman, I do not and if I did, the Member knows fully well that I could not disclose that here.

Mr. Maloway: Yes, in response to the Minister, I am fully aware of what happened to the Member from B.C. when he made comments concerning the solvency of one of our financial institutions. I do not expect that he would put a specific name to the company.

Now Madam Chairman, I would like to ask the Minister, he made quite a production last year of his tax holiday for new small businesses. Of course, at that time we were somewhat skeptical as to whether this was just window-dressing or how much money was really involved. Could the Minister tell us how much revenue was lost to the province last year because of that tax holiday?

Mr. Manness: Madam Chairman, that is a good question. I have not opposed it. I have asked, as I sign all the remissions, for a review as to what type of general companies are using this tax holiday provision. So I am very aware as to the type of company that is coming forward in seeking relief. Certainly for next week too, I will try and provide an estimate of foregone revenue as a result of the small business tax holiday in place.

I might share with the Member at this time though that the decision to provide yet another year of relief did not come easy, only because as I looked at the cross section of companies who applied for that relief I was struck by the fact that most of them, virtually all of them were in the service area. Not that one should hold back relief from those people, but certainly there tends to be more of a competitive element in the service industry as compared to the goods production area.

Mr. Maloway: Well, the Minister should recognize that this probably is not a major item in the budget because I would suspect even in good times there are not that many first-year businesses that are going to show a tremendous amount of profit in any event. Nevertheless, I look forward to hearing his figures for the last year.

I did want to ask him as well about the performance of his HydroBond Program this past year. We are aware that he was quite successful in his first year of operation but this past year was somewhat different. Perhaps he could tell us what the original sales were both last year and this year, and what the cash-outs have been on the bond issues?

Mr. Manness: Madam Chairman, I stand to be corrected, but from recall last year I received a

cheque for \$312 million from the managing agent of which I think there were fees taken off of around \$3 million which of course we redirected to Manitoba Hydro.

This past year we sold roughly \$50 million in new bonds, and it seems to me the cash-out from the year before was roughly \$100 million. We found ourselves in a period of time when short-term or T-Bills and guaranteed investment, after we had announced our rates, had increased somewhat. Even though we had quite a premium as to Canada Savings Bond, the "hot money," to use the term in the trade, decided to park their savings elsewhere.

I tell Members freely, as I admitted to the press, Government never did want to bring this instrument for the hot money. It was more interested in reaching out to Manitobans of all professions, of all walks of life, to try and give them an opportunity to show and exhibit a pride in their province and invest accordingly.

Mr. Maloway: Based on that performance or lack thereof, would the Minister be prepared to characterize his program as a partial flop or a total flop?

Mr. Manness: None of the above, Madam Chairman, I consider it an overwhelming success and I will tell you why.

Even though we lost \$100 million from a few handfuls of large investors, the total number of Manitoba bondholders now—and I do not know if my numbers are accurate—but it seems to me have jumped this last time from somewhere from 30,000 to 45,000. The number of people today in our province who are holding Manitoba HydroBonds increased yet by another 50 percent in 1990.

Mr. Maloway: Madam Chairman, I thank the Minister for that response. I wanted to ask him about the situation regarding commercial paper. There are recent stories out of the United States that there is a high degree of commercial paper being sold in the United States, and I wondered whether he had any comments as to what the situation was in Canada and how it was impacting on Manitoba.

* (1220)

Mr. Manness: If the Member was listening to my speech yesterday when I wrapped up debate, he would hear that it is becoming increasingly difficult to gain funds. In Canada you have a situation now where short-term paper indeed is being floated in the United States only because it is difficult to attain

in some respects financing here. You have a situation where provinces particularly are taking shorter-term issues into markets offshore, and I would say are unquestionably boxing themselves into some type of major problem and putting their economies, indeed their fiscal status, at incredible risk.

Mr. Maloway: Recently, certainly in the last couple of days, the head of Quebec's largest employer group has been urging the province's politicians and business leaders and unions to get together and reach out to people like Bob Rae of Ontario to go to the federal Government and demand that interest rates be lowered. Does the Minister of Finance have any plans to join that group and make representation to the federal Government?

Mr. Manness: Madam Chairman, I do not ever envisage myself joining Bob Rae, and somebody of the NDP persuasion, to be a part of a coalition on fiscal matters.

I can tell you our Premier (Mr. Filmon) has made the strongest representation possible to not only the Prime Minister of Canada, but indeed the Minister of Finance. I also on several occasions, every opportunity that I have to talk to the federal Minister of Finance, make the same statement.

Let Members beware, if they think that softening interest rates in themselves are going to be the salvation to our problem, you are horribly misguided. I can assure Members that the public debt of this province, if the Canadian dollar were to slip as a result of interest rates going down significantly, the public debt of this province would rise incredibly. The dire warnings that some say maybe were contained within the budget, indeed I think would even have to be exaggerated beyond that.

Mr. Maloway: That answer prompts me to ask the Minister to give us more information on his feelings about interest rates and where they really should be.

Mr. Manness: Madam Chairman, I am not going to be suckered into providing a response on that. I would love—being a personal debtor like I am I wish interest rates were at 2 percent. I will be quite honest. I tend to be a borrower more than I am a saver, in my own private portfolio. That is my bias.

From the point of view though of the impact it would have if we had very low interest rates, and the impact it would have ultimately on the Canadian dollar and therefore inflation—I am not one, for instance, who believes that we should have a 5 or

6 percent interest rate, because I would deem it unrealistic and potentially very destructive. However, I do believe that we should have a rate and could have a rate right now which is certainly 200 basis points, or two full percentage points below what we have now, without causing too much risk and destruction to our economy.

(Mr. Marcel Laurendeau, Deputy Chairman, in the Chair)

Mr. Maloway: The Minister in his projections for next year's deficit has made the projection that—well, the deficit is based upon the interest rates dropping 2 percent. So I was very interested in the Minister's comments yesterday in his speech when he suggested that the sands might be shifting under his feet and that certain projections were now that interest rates might not go down but might in fact go up, which brings me to this whole question about his so-called forecasting that he talked about an awful lot while he was in Opposition and promised to bring in. I thought he had promised a five-year model in Opposition. That sticks in my mind.

He has been recently talking about a three-year model. I am wondering how he squares that, because today we are looking at a deficit projection next year far in excess of what we have this year, and that projection is based on a 2 percent drop in interest rates.

How does the Minister square that with his comments yesterday where he thinks the rates might not only not go down but might in fact go up?

Mr. Manness: Mr. Deputy Chairman, let me say that I made an estimate. I believe that as I survey the nation and the international marketplace and North America's part in it, that interest rates are going to have to fall 2 percent.

What I had referred to yesterday that there are some market forecasters, the Royal Bank being one of them, that do not necessarily believe that 2 percent fall will occur in the context of the next calendar year. So I do not know. When he is talking about squaring I think what he sees is that, as the Government, we sense that they will fall. Some other forecasters are not so sure that they will.

Mr. Maloway: The fact of the matter is that the Minister is admitting then that his projected deficit for next year may be away off and in fact the deficit may be tremendously higher than what he is suggesting at this point. In other words, he has

introduced a budget just a week ago, and one week after introducing it he is saying that there are credible forecasting people out there who are suggesting that the rates are going to be higher when he is projecting 2 percent lower. So it really demonstrates that the forecasting is kind of difficult, I guess, even at the best of times and that perhaps the Minister was putting his neck on the block when he was suggesting that our Government was not engaged in proper practices, because it would not forecast three to five years ahead.

We have trouble in the financial markets knowing what is going to happen next week, let alone next year and the year after. That is all, I am just questioning whether or not his presumption that somehow models were going to help us out was in fact very valid. Now, would you like to answer that?

Mr. Manness: Mr. Deputy Chairman, I disagree with the Member. I am very, very proud that we brought down a three-year estimate, including the present here. I was always one who studied and who gained, I guess, a degree in understanding and working with models, fully understood their weaknesses and never, ever claimed that they could ever give you the perfect forecast.

Someone once said forecast all you want, but do not forecast for the future. So I mean I have no difficulty with it. I still think though that it serves a very worthwhile purpose in doing what we did and providing the information.

With respect to the impact of interest rate, let me remind the Member, although interest rates do have a significant impact over the long term, we are so much different from the federal Government in that so much of our borrowings are not in Canada

Savings Bonds and, therefore, had to be adjusted, not only year by year, but sometimes within the year. Most of our money is 10-year. A lot of it is 20-year. As a matter of fact, I even have a loan we did—or Hydro did, I forget which—30-year. So most of our cost of borrowing for next year, next fiscal year, is no, I bet 50 percent of it is already fixed. So the impact of interest up and down is not going to have the same impact in my bottom line as it would, indeed, for the federal Government.

Mr. Maloway: The Minister of Highways (Mr. Driedger) suggests we call it 12:30. I do have many more questions that would take a certain -(interjection)- Yes, I think I should stop there then, because the next area will take a considerable number of questions.

Mr. Deputy Chairman: Order, please. As the hour is now 12:30 p.m., committee rise and call in the Speaker.

IN SESSION

COMMITTEE REPORT

Mr. Marcel Laurendeau (Deputy Chairman of Committees): Madam Deputy Speaker, the Committee of a Whole has considered Bill 19, The Interim Appropriation Act, 1990, directs me to report progress and asks leave to sit again. I move, seconded by the Honourable Member for Turtle Mountain (Mr. Rose), that the report of the committee be received.

Motion agreed to.

Madam Deputy Speaker: The hour being 12:30 p.m., this House is adjourned and stands adjourned until Monday, at 1:30 p.m.

Legislative Assembly of Manitoba

Friday, November 2, 1990

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