

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 13 April, 1982

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY

SUPPLY — CO-OPERATIVE DEVELOPMENT

MR. CHAIRMAN, Harry M. Harapiak (The Pas): We'll call the committee to order. We are on Co-operative Development, No. 2.(a) on Salaries.

The Member for La Verendrye.

MR. ROBERT (Bob) BANMAN (La Verendrye): That's okay, Mr. Chairman, they mixed us up all the time. I'd like to spend some time discussing the financial package that was put together for C.I. and I'd like to ask the Minister who is now running C.I., in other words, who makes up the Board of Co-op Implements Limited?

MR. CHAIRMAN: Mr. Minister.

HON. A. R. (Pete) ADAM (Ste. Rose): Mr. Chairman, I wonder if the member wants individual names or if he just wants to know the makeup of the board.

MR. BANMAN: Just the positions that are in place, I'm not interested in the exact names or anything but I would just like to know who's running C.I. at present.

MR. ADAM: There has been an administrative committee set up and there are two representatives from the Government of Canada; there is one representative from the Government of Saskatchewan; there are three from the Co-operate Group; there is one from the Co-operative Implements from Saskatchewan and one from Co-operative Implements from Manitoba. That's the composition of the Board at the present time.

MR. BANMAN: The representatives from C.I. Saskatchewan and C.I. Manitoba, how are they chosen?

MR. ADAM: These were appointments, Mr. Chairman, arising out of the 1978 financial assistance package that the Member for La Verendrye, I believe, was perhaps involved at that time. I'm not sure or not, but perhaps he was.

MR. BANMAN: It was my predecessor, I think, the Member for Brandon West was in charge at that time, I'm not sure, but I wonder if the Minister could tell us if any of these people are elected by the members of Co-op Implements.

MR. ADAM: I am informed that the last two, the Co-operative Implements representatives are elected.

MR. BANMAN: Is there a Board of Directors elected by the members of Co-op Implements at all?

MR. ADAM: There is, yes.

MR. BANMAN: Does that Board take their instruction

from this Board?

MR. ADAM: Yes.

MR. BANMAN: So, really what we're saying then, Mr. Chairman, that under the new package that we've developed, the new financing package, the Board that's in place right now that I guess you would refer to as the super Board is the board that is appointed; two representatives from the Federal Government, one from Saskatchewan, three designates from I guess Federated and a few other groups. Then another two nominated from the respective CI groups from Saskatchewan Manitoba.

MR. ADAM: But that is under the old agreement, Mr. Chairman, that's not the new agreement.

MR. BANMAN: Well, what's the new agreement then?

MR. ADAM: There will be a representative from the Government of Manitoba.

MR. BANMAN: So then the board composition will be, instead of eight will be nine, with Manitoba adding one nominee.

MR. ADAM: That is correct.

MR. BANMAN: The three that sit on there from the co-op groups, which co-op groups?

MR. ADAM: They represent 12 major co-operatives, I'm informed by staff.

MR. BANMAN: How would they be chosen?

MR. ADAM: This is decided by the co-operatives themselves, who sits on that board.

MR. BANMAN: That's by management?

MR. ADAM: Yes, I believe that is correct.

MR. BANMAN: I don't know, am I being repetitive, but out of which three groups do they come?

MR. ADAM: Credit Union Central, Federated Co-op and Saskatchewan Wheat Pool.

MR. BANMAN: So, we've got two federal members, we've got one from Saskatchewan Government, we've got one from Credit Union Central, one from Saskatchewan, from Central and Saskatchewan.

MR. ADAM: That's Credit Union Central from Saskatchewan, Mr. Chairman.

MR. BANMAN: And then we've got one from the Sask Pool?

MR. ADAM: One from Sask Pool and one from Federated Co-op.

MR. CHAIRMAN: I'd like to caution the members that this is being recorded by Hansard and when you get into a conversation it's difficult to decipher who is speaking so please wait to be recognized.

MR. ADAM: I apologize, Mr. Chairman.

MR. BANMAN: So, what we're going to have now is a nine-member board. Who does this board report to?

MR. ADAM: They would report to their respective organizations, I presume. Mr. McCready was quite involved in the latest financial package, he's on the board representing the Federal Government and there's another appointee, and the answer to the Federal Government. The Government of Saskatchewan has an appointee there too, he reports to the Government of Saskatchewan. The three co-operative appointees report to their respective co-operative groups and the other two are from the Co-operative Implements, one is from Saskatchewan and one is from Manitoba.

MR. BANMAN: When the Ministers say, Co-op Implements, does that mean the Manitoba producer group, or consumer group?

MR. ADAM: Yes, the Member representing the Co-operative Implements from Saskatchewan is the Chairman of the Board, and the Manitoba representative is the Director of the Board.

MR. BANMAN: Now, this is a Board that effectively is running the operations at C.I. right now, is that correct?

MR. ADAM: Yes.

MR. BANMAN: Do the members elect their own Board?

MR. ADAM: Yes.

MR. BANMAN: And what does that Board do?

MR. ADAM: That Board has the day-to-day operations under the supervision of the Administrative Board.

MR. BANMAN: Well it would be fair to say then, I guess, that this C.I. the way it is being operated now would be operated almost like a Crown Corporation right now?

MR. ADAM: We have held the position, Mr. Chairman, that we would have liked to change the authority of this Board to allow the Board to operate Co-operative Implements, the day-to-day operation of the C.I. Implements, and our position was that the Administrative Board should only be involved in liquidation of assets or obtaining of financial assistance or whatever. We are still negotiating on that point and under the new agreement we will have a Manitoba representative on that Board; and the reason why the arrangement is in this way is because of the financial input by the different groups. But we take the position

that despite the fact that there has been financing available from the Government of Canada, the Government of Saskatchewan - and the Government of Alberta doesn't have a representative on the board - and the Co-op groups, we still feel that there should be some way that the Board can operate the day-to-day operations of C.I. Implements apart from the major expenditures or selling off of assets or arranging for financing, etc.

Mr. Chairman, the Manitoba position is that the C.I. Board be responsible for management, and the administration committee be responsible as a banker or supervisor to protect the investments of government and others involved. It was a condition of our participation that management should be the responsibility of C.I. directors and not the administration.

MR. BANMAN: Has the Minister in discussion with the other partners involved in this particular corporation, and I again put it to the Minister that really the new infusion of capital is what has been put in before, really what we're heading for here is another big Crown Corporation because the member's equity I think now is overshadowed by what governments have put into the operation. I wonder if the Minister could tell me when he says, "The administrative committee is going to look after the big decisions," does that mean the hiring of for instance, the executive officers and that type of thing, senior management people, or what are we talking about, day-to-day operations?

MR. ADAM: The administrative committee will be responsible for policy and major decisions apart from the day-to-day operation, although the administrative committee does have the authority to do that as well. But the financial assistance excepting the portion that has been forgiven by the Federal Government, are only loan and loan guarantees.

MR. BANMAN: In the refinancing package that has been put forward, the Co-op movement itself, the consumers are being asked to put in \$5 million. Has the Minister had any indication from the system — and I'm talking about members, I'm not talking about Saskpool or the Centrals of Saskatchewan, Alberta or Manitoba — but what are the preliminary indications as to the \$5 million to be raised by the shareholders themselves?

MR. ADAM: Mr. Chairman, it is my understanding that they have 5 years to raise the \$5 million. The impression we get from management of the Co-op groups and the Co-op Implements, that they are confident those funds will be forthcoming and in fact they are proceeding further than that. They are now approaching their memberships for financing beyond the \$5 million. This is what they are preparing for, whatever happens down the way so far as Co-operative Implements is concerned. Before this financial package is completed it will take some time to develop it because it has to go through the Securities Commission of each province and that is in regard to the membership participation because there are securities involved and that can't be done in much less than six months, to go through the different Se-

curity Commissions in the different provinces. They will be receiving preferred shares for the \$5 million.

MR. BANMAN: Is the Minister saying that the different respective co-operative groups will be going out selling shares to raise the \$5 million and if so, how many shares are they going to issue and what are they going to charge a share?

MR. ADAM: The Co-operative Implements will be the body that will contact its members for subscription of preferred shares. I don't have that information because the amount of the shares, whether they be \$10 a share or \$100 a share, that would be entirely up to Co-op Implements.

MR. BANMAN: I think just because it's the key in the whole packaging agreement was my concern when I was Minister, is to see what kind of commitment is out there by the members because governments have now, as I've indicated, thrown a massive amount of money into this one facility. My concern is, where is this particular operation going to head?

In other words, is there a possibility in the future 5, 10 years down the road for the co-operative groups to take over this facility again and operate it the way they have in the past? From the preliminary look at it, it looks like it's going to be a long, tough road to hoe. I would be very pleased to see the membership come up with \$5 million to show their commitment to this. But I wonder if the Minister could tell us, how he envisions this company being turned back to the members, really getting the governments out of the business of running this plant because the way I see and the way it has been handled in the last couple of years is that is basically what has happened. We got into it because there were problems and we're getting into it deeper right now with this package. I'm wondering how the Minister feels with regard to how we're going to get this co-operative back into the hands of the members.

MR. ADAM: Mr. Chairman, one of the conditions that was part of the financial agreement was that the members at large, the members of the Co-operative Implements would raise \$5 million in equity and that is a condition that has to be met if they want to live up to the agreement. We hope that this new financial package will assist Co-operative Implements to become profitable. Of course there are a lot of uncertainties out in the agricultural field at the moment.

The industry as a whole is going through a very very difficult period and one has only to look at the Massey Harris and White Company Limited, and other farm implement manufacturers, to recognize that it's not a very good situation at the moment, but if grain prices remain strong and if the farmer gets a fair price for his production, he will regain the confidence in his operation and will start purchasing new equipment as he has in the past. Of course, again, we might come back again to the high-interest rates which also is cause for concern by farmers who wish to make large purchases of farm equipment; that is one area.

Another area is the Federal Budget which only allows 15 percent depreciation, I believe it is, which last fall has had a negative effect on farm equipment

purchases. But, given the fact, that the Province of Manitoba, with this financial arrangement, is in a much better position than, of course, the other participants in this financial agreement in that the factory is located in the Province in Manitoba. There are spinoffs involved; there's a \$10 million payroll; there are over 600 employees, and with the spinoffs we feel that this financial package is a very attractive one for Manitoba, for the province's investment. I'm referring, of course, to the last financial package for an investment of less than \$3 million the province had an injection of approximately \$32 million coming in from other areas of the province and this certainly has to act as a stimulant to the economy of the Province of Manitoba. We are certainly hopeful that this will allow the Co-operative Implements to become a viable company, providing that the farm economy is buoyant and, of course, hoping that the interest rates will come down so that farmers can go out and buy machinery and not have to run for cover when he finds out how much the interest is going to cost him on a \$100,000 combine, or a \$100,000 four-wheel-drive tractor. So, there are some unknowns out there that we can't judge at this time. I certainly can't and I don't think that anyone else can.

But in regard to the members question about the member participation in the \$5 million, it was recognized that it may be difficult to raise this \$5 million and it was for this reason that we allowed the five-years time for them to do so. But it was a condition that members put up the \$5 million by way of equity over the next five years; that's \$1 million a year, and the amount of members that they have they should be able to do that and if the Co-op will retire its deficit and make money over a period of time, it should be able to pay off its creditors and control will go back to farmer members and it's our hope that this will speed up that process.

MR. BANMAN: The Minister hit on precisely the reason I think, that Manitoba is in this, not even apart from the philosophical one, and I guess any government of any political stripe has to look at the benefits that are derived from having this factory in the province. You don't even have to get philosophical about it when you can attract \$32 million worth of capital and put out \$3 million and have an annual payroll of \$10 million. If you can keep the company going for another two to three years, you've got that coming back in tax revenues plus the spin-off. I guess that is what every government was faced with; that's what we were faced with; because the majority of workers and the plant being in Transcona here, the majority of activity is in the Province of Manitoba and there was no way that you can't move on something when you haven't got that kind of an injection of capital into the province.

The Minister, in speaking to the Speech from the Throne, said that the Federal Government was no longer talking to the provinces when he took over but was speaking to the Co-op package and that the package was much reduced as far as the financial inputs were concerned by the provinces and by the Federal Government. I wonder if he could just tell me what he meant by that.

MR. ADAM: Mr. Chairman, when I took over the portfolio late in the year, I found that the position of the provincial governments were that the financial package should be based on a two-to-one federal — \$2 from the federal and \$1 from the provinces on that ratio — and what I found was that while the Federal Minister of Agriculture had agreed in principle to this, when he got back to Ottawa and tried to get that package through his Cabinet, he was unsuccessful. What they had come up with was not \$14 million in new money, but \$7 million in new money, and they were willing to write the \$7 million off the previous package — it was \$6.44 million that was in new money — but they were not prepared to go for the two-to-one ratio and we felt it was necessary in order for C.I. to continue as a member, I just mentioned a while ago for another three or four years, that it was necessary that there be \$14 million of new money in addition to the \$7 million that the three prairie provinces were committed to, plus the \$9.5 million that the Co-op group and plus the \$5 million from the members.

Now I want to advise the Minister that this took a little bit of negotiating on the part of the Minister of Co-operative Development for Manitoba along with his counterparts from Saskatchewan and Alberta, but what I did find in addition to this was that the Co-op group had sent a telex to Ottawa accepting the proposal that the Federal Cabinet had accepted and that is where, when I mentioned that in the Throne Speech, the Federal Government had called in the Co-op group to present them with that package. They were no longer talking to the province on the two-to-one basis, therefore that is the reason of my remarks.

Now with the co-operation of our two sister provinces to the west, and I certainly want to congratulate the Minister of Co-operative Development, Mr. Don Cote and Mr. Dallas Schmidt from Alberta, the Minister of Agriculture and also to Mr. Eugene Whelan and to the staff that I had helping me. We had several conferences by telephone. We've had individual conversations with Mr. Whelan, and when it looked as though the whole package was going down the drain, the Minister for Manitoba made a final proposal that was accepted by everyone.

We are very pleased and I want to congratulate publicly all those who participated in this financing deal. I think it's a very good deal for Manitoba and we sincerely hope that it will enable the Co-operative Implements to continue and become a viable company in this province and to stimulate the economy of Western Canada, because there are several depots in Saskatchewan and there are some even in Alberta and we are pleased that Alberta saw fit to come in — they're a long way from Manitoba — but they saw fit to come in with \$1.575 million or 22.5 percent of the \$7 million; Saskatchewan came in with at \$2.450 million or 35 percent of that \$7 million; and Manitoba came up with \$2.975 million and I believe it is a good deal for the Province of Manitoba.

MR. BANMAN: So in the remarks that the Minister made in the Legislature, he was saying that the difficulties occurred after his government took over and that Whelan, the Federal Minister, was agreed to the financing package, the two-for-one package, but some time in the latter part of November his Cabinet

colleagues shot him down. Is that what the Minister is saying?

MR. ADAM: Well, Mr. Chairman, I had not spoken to the Federal Minister of Agriculture prior to being appointed and given the responsibility of the Department of Co-operative Development. So I am advised that he had agreed in principle and that he was not able to get that package through. The difficulty came about when the Co-op group were willing to accept less than the two-for-one position of the provinces and that's really where the difficulty came in and of course the Federal Government was very happy to accept this. So why not? They were saving \$7 million.

So what happened in the final analysis as we got the two-for-one and they also wrote off the 7.56 that was owing on the previous loan, so we were able to come through with the package as had been negotiated or started by my predecessor.

MR. BANMAN: I guess that begs the question is what happened. Did some federal politicians do an end run on the provinces on this and go straight to the C.I. Admin Board, or what happened here? Because from my experience on dealing with this, it was developed at a ministerial level all the way through. I guess what I'm asking is, what happened? Because my last recollection of this as of November 19th, everything was still on track and the Federal Minister, Mr. Whelan, had agreed to support the applications for 14 million federal and 7 million provincial. I'm just wondering where the whole thing went awry.

MR. ADAM: He had agreed to that in principle subject to approval by his Cabinet and the \$7 million that was put up with the provinces was also subject to approval by their respective Cabinets. What happened was that when Mr. Whelan got approval for a \$23-million package, he telexed the Co-op groups in the provinces saying that he was pleased to announce a \$23-million package which was entirely unacceptable to the provinces because our position was that we would put up \$7 million jointly with our sister provinces, providing that the Federal Government put up the 14. He had sent telexes out, I presume, to all the groups and the Co-op group went to the Federal Government with a different proposal which was not two-to-one as the provinces were expecting, and that is why when the Co-op group went to the Federal Government, it made it that much more difficult for the provinces to get things back on track.

I want to tell you that I don't necessarily blame the Co-op group. This package had been under negotiation for several months. They needed financing. It was time to build up inventory and the proposal that was presented by the Co-op group was for 24 million, but not two-to-one, but ten from the Federal Government and ten from the provinces. The provinces' position was that we wanted 14 million from the federal and 7 million from the provinces, 9.5 from the Co-op group and 5 million from the members.

MR. BANMAN: Just so the record will be clear, Mr. Chairman, that is precisely the package that was negotiated and I appreciate the series of events and it seems to be sort of a tactic that the Federal Govern-

ment uses. I have correspondence here, telexes, dated the 17th of November, the election day, that indicate that everybody was in agreement with the 14-million federal program, 7 million provincial, subject as the Minister has said, that the Federal Minister would go to his Cabinet. That seems to be an easy way out for them and it is something, I guess, that we've learned to accept from the Federal Government. Whelan doesn't like the high interest rates, but he's going to do everything and he's even going to resign unless his government does something and then of course that makes him look good and makes his fellow colleagues look bad. I don't think that's the way the system should operate.

However, be that as it may, I just want to indicate to the Minister when I was negotiating with them, it was my position that I didn't go for the ten-ten and that we wanted to divide it on the two-for-one basis, because that historically is what has happened with Massey and some of the other industries out east.

The other question I want to ask the Minister is following up on this business of the Co-op group accepting the offer. Who was it that accepted the offer? Was it the Administrative Board?

MR. ADAM: No, Mr. Chairman, I don't think it was. Let me explain that I believe because of the delay in negotiations that took place, I guess the Co-op Implements found itself in dire needs of funds at the time and they were prepared to take less than what had been proposed when the Member for La Verendrye was the Minister responsible for Co-operative Development and others involved. It was the parent, or the CCCS on behalf of the Co-operative group acting as their agent, and they are the ones that said that the federal proposal was acceptable. That made it much more difficult for the provinces then to get them back at the bargaining table and we finally were able to. Of course, I spoke to our counterparts from Saskatchewan and Alberta and advised them that we were not prepared to accept that; I sought their opinion and the Province of Alberta were prepared to go along with whichever position Manitoba and Saskatchewan took and so, we sent a joint telex to the Minister of Agriculture in Ottawa advising him that the proposal was not acceptable and we urged him to get back to the bargaining table and meet with the Provincial Governments. As a result of that, we had a meeting in Winnipeg. It was on December 23rd, Mr. Chairman, that Mr. Whelan came to Winnipeg and we got the negotiations back again on track. I made a suggestion at that meeting that we sign an agreement in principle subject to ratification by the respective governments. This is a proposal that came from the Province of Manitoba.

That proposal was taken back to their respective governments and subsequent to that, we received another telex from the Federal Government accepting our proposal subject to a number of conditions which were entirely unacceptable to the provinces and which we rejected. As a result of our rejection, further discussions were held by telephone conferences and the end result was that we finally got an agreement from the federal people. The final agreement was signed by all parties concerned on March 30th in the Credit Union Central Building, Mr. Chairman.

MR. BANMAN: This intrigues me, because you have three Ministers for the Prairie provinces dealing for a financial package for C.I. and then you have CCCS accepting that offer without the Ministers, after your counterpart in Saskatchewan sends Whelan a telex copying Credit Union Central in Regina and the Executive Director or Chief Executive Officer of Co-op Implements, saying that he wants to reinstate his belief that the financial package has to insure that the long run viability is taken into account and that too little financing or financing that arrives too late cannot meet these objectives.

So, is the Minister saying that without the Provincial Ministers having an input, CCCS said that they would accept the federal offer?

MR. ADAM: Well, as I mentioned a while ago, because of the delay in the negotiations there was a desperate need of funds and because of that, because of the shortage of cash flow they were prepared to accept a lesser package. I assure you that in our considered opinion, Mr. Chairman, and in the opinion of our counterparts from Saskatchewan and Alberta, it would not have been sufficient to keep C.I. going for more than two years or three perhaps at the most, providing everything went well.

The administrative committee would have accepted less in which, of course, this is exactly what the Federal Government wanted to hear and that is why we had a little bit of difficulty. I want to give credit to the Federal Minister for his frank discussions if we had, hard bargaining, but all the bargaining was done in good faith. I respected everyone's position in this exercise and I want to tell you, for myself personally, as a new Minister, I found it a very rewarding experience as well as a great challenge.

MR. BANMAN: To get at the nub of the problem, you had three provincial governments and one federal government in negotiations and I flew myself to Edmonton and we had telexes, I think, you could probably put a whole book together on the telexes that went whistling back and forth. I must say, I have enjoyed dealing with Mr. Whelan, he's quite a guy, when we were dealing with him.

I want to get at which I think is the root that's going to cause the Minister a lot of problems on this, and that is the delineation of authority and who is really running C.I.? He's telling me now that they were in such bad difficulties that they jumped at the first thing the Federal Government offered even though the provinces were negotiating. Now, what right did CCCS have to accept a federal offer when the provinces were dealing on this matter, and really, in essence, along with the federal government, controlled the Administrative Board that's running that whole operation?

MR. ADAM: Well, Mr. Chairman, the Director of Co-operative Development advises me that it was the Administrative Committee that were prepared to accept a lower package but the CCCS is part of that group. As I mentioned previously, Mr. Chairman, it was because of the shortage of the cash flow and because of the buildup of inventories from spring delivery and because of the federal budget which had

changed a lot of farmers minds of making fall purchases to take the advantage of depreciation over the tax year. Those sales did not materialize and it's because of an extreme shortage of cash flow; there's lots of inventory, but it is on this precept I suppose that the Administrators Committee acted on behalf of C.I. as negotiators. Again, I can only add — I've mentioned it now about three or four times for the Minister that the cash flow position was such that they were prepared after these lengthy negotiations that had taken place; they were prepared to go for a smaller financial package in order to get things going and now that C.I. is run by the Administrative Committee and Manitoba position is that C.I. should be run by its directors and the Administrative Committee should assume the role of bankers or a credit committee. That's the way we would like to see the structure of authority at C.I.

MR. BANMAN: Well, I don't mind admitting to the Minister that's a pretty disturbing chain of events because everybody that was dealing with this wanted to deal from strength. The strength was that the three prairie provinces had agreed to assist them; that the Federal Minister had agreed to it and anything that stepped in between there to try and dilute that package either from the provincial or the federal level, just wasn't acceptable. I'm glad to see that the Minister held firm on it. But, for them to have the Admin Board now, which is basically a government board, for them to overrule it, half of the board is government people on that board.

MR. ADAM: Mr. Chairman, yes, that board is — you're referring to the previous board that was agreed upon back in 1978. We were in the position of finding that we had no representation on that board. Now, I don't know how that came about. I wasn't part of the process in 1978, Mr. Chairman, and I'm not faulting anyone for that, but we are insisting that we will have representation on that board now. That is part of our financial assistance.

MR. BANMAN: Was the Minister aware that there had been an offer made to sit down and discuss the purchase of C.I. by another major implement company?

MR. ADAM: Yes, Mr. Chairman, I was aware that there was somebody waiting in the wings, perhaps, to see it go down the drain and maybe pick it up for 40 cents on the dollar, and let the members hold the bag or whatever it is.

MR. BANMAN: Was that offer to sit down and discuss it explored by the Minister?

MR. ADAM: When I arrived on the scene, Mr. Chairman, I had heard rumors that there was another firm that was interested in purchasing C.I., but I'm not aware that there was anything concrete behind it. As far as I was concerned it was only speculation at that point in time and as I mentioned previously, when I arrived on the scene, and I'm not casting any fingers or pointing at anyone because of what happened, but the fact was, that when I arrived on the scene and took over the portfolio, there was a \$23-million package

that was being negotiated which was unacceptable to the three Prairie Provinces. So, whether or not anything would have materialized with the sale of C.I. had they not been able to obtain assistance, that I cannot tell you.

But, nevertheless, as I said previously, I think it was a good deal for Manitoba, C.I. is a good company. They're coming up with new lines, I understand. I haven't been down there yet to visit them, but I intend to go at the first opportunity to tour the plant and I understand that there are some exciting new lines coming up. I hope that they will be lines that will be acceptable to the farmers of Western Canada, and if I go down there and have a look at it, having been in the implement business for many many years myself, I'm sure that I'll be able to give a pretty fair assessment on whether those lines will be acceptable or not.

MR. BANMAN: I guess my concern, Mr. Chairman, is a very simple one. If the operation could have been maintained at very much the same level, part supplies produced for the people that have that particular equipment, then somebody else could have taken the operation over without the provinces and the Federal Government going onto the hook for an additional amount of money. I think that's something that should have been looked at, and I would ask the Minister to see if any of those avenues are still open, because the name of the game in this particular instance here is to ensure the jobs in Transcona and to ensure that people that have purchased this machinery throughout the years receive a good parts stock and a good parts supply; that's the name of the game as far as I'm concerned.

I must say to the Minister that I will be watching very closely over the next little while, as I'm sure he will, to see what response the membership gives to this, because I come back to what I said early this afternoon, that unless there's going to be a real commitment from the members right across Manitoba, Saskatchewan and Alberta to support this company now in a financial way in the purchase of shares, I am very skeptical whether or not this company can succeed if there is not the input from the membership. Because what we've got here now is a sort of semi-Crown Corporation right now, which is being run basically by appointments from government and from some of the larger institutions, and it really isn't the membership anymore that's running this large facility. So, that is my concern, Mr. Chairman.

As we pointed out before, the deal the way it's structured, \$32 million worth of investment into the province for our 2.975 million investment in it, and for the payroll that we're looking at is a good — we're looking at job-creation programs and things like that. Per man hour I guess, if you'd look at the Federal Government's statistics on what it costs to create a job, it might be not a bad deal.

But I would ask the Minister to make sure that he watches this very closely, because if the membership is not going to get actively involved in it, it's going to end up being a Crown corporation in a few years from now, and we'll be sitting here discussing it, not in this committee, but we'll be discussing it maybe in the Economic Development Committee and we'll be looking at other things.

I still believe that there is no better way of running something like this than if there are people out there that have a vested interest in it, that have an interest in seeing it survive, and the only way that you can do that is by having them put their hands in their pocket to make sure that their investment is protected. I've said, I'll be watching closely to see how the share sales are going and how they'll be moving on it. Hopefully in the next five years the economy in the farming community does pick up and this company can be returned back to being run by a board which is elected by the members, and I think that's what we'd all like to see; that is the ultimate objective of getting this thing back into the hands of the people.

Barring that, I think the Minister should have a look at some of the other options that were possibly open awhile ago, and I don't know if they're still open, but he should have a look at them.

MR. ADAM: Mr. Chairman, I thank the honourable member for his comments and I want to tell him that they are appreciated. I just want to, so that he doesn't get the wrong impression, that there was some prospective buyer of C.I. in the wings waiting. Perhaps I was a little too exuberant awhile ago when I said, that maybe there was a company waiting in the wings to pick it up for 40 cents on the dollar. As I mentioned when I assumed office all that it was, as far as I was concerned, was a rumor, that there had been an offer, and I am informed by staff that the offer was that C.I. had followed this up. They had explored with a particular company and nothing happened, nothing came out of it, so that it wasn't that serious a proposition.

In regards to the viability of C.I., as I mentioned before, there are a lot of uncertainties out there in agriculture Manitoba. There's always a risk that they may not be able to ride the rough water that we have at the present time. But in the opinion of the member, as he mentioned awhile ago and when he was a Minister, the gamble is worth the risk, because of the benefits that will accrue to Manitoba. That is the position that I took when I took office, when I assumed the office of the Department of Co-operative Development.

While the majority of the members of C.I., Co-operative Implements, is in the Province of Saskatchewan and that is the agriculture, the wheat growing and the grain growing province of Canada. That is where the machinery is sold, and no doubt that's where most of the membership input will have to come from, is from Saskatchewan. It's a group of people out there who believe in co-operation. The credit unions there appear to be in a fairly well financial situation, much better than anywhere else as far as I know. They've had some problems in Quebec and in Ontario, but I made some enquiries in Saskatchewan and it seems to be one of the better provinces where the credit unions are surviving. Of course, there are also a number of members, quite a few members in the Province of Alberta, and there are some depots there, not to the extent that we have here — I'm not sure just about Manitoba. I believe Alberta has a few less members than Manitoba, but approximately 50 percent of the members are in Saskatchewan I believe. Manitoba has 20 percent and Alberta has 30 percent.

So on that ratio, and the last time that I spoke to the

leaders and the management of the Co-op groups they didn't intend to wait until five years down the road to put the show on the road, they were going to start immediately. That statement was made at the annual meeting of which I was honoured to address. I am confident that they will go out there and find the dollars to assist for future financing of C.I., because when we met on March 30th the Federal Minister made it quite clear, and he brought a nice cheque along with him for their share of the financial package, the initial share of it, but he made it quite clear that there would not be another dollar coming from Ottawa to assist C.I. I said to him, "well, you know that's fine providing you don't provide any finances for anybody else or any other firm." So that's where it sits at the present time, Mr. Chairman. I appreciate that the Member for La Verendrye, who is a critic for this department, that he feels that it's a good deal for Manitoba.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. J. WALLY McKENZIE (Roblin-Russell): Mr. Chairman, I only have a couple of questions. I wonder can the Minister advise what interest rate is Whalen charging?

MR. ADAM: If the honourable member will just give me an opportunity to find the information here. The federal and provincial loans will bear the interest rate of the Farm Credit Corporation. —(Interjection)— Whatever is the rate of the FCC, which is about 14-14½.

MR. McKENZIE: How about the Manitoba loan, what's the interest rate?

MR. ADAM: That'll be the same thing, Mr. Chairman.

MR. McKENZIE: Saskatchewan's the same, and Alberta the same?

MR. ADAM: That is . . .

MR. McKENZIE: I didn't hear the answer. They're all . . .

MR. ADAM: Yes, it's all . . .

MR. McKENZIE: . . . Credit Corporation rates.

MR. ADAM: The Federal Government was insisting on parity and this was the last proposal that the Province of Manitoba suggested to the Federal Minister, that was one way of having parity. The Federal Minister was insisting that we would provide an interest free loan and we felt that that was a very dangerous precedent and that we didn't want it to go by that route.

MR. CHAIRMAN: The Member for Minnedosa.

MR. DAVID R. BLAKE (Minnedosa): Thank you, Mr. Chairman. I just don't know where I'm going to start with the one or two remarks I want to make, because as I have a great abiding faith in the agricultural community of our province and indeed of Western Can-

ada. I hope that in view of the remarks that the Minister has given us, I hope the Western Canada Concept holds the same views after the 26th in Saskatchewan, as he does to provide assistance to his party, because I know they're pretty strong on Western Canada and they'll want to keep any manufacturing enterprises viable and ongoing in Western Canada.

Mr. Chairman, earlier on there was some points, and I'm sorry that I was a little late I missed some of them, but the offer to purchase that was mentioned earlier on, something like 40 cents on the dollar. I want to remind the Minister that he's going to be appearing before this committee, hopefully for the next 2 or 3 years, and I hope that it doesn't turn out that might have been a pretty damn good deal, but I just want to remind him that figure is on the record books.

Mr. Chairman, I don't want to get into the financial arrangements because it's been touched on that 50 percent of it is in the Province of Saskatchewan, and probably 30 in Alberta, and 20 percent in Manitoba, and we're very happy to have that firm here adding to our good strong industrial manufacturing base that we have in Manitoba with the number of employees that we do have. But I want to remind the Minister on previous remarks that we had about the Co-operative Movement, the Credit Union Movement earlier on in our discussions today, and remind him that when you get into big business, when you get into the big leagues, these are some of the problems that you run into. This is what happened with CCIL. They were a pretty strong vibrant company when they were smaller than they are today, and they decided to expand and get into the big competitive league.

I realize the amount of assistance that's been provided to Massey and others, and I don't want to get into that tonight. But I also want to remind the Minister that there are other small manufacturing concerns in the Province of Manitoba that are viable and ongoing and they are not also, Mr. Minister, without problems.

I refer to my particular area where we've had a small agricultural implement manufacturing firm get into very serious financial difficulties and went into receivership, and was taken over by another firm located in the Province of Saskatchewan that took over an agri deal in Minnedosa, the Morris Rod-Weeder Co. Ltd., who are a smaller, vibrant, younger company doing very very well. They have taken over and stabilized the industry in our particular little plant in the Town of Minnedosa providing stable working conditions for a lesser number of employees. They have their own dealerships and they have their markets. They weren't relying on sporadic sales to the Sudan or various other export deals where you had 150 men on for six or eight months until you filled the order and then you had to lay them off. They have stabilized the work force and provided good employment for that particular area. That company also is experiencing the downturn that the Minister mentioned in the marketplace and with agricultural implement manufacturing, as the Minister well knows being a dealer in the industry, once that pipeline becomes full and the stockpile becomes the dealer's inventory, all of a sudden that has to stop and there's a backup or a backlog and we all know the results.

That has happened in our particular small operation. We have experienced layoffs and they haven't come crying for help; they haven't come to the Minister of Labour and said, you know, we've got to lay off 20 men in the next couple of months and can we work them three days a week and have the various other government agencies walk in and help us. They're an enterprise that likes to go with their own management and their own expertise and their own sales group and try and manage with the staff that they have and they have good staff that can be laid off and can come back on short notice. But when companies like this come to the government for help and for assistance, Mr. Minister, I hope that they receive the same sympathetic ear that this particular company has had and that others have had from the Federal Government, because they supply an excellent product throughout Western Canada and the Western United States and it's well recognized they are an extremely good company. They make an exceptionally good product. They have loyal employees and they can't be overlooked. The fact that they're small and maybe only employ 75 to 150 employees; they can't be overlooked as well. I hope that the Minister keeps this in mind because of conditions in the agricultural industry continue as they have been, not only is this particular company going to be in further trouble — the one we're discussing now — and as I mentioned earlier the 40 percent offer may look pretty good in the long run and I hope it doesn't. But if the crunch does come, I hope they look as favourably on assistance requested by smaller companies, such as the one I mentioned, as they have done to keep this particular company going, because it's only when they got into the big league, Mr. Minister, that they got into some of the serious problems that they're in.

I'm saying, as I said earlier this afternoon, there has to be great caution and some expertise brought to bear in which direction you want to take because the taxpayer eventually is the one that's going to bail them out and sooner or later, if he gets tired of it, you and I both know what the ultimate results are.

MR. ADAM: Mr. Chairman, I thank the member for bringing us this information about the local agri business there are manufacturing in the Town of Minnedosa, is it, and I will assure that if that firm has the same kind of financial problems that other firms have and if we can get the same kind of co-operation from our Federal counterparts and our provincial counterparts, we will certainly be looking very closely at any assistance that we are able to provide.

I want to say that when I mentioned the 40 cents on the dollar, that was more in a facetious vein than serious. The only way that would happen would be if C.I. would have went into receivership or had to sell off its assets or whatever it was or had to be liquidated. That's the vein that I said it in. I wasn't being that serious about it.

I would remind members that it was the previous administration that agreed to assist C.I. It was the previous Minister of Co-operative Development that started the negotiations going with C.I. and the provinces. How did that come about?

MR. BANMAN: Saul Miller — it was a hangover just

like you are faced with here.

MR. ADAM: When did the serious negotiation start? The staff informs me that the request for assistance came in January of 1980.

MR. BANMAN: The Minister said the first agreement, and I think he's referring to the first financial package for assistance to C.I. which was started, I believe, back in 1976 and I know that when we took over from the previous NDP government, I guess we were faced with almost the same thing that this Minister was faced with here. The negotiations had started and were well under way when we took over. The Minister of Finance of the day at that time, Saul Miller, was involved in those negotiation so that's how we got started on this thing.

MR. ADAM: I was referring, Mr. Chairman, to the recent package which began in January of 1981. This is the one I was referring to. I know that the previous financial package, which was for \$23.75 million, and that was back in 1978 when that was completed. I don't know when that got started; I don't recall, but if the member says that it was 1975, well whenever it got started. I was referring to the latest financial package.

I am confident that if things level off in the agriculture field and that we have a few good viable productive years in the agriculture sector that things will turn around. You have your ups and downs, you have your highs and lows and you have your cycles in agriculture.

MR. BLAKE: Can I bank on that? I don't know what to even plant this year.

MR. ADAM: We can't be too pessimistic. We have to look on the bright side of things, sometimes, Mr. Chairman. We have to get out there and I hope honourable members on both sides of the House will go out there and encourage the farmers to hang in there and hang tough and things will eventually turn around and turn for the better because when things are bad, there's only one way to go and that's up, hopefully.

MR. CHAIRMAN: We're on 2.(a)(1) Salaries — the Member for Virden.

MR. HARRY GRAHAM (Virden): Thank you, Mr. Chairman. I have to say off the outset that I have to agree basically with the philosophy of the Minister that we live and hope, but in this particular case the province is in a minority interest position and I would like to ask the Minister if things do go wrong, has he got a backup plan?

MR. CHAIRMAN: Mr. Minister.

MR. ADAM: I believe, Mr. Chairman, that perhaps the Member for Virden wasn't here when I indicated to the honourable members that when we finalized the deal, the financial package on March 30th, the Federal Minister made the statement, after all the nice things happened and the cheques were being passed around and the C.I. walked out with I don't know how many millions of dollars, that was the good news. The bad news was that before we left, that they had better not

come back for any more. I said, "Well, that's fine, providing that you don't finance any other eastern manufacturing company in a similar way."

So, I believe the Minister would appreciate that having only recently completed this financial package, successfully, I might add, and with the co-operation of all participants in the negotiations, that we haven't, of course, at this time, except for the co-op group, the co-operative group themselves, have set themselves the task of going out to their members and encouraging them to come up with the dollars to provide long-term financing if you will, or extra financing to what has been provided up to this point in time.

So, to answer the Minister, "No, we haven't got a backup plan." We were assured by the management that the backup plans would be developed by them and one of the ways that they were going to do this would be, on the one hand, to go to their members and raise more equity capital in the form of debentures and shares, and once they have done this they may come back to government. If they come back with a reasonable proposal, I want to assure the honourable member the deals that we have just concluded, which was begun by my predecessor, the deals that we have just completed are far and few between. Anytime you can get an injection of \$32 million in new money coming into your province for an investment of less than 3 million and the spinoffs derived therefrom, I assure you as far as I'm concerned, and that's been agreed by honourable members here just a short while ago, that anytime that I can those kinds of deals I would be happy to look at them again.

MR. GRAHAM: Mr. Chairman, whether it was 32 or 23 or 20, it really doesn't matter; the question that I was getting at was the long-term future. The Minister has said that the Co-op Movement has to come up with \$5 million over five years, and I believe that I heard him right when he said it would be one million dollars a year. Now, if they come up with 850,000 in the first year, would the Minister consider that sufficiently close to the target area to carry on for another year?

MR. ADAM: Mr. Chairman, the agreement calls for \$5 million within five years. It's assumed that they would try and raise one million dollars per year, but if they raise two million this year or one million this year or one-half million this year and one million-and-a-half next year; providing that they meet their objective within the five years, I think that that would be satisfactory.

The staff informs me that part of the package is that in the event that the members are unable to come up with \$5 million — it is not raised by all parties to the agreement — anything less than 5 million must be acceptable to all the other parties concerned. The backup contingency plan, I believe, that the administration intends to be more flexible in the future, more so than they have been in the past, I mean in the operation of C.I., and that is to expand or reduce operations depending on the agriculture economy and grain prices and interest rates, etc. They are going to streamline their operations so that they can respond more quickly to changing economic conditions in the country or the province, so they can respond more quickly to fluctuating prices of grain

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and so on.

MR. GRAHAM: Mr. Chairman, then the C.I. membership could in effect, if times are tough for the next four years, they could in effect raise nothing this year, nothing next year. They could go through four years without raising any of that capital and put it all up in the fifth year, and that would be perfectly agreeable. Is that what the Minister is telling me?

MR. ADAM: By the third year, Mr. Chairman, there must be at least half of the 5 million raised.

MR. GRAHAM: So, they must have 2.5 million by three years time.

MR. ADAM: So, I assume, Mr. Minister, and I expect, and I'm confident, that the management are going to go out there and canvass their members right across this country and impress upon them the importance of getting involved. That is what the Member for La Verendrye has indicated has to be done and they have indicated to me that that is what they intend to do, is to get out there and get their members involved. I hope that does happen, but these are tough times and something can happen. I don't know. But that is the agreement that we have and if the 5 million is not raised in five years it would be a breach of the agreement; there's no doubt about that. Then we would be able to renege on our part of the bargain as well; we could all renege on it. If one group or one participant of this financial package breaches the agreement, well you no longer have an agreement, do you? We could renege on any further involvement if that so happened.

MR. GRAHAM: At the same time though, Mr. Chairman, and through you to the Minister, we do know that the province has put substantial guarantees into the Credit Union Movement and it is entirely possible that through the Credit Union Movement the money could be lent to the owners of shares in the C.I., and actively encouraged through the Credit Union Movement to purchase additional shares in C.I. Would there be any particular program of special interest through the Credit Union Movement for the purchase of C.I. shares?

MR. ADAM: Mr. Chairman, that is not part of the financial package as such or a condition of the financial package that the credit unions would underwrite, if you will, purchasing of preferred shares by co-op members to finance C.I. That is not part of the package and there may be some members that will do that. Look, how many members do they have, 100,000? You know, if every farmer that buys C.I. equipment and has a line of that equipment on their farms, if they all put in \$300-\$400 in shares that pays interest, they would have quite a bit of equity there. I expect that's what is going to have to happen. The suggestion he makes is an interesting thought, I'm not sure what kind of collateral that the credit unions would want. I'm not sure whether the other financial institutions lend out money to buy shares and that, I'm not sure.

The Member for Minnedosa who is familiar with the banking system indicates very little of that. I was told

by one —(Interjection)— every day you do that. Well, the member says it is done every day. I was advised by one particular individual who walked into the Royal Bank and said, "I want to borrow \$25,000.00." The manager said to him, "Well, what collateral do you have? What do you want to do with the money?" He said, "I want to buy Royal Bank shares." The manager said, "Well, what collateral do you have?" He said, "The shares, I am going to give you the shares as collateral." The banker was pretty surprised about that because that's the first time that he had to take his own shares as collateral, for that fellow anyway.

MR. CHAIRMAN: The Member for Minnedosa.

MR. BLAKE: Thank you, Mr. Chairman. Just to finish that off, the next question the banker would ask to the Minister is how are you going to pay that loan back? There's no problem with collateral because the shares are excellent collateral, but how are you going to pay the loan back? That sometimes becomes a problem.

But, Mr. Chairman, I only have one or two questions and I just wondered what exposure does the Credit Union Central have in connection with these loans that are being granted to C.I.? Is there any exposure there or any arrangement to lend funds to their members to buy shares?

MR. ADAM: No, C.I. has lines of credit I'm sure with CCCS and I suppose by virtue of the fact that those funds come from the credit unions to the Central and from the Central to the CCCS; by virtue of those loans they are investing, of course, receiving interest for the loans. The Credit Union Central is actually the banker for C.I. and they haven't been involved as far as I know individually unless they are perhaps members of a credit union and members of C.I., as well, if they are members of both groups. There may be many credit union members that have shares in Co-op Implem-ents; I would expect that there would be, especially in the rural credit unions, that may not be so prevalent in the city.

MR. BLAKE: Mr. Chairman, what is the line of credit that your Credit Union Central is providing to CCIL?

MR. ADAM: I am informed that the line of credit at the present time is approximately \$60 million.

MR. BLAKE: Well, having that information, Mr. Chairman . . .

MR. ADAM: Just a moment. Perhaps, Mr. Johnstone could . . . Mr. Chairman, that statement of \$60 million may not be correct, so perhaps we should take that question as notice because the staff don't have that information at the present time.

MR. BLAKE: Could the Minister tell me now how much they owe to the Central now — Manitoba Central that is . . . ?

MR. ADAM: No, we don't have that financial information between the C.I. and their bankers; we don't have that information available to us right now.

MR. BLAKE: Would the Minister be able to get that for us?

MR. ADAM: I'm not sure whether that information is available for public, you know.

MR. BLAKE: Yes, Mr. Chairman, I'll go one step further then. Obviously, they're borrowing some substantial amounts if that is their banker. In view of the fact that we've just provided \$29.5 million to the Stabilization Fund to more or less guarantee the investors in the movement that their funds are protected, has the company considered maybe looking at financial arrangements outside of the credit union movement? Should the inevitable happen that they went to receivership, it would be a strain on a financial institution that might be more able to sustain it than the Stabilization Fund which obviously is having some problems.

MR. ADAM: Yes, Mr. Chairman . . .

MR. BLAKE: We're getting into some double financing here and a very precarious position, Mr. Minister.

MR. ADAM: Mr. Chairman, the honourable member who I know is very familiar with the banking system certainly would not provide information on customers' loans and financial transactions, that's privileged information and what happens between . . .

MR. BLAKE: Mr. Chairman, this is an entirely different situation. There's taxpayers' money by the millions going into this company. It's a different situation than a shareholder of a corporation.

MR. CHAIRMAN: Order, order. I believe you should let the Minister finish making a statement and wait for the Chair to recognize you.
Mr. Minister.

MR. ADAM: Mr. Chairman, in all due respect to the honourable member, I think it would be highly improper for the Minister even if he had that information to go out and bare that information, make it public, because after all C.I. is also in competition with other companies. I think that would be a disservice to C.I. to do that just as it would be a disservice if that kind of information was given out by a bank and not necessarily the Royal Bank which I believe the honourable member has been connected with, but any bank. I don't think that's ever done.

MR. CHAIRMAN: The Member for Minnedosa.

MR. BLAKE: Mr. Chairman, I appreciate what the Minister is trying to say, but that is just not acceptable. Here is a company in great financial problems that has come with hat in hand to the taxpayers of this province asking for assistance in helping them out of a financial bind and a catastrophic situation, I must say, that there has been some sympathetic feeling towards providing that assistance and I don't think it is untoward whatsoever for that company to bare the facts so to speak in public and say, we're in trouble. Here is our problem and this is our situation and this is

what we're asking the shareholders of credit unions and the taxpayers of this province to help us out with. I don't think it's untoward at all to make this information known because in fact, Mr. Chairman, through you to the Minister this company fails to survive the financial crisis that we're facing and, God, let's hope that never happens, but should they fail to survive it and we find that they are at risk to \$60 million or \$50 million or whatever it is to Credit Union Central which we have just lent \$29.5 million to firm up their stabilization . . .

MR. CHAIRMAN: On a point of Order. Mr. Minister.

MR. ADAM: On a point of order, we're not on the same wave length. The member I believe is talking about the credit union system and I was . . .

MR. BLAKE: They're the bankers for CCIL, are they not?

MR. ADAM: Yes, but I understood that the member was talking about C.I. and that he wanted information from C.I. and I say that would be an impropriety on my part even if I had that information which I don't have before me. I think it would be highly improper for me to divulge the financial activities of . . .

MR. BLAKE: Yes, Mr. Chairman, I think the Minister missed my point entirely. We want to know what the exposure to the system is to CCIL at the present time and I don't want it to the dollar. I want a ballpark figure of what their line of credit is and I think if they have come to the system requesting this type of financial aid from the public purse, so to speak, I think it behooves us to have that information in view of the fact that we're going to have pass a bill very shortly to provide \$29.5 million to the Stabilization Fund. If there is one particular risk — we know there are lots of risks out there within the movement — if there is one particular risk, we could take that down for \$20, \$30 million or more if the worst came to worst and as I say, God forbid that should happen. But should it happen and that's the ballgame that you operate in, Mr. Chairman, through you to the Minister that I mentioned earlier. When you want to get in the big leagues, boy you've got to play in the big leagues and you're playing in the big leagues and you have to get all your marbles on the table so that everybody knows what the name of the game is and if there's an exposure here to the movement of \$50, \$60 million that could possibly be a call on that fund, we would like to know.

MR. ADAM: Mr. Chairman, is the Member for Minnedosa indicating now, for instance, all those people who have made loans from MACC to buy farm land and to finance their operations which the public is putting up . . .

MR. BLAKE: You've missed the point, Mr. Minister.

MR. ADAM: Well, this is analogous, Mr. Chairman. The member is . . .

MR. BLAKE: On a point of order, Mr. Chairman, I'm talking about CCIL. I'm not talking about MACC,

Liquor Commission or any other government agency. I'm talking about CCIL. What is their exposure to their bankers which happens to be the Credit Union Central? What is their exposure vis-a-vis loans or line of credit or whatever? What is the exposure?

MR. CHAIRMAN: I believe the Minister is trying to make a parallel or a comparison, so I think you should let him complete his statement.

Mr. Minister.

MR. ADAM: The member is saying that we should make the transactions between C.I. and their bankers public. That's what he is asking you to do.

MR. BLAKE: We're not asking that. I'm asking what their line of credit is.

MR. ADAM: I have advised the member some time ago that we do not have that figure. We do not have that information and by comparison, I say again that what he is asking for would be the same thing as if we asked for information for those people who go to MACC to borrow money. That is public; the public is putting up billions of dollars to buy land, to buy machinery, to buy everything. Let's make it public. Everybody that gets a dollar from the province, let's put it on the line. That's what the member is saying.

MR. BLAKE: I'm not saying that, Mr. Chairman.

MR. CHAIRMAN: Order.

MR. ADAM: I'm not prepared to do that, Mr. Chairman. I don't feel that it's proper. I don't have the information anyway and I think that every person or firm applying to the government for assistance provides certain information and they expect confidentiality with this. They don't expect that their private businesses are going to be open to public scrutiny by all and sundry and such information may be revealed to others by the company themselves. I'm sure that all the members of the credit union movement, all the members of individual credit unions, have a financial statement from their credit union and I'm sure that all the members from C.I. can obtain a financial statement from Co-operative Implements.

Now, the member is asking me for privileged information and I don't think it's right for him to do so.

MR. BLAKE: Mr. Chairman, I take it from the Minister's remarks that he is not at liberty or won't tell us how much the CCIL owe the Manitoba Central.

MR. ADAM: I am unable to give you that information because in the first place, I do not have it here and I am not sure that we should provide that information. I think it's confidential.

MR. BLAKE: Would the Minister undertake to get that information for the committee?

MR. ADAM: I can take it under advisement, but I would doubt whether I would provide you with that information. I am very, very reluctant to do that.

MR. BLAKE: Could the Minister tell me, when is the financial statement of CCIL available and who is that statement available to?

MR. ADAM: The financial statement of Co-operative Implements is similar to any other company that have shareholders and it's available at the end of the fiscal year and it's available to all their members.

MR. BLAKE: Mr. Chairman, that figure will be available on that financial at the end of their fiscal year to all members, —(Interjection)— so I don't see where the confidentiality enters into it. I have constituents that are members and I'm sure I could obtain a statement from them. In fact, I may even be a member myself; I'm not sure. I could probably obtain that statement and find out what the line of credit was, so I don't see the point, where I'm asking for some deep, dark secret, privileged information.

I think it's the Minister's duty to provide to this committee what the exposure of this particular company is to the Central who are going to be asked, as I say, in a very short time to pass a bill authorizing \$29 million to beef up the stabilization fund that, as I say, could be at considerable risk with one entity, not the hundreds of thousands of borrowers that they have, but one very, very large corporation. As I said to the Minister earlier, possibly they should consider transferring their financial transactions to another financial institution that removes the risk from the Stabilization Fund should the ultimate happen.

MR. ADAM: The loan is not from the Stabilization Fund; it's from CCCS, which is not — the Stabilization Fund . . .

MR. BLAKE: Mr. Minister, if the crunch comes, where does it come?

MR. CHAIRMAN: Order please. Mr. Minister.

MR. ADAM: Mr. Chairman, the financial bankers of C.I. is CCCS. The Stabilization Fund is not involved in that transaction. The Stabilization Fund, if the honourable member is familiar with the Stabilization Fund, is to guarantee depositors' savings accounts and deposits in their respective credit unions; that is the role of the Stabilization Fund, it's not to guarantee all the co-operatives that borrow money from CCCS. It is only there to guarantee deposits by depositors such as we discussed before the dinner hour under the Canadian Deposit Insurance Corporation.

MR. BLAKE: Yes, I'm not just too sure that I really believe what I'm hearing, Mr. Chairman. Maybe the Minister could tell me who CCCS is and what additional fund they have to provide for such contingencies as the likes of — God forbid it doesn't happen . . .

MR. ADAM: Well, Mr. Chairman . . .

MR. CHAIRMAN: Order. You may continue, the Member for Minnedosa.

MR. BLAKE: Yes, Mr. Chairman, through you to the Minister, I wonder what the exposure to CCCS is and

what difference it makes in the long run. I realize there is a national fund and a provincial one, but I'm afraid that we're going to have to get a little more information on this before we can just put this thing to rest. Is the exposure to CCCS in the line of credit that CCIL enjoy or is it with the Manitoba Central?

MR. ADAM: Yes, Mr. Chairman, the CCCS is the Canadian Co-Operative Credit Society, and it is . . .

MR. BLAKE: I have the initials figured out.

MR. ADAM: Okay. The Centrals from the different provinces, that is where they provide funds for the Canadian Co-Operative Credit Society, so that's where the liquidity is, that's where they put their money in, and there may be the Saskatchewan Central, there might be the Alberta Central, the Ontario Central; I'm not sure about the Quebec one, but possibly too, I don't know. —(Interjection)— The Quebec operates under a different system, but the other centrals are involved and that's where their liquidity is.

MR. BLAKE: Yes, the Minister has got into liquidity now, Mr. Chairman, and I wonder if he could tell us where the Co-Op Central for Manitoba and the Co-Op CCCS from Saskatchewan and Alberta and Ontario, where do they get their funds from?

MR. ADAM: They get them from the credit unions. Mr. Chairman, the financial arrangements that the member is asking for are quite complicated because you have loan guarantees by the Federal Government. There are loan guarantees by the province and there are some funds provided by the central groups and there's a whole host of different groups involved in the information that he's trying to obtain and it's almost impossible to — it almost has to be an Order for Return, and it's confidential information that we shouldn't really be getting into, and I don't know what the honourable member wants or what he hopes to achieve by this. I think if he reflects he will find that he may be doing a disservice to C.I. at the present time in this line of questioning.

MR. BLAKE: Mr. Chairman, I would reject the remark that I am trying to do a disservice to CCIL by requesting information from the Minister and from this committee. I go back to my original question, where do the funds for CCCS come from? —(Interjection)— From the membership, Mr. Chairman, to help the Minister.

MR. ADAM: Well, the question is, the honourable member asks where does the money come to finance C.I., that's what he wants to know. He wants to know where it comes from.

MR. BLAKE: No.

MR. ADAM: It comes, I have answered him a while ago, and it comes from CCCS. So to their depositors —(Interjection)— yes, that's the question he wants to know, where they get their money from and he wants to follow that up, and we don't have that information now at the present time.

MR. BLAKE: Mr. Chairman, I read with great interest on the appointment of the Minister to the Co-op Development portfolio, that he was a member of five credit unions and six co-operative movements and had been involved in it for the last 35 years as a member, as a director and I don't know what. I am just amazed that he doesn't understand the system any more than he apparently does. The Co-operative Central get their money from their memberships and if it's the Central Co-op Credit Society, that's a mix of all the credit unions throughout, and the money comes from the members who deposit funds in those credit unions. I go back to my original question of where is the exposure? If there's \$50 million or \$60 million lent out of that fund, how much of member is at exposure?

MR. ADAM: We don't know that because we don't know the figure, the line of credit. You're back to the \$60 million that was mentioned awhile ago which we withdrew, by the way, which the member keeps stating. —(Interjection)— We withdrew that figure, to the honourable member. The CCCS gets its money from their centrals, I mentioned that 20 minutes ago and from borrowings; that is the way it is handled. If the member is not satisfied to the answers I'm giving him, well, that's his problem.

The financial transactions between the different components should be privileged information and I think the member is treading on thin ice. I advise him that he is treading on very thin ice to proceed with this line of questioning. I don't think it is fair and he should understand that we have just completed a very successful financial package. There were many many participants involved in this financial package with C.I. That is where the money is coming from.

We have just the other day, on March 30, the co-op group walked out with, I understand, around 12 million, was it? Approximately \$12 million. They walked out from the Central Plaza from the Province of Alberta, from the Province of Saskatchewan, from the Province of Manitoba, and the Federal Government and the co-op groups. The Minister wants to pursue where the money is coming from. I've just indicated where some of it's coming from.

So, the CCCS is the agent for the centrals in lending out the money; they are the agents. All the centrals across Canada are under that umbrella, they use that tool now.

MR. BLAKE: Mr. Chairman, I just can't understand the last statement by the Minister. I get very disturbed when he tries to scare me off by telling me that I'm skating on very very thin ice by following the line of questioning that I'm following. I asked him, when he said the funds were coming from CCCS, where CCCS got their funds from? He said that's from borrowings, it's from here, it's from there. He knows as well as I do it's from the depositors in the credit union movement that provide the funds to CCCS. Now, I don't understand why I would be on thin ice if I was asking where the funds were coming from. I suggested to him, could he give me some indication of what the borrowings were by CCIL from credit union centrals, so that we'd have some idea what funds were at risk. We haven't got an answer to that; we've got a great

"around the rock-pile" answers from the Minister who I don't think knows where the hell the funds are coming from. I should retract that statement, Mr. Chairman. He hasn't had an opportunity to find out where the funds are coming from. I apologize for that remark.

But I think it's obvious to anyone that has some understanding of the credit union movement that the funds come from the depositors. They are placed in locals here and there, be it Pukatawagan, Minnedosa, Ste. Rose du Lac, wherever, and these surplus funds are funneled into the Central, and the Central lend them out probably on to some of the bigger operations. I take it in this case, that CCIL conduct their financial transactions with Co-op Central in Winnipeg and I'm asking the Minister what their line of credit is, or what their borrowings are and to get some idea of what the exposure is of the depositors' funds?

MR. ADAM: Mr. Chairman, the honourable member knows and we've discussed it at length that the Federal Government has provided loan guarantees and the Provincial Governments have provided loan guarantees and . . .

MR. BLAKE: Mr. Chairman, on a point of order.

MR. ADAM: They haven't?

MR. CHAIRMAN: A point of order.

MR. BLAKE: A point of order. The Minister has lost the point completely. I don't care what the guarantees put up by the Federal Government, by the Province of Alberta or Saskatchewan or the Manitoba Government are. I want to know what funds deposited by the little old lady on Spence Street and in Minnedosa in her credit union are exposed from surplus funds of those credit unions to CC Central to provide a line of credit to CCIL?

MR. ADAM: I have just answered that question. The little lady that has her money in the credit union and loaned that money to C.I. through CCCS and Central have got the Government of Canada and the Government of Saskatchewan and Manitoba guaranteeing that loan in case C.I. goes under.

MR. BLAKE: The Government of Canada is guaranteeing that loan?

MR. ADAM: Partly and there are loan guarantees, Mr. Chairman, and the honourable member should know that a loan guarantee is there in event of a default, or that the C.I. borrows money and it's a guarantee by the governments. If that loan is defaulted, the government has to pay. Surely the Member for Minnedosa has been in the banking business a long time should know what a loan guarantee — everybody that goes in to borrow money has got to have a backer. Surely he's been in the banking business long enough to know that; I have and I'm not a banker.

MR. BLAKE: Yes, Mr. Chairman, I will admit that I'm a banker and I have had many many loans that have been guaranteed, and I have had many many loans

that have gone bad. I have called on that guarantee and I have found that the guarantee wasn't worth much more than the person that I lent the money to. So you realize what the guarantee is worth and I'm not saying that's the case, but the Minister has on record as saying, "The Government of Canada, the Governments of Alberta, Saskatchewan and Manitoba guarantee all loans made by the CCCS." I am not just too sure that is a fact.

MR. ADAM: We have guaranteed the loans to C.I. The Federal Government has participated and the Provinces of Saskatchewan and Alberta had a loan guarantee since 1978 of \$7 million — a loan guarantee. We never put up a dollar, Mr. Chairman. Back in 1978, all we did was provide a loan guarantee and the Federal Government has provided a loan guarantee, 1983, of \$7 million, is it? Mr. Chairman, there are \$7 million in loan guarantees from the provinces at the present time and there is also \$5.5 million by the Federal Government that will be available in 1983.

MR. BLAKE: I'm just not quite clear. I just want the Minister to tell me in total now what the guarantees are from Manitoba. What are the guarantees from the Province of Manitoba to CCIL?

MR. ADAM: Mr. Chairman, I do have that information for the honourable member. The loan guarantee for the Province of Manitoba is \$2.8 million and the Government of Saskatchewan has a loan guarantee of \$2.625 million and the Government of Alberta has a loan guarantee of \$1.575 million.

MR. BLAKE: That is to date, or does that include the package that is under discussion now?

MR. ADAM: That is a loan guarantee from the 1978 packages which is going to be all rolled in one. The Federal Government is providing a further guarantee for 1983 under the new arrangements, on the new package. They're coming in with a new guarantee.

MR. BLAKE: All right, that's very clear now. The Manitoba government is guaranteeing \$2.8 million to CCIL in total. Could the Minister tell us where those funds are coming from?

MR. ADAM: They are only contingent liabilities and they will only come into play should C.I. default on the loan to that little lady that you mentioned a while ago. If they default in repaying their loans, then this is a contingency here which comes into play. Then they can come to the government and say, well okay, C.I. hasn't lived up to its financial arrangements. You will now have to come in with the loan guarantee and that happens in the banking business. I think it happens every day, Mr. Chairman. I think it's a very common occurrence.

MR. BLAKE: Mr. Chairman, we have the learned Attorney-General here now. Maybe we should let him take over your Chair there and answer all these questions because he seems to be a complete authority on what's going on here and he's been here about 30 seconds and doesn't know what the hell is going on in

the committee. —(Interjection)— Well, you think I don't?

MR. CHAIRMAN: Order.

MR. BLAKE: Mr. Chairman, this is a contingent liability of \$2.8 million that they are obviously going to borrow somewhere and we'll go back to my original question away back when. Where are they borrowing this \$2.8 million from?

MR. CHAIRMAN: Mr. Minister. Order.

MR. BLAKE: You don't have to guarantee a loan unless somebody's borrowing money. Where are they borrowing it?

MR. ADAM: Mr. Chairman, we've gone over this ground several times now. I mentioned to the honourable member that the money is coming from CCCS and they get the money from their Central which is guaranteed and from the little old lady in the credit union. It is guaranteed by the Province of Manitoba and the Province of Saskatchewan and Alberta and Canada. If the provinces are unable to meet their commitments, like the honourable member mentioned awhile ago that he had taken loan guarantees and the guarantor was a bigger risk than the . . .

MR. BLAKE: The Member for Fort Rouge well knows what some guarantees are worth, I'm sure.

MR. CHAIRMAN: Order. The Member for Minnedosa, do you have a further question?

MR. BLAKE: Through you to the Minister, but more correctly directly to the Minister of Natural Resources, I'm suggesting that if they were borrowing from a bank that the taxpayers of the province under the Stabilization Fund might not have to pick up the risk should the worst come to worst and they go down the tube, but that's beside the point, Mr. Chairman. The Minister has indicated now that they're borrowing \$2.8 million from CCCS but that is only a small loan and he doesn't feel that he can tell us the total amount of their credit or what the amount is that they're borrowing.

MR. ADAM: I don't have that figure, Mr. Chairman, and I think a transaction between the parties involved should not be made public.

MR. BLAKE: But you have endeavoured to get it if it's not confidential information, is that correct?

MR. CHAIRMAN: If you people want to have a personal conversation, possibly you can do it when the committee rises. Wait until the Chair recognizes you and then you can carry on your conversation.

The Member for Minnedosa.

MR. BLAKE: Mr. Chairman, I will defer to the Minister, let him answer that question.

MR. ADAM: Mr. Chairman, as I mentioned previously, perhaps an hour, an hour-and-a-half ago, I think it

would be improper for the Minister to divulge the transaction between the parties involved. I think that information is available to the members of either the credit unions or the C.I. for instance. If the honourable member has a farm out in Minnedosa, I understand he has, perhaps he is a member of the Co-operative Implements at the present time. I am unaware. Perhaps he is. That information is available to him and it can be obtained from Co-op Implements and I would not want to give the honourable member a commitment that I would provide that information for him.

MR. BLAKE: I defer to the Member for La Verendrye. He may have a little more luck than I've had in getting some of the answers.

MR. CHAIRMAN: The Member for La Verendrye.

MR. BANMAN: As I mentioned this afternoon, Mr. Chairman, one of the concerns that we all have as committee members, as taxpayers, and looking after the public purse, I believe it is in the best interests of the system not only of CCIL but of the co-op movement in Manitoba to remove any of the doubts that are being cast on the loans and the loan guarantees that are being put forward by the government. I think that this type of information is very simple and straightforward and the only people that we're hurting by not releasing some of this information is the system itself.

I would ask the Minister whether or not he knows of any loans that the Manitoba Central has given to CCIL? Is there a loan outstanding that the Central has with regards to CCIL?

MR. ADAM: Mr. Chairman, that is a transaction between Central and C.I.

MR. BANMAN: The reason I ask the question, Mr. Chairman, if the Central has a loan go sour, who picks up that loan?

MR. ADAM: Mr. Chairman, I have answered that to the Honourable Member for Minnedosa that if C.I. didn't meet its commitments, the guarantees that have been provided, the loan guarantees would be called. I thought I made that very clear.

MR. BANMAN: Is the Minister saying that all the loans of C.I. wherever they are, whether they be at CCS, CCCS, Manitoba Central, Saskatchewan Central, or wherever are guaranteed by the provinces and the Federal Government.

MR. ADAM: They're guaranteed to the amounts of the agreement. The \$7 million and 5.5 million by the Federal Government.

MR. BANMAN: So the Minister is saying that our exposure is close to \$3 million and whatever the company borrows over that limit. He used a figure and I know he retracted it, but just for a sake of argument, at \$60 million we're only guaranteeing 3 million of that, and this is the question we've been asking here this evening. Who, then, if everything should go awry, and we are all agreed that we certainly hope that's not

going to happen, but to what exposure does the system have on top of the guarantees, because we've just given the Central \$25 million to look after some of their problems? Now this is the only question we've been asking here for an hour.

MR. ADAM: Mr. Chairman, you know I'm sure that the entire operation of C.I. involves sale of farm equipment to — it involves securities that they have, accounts receivable. I'm sure the Member for Minnedosa is familiar with that. There are assignments of accounts receivable, there are machines that are sold to farmers which are financed in one way or another. I'm not sure whether the C.I. finances them or not but they have security and there's assets there; there's collateral and so on, and inventory. I don't know just what the inventory is at the present time at C.I. but there's inventory there. They have a line of credit the same as any other company would have; how far a banker, if you will, can go on a certain loan to a borrower. For me to respond and to advise you what the exposure is, I don't have that information and I'm unable to give it to the honourable member. I don't have it. I don't know if I would even if I had it, because I think that is something that should be dealt with between the parties involved and their members.

The Central also has reserves. The different centrals I suppose right across Canada has reserves to provide for its loan losses the same as any other financial institutions that provide, in their financial statement, there's always their contingency for losses and I've read many many many statements from banks. Not too many from banks but I have read some from banks and other companies and they provide contingencies and reserves for bad accounts and losses. —(Interjection)— There are reserves there at Central that are to provide for its loan losses and we don't have a list of their loans, Mr. Chairman. The government risk is only to the extent of their guarantees, that is all. The risk is

MR. BANMAN: Well, Mr. Chairman, I must say this has been a very frustrating last hour that we've gone through here. We've been trying to establish, and it was my understanding that the province had only guaranteed close to \$3 million dollars of the borrowings of C.I. In other words if everything went bad we owed \$3 million, we'd have to cough up our \$3 million because that's what we guaranteed. But the Minister has been saying that it's all guaranteed, that everything's guaranteed. —(Interjection)— Well this is what we're getting at. The Minister has indicated a number of times . . .

MR. CHAIRMAN: The Minister on a point of order.

MR. ADAM: No, Mr. Chairman, if the honourable member got that impression I did not say that. I said that the three provinces had guaranteed \$7 million. The Federal Government has guaranteed \$5.5 million for 1983. That is the extent of our guarantees. It's not all guaranteed, just up to the maximum of \$7 million. Our share of that I believe I said it was \$2.8 million, and that is from 1978. That is from the package that had been agreed upon by the previous administration. The present package does not pro-

vide loan guarantees from the province. It is only a loan.

I wonder if the member understood that correctly. Now I said that there's a carryover of a loan guarantee from the 1978 financial package. Is that clear? —(Interjection)— Okay. The three provinces have made a loan, not a guarantee, not a loan guarantee, a loan, that will be interest-free, it will be carrying interest at FCC rates. —(Interjection)— No, it's not interest free, FCC rates.

MR. BANMAN: Well, Mr. Chairman, the government today has a \$2.8 million guarantee, plus there will be a loan in place for \$2.97 million. So our exposure now is \$6 million. Is that correct?

MR. ADAM: That is the financial arrangement that had been, I suppose the beginning of the year negotiations were undertaken by the previous Minister. At the present time there is a loan guarantee from the first financial package and there is a current loan for the new financial package of — the loan for the new financial package is \$2,975,000.00.

MR. BANMAN: Okay, so we've determined now that we've got a loan which is going to bear interest at FCC rates. We've got a guarantee in place. . . .

A MEMBER: A point of order, Mr. Chairman, or . . . ?

MR. CHAIRMAN: The Member for La Verendrye.

MR. BANMAN: I had the floor. You know, we're not getting into a philosophical argument or any disagreement with what has happened today. It's a matter of getting the information and I think that whether it be Flyer Industries or any major amount of money that is either being put in by the Provincial Government or is guaranteed by the government, when the bill comes in for the \$25 million for the credit union movement and the \$4.5 million for the Caisses Populaires, I think some of these details have to be ready and have to be explained to the people because you've got massive amounts of public funds going into these things and all we're asking for some of this information. If the Minister doesn't have it today, I would be perfectly willing to say to him, try and get the information, talk to the people at C.I. We don't want to put the company in a position where we jeopardize their competitiveness, not at all. But I think the committee here and the people of Manitoba have a right just to know what's happening with some of these things and not asking for great details, but just to see where we're going with the whole system because I think it's important to everybody because we're talking massive amounts of money. We're talking millions of dollars.

MR. ADAM: I thank the honourable member. I want to point out that the assistance to the credit union system is not part of the other financial deal to C.I. There's no connection and I want to make that clear, that the two are not relative to one another.

I don't have the information they're asking for. They want to know how much line of credit that C.I. has; I don't know that. If the honourable members want to

allow me to take it under advisement and ask them if they are willing to provide that information, you know, providing that they agree to it. If they don't, well, I'm not going to do it; I don't have that information. If that is satisfactory, I'm prepared to say "let committee rise" and we'll come back some other time because I don't have that information and we're just beating around the bush at the present time. We don't seem to be getting anywhere.

MR. CHAIRMAN: The Minister of Natural Resources.

POINT OF ORDER

MR. MACKLING: On a point of order, I think it would assist the Minister if the honourable members would then indicate the specific questions that they want information on; that the Minister of Co-op Development has some reticence to disclose because he doesn't want to provide information that might affect the operations of the two participating agencies, their companies. If the honourable members would give the specific questions, then the Minister can consult with staff and the parties and make sure whether the information can be revealed without any difficulty. If the honourable members would then put those questions to the Chairman, then the Minister will be able to deal with them at the next sitting of the committee.

MR. CHAIRMAN: The Member for Minnedosa. You had a specific question you would like . . .

MR. BLAKE: No, I've already asked the questions, Mr. Chairman. I can reiterate. I know that there is a guarantee of \$2.8 million, or whatever the figure that the Minister gave us, 2.8 and it was updated to 2.95 or something like that. That's close enough. My question was, what was the line of credit with the CCIL with CCCS or the Central, their present financial institution that they are borrowing funds from? I want to know what their present exposure was and what their line of credit was so we'd have some idea of what the Credit Union Central of Manitoba was exposed to in lending funds to CCIL.

MR. CHAIRMAN: The Member for La Verendrye, was that the same specific question you had or do you have a further question?

MR. BANMAN: No, Mr. Speaker, I think that's what we've been trying to get at for the last little while. I would say that if the Minister would undertake to try and get that information to us, I think we don't necessarily have to come back to the committee here, as we have said all along, as long as it doesn't harm the competitive position of the company with releasing that. But I think that is something that is put out in their Annual Report and should be quite easy to get a hold of. So if the Minister would undertake to provide us with those answers, we might have a few more. I hasten to say that if there are some more questions we have another opportunity at the passing of the bill for the credit union movement at which time we can ask some more questions.

I would just ask the Minister to acquaint himself with the facts and try and get that back to us. If we

have some more questions, we will ask them during the debate on second reading or in Committee of the Whole on the bill which will provide the credit unions with the funds that they have been promised.

MR. CHAIRMAN: On the same point of order?

MR. MACKLING: Yes, Mr. Chairman. On the point of order, the question is clear and then the Minister, as I indicated, I think it would be helpful if the Minister—he will undertake to determine whether or not he can provide that information. He'll check with the parties involved to make sure that they have no problem about him disclosing that information because that is, I think, a legitimate concern. Certainly, he can—(Interjection)—okay, that's understood.

MR. CHAIRMAN: Okay, we're on 2.(a)(1) Salaries—pass; 2.(a)(2) Other Expenditures—pass; 2.(b)(1) Salaries—pass; 2.(b)(2) Other Expenditures—pass.

Resolution No. 41. Be it resolved that there be granted to Her Majesty a sum not exceeding \$1,063,500 for Co-operative Development for Co-operative and Credit Union Development Regulation for the fiscal year ending the 31st day of March, 1983—pass.

We have to go to one more motion, it's 1.(a) Minister's Salary—pass. —(Interjection)—I'm sorry it part of Resolution—No. 3 was part of 41. —(Interjection)—Okay. No. 3. Acquisition/Construction of Physical Assets—pass.

Resolution No. 42. Resolved that there be granted to Her Majesty a sum not exceeding \$100,000 for the fiscal year ending the 31st day of March, 1983—pass.

Now, the Minister's Salary 1.(a)—pass.

Resolution No. 40. Resolved that there be granted to Her Majesty a sum not exceeding \$100,800 for Co-operative Development for General Administration for the fiscal year ending the 31st day of March, 1983—pass.

MR. CHAIRMAN: This concludes the Estimates of Co-operative Development.
Committee rise

SUPPLY — AGRICULTURE

MR. CHAIRMAN, Jerry T. Storie (Flin Flon): The Committee will come to order. Continuing with the Agricultural Estimates on Resolution No. 13, Item No. 6.(c)(1) Salaries.

6.(c)(1)—pass; 6.(c)(2) Other Expenditures—pass; (c)—pass.

6.(d) Economics Branch. 6.(d)(1) Salaries.

The Honourable Member for Pembina.

MR. DONALD ORCHARD (Pembina): Mr. Chairman, could the Minister indicate whether the Economics Branch has undertaken or verified, or done any calculations on the Crow benefit studies that have been put out?

HON. BILL URUSKI (Interlake): Mr. Chairman, that work is undertaken in the Department of Transportation.

MR. ORCHARD: So that this department has not

undertaken to verify any of the figures developed by the Transportation Division, offered any comments on some of the agricultural positions?

MR. URUSKI: Mr. Chairman, there would have been in fact, if the member knows, there has been involvement of staff in terms of all the departments, but specifically to tell you that in the production there would have been co-operation and there has been over the years between the two departments and the agencies involved in terms of doing the analysis and doing the work on those matters.

MR. ORCHARD: Well, to specifically answer, has the Economics Branch agreed, disagreed or commented on some of the positions about livestock production, special crop production, and some of the statements that are currently being made by the Minister of Transportation?

MR. URUSKI: There would have been some involvement in the analysis from the Economics Branch on that, yes.

MR. ORCHARD: Well, specifically, Mr. Chairman, could the Minister indicate whether the Economics Branch has done the analysis on the special crop potential for Manitoba? There has been in the material handed out a development that special crops should not enter into the debate; that special crops are a finite market; that special crops don't offer any new opportunity outside of what's already there, and I just wondered if the Economics Branch had developed that information for this administration.

MR. URUSKI: Mr. Chairman, the work which would have been involved from our branch would have been statistical information and advice to put this package together to assist the Department of Transportation in putting the package together. The member is trying to indicate whether there was a critique or an analysis of another analysis upon analysis, Mr. Chairman. To the honourable member, no, there was no analysis of analysis.

MR. ORCHARD: Mr. Chairman, does the staff of the Economics Branch believe that there is no future benefit for the Province of Manitoba in the special crop production field?

MR. URUSKI: Mr. Chairman, if the honourable member had read that document, he would know what the analysis is, that special crop production has been of great benefit to the Province of Manitoba and has expanded notwithstanding the matter of the Crow rate being in place and special crops have grown immensely in the Province of Manitoba since the turn of the Seventies.

MR. ORCHARD: Precisely the point I'm making, Mr. Chairman, the special crop industry has grown paying compensatory rates and the indication is that with a potential change in the transportation costs, should the Federal Government achieve its seemed objective of changing the freight rates, does the Economics Branch and this Minister agree that special produc-

tion would not increase in the same increments that it increased in the Seventies?

MR. URUSKI: Mr. Chairman, I believe that special crops have expanded in the Province of Manitoba notwithstanding and I don't believe that a change in the Crow rate will have any measurable potential of expansion of the crops. What will increase and enhance the expansion of special crops will be markets and, of course, the one thing price, which will be the two major factors that will increase on the expansion of any kind of commodity; whether it be beef, whether it be special crops, whether it be any other kind of commodity.

MR. ORCHARD: Well, following the Minister's logic, and I would assume it's his logic as well as the Minister of Transportation's logic, that farmers will have to pay increasing costs, increasing amounts for transportation, as has been laid out in a number of the handouts that the Minister of Transportation has given us, and given the fact that the Minister of Transportation has indicated that the rate for shipping grain may increase by a multiple of 5 by approximately 1985, and by a multiple of 10 by 1995; given those kinds of projections by the Minister of Transportation and I assume the Minister of Agriculture, that those transportation costs will be borne by the producer and hence come out of the, I suppose, delivered price of wheat, oats, and barley, and being as the situation on special crops is that farmers already are paying the full freight rate and find them economic to produce; should the economics of production of wheat, oats, barley, rye, rapeseed, and flax decline because of paying increasing freight rates, as the Minister of Transportation would seem to indicate, would this not make the relative position of special crops more favourable hence more production emphasis on them?

MR. URUSKI: Notwithstanding what the farmers will be paying, I want to take them to the issue, for example, of rapeseed, which has been argued that the rapeseed industry has been discriminated against and we believe that in terms of equal treatment within this country. —(Interjection)— Well, Mr. Chairman with respect to special crops, what will enhance special crops, and I don't believe that there has been any impediment. Let's look at what has happened in the special crop area in the Province of Manitoba.

In 1967 the special crops accounted for approximately 12 percent of the total value of crop production in the province. By 1979, this percentage had increased to 36.4 percent and the potential, of course, has as yet for further advances. In '69 there were 65,000 acres, and in 1970 it had gone up to 155,000 acres in special crops.

So, Mr. Chairman, even though the Crow rate was in effect at that point in time, what has made the special crop production expand in the Province of Manitoba was the factors that there was a market and that there is a price that made it favourable for special crops to grow.

Mr. Chairman, right now I venture to say, for example, in the area of special seeds or small seeds, the timothy market has fallen right out in the North American market. I venture to say that the grass production

of timothy will decline, many timothy crops will be ploughed under, not because of the Crow rate or some other matter; it will be a matter of price and market potential that will be the dictating factors and not the issue of the Crow rate.

MR. ORCHARD: Mr. Chairman, the Minister maybe hasn't understood what I'm saying. The information developed by his colleague, the Minister of Transportation, indicates that farmers will pay a multiple of the current Crow rate to move their statutory grains to market. The clear implication that the Minister of Transportation is making is that will decrease the net farm income because the farmer will have to pay freight. Hence, his farm gate price on wheat, oats, barley, rye, rapeseed and flax will decline.

Now, in the years from 1967 to 1979, there was an increase from 13 to 36 percent in special crop acreage, the vast majority of which have moved at a compensatory freight rate. Is the Minister saying that there will be no further increase in that when, if the Federal scenario happens according to his Minister of Transportation's figures and the relative advantage of growing wheat is removed by a change in the freight rate proposed by the Federal Government? Would he not concede that special crops will become even more important in the Province of Manitoba because right now, when they are paying their full freight rate, the farm gate price is reflective of a freight rate that the Minister of Transportation is saying will happen to wheat, oats and barley? They are now offering 36 percent of the production spectrum in the Province of Manitoba and would he not concede that they could well occupy a greater portion of this perspective because his argument about the market being there would seem somewhat foggy when one considers the dramatic increase in grain-corn acreage in the Province of Manitoba and that facing over the last five years abundant supplies of corn in the world market, the U.S. being a major supplier of corn and Canada being a very small supplier of corn. Corn has taken off in the areas and as the Minister well knows the research program at the University of Manitoba and the various agricultural stations in this province are developing corn varieties that will produce grain corn in wider and wider areas of the Province of Manitoba, so that grain corn is no longer a crop which is restricted to the Pembina triangle, the so-called Pembina triangle, from Morden, Portage la Prairie over to Altona. It is fast gaining a place in the south Interlake, in the Parkland region, and in Western Manitoba, because of improvements in variety. That has happened with corn leaving the farm gate paying full transportation costs, and I find the analysis made that there would be no advantage or disadvantage to special crop production to somehow fall between the benches, and that's why I'm asking, if his Department of Economics had agreed with the position put forward in the Minister of Transportation's paper?

MR. URUSKI: Mr. Chairman, while the member takes an argument and has developed that argument in terms of his thinking on the changes in the Crow rate and the effect on special crops, Mr. Chairman, what could happen, and the member is right, that if the Crow rate is changed, it will have an impact of reduc-

ing net-farm incomes, deducing from his argument, that all of a sudden farmers will shift their operations and special crops will become more important. Mr. Chairman, I hope that special crops, like any other crop, or any other commodity that is grown or raised in the Province of Manitoba, if the market and the price is there, farmers will produce it and if developed they will go into it.

But what can happen, Mr. Chairman, when the honourable member indicates that whether one agrees or doesn't agree? I believe that what will happen is that the change will not, in the Crow rate, won't improve, for example, the market conditions or the returns to farmers for the sale of special crops, but may, in fact, Mr. Chairman, induce, as the member indicates, the additional production of special crops which could have a detrimental effect on the market that is already there because the member well knows, and his party well knows, the law of supply and demand. As soon as you produce more than the market will bear, what usually happens? Boom, the price goes down, Mr. Chairman, and then what will happen, Mr. Chairman? Then, the argument that he is putting doesn't really bear out in terms of their position, in terms of what impact it will have.

I would hope, and we have as a department and as a government before your time and now after your time, have encouraged, your government has encouraged, we have encouraged the production of special crops in the Province of Manitoba.

Mr. Chairman, I believe that the honourable member, while I hope he continues to make that argument, and I think what will come out and what will determine the eventual either expansion or diminution of the special crop will be price and will be market potential.

MR. ORCHARD: Mr. Chairman, the Minister says it's my argument, it's my logic, it's my fault. That isn't what I'm asking him. His government has put out a position that special crop production will not change under their scenario, the figures that they've given us of the Crow rate being paid by the farmer increasing in multiples. It's their argument that number one, the Crow rate is going to increase in multiples. It's their argument number two, that when it does that special crops will not have any impact on the Province of Manitoba. All I'm trying to find out, Mr. Chairman, is how did the Minister arrive at that kind of an analysis, and all I'm asking him is did his Economics Branch agree with the kind of information, the kind of position that's being put forward by the Minister of Transportation, not my position but the government's position, the Minister of Transportation's position that a multiple change in the Crow rate won't significantly increase, decrease or alter special crops in the Province of Manitoba? What I've been trying to point out to him is that maybe they didn't think their own position through quite completely.

MR. URUSKI: Mr. Chairman, obviously the honourable member either wishes deliberately to twist and distort or he hasn't read the documents that have been presented to him. Maybe he wishes someone to read the documents for him and to indicate to him what analysis was done and what the position of the government is. I'll just read a part of it, I won't even

read for him the entire analysis and the entire work that was done and condensed into layman's language, but I'll read him a part of the analysis done. He obviously will, like many of the producer and farmers in Manitoba who will be receiving this information, be able to judge for himself as to whether he agrees or doesn't agree with the analysis done and he will make up his own mind as to whether he wants to accept the position put forward, Mr. Chairman.

Mr. Chairman, I want to quote from page three of the document dealing with the analysis on the impact of removal of statutory grain rates on the Manitoba special crops industry, "Concentration of special crops production in Manitoba and its development over the past 10 years resulted from the interaction from many factors of which the cost of transportation and the availability of the service would have to be a consideration, particularly in the view of the fact that special crops are priced on a world market basis. Despite the fact that most special crops are transported at compensatory rates, the industry has developed and prospered over the years. This would suggest that the existence of statutory rates has not adversely influenced the production of special crops nor does this removal offer any new opportunities for prosperity.

"The fact that special crops production has expanded in Manitoba on a par with those areas where statutory rates are not applicable suggest that the existence of the rate did not hinder the development of the industry, nor does removal of the rates assure further expansion. In fact, removal of statutory rates could seriously threaten production of buckwheat in Manitoba as the commodity moves to Vancouver for export to Japan under these rates. Compensatory rates may force buckwheat production to be concentrated in Ontario and Quebec where it would be closer to water transportation facilities.

"The major facts limiting expansion of special crops production, has been the size of the market. Crops are considered special when the markets are small and therefore production is limited. When a crop increases to become a significant proportion of total crop production, it is no longer special.

"The development of rapeseed canola is a case in point. For a greater crop diversification to occur due to a revision in the statutory freight rates; there would have to be an unfilled market opportunity that the change made it possible to exploit. There does not appear to be any evidence of such an opportunity.

"The proposed changes to the Crowsnest Pass statutory freight rates for Manitoba's crop producers will reduce their net return to statutory grains and seeds. At the same time the change will not improve either market conditions or returns for special crops, but may in fact induce additional Manitoba production of special crops. This could deteriorate the market prices for special crops and reduce the returns for them even though the freight costs are unchanged. The total net crop farm returns to Manitoba producers would then of course be reduced."

MR. ORCHARD: The Minister has answered exactly what I've been saying. In fact, I'm glad that he's read his own information for the first time and concurs with the position I'm putting forward. Did the analysis

that's put in there, did it pass the scrutiny of your economics department, who I believe in the long run know a great deal about the production of special crops, their viability and their firm place in the production spectrum of Manitoba and the potential for increase in those acres?

The Minister in his special crop analysis has casually avoided the corn production in this province, which I mentioned just a few minutes ago. Our government, and I believe even his government before him —(Interjection)— the Minister for Natural Resources is yapping from his seat and the Minister doesn't really make much of a farmer.

Now, Mr. Chairman, the Minister should realize that the efforts that have been put into corn as a crop, as a special crop, as an alternate crop in the Province of Manitoba, has been covered many fold from many angles. The Provincial Government over the last number of years, I know for four years we supported research and I'm quite sure that his Minister of Agriculture in the previous Schreyer years did the same thing. Corn has a great increase in potential in the Province of Manitoba. It has been developed, as I say, over the past number of years amidst some very fierce production competition from the United States.

It has come, Mr. Chairman, because the very thing that the Minister alludes to were there in corn production; i.e., cash flow — not waiting two years to get your money out of the crop you produce, but cash flow within probably eight months of production; cash flow which has been at a level that can return a positive contribution to farm capitalization and make a profit for the grower. That's why corn acreage has increased and the potential in this province is great for increasing it further. We are now serving practically the entire distillery market in the Province of Manitoba. That has been the situation that has only come to bear in the last three years.

As well, Mr. Chairman, the Minister of Agriculture should know that the corn grown in Manitoba is replacing the imported U.S. corn in the Alberta and B.C. feed markets. It has been a very significant contributor to the wellbeing of the farming community in Manitoba and its potential is large for the future because it is moving further and further beyond the original Pembina triangle that it was developed . . .

The Minister's own analysis confirms what I've been saying and I only ask him, did the Minister have that analysis on special crops; did his Economics Department, who know considerable about special crop production and their economies, give their nod of approval to that position?

MR. URUSKI: Whether the member wants to accept or not accept the analysis; he can make whatever interpretation he likes on the analysis. No matter what I would answer to this honourable member, obviously he has his mind made up and he can stick to his position on this matter.

Mr. Chairman, the member can speak all he wants and chirp all he wants, I have given the member the government position with respect to our position and its impact on the Crow rate. Mr. Chairman, the governmental position in terms of involvement of all departments were the result of this production. It was prepared, and I told the honourable member, it was

prepared by the Department of Transportation in relationship to the available data within government, which means the Department of Agriculture, Mr. Chairman.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. RANSOM: Will the Minister advise the committee if he intends to have the Economic Branch do a study of the impact of his Beef Stabilization Plan upon the economic welfare of feedlot operations and livestock auction markets in this province?

MR. URUSKI: No.

MR. RANSOM: Well, Mr. Chairman, the obvious question is why not? Does the Minister know that there will not be any impact on these two sectors of the industry?

MR. URUSKI: Mr. Chairman, whether the program that was announced was announced for the cow-calf industry, in terms of the impact of the market on some of the industry, there has always been an impact on an open market system on whoever is involved in it.

MR. RANSOM: Mr. Chairman, does the Minister think there's no obligation on the part of the government when they intervene in the system and interfere in the system to the detriment of other segments of the industry?

MR. URUSKI: Mr. Chairman, obviously the honourable member doesn't like all the announcements that have been made and he calls them "interference." Mr. Chairman, I don't accept that what we have done is interference. I accept and we've made the announcement to assist the industry, which his members sat on their hands for several years in terms of trying to assist that industry and never even thought about it, Mr. Chairman. In fact, his colleague was one that in the summer of '81 turned down requests from that very industry for support and now you have the gall to stand up here and say that there is interference and there is no assistance, Mr. Chairman.

MR. RANSOM: Mr. Chairman, does the Minister think that there will be an impact, a negative impact, on that part of the industry, upon feedlot operators and on the livestock market, livestock auctions?

MR. URUSKI: Mr. Chairman, there's no doubt in any open market system people will change their production; farmers will have to decide whether they want to go into finishing, whether they want to custom feed, that will be the decision. Obviously a feedlot operator, in the years where they felt that there was no money in terms of feeding, would have stopped producing the animals. Mr. Chairman, the cow-calf industry didn't have that luxury; they are the basis of our industry. No doubt, from time to time, there's always been — there have been feedlots even before this program that have gone under. For example, I think the member well knows some of the feedlot operations in the province, their fate and some of the honourable members know whether there will be a direct impact on the industry.

There will be producers who will be using the industry and the producers that won't be using this industry.

MR. RANSOM: Mr. Chairman, I accept what the Minister says about the market, when the free market system is operating that feedlot operators and livestock auction marts take their chance, but the Minister is intervening in the industry to assist one portion. I have simply asked him whether or not he feels there will be a negative impact on those other sectors. If he doesn't think that there will be a negative impact, then let him say so. If he does think there will be an impact, and he doesn't care, let him say so.

MR. URUSKI: Mr. Chairman, that decision as to the extent that feedlot operations are being used by farmers will be an individual management decision that will be made by the farmers of Manitoba whether they utilize it or not. How can I prejudge what individual farmers will want to do in terms of the finishing of those animals?

MR. CHAIRMAN: The Member for Lakeside.

MR. HARRY ENNS (Lakeside): Mr. Chairman, just following up on the questions on the Honourable Member for Turtle Mountain. If he's not concerned about the feedlots — (Interjection) — Well, in as many words he said that, but what about the many — (Interjection) — Mr. Chairman, do I have the floor?

MR. CHAIRMAN: Order please, order please. Could the Honourable Member for Lakeside be allowed to finish his comments?

MR. ENNS: Mr. Chairman, I knew I could count on your fairness and your stewardship of this committee. What about impact studies, about the possible disruption to many thousands of jobs in the City of Winnipeg in the packing industries? If, in fact, a major disruption takes place in the beef industry as a result of the fact that cattle that used to come on stream in a pattern that has been developed over the years is fundamentally changed and altered. — (Interjection) — Mr. Chairman, the Honourable Minister of Natural Resources frowns and says, "I don't know." Mr. Chairman, I don't know either, but we're dealing with an Economics Branch that is specifically set up to study these matters before the Minister spends some \$24 million of taxpayers' money to intervene in a business, he should at least have the courtesy of knowing what's going to happen, not just to members of this House but also to the members that are involved in the industry.

MR. URUSKI: Mr. Chairman, the honourable member should know what the statistics are in terms of the numbers of animals that will be finished and have been finished historically in the Province of Manitoba. Whether he doesn't want to accept that, or want to accept it, or doesn't want to accept it, that's up to the honourable member. Mr. Chairman, the intent and it should assist the processing industry of assuring a greater supply, benefit the well-being of all Manitobans by increasing the value added to Manitobans, the member may not want to accept it. He keeps shaking his head in the negative. That's up to him, Mr.

Chairman, but if we increase the amount of cattle that are finished in the Province of Manitoba above 40 percent, any movement above what we are now finishing will be an added benefit to the packing industry, to the finishing industry, to all the farmers of Manitoba in terms of the numbers of head that will be; then we will be really having some impact on the total economy of Manitoba and precisely on the very industry that has suffered the most — the cow-calf industry.

MR. ENNS: Mr. Chairman, I'm honestly not going to debate the merits of the beef plan with the Honourable Minister. We're dealing with the Economics Branch which has among its major responsibilities the carrying out of specific studies, you know, to measure the impact of certain programs entered into by the department. Mr. Chairman, if the Honourable Minister's beef program falls flat and less than a certain percentage, 10, 12, 15 percent of the ranchers go into that program. Those are 15, 12, or whatever percentage figure it is, except that I would expect the Economics Branch to do some studies on it; these are calves that are removed from access to the regular feedlot operations. If, as a result, feedlot operations go broke as they have been going broke in the past and will go broke in the present, but this Minister is exhibiting no concern at all about them going broke very quickly. Mr. Chairman, where is the finished beef going to come from to keep the jobs in the packing-houses? Where are those jobs going to come from? Has the Minister had his Economics Branch do any studies as to how many cattle are going to go south, how many cattle are going to go to Ontario, or how many people are simply not going to be raising cattle to the finished product, and what impact that will have on the processing industry in the Province of Manitoba?

MR. URUSKI: I don't know how the member develops his argument, I don't know where he's been, Mr. Chairman. Approximately 40 percent of the animals that are calf-cropped at a produced amount in Manitoba are finished and sold; the rest of the calf crop goes out of the province, goes elsewhere, Mr. Chairman. The intent of the program is to do exactly what the member opposite is indicating, that there may be a loss of jobs. Once you increase the percentage and, Mr. Chairman, it isn't only the feedlot that is finishing the animals in Manitoba; there are many farmers who have been historically doing the finishing in the Province of Manitoba who raise from beginning to end and have been doing finishing, as well. But there is a large part of the industry — (Interjection) — oh, Mr. Chairman, you know, when the honourable member speaks of lying, let him bring his figures out and indicate what percentage of the industry is finished in the Province of Manitoba. If he's indicating that the program is not designed to bring about more finishing within the province, let him say so, that's his position as a former — (Interjection) — Mr. Chairman, he should know that any improvement in that ratio is bound to assist our packing industry, bound to assist our finishing industry, bound to assist our cow-calf industry, and what the members opposite conveniently forget is that there is a stabilizing price on the finished animal so that there is an incentive, there is

a cost of production return.

That's the area they want to forget, Mr. Chairman, as if that's the end of the program, that once the animals are finished or at least go on the program, that's the end, that farmers don't receive a cost-of-production return. They will have the opportunity to have, I believe, one, two, maybe three, I don't know what the producers' group will recommend in terms of levels of coverage. That's where the honourable members are feeling the pressure a bit, is that there is a guarantee in the program, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. JAMES E. DOWNEY (Arthur): Mr. Chairman, I am totally amazed that the Minister of Agriculture could put on the records the kind of comments that he has just put on. I'm totally astonished that a man who is from the Interlake country, who is from traditionally cow-calf country, could say the very things that he has said to this committee tonight.

The point that is being made on the Economics Branch, Mr. Chairman, is just very simply, has he had the Department of Economics, the economist, that whole team of brain power that he has in that department, do an analysis of the impact of his introduction of a program that is going to change the whole pattern of beef production in the Interlake from what is now traditionally the production of cow-calf and the business of cow-calf? Mr. Chairman, for those people who don't understand what cow-calf production is in this country, it is the production of a calf from the spring to the fall and they would normally, if the profit was there, at their decision, at their choice, would either decide to sell it in the fall and take a profit or they would decide to keep it over to spring to sell it as a stocker animal at, say, 600 to 800 pounds, and take their profit or take their loss at that point or traditionally they could carry it out to slaughter weight and sell it through an auction mart of their choice, through the central auction yards in Winnipeg which is still one of the few centralized selling systems left in Western Canada.

But, Mr. Chairman, that is gone, the jobs — and I'll just give you — if the Minister hasn't had time or doesn't want the Economics Branch to look at it, I can give you a rough idea of how many people are employed in the operation of a sales facility. The one at Ashern, I would estimate in the fall sales at Ashern where he's familiar with, there are some probably 20 to 30 people employed when they have a sale — 20 to 30 jobs, which he is wiping out, Mr. Chairman. Yes, they're gone, Mr. Chairman. The Ashern Auction Mart under his program will be gone, Mr. Chairman. He didn't do an impact study on what it would do to that Interlake Auction Mart and it's a well-known auction mart. The Grunthal, and sure the Minister of Finance says the Melita Auction Mart. I have no problem standing up and saying that I own the Melita Auction Mart; I have it leased out totally; it's nothing to do with me other than the fact that I built the thing and I feel very strongly that is a good system. I'm not speaking to protect that. But, Mr. Chairman, the 20 people that are employed in each auction mart — Brandon, Manitoba, for example, Manitoba Pool Elevators as a co-operative marketing agency, Mr. Chairman, puts

through a tremendous amount of fat cattle, slaughter cattle, stocker cattle, probably a thousand feeder cattle a week in the spring and fall of the year and probably 500 to 800 slaughter cattle each day. They have full-time employment for a lot of people. That's gone, Mr. Chairman, all out.

The Union Stock Yards in the centre of St. Boniface will be gone, Mr. Chairman. It's gone because he believes that there is now a central marketing agency where he has a few bureaucrats sitting around in a dark room phoning a packing house and saying we have A, B, C or D's cattle coming to market. Let me tell you, Mr. Chairman, that's what the packing house industry has been waiting for is somebody to assemble the cattle and then they have the complete control of the industry. They don't have to go out and bid competitively like they had to, Mr. Chairman, at this particular time.

Mr. Chairman, I am totally astonished that the Minister of Agriculture hasn't spent the time and the taxpayers' money to do a full review of the impact of what he is doing. Mr. Chairman, I am totally astonished. He has the power of the Economics Branch and he could have done it in two months; he could have done it in two weeks if he'd have sat down and gone to work and then he'd have known that there had been 20 jobs disappear from the Ashern Auction Mart; that Manitoba Pool Elevators in Brandon, those 30 employees or whatever there is, their jobs are gone, Mr. Chairman. The 100 people at the Union Stock Yards, Mr. Chairman, their jobs are gone. Yes, Mr. Chairman, those jobs are gone. The opportunities for those people to provide a service to the agriculture system are gone because we have a Minister of Agriculture who wouldn't spend a dollar of taxpayers' money to look at the impact.

He says they have an option, Mr. Chairman, they don't have to join the programs. I have to say, Mr. Chairman, that we have seen the ultimate in irresponsibility in the Minister of Agriculture that our province has ever seen. Mr. Chairman, at least under the Schreyer Government, and his colleague, the now Minister of Government Services, had enough nerve to go to the public and to the producers and say, do you want to change your marketing system — do you want to change it, we'll ask you the question and have a vote. But, no, Mr. Chairman, not this Minister; he said, sure, you're in trouble, you're in trouble, we'll blackmail you, we'll help you, we'll help you, we'll give you \$50.00. In return you owe us the rest of your life. You owe us 4 to 8 percent of your income. We're going to tell you how to market your cattle, at the same time we're going to take it; we're going to take a thousand jobs away from the marketing system that are now in place. He's going to endanger the incomes of a thousand families in this province right now with his new program. This is far more serious, Mr. Chairman, than the Minister is taking it, and I don't like it for one minute.

I asked him the other day, and you know, he makes this sneery comment, that what did I do for the beef industry? Mr. Chairman, we established a committee to tell us what was needed. There wasn't a problem in the beef industry for the last four years. The only problem the beef industry had while I was the Minister of Agriculture was his ill-conceived program that had

to be cleaned up in the four years that we were in office and pay money back to the province.

The beef industry ran into similar difficulties about a year-and-a-half ago, Mr. Chairman. The Province of Alberta and Ontario didn't introduce a program, Mr. Chairman. Ontario introduced it late last fall, \$40 per head, and gave the producers some support. The Province of Alberta, after he was elected, made a move to give a one-time payment. Mr. Chairman, the beef industry wasn't in all that much difficulty immediately in our term of office.

Mr. Chairman, I am more upset than ever when I asked the Minister of Agriculture what was he doing to tell his government and the farmers of Manitoba what the impact of the increasing of the Hydro rates would be on the farm community. You know what he said? We're not going to do one. We're not going to do an impact study. We'll change the Hydro rates, we'll increase them like we did before when Shreyer was in, 150 percent in three years. That's what he's telling us he doesn't care about. He is going to increase the Hydro rates to the farmers of Manitoba and hasn't got enough sense to use the Economics Branch to tell us what the impact will be. He supports Trudeau. In fact, Mr. Chairman, it was Ed Broadbent in the NDP Government that introduced a nonconfidence motion to upset Joe Clark so we could have Pierre Elliott Trudeau back again, Mr. Chairman, and bring in Petro-Can and Petrofina to charge the farmers more money for their oil and gas. That's the kind of philosophy and Minister we have, Mr. Chairman. He doesn't have the time, Mr. Chairman, to have the people of Manitoba know precisely what's going to happen after he makes his ill-conceived socialistic seedlings come about, or creates his ideology in reality.

Mr. Chairman, I would say that I have made an estimation of the numbers of jobs; he could have done it very quickly, but a lot of jobs are going to be lost because of his ill-conceived ideas.

Mr. Chairman, I would like the Minister to do an impact study on what the change in the Hydro rates would be if they unfreeze them. —(Interjection)— Well, if. Every indication has been made by his First Minister that that's going to happen. Stand up and say that it isn't. I challenge you to stand up and say that it isn't. Stand up and say that it isn't. I challenge you to stand up and say that it isn't.

MR. URUSKI: Mr. Chairman, obviously the Honourable Member for Arthur is spewing more than the new fertilizer plant that just was recently opened west of Portage la Prairie, this evening than he has in a long time, Mr. Chairman. He's certainly doing better than that plant has.

I want to tell the honourable member that the program dealing with the assistance to the beef industry, Mr. Chairman, the feedlot operators or the auction marts that he is so concerned about, I would expect that farmers will want to use those auction marts in terms —(Interjection)— well, Mr. Chairman, there will be many uses that those auction marts can be used, as assembly points, there is all kinds of uses to those markets. Mr. Chairman, there will be all kinds of opportunities.

Mr. Chairman, those members opposite who are now so ingrainedly opposed to the program, a volun-

tary program, and you haven't heard so many screams of opposition to a voluntary program as we see here this evening. They're the real freedom group, Mr. Chairman, when you announce a voluntary program, they're all jumping all over the place.

I want to tell the honourable members as well, in terms of the program, Mr. Chairman, the honourable member talked about forcing something down people's throats. I mean, who right after they were elected brought in a piece of legislation that told all Manitoba producers after they had voted in the majority several years before, that they didn't want to have a single organization, Mr. Chairman. And he stands up here in this Legislature —(Interjection)— Mr. Chairman, obviously the members opposite don't want to recall the kind of ramming through that they did in this Legislature. They really want to say, "Well, what we did, forget about it, and what your doing, let's examine what your doing."

If it's good for the goose, it's good for the gander, Mr. Chairman, that's all I say to the honourable members. It's got to be bold, it's got to be mutual consent in terms of being good for both. Mr. Chairman, if it was good for you in terms of being able to ram things down, and here we bring in a voluntary program and these members are howling out the roofs, Mr. Chairman, they're bawling like the lost calf in the pasture.

I take their criticisms with a grain of salt, Mr. Chairman. They on one hand want to say that we would have helped the industry after turning them down, and on the other hand saying it's no good what you're doing. Well, at least they have the luxury that they are now sitting in Opposition; they have the luxury of doing that all along, and they can certainly remain there and they will remain there as, Mr. Chairman, the people of Manitoba showed them where they really should be after a four-year term. That's basically where they'll end up.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. RANSOM: Mr. Chairman, the Minister has budgeted, I believe, some \$17.5 million for this program plus another 24 million in low-interest loans. He clearly expects that this is going to have an impact upon the industry and I expect very strongly that it's going to have an impact on parts of the industry that the Minister doesn't seem particularly concerned about. Can I ask the Minister then, Mr. Chairman, what specific evaluation criteria does the Minister have in place now to evaluate effectiveness of the 17.5 million that he plans to disperse through the program and for the use of the 24 million low-interest loans?

MR. URUSKI: It is our hope that the funds that are being presented, that will be presented and will be voted upon, and be provided for the assistance of the beef industry, will have a meaningful impact in assisting those producers who wish and require assistance in terms of continuing to produce beef in this province.

MR. RANSOM: Mr. Chairman, I asked the Minister a very specific question. The Minister of Finance should certainly be concerned about this, I would think. Here we have a program of 17.5 million expenditure that's

budgeted, another 24 million of low-interest loans, and I ask the Minister what specific studies he has planned; what criteria he is going to use to evaluate the effectiveness of that program, both from the point of view of the effectiveness of the taxpayers' dollars and of the impact it's going to have on the industry?

I gather, Mr. Chairman, from the Minister's answer that he doesn't have anything planned for the evaluation of this program. I would like him to stand up and tell us that I'm wrong in that interpretation, that indeed he does have an evaluation program planned, and that we will be able to call for that a year from now or two years from now, and we will have factual information as to how the taxpayers' dollars have spent and what the impact has been on the various segments of the industry?

MR. URUSKI: Mr. Chairman, every additional animal that will be finished within the Province of Manitoba under this program, over and above what is now being finished, could have the potential if we had a 70 percent takeup under the program would add approximately in the neighbourhood of between \$70 to \$100 million to the value added in the Province of Manitoba. That will be the impact. That's the value added to the Province of Manitoba in added income on the farm, in the processing industry throughout the economy of Manitoba. If those are the numbers that the honourable member is asking about, I am giving him those numbers.

MR. RANSOM: Mr. Chairman, I am pleased to see that the Minister does have that kind of information available. I wonder if he'd be kind enough to table that information, table those studies for analysis by the Opposition members and by the public. It's quite understandable, of course, that he would make that kind of projection. What I'm interested in though specifically is after the program is in place, what system has he now set up to monitor the program after it's in place to see that it conforms with what he thinks it's going to do?

MR. URUSKI: Mr. Chairman, the normal analysis that is in place within government in terms of statistics, in terms of analysis by the department that is normally undertaken when any program is undertaken.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. ORCHARD: Thank you, Mr. Chairman. The Minister of Agriculture has just indicated to us that he's going to do nothing to monitor his program or its effectiveness.

Mr. Chairman, could you get the attention of the Minister of Agriculture for me for a moment? Thank you.

Is the intention of his Beef Income Stabilization Program designed so that cow-calf operators, wherever they may be in the province, will feed their calves to finished weight and market finished livestock and not feedlot animals or stocker animals?

MR. URUSKI: Mr. Chairman, that is the intent, the requirement will be that the animals will have to be

finished, those that are enrolled in the program. Whether the producer will wish to move individually into finishing them, whether he wants to put them out in feedlots, that will be an individual decision that the producer will be making.

MR. ORCHARD: Clearly, the Minister has confirmed that cow-calf producers who sign up in the program will not be selling their calves each fall and will be finishing them either in their own feedlots or in custom feedlots.

Could the Minister indicate what the primary volume of livestock through the Ashern Auction Market is? Is it feeder cattle sold in the fall to go into feedlots, sold by the cow-calf producers in the Interlake?

MR. URUSKI: Mr. Chairman, I don't have the statistics here at my fingertips in terms of what animals go through each individual livestock auction.

MR. ORCHARD: Since the Minister of Agriculture doesn't know what goes through the auction market, a fairly major one, which is located in his own constituency in the Interlake, the major cow area of the Province of Manitoba, I might take this opportunity to indicate to him that a major volume through that auction mart is feeder cattle. His program is going to eliminate from cow-calf producers who sign up on that program, his program is going to eliminate those feeder cattle from going through an auction mart in Ashern.

It was asked by my colleagues tonight whether he has considered the impact on the auction marts in the Province of Manitoba, and I want to get very parochial with him and ask him if he knows what his program will do to the auction market in Ashern which employs a number of his constituents?

He cannot answer it. I submit that if his answer is like all of his answers, he will not answer it. He will slip around it and slide around it, but I suggest, Mr. Chairman, that the majority of livestock going through the Ashern Auction Market are stocker calves in the fall of the year. Those will not be going through the auction market with the sign up of cow-calf producers in the province and he will have eliminated a business in the auction market at Ashern in his own constituency.

MR. URUSKI: Mr. Chairman, obviously the producers who support that auction mart will make a decision whether they want to join the plan and continue finishing, whether they use that auction mart or they don't use that auction mart. All the producers in the area will make that individual decision whether they want to participate in the program or not.

MR. ORCHARD: Is the Minister now telling us that his program is so ill-conceived that even the cow-calf producers in the Interlake are not going to join his program? Is that what he's telling us, that his program is so badly created, so poorly thought out, so ill-conceived, so benefitless to the livestock industry that he's now indicating even his own producers in the Interlake, the backbone of the cow industry in Manitoba, are not going to join his program? Is that what the Minister is telling us?

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. DOWNEY: Mr. Chairman, what the Member for Pembina has established that in fact the auction mart will close. Either the producers will join the program and the auction mart will close or, Mr. Chairman, they won't join the program saying that it's an ill-conceived program and not in the best interests of the cattle producers and the thing will close.

We'll leave, Mr. Chairman, that one for the producers of beef in the Province of Manitoba to make their judgment on and I think the Minister has made the Opposition's job quite a lot easier with the programs that he's introduced.

I've said it before in comments in the House and I'll make it again that I would consider that the Minister of Agriculture, who has chaired the committee on interest rate relief for farmers, small businesses and homeowners, at the same time, a beef program that is ill-conceived and is not going to support and do the job it should, I would say that the first one was one concrete boot that he put one; the beef program is the second concrete boot that he's put on and that he's about ready to be pushed over into the river of no return because that's what he's choosing for himself.

Mr. Chairman, I asked the Minister a direct question on whether or not he was going to have his Department of Economics look at the Hydro rate freeze. He didn't answer the question; he wouldn't answer it before. He said, no, so he's not concerned when they do increase or remove the Hydro rate freeze on the farm community. He's neglected to answer. He was asked a direct question. We can assume nothing more.

Has there been any change in the departmental staff within the Economics Branch, Mr. Chairman? Has he changed any personnel, question number one?

Number two, what does he plan on the Economics Branch doing? We're voting funds, some several thousands of dollars in funds; he's not going to have them do anything specifically on studies or that type of work. What is he going to have them do?

Third question, Mr. Chairman, does the Minister agree with one statement made by one of his economists out of the Economics Branch that the answer to the farmers' problems in Manitoba and Canada, the answer to inflation lies with Ronald Reagan's policies, that if Ronald Reagan's policies work and reduce inflation in the United States, that is the answer and that's what we have to depend on?

Mr. Chairman, if the Minister will go back to the Outlook Conference of last January, December, January, I think it was in January, when their Outlook Conference was held in Oak Bluff, front page headlines by one Mr. Fern Paquin who's with the Economics Branch of the Department of Agriculture said that the solution to the farmers' problems, to the inflationary problems that farmers are facing, lies with Ronald Reagan. It would be hoped that his policies would work. —(Interjection)— Mr. Chairman, I asked the Minister three questions and the last one was, does he agree with his economist who suggested that the Ronald Reagan policies to try and control inflation are the answer to the province's problems and the farmers' problems? Does he agree with that statement and if not, is he going to suggest to the economists that they

review their position or is he going to dismiss them or what would his action be? Is he going to have them relook at it?

So, Mr. Chairman, those are three basic questions. Has he made any departmental changes with staff? What is he going to have the Economics Branch do and does he agree with the statement made by one of his economists following the Outlook Conference that the answer to the inflationary problems in the agricultural income relies with the Reagan policies of the United States?

MR. URUSKI: Mr. Chairman, first of all, to answer the honourable member's questions with respect to staff, there are no changes in the department. Mr. Chairman, the Economics Branch in terms of the work that they have been performing; they will be performing in terms of the department. Much of the work in terms of departmental analysis; in terms of the markets; the research grain sector, all of the work that has been going on will be continued on. There are some discussions within the department about reorganization in terms of review of the Branch's activities but, Mr. Chairman, the member made a quotation with respect to or at least indicated in his statement that certain members of our staff made certain remarks and whether I agreed with them or not.

Mr. Chairman, I am advised that the statement that was made and he speaks of one Fern Paquin, was a quotation out of Washington, D.C. It was not his statement, it was a quotation that he was using, so I am advised, Mr. Chairman, but nevertheless whether I agree — Mr. Chairman, obviously I as a member of this government do not agree with the Reaganite policies, with the Thatcherite policies in terms of the interest rate policies that we are now following in this country which his administration supported in terms of those statements. I don't think that matters very much in terms of what these members opposite want to hear in any event, Mr. Chairman.

MR. CHAIRMAN: The Member for Pembina.

MR. ORCHARD: Thank you, Mr. Chairman. Could the Minister indicate whether his Economics Branch developed the criteria under which this Minister is now presenting to the farm community their emergency Interest Rate Relief Program?

MR. URUSKI: Mr. Chairman, part of the work that was done was done under farm management and I'm sure there would have been inter-departmental consultations.

MR. ORCHARD: So that what the Minister is telling us is that some of the criteria for that Interest Rate Relief Program for the farm community could well have been developed by the Economics Branch?

MR. URUSKI: No, Mr. Chairman. The criteria was done by the Farm Management Section of the department.

MR. ORCHARD: Then in that case, did the Minister —(Interjection)— have an opinion offered by the expertise in the Economics Branch as to how effective

his Interest Rate Relief Program with the criteria he has developed and given to the farm community, how effective it's going to be in preventing farm bankruptcies and young farmers from going out of business this spring?

MR. URUSKI: Mr. Chairman, in terms of information and advice, we used information from FCC, MACC, and the private lending institutions in terms of some of the numbers that we tried to decipher as best we could from the information that they had on hand in terms of developing and working on this program.

MR. ORCHARD: Thank you, Mr. Chairman. Is the Minister then saying that Farm Credit Corporation, Manitoba Agricultural Credit Corporation and the lending institutions which I would assume are the chartered banks and the credit unions all told him that his program would be very effective in assisting young farmers in financial difficulties because of high interest rates with the restriction on gross farm income of \$70,000.00? Is he telling me that recommendation came out of FCC, MACC, the chartered banks and the credit unions?

MR. URUSKI: Mr. Chairman, the information that we were trying to get from these people was the ballpark estimate of the numbers of farmers that they could provide for us that may be in financial difficulty this year. The member talks about effectiveness. They were consulted in terms of the program development. The program was developed within the department, Mr. Chairman, whether the member wants to point at one section or another section. The Department of Agriculture worked on the program and it is presented on the basis of analysis and statistics that we received from the Federal Government and from discussions with the banking community in order to develop this program.

MR. ORCHARD: Then I hate to be insistent on an answer and the Minister may choose not to answer. Is he telling me that FCC, MACC, the chartered banks and the credit unions, the financial institutions that he contacted and sought advice as to the criteria in the program, did those institutions indicate to him that a \$70,000 gross farm income would alleviate the majority of the young farmers in this province from financial difficulties under an Interest Rate Relief Program? Is he telling me that those four groups of institutions gave him the \$70,000 upper limit?

MR. URUSKI: With respect to the very specific that he gave me, those figures were received from a survey that was done by the Farm Credit Corporation in terms of the numbers of farmers in the 70 percent of the total farmers of Manitoba receive an annual figure of, I believe it's around 70 percent and this was given to us by the Farm Credit Corporation and of course, Mr. Chairman, this program isn't designed and hasn't been designed for the large farm operators. This program was designed at the medium and low income farmers. It was designed at a particular target group and, Mr. Chairman, it's on that basis that we arrived at the program. There were figures that were provided for us from FCC in terms of the percentage of farmers

receiving that kind of an income.

MR. ORCHARD: Mr. Chairman, what the Minister is telling me that he designed the \$70,000 criterion because it happened to be the range that 70 percent of the farmers in the Province of Manitoba have as a gross farm income. They fall at or below \$70,000.00. Can the Minister indicate to me what the percentage of farmers in that group, since there are 70 percent of the farm population within that group, can the Minister indicate to me through the obvious in-depth study that he did, what percentage of that group falling below \$70,000 are in financial difficulties because of high interest rates?

MR. URUSKI: Mr. Chairman, that was the figure that I gave the honourable member, somewhere in the 300 range.

MR. ORCHARD: Three hundred what? You mean, 300 farmers is all that you have intended to assist in your Interest Rate Relief Program?

MR. URUSKI: Mr. Chairman, in terms of the numbers that we received of farmers that likely would be in difficulty this year was the 300 to 500 range from those institutions.

MR. ORCHARD: This is entirely incredible. He has said that 300 to 500 farmers are in trouble. He hasn't really said that 300 of them are going to be within that 70 percent that have \$70,000 or less income. He hasn't confirmed that. I don't think he can confirm that and this, Mr. Chairman, is carrying out the election promise; that no Manitoban shall lose his home or his farm due to high interest rates? This is the kind of statistical background and figures that this Minister has used to help the farmers in difficulties because of high interest rates?

Could the Minister clarify, are the 300 farmers that he alluded to all within the 70 percent of farmers who fall below the \$70,000 income range?

MR. URUSKI: Mr. Chairman, the program as I've indicated is targeted at the farmers with low and medium groups of farmers. This program as I've indicated wasn't designed to help solve the financial problem of all farmers of Manitoba, Mr. Chairman. Mr. Chairman, the program wasn't — and the announcement that was made, was not announced that we would stop the farmers of Manitoba, any farmer from losing his farm or home. —(Interjection)—

Mr. Chairman, maybe the Member for Lakeside might be in trouble because he couldn't, as the Minister of Finance indicated that he couldn't convert to metric so he burnt his crop because he couldn't measure his herbicide correctly. I'm not even sure that we would consider him for that program, Mr. Chairman.

Mr. Chairman, as we've indicated the program is designed to give some help; it will not help and it will not assist all farmers. Mr. Chairman there are no statistics and I've indicated to the honourable members, anywhere, in government and out of government in terms of trying to arrive — all the figures that we've been able to receive are at best ballpark figures and the exercise that we are undergoing now —(Inter-

jection)— ballpark, the Honourable Minister, the former Minister really doesn't know and the former member doesn't know what's going on and there is no information within government that can tell you who is in financial difficulty in terms of the farmer. Mr. Chairman, I do.

Mr. Chairman, I'll tell you which ones are in financial difficulty. Many of those who you spent the majority of the MACC budget, who got themselves involved in large land transactions in the last several years are in trouble, Mr. Chairman. Those are the kind of purchases that have put farmers into deep financial difficulty because they are now paying very high interest rates, Mr. Chairman. Those are the kind of people in difficulty, Mr. Chairman.

Now all the members opposite say, no, no they're not in difficulty. Mr. Chairman, the chickens will come home to roost in terms of the budgets that were presented to us in terms of the MACC budget, when the budgets were supposed to be designed to assist farmers through the hard periods of 1980-81 during the drought and the like. They were not, Mr. Chairman; they were used to finance land purchases. They were not used to assist farmers who were in the financial crunch to consolidate debts and the like.

Mr. Chairman, most of those applications were turned down, farmers applying for debt consolidations, because there was a hang-up we said we wanted to pour most of our money into land sales, land purchases and land transactions. Mr. Chairman, those chickens will come home to roost.

MR. ORCHARD: Mr. Chairman, can the Minister answer the question that I posed to him? Are the 300 farmers that he has targeted for assistance, all within the under \$70,000 range?

MR. URUSKI: Mr. Chairman, no one is sure of where that group is. That's true, no one is sure. There is no accurate figure, Mr. Chairman.

MR. ORCHARD: Well then, Mr. Chairman, was the Minister attempting to mislead this committee when he said 300 to 500 farmers were going to be in financial difficulty this spring. That is what he said, it's on the record. If that isn't true, will the Minister please stand up and tell us what is true.

MR. URUSKI: Mr. Chairman, I said that there were 300 to 500 farmers who were in danger of losing their operation, who were in financial difficulty in this year. From the best advice that we could've received and estimates from all those institutions with whom we were in contact, no one has an accurate number. When we designed a program we were targeting a specific group, Mr. Chairman. This program isn't designed to solve the financial problems of every farmer in Manitoba.

MR. ORCHARD: Then, Mr. Chairman, we can firmly conclude now that what Howard Pawley promised in the election that with ManOil and with Manitoba Hydro we can develop programs to guarantee that no Manitoban lose their homes or farms due to high interest rates was a bald-faced lie.

MR. CHAIRMAN: Item 6.(d)(1)—pass; Item 6.(d)(2)—pass, (d)—pass.

That completes the items under Resolution No. 13. Therefore be it resolved that there be granted to Her Majesty a sum not exceeding \$1,476,800 for Agricultural Marketing and Development Division for the fiscal year ending the 31st day of March, 1983—pass.

Continuing on with Item No. 7. Agricultural Land and Water Development Division, Item No. 7.(a) Administration, 7.(a)(1) Salaries—pass; 7.(a)(2) Other Expenditures—pass; 7.(a)—pass; 7.(b) Agri-Water Branch; 7.(b)(1) Salaries — the Honourable Member for Arthur.

MR. DOWNEY: Mr. Chairman, the Agri-Water Branch had been developed to assist small towns of under 300 and to assist farm homesteads for the movement of water from off homestead sites to the farmstead sites. There was a grant program as well as community well services to support the installation of wells where people could go to the well and get water, picked up by the province and the municipalities. Have there been any changes in these programs, the granting structure or basically any changes to the program?

Mr. Chairman, there was some discussion with the Department of the Federal Government who administer a lot of their water-related programs, PFRA, in fact they felt that the importance of the water programs and the way in which we had structured them that they were worthy of consideration of either taking them over or funding them from the Federal Government. Has there been any ongoing discussions with the Department of Agriculture to do with this; to take over the administration or the programming that was developed under our term of office?

MR. URUSKI: Yes, Mr. Chairman, there is an agreement between PFRA and the department in terms of making sure that applicants can receive the maximum benefits under both programs.

MR. CHAIRMAN: 7.(a)(1)—pass; 7.(b)(1)—pass, pardon me; 7.(b)(2)—pass; 7.(b)—pass.

7.(c) Manitoba Water Services Board; 7.(c)(1), Salaries — the Member for Arthur.

MR. DOWNEY: Mr. Chairman, I have two basic questions.

1) Has there been any change in the formula that is established for the implementation of the water programs?

2) Has he made any changes to the Water Services Board, the appointees to that board or is the same board still in place? Does he have plans of changing it or what is the current status? And the third question, Mr. Chairman:

3) The Water Services Board was one of the departments that went along with Agri-Water Branch, one which was decentralized out to Brandon. Does the Minister have any plans to reverse that decision and change to move the Water Services Board and the Agri-Water back to the City of Winnipeg or any change in that regard? Three questions.

MR. URUSKI: Mr. Chairman, first of all there is no

change in the formula and there is no change in the board set-up, in fact, Mr. Hudek who has retired is on the board and acting in that capacity at the present time and will be for some time —(Interjection)— as Chairman of the Board, yes.

Mr. Chairman, with respect to the movement of staff as, I would say as hurriedly and without any consultation that that decision was and the disruption that it created for, in terms of the numbers of staff that we lost in that branch, we are now just finally starting to have matters settle down and we are in the process of recruiting new staff for that branch and the head office will, of course, remain in Brandon.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, I want to take this particular occasion to acknowledge and indeed congratulate the Department of Agriculture for knowing what they're doing in terms of supplying water for various communities throughout the Province of Manitoba.

You know, Mr. Chairman, I make these comments because when we took office in 1977, this service was, as far as it applied to northern Manitoba, being supplied by the Department of Northern Affairs. And quite frankly, Mr. Chairman, they botched it up. After having spent some several millions of dollars in supplying water to some 22 communities, some 22 communities when we took over office in 1977, 19 out of those 22 water systems were not working. They simply weren't working and these were systems that had just been installed within a year or two. And I appealed and I made that appeal to the present Minister of Northern Affairs. I said, you know, for goodness sakes don't just for the sake of empire building because you want, you know, to build the Northern Affairs up to be a bigger department, take the expertise out of other departments that know what they're doing and have inexperienced people back into business.

The Department of Agriculture has done a good job in providing water in numerous communities throughout rural Manitoba, and have shown the last four years — in fact they had to go back and fix up those 19 water systems that were not working at great public expense. And I'm a little disappointed, Mr. Chairman, and in this case I know that we've kind of leaned on our Minister of Agriculture in the last little while but I want to assure him that he has our whole-hearted support. I wish that he would fight a little harder for retention of this aspect of his department, because it's my experience and my belief that his department is better equipped to use Manitoba taxpayers' dollars wisely in the provision of water services in northern Manitoba. I regret that a regressive step was taken, partly to, I suppose, play the game of politics in Northern Manitoba. The Minister of Northern Affairs had to have, you know, a little bit more staff, a little bit more of an empire to show this government's dedication to the north.

But you know the truth of the matter is the people of Northern Manitoba don't give a damn which department is providing the water, they want to know when they turn on the tap that the water's running. And that wasn't happening in 19 out of 22 communities. It took the Department of Agriculture to walk into the north

and fix up those 19 communities with dependable water supply and water services. Except that it also took all of the Manitoba taxpayers to pick up the bill.

I suggest, Mr. Chairman, that that is not appropriate. And I really suggest to the Minister of Agriculture that he should re-examine, he should use his influence as a senior Minister within the government to rethink whether or not the department or the provision of water services should, in fact, be entrusted with Northern Affairs that do not have the infrastructure, do not have the staff, do not have the expertise and have woefully demonstrated ineptitude, a degree of ineptitude that is seldomly exhibited by any department when given the opportunity of providing, you know, water services for some 22 communities in Northern Manitoba, 19 of them failed within a few short years. It took re-organization under the Lyon administration, under the previous administration, to bring that back into the Department of Agriculture and correct that situation.

I hope, Mr. Chairman, that a couple of years hence we won't find complaints from Northern Manitoba that half the water systems are no longer working because of this Minister's, well perhaps too easy going attitude in allowing that function of his department to slide over to the Department of Northern Affairs. Mr. Chairman, I think it's not too late, I beseech the Honourable Minister to seriously look at some of the history and if he has confidence, if he has confidence just as I'm sure he has in this branch of his department, namely the Manitoba Water Services Board for which we are now voting some \$684,000, that he should retain control of that board's activities. And if that board is doing its job it could surely do it well in southern Manitoba, it could surely do it well in Northern Manitoba.

MR. URUSKI: Mr. Chairman, I can tell the honourable member that in terms of providing services to northern Manitoba we will be providing the design work and we will be providing assistance to the northern staff. In fact the people who are in Northern Manitoba will remain there who have been doing the work, in terms of the engineering staff. But we will also utilize the central facility of providing the design work for Northern Manitoba communities.

MR. CHAIRMAN: The Member for Arthur.

MR. DOWNEY: Mr. Chairman, the Minister has indicated that Ed Hudek is going to be carrying on as Chairman of the Water Services Board and I would have to say I fully support, fully support that move and I know that Ed Hudek is retired. I have to say that Ed Hudek carries with him a lot of responsibility and has done a good job in doing the very things that the Member for Lakeside has indicated. The correction of a lot of the problems in those 19 water systems that were implemented by the previous administration prior to us getting into office out of 22, making that whole system work is a general overall ability as an engineer and a professional agronomist to put together the kinds of common sense water systems and a staff that provided services to small communities of 300 and less throughout rural Manitoba, at a cost, Mr. Chairman, which was affordable by not only the local

communities but by the people of Manitoba.

So I would be remiss if I didn't say it publicly and put it on the record that Ed Hudek was certainly a dedicated civil servant and did a good job in the overall implementation of those programs.

As well I would be remiss if I didn't ask the Minister a question dealing specifically with the Roblin effluent irrigation equipment or the installation of Manitoba's first use of effluent for the purposes of irrigating farmland that the project was one which, when coming into office was implemented because of the controversy that had arisen from the Save the Shell Group in the constituency of my colleague, the Member for Roblin-Russell, and he may want to make a comment on that. I see that he has certainly been following it very closely.

I would like the Minister to indicate whether it is his plan to implement those kinds of installations in other parts of the province where a waste product, which is now normally at this time of the year released to run into the rivers and streams and into the natural waterways, and use that for a useful purpose, to irrigate farmland in the nearby areas. I think it was introduced as a pilot project under the AgroMan Agreement with the Federal and Provincial Governments paying for part of it. I think it's an excellent opportunity to turn a waste product into a valuable asset for the production of agriculture goods and at the same time helping the towns or villages remove a by-product which is further adding to the pollution of the rivers and streams.

Maybe the Minister could comment whether they're planning on installing a few more this year, or do they have any plans to use that system?

MR. URUSKI: Mr. Chairman, there is an evaluation being done under the AgroMan Agreement of that installation and the analysis is being carried on through research funds provided in the AgroMan Agreement to the University of Manitoba, so that we can better evaluate the effectiveness of the system and any problems that may be associated with it, so that we will know better how the system operates and whether or not it can be used in other communities.

MR. CHAIRMAN: The Member for Emerson.

MR. ALBERT DRIEDGER (Emerson): Thank you, Mr. Chairman. I just have a few questions that I'd like to direct to the Minister regarding Manitobawater services and one is, when contracts are let or when projects are undertaken in certain smaller communities, and I'm talking of smaller projects, are all contractors bonded in a case like this because I'd like to relate an instance where there was an installation done in the Vita area and the contractor was not bonded and he went into receivership. As a result what happened, there were outstanding bills at that time and certain bills were not paid. By the time the smoke cleared certain suppliers within the community, fuel for instance, to the tune of \$1,500 and that bill is still outstanding at this stage of the game and at that time it was indicated that the contractor was not bonded for bills of this nature.

Now, he went into receivership and as a result of that, the discrepancy that was created, I suppose, was

between certain suppliers being paid out on questionable issues, and other people for example, that supplied fuel and I'm relating specifically to a fuel bill of approximately 1,500 some odd dollars that to this date has not been paid because the individual went into receivership and application was made to the Water Services Board. In trying to give consideration they said, well, through the legal complications of somebody going into receivership bills should have been submitted, bills were submitted but they were not all honoured. As a result there are individuals out there right now in small communities and when we talk of small business people out there, they're suffering. When somebody takes and nicks them for \$1,500 of a fuel bill, and it was anticipated that it was a government-backed type of project, and as a result by the time the smoke cleared, individuals were out 1,500 some odd dollars.

In their minds they hold the government responsible; it was a government project. When the Minister says, all — well, he hasn't indicated yet whether all contractors are bonded — but there should be some provision in a case like this because whenever a project of this nature gets undertaken in a small community the people feel that because government is behind this thing that there should be assurance that they should be able to extend credit to these operators because it is a government project, and that they should not be expected to have a loss. In this particular case that loss is still there and I was wondering whether the Minister could possibly indicate whether there is any way that this could be dealt with?

When these contracts are let to some of these operators, and maybe they don't have the financial strength, or whatever the case may be, many things could play a role in terms of whether they go bankrupt or not, that some of these suppliers at least get their things like fuel which are very obvious. These type of things that they should be covered.

MR. URUSKI: Mr. Chairman, I'm advised that normally all contractors are to be bonded. The specifics of the situation I'm not aware of, but certainly I will check into that for the honourable member, and just to find out all the details and the background of it. I will take that under advisement and try to get as much information for him as I can on that very issue just to see what is involved in it and what was involved in terms of the accounts outstanding by that contractor in the community. The member has raised some of them, but I'm not aware of the issue at all, but I certainly will want to look into that for the honourable member and see what can be done.

MR. DRIEDGER: I appreciate that; the concern that I'm trying to raise is that I think when a project is below a certain price range or something like that, my understanding is that they are not necessarily bonded for some of these things and if the Minister will check that out. I've raised this question before with the previous Minister and with the Chairman of the Water Services Board, and all kinds of complications as to how it could be dealt with after somebody's gone through receivership and the claims have been dealt with, but the people in the country, they don't really care. They still hold government responsible for it and

I just want it to draw to Minister's attention and that maybe some of these things, maybe this can be resolved and if not, maybe we can avert that kind of embarrassment in the future.

MR. URUSKI: Mr. Chairman, I thank the honourable member. That may be, and I'm only speculating at this point in time in terms of the type of project may have been an extension, a small project which that contractor was involved in. As a result, it may have been determined at the time or at least decided that, being it was a small project, the bonding provisions may have been waived, I don't know. I'll check that out, but I can see that happening in terms of the board bending over backwards trying to have the work done by someone local near the community and then, of course, having the whole project blow up in their face in terms of the credibility of the person who they were involved with, and being that they were a local person.

I could see good intentions on both sides in terms of the intent of trying to provide some work within the community rather than utilizing the bonding provisions and then being accused of saying, well look, such a small project, couldn't you have allowed the local contractor to go on and even though he was so small he could have done the job, without the bidding, without incurring that extra expense of going in and putting up a bid bond. Those kinds of arguments I can see taking place on smaller projects.

I'll check out the details but I want to indicate to the honourable member that may be what did occur and of course, while the work was undertaken in good faith the whole thing blew up with the bankruptcy of that entrepreneur. I'm not sure if it would have been a small project, that all those bills that were left out in the community would have been as a direct result of the project; I don't know, but check that out, but I'm only pointing out to the honourable member some of the things that could have gone on, depending on the size of the project and depending on the discussions with the local council, because there would have been discussions with the local council in terms of preferences as to how the contract be let. Those kinds of things would have gone into it, but I'll check it out and just get as much background as I can on it.

MR. CHAIRMAN: The Member for Emerson.

MR. DRIEDGER: Just one final comment, the business people in small communities don't really care about the size of the project, it's the amount of money that they've got outstanding in something like this. For the information of the Minister, I would just like to indicate that irregardless if the project is small, first of all, it was not a local contract in this particular case and the project was in Vita, and the operators that were involved were Smook Brothers who are out \$1,500-some-odd. If there's any way that the Minister can resolve it, I think it would create a certain amount of confidence in some of these people when some of these projects get undertaken.

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

MR. J. WALLY MCKENZIE (Roblin-Russell): Mr.

Chairman, I just have one or two questions on the effluent irrigation project at Roblin which is a very exciting one and long overdue in Manitoba. I congratulate the Minister and the government of the day for seeing fit to put this pilot project into place in Roblin. The one concern, and maybe it's already been resolved with the landowner, a Mr. Switzer, was the restriction through the land use. He was quite concerned about a buffer zone being set up in the area. I think the records will show that our neighbours in Saskatchewan who are certainly leading us in that field by far, the use of effluent irrigation, they have got away from the buffer zone. I wonder, could the Minister can advise the committee if in fact that has been resolved?

MR. URUSKI: All these issues that the member raises is part of the research and investigation that is going to continue this year by the agreement that we have with the University of Manitoba to look at all those kinds of questions, to do an evaluation, so that some of the concerns and questions raised can be analysed and then a determination made as to how best, if any changes should be made in future developments, should it be desirable to proceed along these lines in other projects.

MR. MCKENZIE: For the record and for the Minister's interest, if the buffer zone was put into effect, Mr. Switzer advised me that he wouldn't be able to economically irrigate with the system that's in place. He'd have to cut down the size and the width of the irrigating pattern and he said that would raise some pressures on the pivots that he was quite concerned about. It's almost impossible to throttle down an electric motor, as the Minister well knows, so I hope that they'll continue ongoing discussions with Mr. Switzer because he certainly excited about it.

MR. CHAIRMAN: 7.(c)(1)—pass; 7.(c)(2) Other Expenditures—pass; (c)—pass.

7.(d) Agricultural Crown Lands: 7.(d)(1) Salaries — the Honourable Member for Arthur.

MR. DOWNEY: Mr. Chairman, there's been quite a lot of concern from the Official Opposition in some of the early announcements that were made by the Minister of Agriculture that one of the first moves that he made in the Province of Manitoba, one of his major policies, was to cancel the selling of Crown lands to long-term leaseholders of agricultural leases. That, I have to say, is something that is in direct opposition to the philosophy and the beliefs of farm people of this province, Mr. Chairman.

If the Minister is not going to cancel the sale of Crown lands that have been under —(Interjection)— Mr. Chairman, he says they're not under his jurisdiction. —(Interjection)— Then, Mr. Chairman, I will approach it in a little different way. The Minister of Agriculture has joint responsibility administering The Crown Lands Act in the province. Does he take that responsibility? The allocation of those Crown land leases, Mr. Chairman, to the agricultural community fall within his jurisdiction. —(Interjection)— Mr. Chairman, maybe the Minister of Natural Resources wants to answer a question, but as I understand it,

applicants, people who had the opportunity to purchase their agricultural Crown lands are now refused that option of purchasing their land for agricultural use, that they are not restricted to the leasing of that particular property. Is that correct or is it not? —(Interjection)— He tried to deny it. Is it correct or is it not correct that he and his government, it doesn't matter which Minister, have cancelled the sales policy of long-term agricultural lease land?

MR. URUSKI: Mr. Chairman, the honourable member should know and maybe he doesn't want to know — if he wants another kick at the cat, that's fine. We will debate that here because they've had the opportunity to debate that issue at length during the Estimates of the Minister of Natural Resources under whose jurisdiction the sale of Crown land is. Mr. Chairman, they might not like the answers. The policy is under review, Mr. Chairman, and this branch and this government deals with the leasing, the long-term, the short-term leasing of Crown lands in the Province of Manitoba. This branch is also involved in terms of sitting on, as I understand it, an interdepartmental committee to deal with land utilization in terms of the classification committee within government. This is where we are involved but, Mr. Chairman, those questions have been answered by the Minister responsible dealing with Crown lands sales.

MR. DOWNEY: Is the Minister of Agriculture the Minister of Agriculture or is he not? Does he speak for the farm community or who's he speaking for in Cabinet? Mr. Chairman, how can he stand here in this committee tonight and tell the people of Manitoba that he really doesn't have a policy on whether or not they should own their land or not? Where does he stand? Is he saying, well, that's over to the Minister of Natural Resources? It doesn't wash, Mr. Chairman, because the Minister of Agriculture speaks for the agricultural community. —(Interjection)— What the Minister is saying then that they have cancelled their sale policy, or the sale policy which we introduced, Mr. Chairman, on agricultural Crown land, long-term lease land; land that was leased prior to 1977 was available to the agricultural community. A very popular program, Mr. Chairman, because the farm community knew that once they became the owner of that property that they had long-term security to that property requested by the agricultural community. —(Interjection)— Very popular indeed, I think if the Minister would —(Interjection)— Mr. Chairman, the people who were allowed to buy agricultural lands, Crown lands, were people who had it under a long-term lease and they had the option of continuing the long-term lease or purchasing that land. Mr. Chairman, the philosophy of the NDP party is to turn the country back to state ownership so that the people are tenants of the state.

It's proven with the Beef Income Assurance Program that he's introduced that his philosophy and his policies are to put hands around the agricultural community, his rehiring of Bill Janssen, Mr. Chairman, to work with the department, to direct the farm community and to reintroduce program that were totally and directly opposed to the best interest of the farm community. He's proving it, Mr. Chairman, with the stopping of the sale of Crown lands.

Why, Mr. Chairman, do you think we're able to produce the food that this country enjoys and the rest of Canada enjoys and we're able to export into international markets. It isn't because we have a state farm policy like we see in Poland, Mr. Chairman, and Russia and those countries we sell to. They, Mr. Chairman, have just as productive land as we have, but they don't have the economic climate or the philosophies or the policies introduced by government to encourage the production of food. As was said earlier today by the Member for Lakeside, they grow more off their gardens in their four-acre plots than they do off the whole collective farm systems.

That's the kind of thing that this Minister of Agriculture is trying to introduce into the country of Manitoba. —(Interjection)— Well, Landslide from Thompson says that went out 25 years ago. Mr. Chairman, he should take a trip through some of the agriculture communities. I'm surprised that the Member for Ste. Rose, the Minister of Municipal Affairs, would allow the stopping of the sale of Crown lands, constituents in that area, Mr. Chairman.

You know here's a funny thing; I really find it amazing when the NDP Party, when the NDP Government stand before the people of the country and say, we're the great defenders of the Crow rate, we're great defenders of the Crow rate. At the same time, Mr. Chairman, they're the party in Ottawa that introduced a resolution to upset the Joe Clark government to reintroduce Prime Minister Trudeau to this country and tak away the property rights that were debated in the Constitution; supported by the NDP Party. Property rights are not believed in by the members opposite.

Mr. Chairman, if that's not correct, let the Minister stand up and say so. Does he believe in the right to own property? Does he believe that the people in Winnipeg and Brandon and Thompson; does he believe that they should have the right to own their own homes? Does he believe, Mr. Chairman, that every farmer in this province should have the right to own a farm on which he can produce his food and his income and his wealth; the same as a labour person can have the right to belong to a union.

But, what does he believe in, Mr. Chairman, because he's pointing out something that I don't like, and I don't think the majority of the farm people like either. So, why doesn't he stand up and come clean with what his policies are? He's saying now to the Minister of Natural Resources — well, if it was left up to the Minister of Natural Resources, Mr. Chairman, I think it would all go back to wildlife and there would be some hungry people. —(Interjection)— No, Mr. Chairman, the Minister of Natural Resources suggested that I wanted to take every acre out of wildlife. I believe in a multi-land use policy, Mr. Chairman. I don't believe that every acre should be farmed in this province. I don't believe that, Mr. Chairman. I don't believe that the farm community for one minute — the Minister of Natural Resources should pay attention to this — mind if the hundreds of deer go across their land or the birds or anything else; the ducks or geese feed on it. They don't mind that, Mr. Chairman. In fact, they are husbandry people. That's what they believe in, Mr. Chairman. They believe in looking after nature and wildlife. They don't have to have the property owned

by the province or the state, Mr. Chairman to have that type of thing happen. That doesn't have to be owned by the people.

The other point has to be made, and the municipal councillors are well aware of this, that when the province own that land in a municipality there isn't a tax base for the local tax collection. Well, anytime it goes into a Wildlife Management Area, Mr. Chairman, it's removed from the tax base, so it puts a heavier tax burden on those people who are paying school taxes; and those people who are paying road taxes for their roads and all of the services that are provided; another good reason, Mr. Chairman, why it should be put in the hands of private individuals.

Mr. Chairman, I believe that the Minister of Agriculture who is supposed to represent the farm community should speak up on behalf of the farm community. But, you know, he's sitting with such a large group of farm representation on that side, I think we would be hard pressed to find any of his colleagues that have any relationship or any communication or any contact with agriculture other than himself. He, Mr. Chairman, brings in policy changes that affect the farm community in such a dramatic way as to take away their right to buy land, Crown land.

Mr. Chairman, the Minister can stand up and correct me if I'm wrong. He has taken away the right of the farmers to buy Crown land.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Well, Mr. Chairman, I know that the subject of the sale of Crown land has created perhaps as much emotion in this Chamber and genuine differences between the socialist friends opposite and this party in the last number of years.

Mr. Chairman, the Minister by now knows that the mechanics that were in place for the sale of certain Crown lands were probably the most carefully thought out and the most totally planned —(Interjection)— well, I've noticed that this present government has done nothing to dismiss the Provincial Land Use Committee, PLUC. —(Interjection)— All right, it's there; it's operating so the Minister knows that all lands that were sold were passed through that committee. That committee provides the opportunity for the various provincial departments and agencies to examine and indeed have first call on behalf of the public should certain lands be retained in the interests of the general public. It's only under those circumstances that land was allowed to be sold to the private individual.

So, Mr. Chairan, there is no other conclusion that we can come to other than the philosophical one that separates them and us. Socialists don't believe in private land ownership. It's just that simple. You'll mitigate that to some extent, you will wave with the wind to some extent, but you really do not believe it. I see the Attorney-General sitting there. I know that he doesn't believe it and I know that members generally speaking will live with it if they'll have to.

There used to be members in this House — yes, the former Member for Inkster — he stood up in this very Chamber and spelled out, and he was the man that had the nerve and the guts and the determination to

do that; he spelled out exactly how much land a Manitoban ought to have and no more — six feet by two, the amount of land needed for burial purposes. That was said by a former Minister of Natural Resources as senior Minister of the then New Democratic Party administration in this Chamber.

Mr. Chairman, another Minister of the New Democratic Party administration said that the government should buy back all of the land in Manitoba for \$1 an acre, and land should be treated as a public utility, and that was the then Minister of Agriculture.

So, Mr. Chairman, unfortunately when we raise it on this side of the House, it's all too easy for members opposite to accuse us of exaggerating. —(Interjection)— you know, to accuse us of is you like — Mr. Chairman, I'm having difficulty in making myself heard. You know, this is probably one of my more important speeches that I'm going to make in this Session and I'm just finding it difficult to make these very serious comments on the record. Mr. Chairman, what I'm saying, and I don't know whether members opposite will have or take the time to listen to what we are saying because governments tend to keep defeating themselves. Most governments they get defeated by their own actions —(Interjection)— that's right, and not for this reason. There's usually a pyramid of reasons why governments are defeated. I won't list them all now.

Well, we're now dealing with a question of land ownership and, Mr. Chairman, we are talking on the Minister of Agriculture's Estimates. I appreciate that the Minister of Agriculture is not directly responsible for Crown lands in this province. It is correctly, as the Minister has pointed out, the jurisdiction of his colleague, the Minister of Natural Resources, but Mr. Chairman, he is the Minister of Agriculture and as such he is probably responsible for the most important function in our society; namely, the provision of food.

MR. URUSKI: What does ownership have to do with the provision of food?

MR. ENNS: Isn't that an interesting statement, isn't that an interesting statement! Now, Mr. Chairman, if ever I have been invited to give a lengthy 40-minute, 2-hour, 3-hour, 4-hour speech on what ownership has to do with the production of food, then I received that invitation from the Honourable Minister of Agriculture.

I ask him, what are they doing in Poland, that wealthy country that used to be the breadbasket of Eastern Europe, that country that ranks eleventh among the industrial nations of this world? Why are they in trouble? Because they're standing hours and hours in queues for food lineups, they can't feed themselves.

MR. URUSKI: Half of the world is starving.

MR. ENNS: That's right, because half of the world is under that system. Half of the world is under that system.

Why is it, Mr. Chairman? I'll ask the Member from Point Douglas about why he has to raise fund-raising drives in Manitoba to feed the Polish community?

Why, why?

MR. ORCHARD: Because people like your Attorney-General run the country.

MR. ENNS: Mr. Chairman, in the USSR they are blessed with more fertile acres than we have in North America. They have 28 percent of their population actively engaged in agriculture, compared to our 6 or 7. Why is it that it is only in the countries where land ownership is a factor in agricultural food production that surpluses bedevil us and we have to devise programs —(Interjection)— There is no problem in Western Europe where they own land. That's not what we are talking about here. We're talking about the sale of private lands.

Well, Mr. Chairman, when the agricultural expert from Thompson wants to get into the debate, I invite him, although I would really want to hear from the Member for Gimli. I want to hear from the Member for Gimli on this particular question, particularly with the question to ownership of Crown lands. I know, Sir, that he represents a constituency that has a substantial amount of Crown lands in his area. He knows, as I know, that a number of them have availed themselves of the program that was made available under our administration, and Mr. Chairman, I encourage the honourable member. I would think that within the short life span of this government they have not so cowed the backbench that they can't get up and speak on these matters, particularly on the matters of Estimates. I would like to hear from the Honourable Member from Gimli, who after all I have to have some respect for. He defeated a good friend and colleague of mine, namely the former Minister of Education. We are still waiting with bated breath in this Chamber as to the particular contribution that he's going to make in this Chamber. I invite him to make that contribution on this issue which effects his constituency.

Mr. Chairman, I was momentarily diverted from that two-hour speech that I prepared to make. Coming back to the Honourable Minister of Agriculture's statement, what does land ownership have to do with food production. I think that's what he said. Mr. Chairman, I'm going to admit to the Honourable Minister that I don't know, quite frankly I don't know. I could give him many reasons, but I am a reasonably astute observer of the scene. I know that if I own a cow and it's milking on four quarters, the day that it's taken over by the government one tit dries up. It happens to be a genetic fact of life. I know that if I plant a bushel of wheat I can expect an average crop of 28 bushels to the acre. If it's done by a civil servant he gets 19. Just that simple, it's plant science or . . . Mr. Chairman, of course I'm exaggerating the obvious, but the obvious is contained not by my stats, the obvious is contained in the official performance of those economies that have opted for that kind of land ownership and have relied year after year after year on individual farmers that own their land to feed the countries of the world.

When was the last time that those nations that have opted, as the Minister quite correctly said half the world has opted for that kind of ownership of land, come to the aid to the hungry of this world? Very seldom. They are the hungry of this world!

So, Mr. Chairman, when the Minister of Agriculture

tells me what does land ownership have to do with agriculture food production, then I suspect we are in serious trouble in this province.

Mr. Chairman, I'm happy the Minister put that statement on the record. The Minister of Agriculture has put on the record the statement that ownership of land has precious little to do with the production of food in this province. I'm happy to leave that statement on the record by the Honourable Minister.

Mr. Chairman, I can assure the Honourable Minister no matter how difficult farm times are, and they are difficult at this time; they're difficult in the beef industry; they're difficult in the grain industry, but, Mr. Chairman, I can assure the Honourable Minister that any difficulties that we have agriculturally-speaking in Manitoba, in Canada, in North America pale into insignificance when compared to the kind of system that he alluded to about whether or not individuals own their farmland. Agricultural stats, not my stats, but stats that are collected by United Nations organizations, by various departments of agricultural, federal, national, international, keep bearing this out.

Mr. Chairman, I ask once again if the Minister and this government would say that the manner and the way in which the previous administration allowed under very restricted terms and conditions certain lands to be sold. If they weren't happy with those conditions, fair game. If they want to change them, if they want to as they so often do, set up certain point rules as to who is eligible for land or who is not eligible for land, I could object to that and I would argue with his definition of rules, but I could accept that, but they're not saying that, Mr. Chairman. They also haven't got the political courage to say that they have done what they intuitively believe which is outrightly cancel the program. They have done the expedient thing by saying we're reviewing and we're stopping.

Mr. Chairman, time will not be on their side on this issue and the true philosophical problems that this government has with respect to the transfer of certain Crown lands to private ownership will be borne out that indeed is the problem, that for philosophical, for dogmatic reasons they will not sell any lands to ranchers, to farmers in the Province of Manitoba, for purely political reasons, for philosophical, for dogmatic reasons. Those reasons will become apparent once again, Mr. Chairman, to certainly the farm community of Manitoba. Mr. Chairman, they seem to opt for this choice, but that decision will ensure that a vast majority of Manitoba farmers at least, will continue to vote Progressive Conservative.

MR. CHAIRMAN: The Honourable Member for Emerson.

MR. DRIEDGER: Mr. Chairman, I think we've just had an illustration of what it's all about, the difference in philosophy between the two parties here, the people that are in power at the present time and ourselves here. The statement that the Minister made there and the Member for Lakeside exploited on that to some degree, what does the ownership of land have to do with food production and this is a statement that is going to come back to haunt this Minister. I think that's what it's all about, private ownership, and I think those words will come back to haunt the Minister in

the next four years and for a long time to come.

Anyway, I'd like to go on a little different tangent with this aspect here. Basically, the Crown lands issue here doesn't affect that many municipalities. It affects only a certain percentage of people that are on the marginal area. I think it's less than 6 percent of the land in Manitoba that is basically affected; I'm not quite sure of the exact figure, but it's along that borderline where you get out of the good agricultural land into the more marginal land and it basically involves to some degree some municipalities and local government districts.

I have a few questions first and then I have a few comments. Can the Minister indicate how many applications were received for the purchase of agriculture-leased Crown lands?

MR. URUSKI: Mr. Chairman, honourable members — and I presume the debate will continue on for many years and then likely for generations to come in terms of the land question and land ownership —(Interjection)— Mr. Chairman, we are moving that way whether the honourable members like to admit in both ways. Farmland in Manitoba is being controlled in fewer and fewer hands, Mr. Chairman. Obviously the majority, about 70 percent of the agricultural land, is owned by individuals, but one would have to do an analysis as to how much of that land is being controlled by fewer and fewer people.

As well, Mr. Chairman, the issue is not ownership; it's how well the land is managed, how well the land is cared for in terms of food production. Mr. Chairman, —(Interjection)— while the honourable members may wish to say that land ownership is the question, let's just examine how much of our agricultural land today is being rented in Manitoba. About a third of our agricultural land is being rented. Mr. Chairman, what is the problem? What is the hang-up of the honourable members? Are they opposed to the renting of land, Mr. Chairman? What is the difference, Mr. Chairman? Is there a great hang-up that the members have whether the owner be in Toronto or in Switzerland or it be the people of Manitoba owning and operating their own land? What's the hang-up, Mr. Chairman?

If the honourable members have some hang-up in that, let them at least admit that a third of our farmland in Manitoba is rented. No matter how much and how desirable it may be that the agricultural land base be spread amongst as many people as possible in terms of individual owner-operators which I would think is the most desirable form, but let's face it, Mr. Chairman, the fact of the matter is that the majority of farmland or at least a third of the farmland in Manitoba — I have 1977 statistics — but I'm sure it's moved a long way in the last four years, that farmland in Manitoba — it's becoming more and more of a practice out of necessity because only those with great wealth are able to own farmland in the Province of Manitoba, Mr. Chairman. Only those —(Interjection)—

Well, Mr. Chairman, now we have malarkey. In terms of the most productive farmlands, who in Manitoba's terms, are able to be able to receive a return on investment in terms of what agricultural land is now selling for in the Portage plain? Ask the Member for Portage which of his farmers, who of his

farmers in that area, who of his young people that are starting out are able to enter farming by paying the kind of price per acre of land and receive a return on their investment? I want those members to tell me how many of those people can enter farming today, Mr. Chairman.

The fact of the matter is we are in, whether they want to admit it or not, the area and in the point in history and it will be accelerating, more and more of the Manitoba farm lands will be operated on a rental basis, Mr. Chairman. Whether they like it or not, Mr. Chairman, the land resource base is being concentrated in fewer and fewer hands. The very system that the Leader of the Opposition speaks about that he is so opposed to, Mr. Chairman, we will eventually come about and what happened in the Soviet Union, we are slowly coming about to that. —(Interjection)—

Mr. Chairman, we are moving a full circle. —(Interjection)— Their hang-up is that the people of the Province of Manitoba —(Interjection)— Mr. Chairman, we have great freedom of those who have a lot of money in their pockets, those who have all the freedom in the world to buy up all the land that they want. That's the kind of freedom that the Leader of the Opposition speaks of. I'd like to hear what kind of freedom he really speaks about on this issue, Mr. Chairman.

Mr. Chairman, the farmers of Manitoba are moving gradually into a rental situation. They are in fact —(Interjection)— whether it's private or public, Mr. Chairman, they are still in the rental situation, not by design, not by desire but because of the system that we are in.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. STERLING LYON (Charleswood): Mr. Chairman, it's very difficult to stand mute in the face of this kind of ignorance on the part of a man who was appointed about four months ago to be Minister of Agriculture of the Province of Manitoba, and who exhibits tonight such a fundamental misunderstanding of the basis and the tradition upon which agriculture was built up in this country. Now, we understand that the member has had some experience in farming, but he obviously hasn't had much experience in freedom, because if the honourable — well, I notice, Mr. Chairman, for the sake of the record that there are a number of people opposite who laugh. They can laugh about freedom, but we on this side of the House, and the people of Manitoba, don't laugh about it because it's something that many people in this country have had to fight for, Mr. Chairman, and I'm not casting any aspersions on anyone on this side of the House or on that side of the House, but don't ever laugh at freedom in this House because you're in a free parliamentary democracy, you're not in some duma, you're not in some kind of eastern European Legislature, you're in a parliamentary system in Canada. Thank God that we have the freedom in this country to have this kind of debate.

Now, Mr. Chairman, I remember quite vividly the debate that took place in this Legislature about 1976-77, when the then Minister of Agriculture brought in The Farmland Protection Act, and the Minister tonight was part of that committee as indeed I was. As I recall

the statistics and I asked the other day that these statistics be brought up to date and I'm sure that he will for us. My recollection was this: That in 1977, the then Minister of Agriculture, reported that something over 90 percent of the farmland in Manitoba was owned and operated by its own owners, something over 90 percent. Now, Mr. Chairman, as I say I'm going from memory and I'm subject to correction, but the figure was an overwhelming figure which had indicated that through the free-market system, since the time of Manitoba entering confederation in 1870, when essentially in our province in 1870, there were three land owners: No. 1, the Crown; No. 2, the CPR; No. 3, the Hudson's Bay Company. There were three landowners and in this fertile southern Manitoba, which is one of the richest farming areas in North America, over a period of some 80 years, or 90 or 100 years, through the operation of the free market system, without any Farmland Protection Act or anything of that nature at all, something in excess of 90 percent of the land came into the ownership of private individuals in Manitoba. Now that suggested to me and I think it suggested to the previous Minister of Agriculture that while that system might have some flaws, it wasn't altogether too bad a system.

What we were trying to accomplish at that time through legislation through the Farmland Protection Act was to ensure that there not be encroachments made upon that natural market dispensation or alienation of land that had taken place generation by generation over the years so that we had achieved this kind of diffusion of ownership.

May I say that — in parenthesis, Mr. Chairman, that one of the hallmarks of a free society is that you have diffused power, that all power does not reside in the state, and the greater the diffusion of power out to individual men and women within that state, the greater then is the guarantee that abstract quality that means so much to us if we would only pay allegiance to it once in a while, freedom, the greater the diffusion of that kind of ownership out to individual men and women in this province and in this country and indeed in our western civilization, that is the greatest guarantor, the greatest guarantor that we can have, that we will continue to be the most blessed people on the face of the earth in terms of what individual freedom means.

An economic freedom is part of that and part of economic freedom is the right to own land. That's something that Manitoba has had a very, very proud record from the time of the earliest settlers, from the time of the Selkirk settlers back in 1812; from the time of the first wave of the Ontario settlers who came here in the late 1860s and the 1870s; from the time that the forebearers of my honourable friend the Minister of Agriculture came here, and why did they come? —(Interjection)— I don't know if it was his grandparents or his great-grandparents. In my case my great grandparents came to Manitoba. Why? Because they wanted to own their own land.

For the member who is now the Minister of Agriculture temporarily, to stand up in this House tonight and say that the ownership, the private ownership of farmland has nothing to do with farm production, he speaks a kind of fundamental and basic ignorance of the traditions of this country that I would not expect

from any Minister at any time, in any Executive Council in this country.

Because if my honourable friend truly and honestly believes that private ownership is not a fundamental factor in the expression of individual freedom that each of us, as a citizen, has in this country then I say to him, with the greatest of respect, that there are other countries on the face of this earth which espouse the contrary of the policy that we believe in in this country, and rather than try to inflict that kind of an alien ideology upon this country, why doesn't he go and live in one of those countries where they have that alien ideology? Why not, why not, Mr. Chairman.

Because we have grown in this country to enjoy the kind of freedom that we have in this country precisely because of the diffusion of power, the diffusion of ownership, the right for the individual to make economic decisions in the marketplace, whether it be with respect to land ownership, with respect to a hair dryer, which is probably of more interest to the yipping from the far bench, or to any item of commerce that you can think of; the right to go, Mr. Chairman, and make an individual purchase, a right that is not enjoyed by the majority of citizens in the world today, to operate under a form, a form of a system which is apparently being espoused tonight. Apparently being espoused tonight, Mr. Chairman, by the person who temporarily sits as Minister of Agriculture.

So I say, Mr. Chairman, tonight that for a Minister of Agriculture in this province to say that private ownership or land ownership has nothing to do with food production is really unbelievable.

I had the honour to speak on behalf of the province about three years ago at an international meeting of farm and seed growers from all over the world, and what was the message that I wanted to leave with them? The Prime Minister was there, I was there, there were many other politicians, local, provincial and federal and so on. The one message that I wanted to leave with those people, because they came from disparate parts of the world with different economic systems and with different ideas, different traditions about land holding and so on, was this: That while the geneticists and while the professors at the University of Manitoba, which is one of the most noteworthy Universities in the western world, with respect to grain genetics and so on, could come up with all of the new species and all of the new kinds of seeds that were possible, that ultimately it all came back to the farmer who got up at 5:30 in the morning and crawled onto the machine. If he didn't have the stimulation brought about to him by way of pilot ownership or by way of whatever initiative made him get up to do that, then it was all for naught, it was all for naught, and that was the missing ingredient in so many parts of the world.

That was why here in the North American breadbasket that we have, that God has given to us in the United States and here in Canada, we were able to produce those very kinds of surpluses about which the Member for Arthur and the Member for Lakeside have been speaking tonight. That indefinable abstract that is contained within that power of our farmer in Manitoba and in Canada and in the United States; that indefinable abstract relates in large measure to his ability or her ability to own the farmland. That is what

gives the stimulation to our people to go out and to produce the kinds of surpluses that they are able to produce, whether in root crops, whether in oilseeds, whether in coarse grain, or whether in livestock or whatever it may be. We've got something very precious. It's our tradition. It's our heritage in this country. It should not be lightly dealt with by transient Ministers of Agriculture who are motivated by funny ideologies; who come to office from time to time and who try to inflict that kind of minority ideology upon the people of this province who know better.

I say to my honourable friend tonight that was one of the keystones of the defeat of the Schreyer Government in 1977 and if they persist in their blindness with respect to private ownership of farmlands and if they persist in their almost Pavlovian desire to restrict ownership only onto the state, that again can become one of the trip hammers that will see them out of office in the next election or sooner, because that does not represent, Mr. Chairman, the feeling of the people of Manitoba.

I would like, Mr. Chairman, the Minister of Agriculture to stand in his place tonight and to produce that document that we have produced for his benefit on a number of occasions; that great piece of socialist literature which is entitled "A Clear Choice for Manitobans; Policies of the Manitoba New Democratic Party." I would like him to go through that line-by-line, paragraph-by-paragraph, page-by-page, and tell us there where he told the people of Manitoba that his party was opposed to the private ownership of land; that it, Mr. Chairman, that his party immediately upon being elected to office was going to stop the sale of Crown lands to legitimate farmers in Manitoba. Where did they tell the people of Manitoba that? It's not there at all.

So, Mr. Chairman, I'm not tonight saying to my honourable friends opposite — as we can lay this indictment at their door daily — that they have broken an election promise. This is something like the Prospectus. They've just only told half the truth to the people of Manitoba. That's their problem.

I say to the Minister of Agriculture tonight that he shouldn't have to be read a lesson about private ownership. If he has to be read a lesson about private ownership then he shouldn't be in that job and I tell him that he won't stay there very long as long as he holds those rather funny ideas about private land ownership and the relationship that private land ownership has to crop production and to agricultural production in this country.

I remind my honourable friend of the old saw that is told I think in that rather interesting book, which I'm sure that he hasn't read by Hendrik Smith of the New York Times called "The Russians." Hendrik Smith describes the sort of street joke in agricultural Russia which is this: that they've had a crop failure for every year since 1917.

My honourable friend, I know it takes a while for that to sink in because it has to go through all of those particular layers of ideology that have been encrusted on his mind. But, my honourable friend will appreciate perhaps, when that does register home in the grey matter, as to just what that joke means in Russia where they're operating under a system that he probably wouldn't feel was too bad, because some of his

colleagues have been heard to say, in fact, I believe it was his colleague, the Minister of Transportation, who after he had paid a visit to Cuba early in the 1970's came back and said that he thought that was the absolutely best landholding system that he had ever seen. I believe that he was invited on that occasion by a number of his friends and colleagues on this side of the House to subscribe to a one-way ticket so that he could go and enjoy on a full 365-day-a-year basis the joys of private ownership and of land ownership as he found it in Cuba.

Well, my honourable friends are entitled to have these kinds of philosophical and intellectual trifles all they wish. They can have their left-wing hearts go aflutter all they want in their private little cell meetings or groups or whatever they do to amuse themselves, but when it comes, Mr. Chairman, to the propagation of public policy, when it comes to the service of the public interest, we haven't got the time in this country to indulge in that kind of left-wing luxury. We must get down to cases; we must look at the fundamentals of what makes our society work; and private ownership is among those great fundamentals that makes this society of ours work and we must ensure that we do those things as government on behalf of the farm community, which is today one of the most productive farm communities on the face of the earth; that we do those things that will undergird that farm community and that will not detract from the ability and the initiative and the natural ability of our farmers to produce crops in a way that is the envy of people on most parts of the face of the earth. —(Interjection)— Mr. Chairman, I'm glad that my honourable friend makes the point. You said that they're doing it on rented land.

Well, I want to tell my honourable friend that my people on my mother's side have been farming in this province since 1876 and they did some of it on rented land. They never lost and they didn't rent it from the state; they rented it from private farms around them and from neighbours and so on. I've got a little lesson to read to my honourable friend and the lesson is this: that there's a sight different between state rentals of land, which you have in certain countries that fall under his philosophy, and private rentals of land, which has been the traditional way in this country with the market system operating. If my honourable friend doesn't appreciate that difference, then he shouldn't be long sitting as Minister of Agriculture in the Province of Manitoba. There's a big difference between private rental and state rental. There's a big difference between state farms and privately owned farms; a lesson I thought that he would have learned in 1977.

Let me ask my honourable friend, the Minister of Agriculture, Mr. Chairman, when was it that he or any of his colleagues went out and campaigned in 1981 to the people of Manitoba and said we're going to return back to the state farm system in Manitoba? Did they make those speeches in Melita or in Brandon or in Swan River or in Arborg or in Lundar? Not at all. Did they dare to make them in Dauphin? No, not at all.

Well then why are they doing that selfsame thing? Why are they doing that selfsame thing by imposing a policy upon the Manitoba Agricultural Credit Corporation which is intended to revert that corporation to the business of state farms? Two hundred thousand

acres of prime farmland bought by the Schreyer administration in the '70s and leased back sometimes just to their own friends, leased back, Mr. Chairman, under a state-farm system which is alien to our whole tradition in this province. —(Interjection)— Yes, it is. Well, if my honourable friend doesn't know that, then he hasn't been in this province very long. I tell him and he can take my word for it, it's alien to this province. My honourable friends didn't have the candour, they didn't have the guts to put it very simple, to go and say to the people of Manitoba, you re-elect us, the NDP and we're going to go back in to state ownership of farmland and we're going to halt the leasing of Crown land in Manitoba because that doesn't accord with our Socialist principles.

Did they have the guts to go out to the people of Manitoba and say that? No, no, but instead through the back door, they're trying to impose their rather funny policies which do not enjoy, Mr. Chairman, widespread public support in this province notwithstanding their temporary electoral achievement on the 17th of November, notwithstanding that at all. They didn't tell the people of Manitoba that they were going to revert to the state-farm system, not at all. I challenge my friend, the Minister of Agriculture, to go into any farm community in this province — I don't care whether it's an NDP constituency, Conservative or whatever — and tell them, tell the people on the Interlake with which he has some familiarity that he thinks that the Crown-lease system, the Crown-sale system should be stopped. Let him go up on a platform in the Interlake and tell them that —(Interjection)— Well, who said it was stopped, says the Minister of Agriculture? Well, his colleague, the Minister of Resources, said it was stopped, it was under review. It's under review like the sale of Crown-leased lands; it's under review like the Manitoba Agricultural Credit Corporation attempting to revert back to the state farm system; it's under review like the Hydro rate freeze which the Premier of Manitoba said would not be abandoned in Manitoba. Did he say that during the election? No, but now all of a sudden surreptitiously and behind closed doors, it's under review.

Well, I shouldn't have to, Mr. Chairman, take the good time of the House tonight to remind any Minister of Agriculture in this province, who is worthy of the name, of the value of private ownership in farmland in this province. If he doesn't know that, let him resign and get the devil out of the road so that somebody else can get into the office and do the job that is in accordance with what the people of Manitoba have wanted for generations and will insist upon. My honourable friend may think that he's currying favour from, you know, the small, narrow, philosophical group to whom he owes his allegiance and who do not represent the people of Manitoba, the people that he appoints to farm boards, Mr. Chairman, who because they belong to the National Farmers' Union all of a sudden are thought to be representative of the farm community in Manitoba. I say to my honourable friend, how many farmers does the National Farm Union represent in Manitoba? —(Interjection)— Mr. Chairman, there seems to be a rather funny form of obnoxious yipping and yapping coming from the nether reaches in the House. I think that the civility of the House would do well and if the person who is

involved in it would wish to yip and yap somewhere else, why, he or she is quite free to do so.

I'm looking, Mr. Chairman, in that connection at the Manitoba Agricultural Credit Corporation and that is the group, the MACC, that is ultimately responsible for giving loans to young farmers and other farmers in Manitoba with respect to applications that they have for private ownership. We see that the first appointment is Mr. Harapiak, who is described as a cow-calf grain farmer in the Cowan area, who is the new Chairman. I'm quoting from the News Service Bulletin of the Manitoba Information Services Branch: "Mr. Harapiak is President of the Swan Valley Credit Union. He is the former Chairman of the Board of Aveyron Services, which provides administrative services for mentally-retarded adults in the Swan Valley area, and a member of the National Farmers' Union. He was principal of the Swan Valley Regional Secondary School for seven years." And, of course, what goes unremarked is that he was the unsuccessful NDP candidate in Swan River in two elections, but I notice how it stressed that he's a member of the National Farmers Union.

Then I see Mrs. McDonald, the Vice-Chairman, operates a farm in the Dunrea area; I think she's the daughter of Harry Garabed, who's a well-known NDP supporter out in that area.

Henry Reske, a Beausejour area farmer, President of the Beausejour Consumers Co-op, delegate in the Manitoba Pool Elevators, District Director of the National Farmers Union and President of the Beausejour Zion-Lutheran Church Council; Lawrence Bell, well-known to the Member for Minnedosa, Rapid City area pedigree seedgrower, formerly served as a member of the Rolling River School Division for 12 years, former Secretary of the Rapid City Manitoba Pool Local, currently a member of the Rivers and Brandon Co-op, etcetera, etcetera, former Director of the Manitoba Agricultural Museum and a member of the Agricultural Manpower Board, Brandon Region.

But I mention in particular, two of the five appointees are members of the National Farmers Union and I ask a very simple question from the Minister of Agriculture, I'm sure he knows it; how many members does the National Farmers Union have in the Province of Manitoba out of 30,000 farmers?

MR. URUSKI: I don't know how many members the National Farmers Union has in Manitoba.

MR. LYON: Mr. Chairman, has it got 200 members or 2,000 members?

MR. URUSKI: And what difference does it make?

MR. LYON: Well, my honourable friend says, Mr. Chairman, "What difference does it make?" If it makes no difference, why is it mentioned in the news report as being something that is worthy of mention? I don't think it makes much difference either, because my understanding is that there are only a few hundred members of the National Farmers Union in Manitoba. —(Interjection)— Well, my honourable friend, the Minister, says, Mr. Chairman, what's my hangup? I haven't got any hangup at all. He's the one who seems to have a hangup about appointing people from sliver

groups who happen to be empty echo chambers for the Socialist Party and then trying to parade them as legitimate farmers in Manitoba. That's what seems to be the problem, but that's his problem, not mine.

Now, will the Minister of Agriculture tell us, how many members belong to the National Farmers Union in Manitoba? It's a very simple question. We know that there are 15,000 members in the Manitoba Livestock Producers Association. How many has the NFU got?

MR. URUSKI: Mr. Chairman, what the Leader of the Opposition speaks of, 15,000 members in the MCPA, is total nonsense, Mr. Chairman. He knows it was his administration that set up that group that made everyone who marketed even one head of cattle as a member, who did not even want to participate in that group, Mr. Chairman. He can speak all he wants with respect to membership in any other group.

MR. LYON: Mr. Chairman, I only quote from the statement that I tabled in the House less than a week ago from the Manitoba Cattle Producers Association wherein they made that statement. If my honourable friend wants to say that the Cattle Producers Association lies to the House, why he's free to do it. But I say to my honourable friend, how many members has the National Farmers Union got in Manitoba?

MR. URUSKI: I gave you the answer. I told you I didn't know.

MR. LYON: Well, if my honourable friend doesn't know, then why is he touting membership in the National Farmers Union as being something worthwhile?

MR. URUSKI: I ask the Leader of the Opposition what is wrong with belonging to the National Farmers Union?

MR. LYON: Mr. Chairman, I'm merely asking the honourable member what is the worth of the National Farmers Union in Manitoba? Who does it represent other than the Socialist Party?

MR. CHAIRMAN: The Honourable Member for Emerson.

MR. DRIEDGER: Mr. Chairman, it's interesting, I asked a question before and we've got into a very interesting debate here and I can only compliment our Leader here on the comments that he's made.

Maybe for the edification of the members of the House, I believe there's 800 and a few members at the present time. They used to have a membership of approximately 30,000 and it's dwindling every year dramatically. —(Interjection)— No, they had much more than that. Some of the figures show that there was a lot more than that at one time and it's down to 800 and dropping all the time.

Anyway, it's interesting that in this kind of debate that many of the rural members seem to have found that they should rather go into the other committee for awhile because they feel uncomfortable with this kind of a debate, and understandably so, because it is a very emotional situation. I would just like to indicate,

the problem that the members opposite have in terms of private ownership, why do people want to own land?

Well, I would just like to indicate to them that my parents were one of those fortunate enough to flee the country of Russia when they were young people, young children at that time, their land was taken away and they were eternally grateful that they could come into a country like this where they at that time rented land from various organizations and had the opportunity to finally own land. Why the hang-up is that these people have about private ownership of land, especially when we consider the small percentage of land that is basically concerned within agricultural leased Crown lands and the hang-up that they have, and this Minister has, and as our leader indicated and some of the speakers indicated, that this is the kind of thing that is going to destroy the party. I have no problem with getting this government out of government again because that kind of concept is what is very dangerous and this is why many people are hesitant about supporting it, especially in the rural areas — the farm people are very concerned.

Why is it so important to own farmland? I'm asking the Minister to some degree because I have some views on that. Their own membership people have applied for agricultural leased Crown land, to purchase it. I understand the process has been suspended, they say, and they're reviewing it but in the meantime the applications that have been made are being proceeded with. There's a whole bunch of their members and why they do not come out and openly state that they have stopped the program is because their own people are the ones that are promoting the continuation of this kind of a program. So they use the term "suspended" of the program.

It's going to come back to haunt this Minister for as long as he is going to be in office and hopefully, it's not going to be that long because that kind of philosophy and ideology that they have in terms of private ownership, it does not wash, we're too young a country here.

Why do we still have Europeans, all kinds of people from all over the world wanting to come and own land here? We have people from all over that are still applying and they want to own land in this country. Why? But if we follow through on what this Minister is indicating, that private ownership of land is not condoned, then that would naturally stop. But why do all these people from these European countries — I'm not even talking of the Red bloc or the communistic countries because they can't get out — if they could they would come here in droves as some of the people like my parents were fortunate enough to do, prior to the blockade. Why do Europeans want to come in here and spend their money and farm here? Because there's a certain amount of freedom.

We have all kinds of Europeans coming in right now and under The Farmlands Protection Act, if they become residents here they can own land here. When they come here, you talk to them, they feel relieved to be here because there's a certain amount of freedom. As our leader indicated, this is the kind of freedom that is predominant; this is what makes this country go; this is what makes this country grow and this is why the whole issue is at stake here right now.

I asked how many applications had been made under the Crown lands and how many had been approved. That's not a major thing. But the philosophy that that party has over there is what is going to destroy them and if it doesn't destroy them, it's going to destroy this country if we have them too long. It is a very major thing. It seems minute in terms of the amount of applications that have actually been made, that have been approved, but the principle of the thing is what bothers me.

The farmers, the people who are the producers of food in this country, they want to own their land. Why is it so important? If it's so good to rent land, why do people apply and want to buy the land? Because there's a sense of security of owning your own land. They'll go and mortgage to the hilt at a bank, or wherever they can borrow — they used to be able to borrow under MACC — but as was indicated, this party does not feel that they want to allow that kind of thing to happen. They say they want to help young farmers get into the area of farm production and then they stop the borrowing of money for that kind of purpose.

The Minister is living in a dreamland when we consider that it's not that many years ago, I can remember when a farmer could make a living off 160 acres. He'd have a few cows, a few pigs, a few chickens, the cost of living was not that high, they could almost exist with very little bucks at that time. What has happened since that time, we've had an evolution of progress, productivity.

The Minister uses as an example, how many farmers are there left in this country? Well, naturally there's going to be less because you cannot exist on 160 acres and run a mixed farm operation anymore but the whole concept that is across the room from us here, is something that boggles the mind. These are these kind of things — and this is one reason why they fail to elect very few rural members at all.

To me, this is a very important issue and I think many other members want to speak here. I think the hour being what it is, Mr. Chairman, I would conclude my remarks for the time being and move Committee rise.

MR. CHAIRMAN: Committee rise