



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

**DEBATES
and
PROCEEDINGS
(HANSARD)**

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
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ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
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LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, May 25, 1992

The House met at 8 p.m.

**COMMITTEE OF SUPPLY
(Concurrent Sections)**

AGRICULTURE

Mr. Deputy Chairperson (Marcel Laurendeau): Good evening. Will the Committee of Supply please come to order.

The committee will be resuming consideration of the Estimates of the Department of Agriculture.

When the committee last sat, it had been considering Item 2. Manitoba Crop Insurance Corporation on page 15. Shall the item pass?

Mr. John Plohman (Dauphin): What a surprise. I thought the minister might have something to say about the last question before the supper hour break.

An Honourable Member: Has he said anything since?

Mr. Plohman: Well, he did not respond by saying, just forget about it, but I just wanted to get an answer on that Section 37. From what I can see from the minister's letter about contract of revenue insurance, 1992-93 amendments, March 13, '92, there is no specific mention of changes in coverage levels and rates, and my understanding of Clause 37 is that is what is required by March 15 in addition to all of these other things that were listed as changes to the contract. So I wondered if the minister could just enlighten me on that so that I will not have to ask that anymore. If he cannot give me a clear answer, I may have to again.

* (2005)

Hon. Glen Findlay (Minister of Agriculture): The reason the letter was put together the way it was by the Crop Insurance Corporation, it was deemed that was all that was required, if even that was required, by the March 15 deadline. The confirmation of insurance which followed subsequently was not deemed to be information that was required by the contract by March 15.

Mr. Plohman: The minister is going to table that legal opinion he has to support that?

Mr. Findlay: The legal opinion I have here has to do with the lentil situation, and the other opinion he wants with regard to the March 15 deadline, we will get that for the member.

Mr. Plohman: Either one, Mr. Deputy Chairperson—both, if they are different, fine. I would say they both are pertinent to this issue, and if the minister could table them both, we would appreciate that.

Mr. Findlay: Mr. Deputy Chairperson, I will table for the member the legal opinion of one Barry Hughes from Inkster, Christie, Hughes, MacKay.

Mr. Deputy Chairperson: I thank the honourable minister for that.

Mr. Plohman: I just want to ask the minister about the chair change on the Crop Insurance Board. Is Terry Johnson here as well?

Mr. Findlay: Is the member asking if he is here tonight?

Mr. Plohman: Yes.

Mr. Findlay: No, he is not here tonight.

Mr. Plohman: So was there a reason why Clay Gilson resigned as chair?

Mr. Findlay: Clay Gilson wanted to resign as chair because he had other duties that were going to take too much of his time, and he felt it would be probably expedient if he stepped down. So we accepted his resignation as chairman and eventually replaced him as a board member also, because the other duties are requiring a lot of his time. He has served the corporation well over many, many years, and now Terry Johnson is chairman.

Mr. Plohman: Yes, has the remuneration changed at all in changes to board members over the past year, including the chairpersons?

Mr. Findlay: Previously, the chairman had been paid a per diem. With the new chairman, because there is so much ongoing duty and phone calls and constant contact that needs to be done with the board and with producers, we arrived at a flat \$8,000 per annum plus expenses remuneration for the chairman. The board members stay at the same per diem that they were at before.

* (2010)

Mr. Deputy Chairperson: The honourable member for Thompson—Dauphin.

Mr. Plohman: Thank you, Mr. Deputy Chairperson, I did not know I had changed so quickly.

The minister had not really completed the answer, I do not believe. He was just going to add some more.

Mr. Findlay: We believe that the board members are paid \$125 per diem.

Mr. Plohman: The minister is saying that the board members get \$125 a day for a full day's meetings or work, and the chairperson gets \$8,000 plus costs. Is the minister saying that Clay Gilson would have received more or less than \$8,000 on the basis of per diems last year?

Mr. Findlay: To the best of my knowledge, he would have probably received a little bit less than \$8,000 over the course of a year in terms of per diems, but, you know, he was also doing a lot of work in terms of phone calls and other special meetings that he would not be claiming for.

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

Mr. Plohman: Mr. Acting Deputy Chairperson, so the chairperson of the board is getting a raise, and I do not know about the rest of the administration. We see a huge increase in administration due to GRIP, I guess. We see a fairly chintzy approach being taken with adjusters in the work with GRIP, and I want to ask the minister about that a little bit.

I understand that adjusters were advised on November 14, 1991, that there would be some additional employment opportunities due to GRIP, that they would be hired on a casual basis, and they would not get any expenses paid for in that work. That created a big kaffuffle with adjusters, and I just wonder whether the minister could give us an update on that.

I believe that this was a major deviation from standard procedure with mileage, meals and related accommodation expenses not provided for for this work, and there was concern that this was also going to apply to the work that they would do for the Crop Insurance Corporation, adjusting as well, that this was a new, standard way of dealing with adjusters.

Since that time, I wonder if the minister can give an update as to how that has been resolved, if it has been.

Mr. Findlay: The corporation had made a new proposal to the adjusters as the member mentions on November 14. Since then, the corporation has allowed adjusters that went on the job to have mileage from the office to the site where they are doing their adjusting, plus a meal during the course of the day.

In the course of doing the audits this fall, that procedure was followed in terms of the per diem, plus the meal, plus the mileage from the office to the job. The adjusters have apparently brought forward some different proposal that they would like considered for the future in the corporation and will be considered, that proposal they have brought forward.

Mr. Plohman: Is this applying to the regular adjusting assignments as well?

Mr. Findlay: Yes, it applies to all the adjusting that they would do for the corporation.

Mr. Plohman: So what has changed from what they would normally have received, because on November 14 they were being told that mileage, meals and related accommodation would not be provided? Now the minister says mileage and a meal was provided. I would assume if it took longer than the need for one meal, that they would get more than that to eat. In most cases, it is being assumed, I guess, and what the minister is saying, they go to one particular location and do one job and drive all the way back to the office again.

* (2015)

Mr. Findlay: What was in place prior to November 14? They got mileage from home, wherever they lived to the office, then to the job. So they require that they come to the office before they go on to the job, then they are paid from the office to the job.

Mr. Plohman: What about the verifying of these hours by the producer? There was a lot of controversy about that idea, that these hours they bill for have to be—the adjuster bills—signed by the producer. It seems to me that puts the adjuster in a very sensitive situation vis-a-vis the producer in terms of what he puts on his report. Has the minister thought about that and is this going ahead now?

Mr. Findlay: In terms of the farmer signing to how many hours the adjuster actually worked, our

understanding is it only applied in the case where the farmer requested that somebody come out and measure his bins. In the case of the 2,000 audits that were ongoing over the past few months, the farmer was not required to indicate and sign the hours that the adjuster was actually present on the premises.

Mr. Plohman: So then this is not to apply for audits that are initiated by the corporation, but by perhaps a request from an individual to appeal a cap that has been placed on an acreage, an acreage cap appeal. The individual would have to apply to have this done and there would be some work done by an adjuster that he would pay for?

Mr. Findlay: The only time the producer paid was when he requested somebody to come and measure his bins. Basically production reports were sent to all producers, and it was their responsibility to measure the bins, but they said, no, send somebody out, and then the farmer paid for it, and those are the cases in which the adjuster's form required the farmer's signature, as we understand it.

Mr. Plohman: Mr. Acting Deputy Chairperson, the quote from the letter is: The corporation will be charging producers who request a measurement or an acreage cap appeal.

I do not know what acreage cap appeals and why they would be charged for that.

Mr. Findlay: We are not aware that there were any acreage cap appeals.

Mr. Plohman: So when an individual farmer then requested a measurement, the farmer would be charged the full cost of doing that work, and therefore he would obviously want to verify how many hours so he is not paying for more than was worked, or whatever, and it would not apply to other situations. Under those circumstances it seems much more reasonable than it sounded. Is that a change as a result of the discussions? Was it initially intended that farmers would sign for all work undertaken by the corporation?

* (2020)

Mr. Findlay: The change with regard to requested measurements versus audited measurements was as a result of discussions held with the adjusters.

Mr. Plohman: Then there was some progress made. Insofar as the issue of errors, any follow-up required as a consequence of my error or work

performance would be at my own expense. Is this what has been implemented, that if an individual adjuster made an error that he would have to go back with his car all on his own time, and correct it? Is that the standard approach that is used?

Mr. Findlay: In terms of the procedures as they were laid out, that is the request, that the adjuster is to go back and correct any errors at his own expense, but we are not aware that any have been needed at this point in time.

Mr. Plohman: Well, Mr. Acting Deputy Chairperson, is the minister telling me that the adjusters then have agreed that they would be responsible for any follow-ups as a result of the work that they have done?

Mr. Findlay: In terms of the adjuster's position, they probably did not like that, but they basically proceeded to do the work under those premises, but, as I said, have come back with a proposal for the future, and I would have to assume that element has been addressed in their proposal, and that their proposal has just arrived and is being looked at by the corporation.

Mr. Plohman: So there was an interim agreement for this initial period with the understanding that the corporation would take a look at this and review it and be willing to negotiate further on these issues.

Mr. Findlay: That is right.

Mr. Plohman: So, Mr. Acting Deputy Chairperson, could the minister provide a copy of the existing contract for adjusters, as it may have changed from the one that I have?

Mr. Findlay: We do not have one with us, but we will provide one.

Mr. Plohman: Just one other clarification on that, has it always been a fact that adjusters did not have a contract that they had signed or did they have a contract previously, and what were the conditions there? Does the minister have a copy of that as well?

Mr. Findlay: In the past, the adjusters have not had a contract. They have been casual employees and work when work is needed. Jobs are needed to be done, so they work when called upon.

Mr. Plohman: So there was nothing in writing, and this was the first attempt at it on November 14?

* (2025)

Mr. Findlay: In terms of how they were paid, it was following the general manual of administration for

mileage and meals, and the adjusters were classified as Adjuster I, II or III depending on experience and were paid so much per diem in terms of their level of capability or level of experience.

Mr. Plohman: Yes, just a final point on this. The issue of paying for their own mistakes, that is a very interesting approach. I guess, if everyone did that here, they would all be working on Sundays, and not just politicians but, you know, the Civil Service that are on salary.

Whenever everyone makes mistakes—and I do not think adjusters would go out and try to make mistakes any more than anyone else on the salary would. This is an assumption that they want to generate more hours for themselves, so they do not do the job right, so they have to go back. Has that been the experience, that there was a lot of callbacks?

Mr. Findlay: I guess the corporation's desire was to be sure that the adjusters paid careful attention to detail when they were there, and they got everything the first time rather than having to go back over and over again. So that was the proposal that has been in place for the last short period of time, and the corporation will be looking at it for another year based on the requests that the adjusters have put in through whatever proposal they have brought forward. So the corporation is looking at it, but it was a bit of a signal to be sure we get everything right in the beginning, rather than having to go back and do it again and again.

Mr. Plohman: It would seem that would be something that would be done administratively by supervisors, and follow up with the work of the adjusters and scrutiny of the work and so on to ensure that they are doing their job. If they are not doing their job, obviously they would not stay there; they would not be called. I do not think to put that kind of a punitive condition in there is really a fair kind of approach to dealing with that kind of issue, so for what it is worth, for the minister's information, I wanted to put that on the record.

Mr. Findlay: I just have to remind the member for Dauphin that we as farmers have paid for all our mistakes. Nobody comes in and steps in to help us.

Mr. Plohman: Yes, and you also pay for the weather mistakes too.

I wanted to know whether it was accurate that adjusters were given a bonus for each person they

signed up for GRIP. That is what someone advised us was the case, and I want to know if there was any kind of payment or encouragement by way of monetary reward for adjusters who signed up people for GRIP.

Mr. Findlay: Crop insurance agents who are operating the normal crop insurance program are not paid overtime. They are paid a bonus on the basis of acres signed up, but there was no additional bonus, if one wants to call it that, for revenue insurance acres signed up. The basic answer to the question is no for people signed up in revenue insurance. It has been an ongoing policy in crop insurance of no overtime, but for those who are doing basically extra work and end up with more acres there is some degree of bonus program in place.

Mr. Plohman: That is not mentioned in this contract either. Is that something that was thrown out the door once the contract was brought in? Before, the minister had indicated there was none, that it was just a general manual of administration that determined standards.

Mr. Findlay: What we were talking about before was adjusters, casual staff. What we are talking about now is permanent staff, agents of the corporation. They are two different groups.

* (2030)

Mr. Plohman: Mr. Acting Deputy Chairperson, the agents who are on salary would get a bonus. Are they paid by the hour initially or by salary?

Mr. Findlay: On a salary, monthly salary.

Mr. Plohman: So does this bonus provision amount to a large part of their salary traditionally?

Mr. Findlay: The amount of bonus we are talking about is about \$45,000 per year spread over 19 agencies.

Mr. Plohman: Another question, Mr. Acting Deputy Chairperson, we were last Thursday talking about the proposals by the farmers concerned about inequities in GRIP, and they had identified a number of different expected revenues for various farmers under various scenarios. This was the group that Audrey Stoski had written, and we understand there is a response coming, the minister had indicated earlier today. He did say that there were inequities that were changed, addressed, as a result of the superior management adjustment, and that the gap

was not near as wide after taking into consideration adjustments for superior management.

I just was discussing that further with my colleagues, and we were wondering whether there is any data on precisely what the relationship is in superior management on average for farmers who had crop insurance previously and therefore are using the longer-term average versus those farmers who were not on crop insurance before. Which one tends to benefit more from Superior Management Adjustment?

Mr. Findlay: The corporation has not looked at that comparison to see if people in crop insurance versus those who were not in crop insurance previously got more SMA or less SMA. That analysis has not been done. Obviously, the data is there that if you wanted to do it you could do it, but it has not been pulled out in that context.

Mr. Plohman: Since the data that was used for verifiable records for farmers who were not in crop insurance has not been allowed for purposes of GRIP, is there any way to determine from that data—first of all, does the Crop Insurance Corporation have that data from farmers that have asked to be able to present this data on their averages over the longer term even though they were not allowed to use it? Was it submitted?

Mr. Findlay: Just going back to the previous question for a moment, if you take two farmers who are totally equal in terms of their production capability of the past, the present—the present meaning 1991—if one farmer had been in crop insurance for some time and had a positive coverage adjustment, and the other farmer basically was totally equal all the way along but had not been in crop insurance, the new producer, the guy who just came in in 1991 has a much higher probability of having achieved SMA than the guy with the positive coverage adjustment because he had been in crop insurance.

So that would indicate, if we went back and did the analysis on the question you asked about the percent of people that have been in crop insurance getting SMA versus the percent out, I would have to suspect the people who are outside of crop insurance had a higher percent of SMA. That analysis has not been done, but that would be the hypothesis that I would enter that analysis on, that you would expect those outside of crop insurance

who are equally good farmers to have a higher proportion of SMA attributed to their account.

Mr. Plohman: Just on that, Mr. Acting Deputy Chairperson, is it not true that the SMA is calculated on the area average for that particular year, and you have to outproduce the area average by 5 percent in order to get SMA?

Mr. Findlay: The key to determining SMA is the degree to which the producer has outyielded himself relative to how the area average has outyielded the area average previously.

For instance, if you come in—just write these figures down—at 25 bushels and the area average is 30, you produce 30. In other words, you increased yourselves by 20 percent and the area was 30 and it produces 30, in other words, basically the same.

You have increased yourself by 20 percent, the area has increased by zero percent, the difference 20 minus five. It means you get SMA at 15 percent. So it is relative to what you do, relative to your own average as well as what the area's average has done relative to the previous long-term area average.

In terms of the earlier question, you had asked if people have brought information forward on previous years' production. In terms of determining the information for IPI, the only information that has been recorded is the yields of 1990, as well as the yields of 1991. In order to enter the calculation for IPI we had to have their yields for 1990.

Mr. Plohman: Has there been any discrepancy in those records between what people have been saying they have been producing in previous years and what they are actually doing under GRIP, now that the records are available?

Mr. Findlay: In terms of doing the appropriate checks and analyses that would be required, that is going on right now in the 2,000 random audits that are being conducted of crop insurance and revenue insurance clients.

Mr. Plohman: Mr. Acting Deputy Chairperson, what would be interesting would be the comparison between those that were in crop insurance and their averages and records for the previous period and those who were not, to see whose indeed records are more accurate.

Mr. Findlay: Basically, the audit that is being done right now is just looking at 1991 production receipts

and inventory to balance against the producers of production report that he submitted.

Mr. Plohman: Is the minister saying that he will not have this data then? Because this seems important in terms of the argument that you cannot use records other than through crop insurance to determine a long-term average from those farmers who want to do that.

The minister is saying, well, there is abuse, there are all kinds of abuse potential, but also he does not believe that they are accurate enough in terms of their use for this purpose. I think that the minister could find from his computer systems, he could have the staff determine if in fact that is a legitimate point of view, or whether in fact there is a rather large discrepancy in the people who actually have not been on crop insurance in terms of their experience now with GRIP as opposed to what it used to be.

Mr. Findlay: In terms of the question the member is raising about use of records back over, 10 years really is what we have to be talking here, it is a request that obviously must have come forward during the crop insurance review process. It will be interesting to see what recommendations they bring forward with regard to operating like that by going back and trying to verify records over time relative to production and acres.

* (2040)

Mr. Plohman: We have also been told by farmers that they are having difficulty in terms of the bankability of GRIP this year. Is that a general notion that there will not be a large net payout judging by the way the prices are going, that there is not potential for cash from GRIP, because that seems to be what some of the farmers are saying they are being told by the banks?

Mr. Findlay: I cannot see how that can be, because if a person has a gross revenue guarantee of—let us just pick a figure out of the air—let us say \$130 an acre, he will either get that through the market plus GRIP or from the market itself if prices do strengthen, so his bankability is his revenue guarantee, his yield times price guarantee. He will have achieved at least that either from the market or from GRIP.

If he gets it all from the market, he may end up with at least that or more from the market, so I cannot see how the banks can say that he will not achieve his gross revenue guarantee, unless the banks believe the producer is going to somehow violate the

program and under Section 21 get thrown out of the program. That is really about the only way he could miss that guarantee.

It is no different than last year in terms of its operation in Manitoba. Now, if the bank is looking at Saskatchewan, that clearly is the case in Saskatchewan, but it is not the case here.

Mr. Plohman: I also wanted to just ask the minister regarding the issue of husband and wife contracts and members of families. This has been quite an issue with the people claiming that they are being discriminated against, because they are separate operations. In fact, they are not being treated as such by the Crop Insurance Corporation for GRIP or for crop insurance.

Can the minister table with us the criteria that is used on this issue to determine separate operations versus integrated operations?

Mr. Findlay: We do not have the criteria with us at the present time, but we will get that for you to determine the criteria used for assessing individuality. I will just tell the members of the 17,000 applications last year, 1,400 were reviewed with regard to independence and these are basically round numbers.

Of the 1,400, a thousand were left as they were and 400 were combined. Of the 400 that were proposed for accommodation, 152 appealed, so that left 250 actually combined. Of the 152 appealed, 76 were awarded individual contracts. So roughly another 76 were left combined. So it is 176 plus 250 who were actually combined as a result of that process. In other words, it was not a sufficient definition of separation by the criteria which we will give the members a copy of.

Mr. Plohman: I thank the minister for that information. It seems though a very high success rate for those who appealed, and it leaves one to wonder if those who did not appeal, had appealed, that in fact—I guess this option was made available to them, but some people do not like to get into that kind of red tape. I guess they would call it awkward situations and just rather leave it alone, but the minister mentions 152 appealed and 76 were successful in their appeal so 50 percent of those—and it almost seems like there is a rather loose interpretation initially which we will grab these ones here, and then if they do not appeal they are combined. It leads one to think, well, how closely were they scrutinized initially that so many would be

granted a change once they appealed, would be approved? It is a very high percentage. Does the minister have any comments?

Mr. Findlay: I would just start at looking at the 1,400 figure that were identified that should be reviewed, and 1,000 were determined to be left as they were. Only 400 were identified as should be considered for amalgamation, and 250 did not appeal. Of the 150, obviously they had some justifiable reason to come forward and, yes, 50 percent were left as individuals. That proves that basically the appeal process works.

As a producer, you would wonder why a person would want to be separate. If they are working in a combination, sometimes it is easier to just work as one unit. Different people have different reasons and different ways to look at it, but the more you split contracts or there is the potential of risk-splitting, it heightens our liability as a corporation and increases the premium cost to everybody involved. I think we went through a process that obviously many people accepted the fact that they were put together. Other people said, they wanted a challenge, they went forward and appealed it. Half were successful; half were not.

Mr. Plohman: The minister has some detailed statistical information on this. Could he give us a breakdown of husband-wife versus father-son or brothers and sisters and so on?

Mr. Findlay: In terms of the overall process, the figure I gave the member earlier, 400, was done in the review. The review consisted of two corporation staff people and two department people. That is where the 400 were addressed.

In addition to that, it looks like there were about 320 amalgamations that occurred, basically voluntarily at the agency office when they come in—
* (2050)

Mr. Plohman: 250 out of the 400.

Mr. Findlay: No, in addition to the 400, 320 voluntary amalgamations, so that made roughly 720. In terms of the split between parent-child versus spousal, the spousal looks like about 150 versus parent-child at 340. That is kind of the ratio. The majority of them were parent-child amalgamations.

Mr. Plohman: It is 150, and this—what is it, 340?—340 come out of what figure, the 720 or the 400, or where do you get them?

Mr. Findlay: I presume they come out of the 720. But just another little bit of information, in terms of the spousal I said 150—65 of them were done at the agency voluntarily, and the other 85 were through the review process. In terms of the parent-child, 121 were done at the agency and 220 at the review process. There are a few more by review process than voluntary, but not far off—50-50.

Mr. Plohman: Mr. Acting Deputy Chairperson, of the 76 who appealed, of the 152, 76 were awarded individual contracts and 76 were denied at the appeal. How many of those were spousal? [interjection] You do not? Okay, because that is where most of their complaints come from basically, from women who feel that they are not being treated equally as operators.

Mr. Findlay: Again, this is one issue that I clearly expect the review process to report on, because obviously it is a question that comes up very, very regularly.

The Acting Deputy Chairperson (Mr. Reimer): Item 2.(a) Administration \$4,348,100—pass.

Item 2.(b) Premiums \$13,500,000.

Mr. Neil Gaudry (St. Boniface): Mr. Acting Deputy Chairperson, there is a decrease of \$1,500,000, and it says: Reduce payments as a result of favourable yields as less of an incentive for some producers to remain on the program.

What is the percentage of the producers that have opted out of the program?

Mr. Findlay: The member is referring to livestock feed security?

Mr. Gaudry: Yes.

Mr. Findlay: Okay, we have gone from about 3,600 participating producers down to about 1,800.

Mr. Gaudry: You are looking at 50 percent who have opted out of the program?

Mr. Findlay: Yes.

Mr. Gaudry: Do you expect it will continue as such?

Mr. Findlay: I would say there are a couple of reasons why the producers have opted out. One is there is lots of hay around, cheap hay, so instead of paying a premium on a program, you just go out and buy cheap hay; plus, there has been pretty good moisture over the winter and the probability of a good hay crop is very, very high.

So producers obviously see the desirability to stay in a program is somewhat lessened because there is good hay around and there is a good crop undoubtedly going to come because spring moisture makes a hay crop. So producers can opt in one year and out the next, and they make the choices on an annual basis.

Mr. Gaudry: So we cannot predict for next year whether it is going to continue decreasing or not?

Mr. Findlay: No, we cannot. If we stay with good moisture and lots of hay around, I would say probably it will go down again. If we hit a drought cycle, they will be back in.

The Acting Deputy Chairperson (Mr. Reimer): Item 2.(b) Premiums \$13,500,000.

Mr. Plohman: That section deals with the premiums under crop insurance, 2.(b). I do not know how you got onto livestock. Just one portion of it? Oh, I see. The note deals with that. Pass.

The Acting Deputy Chairperson (Mr. Reimer): Item 2.(b) Premiums \$13,500,000—pass.

Item 2.(c) Gross Revenue Insurance Plan \$58,800,000.

Mr. Plohman: We have covered a lot of issues under GRIP and I just want to summarize a couple of points under there, and that is that we have asked the minister to look at the issue of the southwest corner, and the comment has been made by one of the MLAs that they are pretty happy out there with the program this year.

I would think from the information we have and the representation that has been made by people in that area of the province that they are not very happy with the program, that they are really suffering again because of the low coverage that they have under GRIP, and that there is a tremendous discrepancy between some areas of the province where people are insured for perhaps \$170 or \$180 an acre even for wheat versus what they would be in the southwest corner, as low as perhaps \$70 an acre.

If those extremes are not accurate, then the minister can elaborate on them perhaps. Maybe it is even higher at the high end and lower at the low end, I do not know. I think that is a terrible discrepancy in the program, that it is hurting a great deal, and I have given the minister the petitions, the proposal that was made. I think he should still try, as aggressively as possible, to do something for those producers under GRIP, considering the

coverage levels that they have versus the remainder of the province.

I believe that if he had put in place, insisted in negotiation that there be some kind of minimum-acreage coverage below which it would not fall, that in fact this kind of critical or extreme situation would not have developed this year. Yet I believe the minister has indicated there is probably no action that he is going to be taking for this year. He can correct me, but that is very unfortunate, because it does not offer any hope for those producers.

In District 12 the issue of the adjustment for '91, the minister is clearly saying now there is no adjustment for '91. I guess we have not clarified whether it is \$10 for '92 or whether it is higher—they thought that was for '91—and the minister may want to determine whether there has been some agreement with regard to '92 for the Area 12 because of the soil type variance there. Again, it is disconcerting for us to see that there was no action taken on an area that the minister had made a written commitment, District 12 for '91.

In terms of the farmers' concern about inequities in GRIP, this group has argued vociferously for verifying records on their own from various sources to be considered under GRIP, and it is costing them thousands of dollars. Those have not been allowed up to this point in time. Again, we believe the minister should be considering those on a case-by-case basis made by individual farmers.

So far as crop insurance changes for this year, there will be no changes made that will affect the discrepancies or inequities within crop insurance, but the minister has said that for 1993, there could be some changes and then others implemented beyond that. He is expecting the report by late summer or fall from the crop insurance review committee. So there will not be inequities addressed this year.

I just wanted to sum up those. It is my understanding from the discussion with the minister—if he feels I am wrong on any of those areas, he would have an opportunity, but that is where we are going to leave it right now and move on to other areas of consideration of his budget.

* (2100)

(Mr. Deputy Chairperson in the Chair)

Mr. Findlay: I think the member covered a wide range of topics there. In terms of inequities or

dealing with the concerns with regard to an evolving program, the member failed to realize that for 1992 we have dealt with the inequity of hail. In 1990-91 we have dealt with SMA being extended for 1992, broadly requested as a result of its success in 1991, and IPI over time starting 50 percent this year starts to deal with very quickly with inequities that did exist. So on an ongoing process, some of the inequities are being dealt with, and the crop insurance review and the revenue insurance review will continue to deal with more and more of them as we move into 1993.

I think I have clearly indicated that, with regard to the southwest, we had requested consideration of area average again at the federal level, and they said no. In regard to Risk Area 12 the kind of improved coverages available for 32 soils for 1992, I will just give the member some examples. On C and D soils—and again this is for 32 soils only—the producers for an additional premium of \$2.16 can increase their coverage by \$9 an acre. That was for wheat. On F soils for wheat, for an additional premium of \$2.54, they can increase their coverage by \$15.50. For barley on C soils, for 90 cents, they can increase their coverage by \$5.67, and on F soils, for \$1.27, increase their coverage by \$13.

It varies on the soil type and the crop to the degree to which they can improve their coverage for the additional premium charge that is levied for that.

With regard to additional consideration of the significant difference between 12s and 32s, again the review process will undoubtedly bring forth further recommendations on top of the information we have received from the Kraft-Friesen Report that was done over the course of the last few months.

Mr. Gaudry: Mr. Deputy Chairperson, in that section there is an increase of \$15,800,000, and the \$5,300,000 increase will be covered by premiums. There is \$5,000 that is provided for the creation, and \$5,500,000 due to program adjustment. What are the program adjustments? Can we have the details?

Mr. Findlay: The member is looking at the difference between \$43 million and \$58.5 million. There are three components to that increase. The first component is a \$5.3-million increase because the federal government is no longer paying 10 percent of our premium this year, which they paid last year. Secondly, there was about \$5.5 million for increased participation and improvements in the

program, quality adjustments, and another \$5 million is an evaluation allowance set aside to deal with deficits.

Mr. Gaudry: There is roughly \$5 million that the government has put in then. Where did that money come from—from general revenue or another department?

Mr. Findlay: It is just from general revenue, credited to the department in the budgetary process.

Mr. Deputy Chairperson: Item 2.(c) Gross Revenue Insurance Plan \$58,800,000—pass;

Item 2.(d) Big Game Damage Compensation \$200,000.

Ms. Rosann Wowchuk (Swan River): Mr. Deputy Chairperson, I understand that the member for Dauphin (Mr. Plohman) raised the concern of big game coverage this afternoon, but unfortunately I was not here. The person who wrote the letter is in my constituency, and it is my understanding that he has talked to people in the crop insurance offices in Dauphin and in Swan River. He was told that, although waterfowl and big game are both considered big game, the policy for compensating for waterfowl damage is different in the Portage area, for example, versus the kind of coverage that is in the compensation for big game along the Duck Mountain, and that the averages are brought down because of the big game damage. Thus his GRIP coverage is affected.

I guess I would like to ask the minister: What is the policy on waterfowl versus big game damage? Are they both treated equally as far as coverage goes or adjustments go?

Mr. Findlay: Are you referring to “treated equally” with regard to compensation in the year in which the incident occurred, or are you thinking in terms of being treated equally in terms of impact on individual productivity indexing in the future?

Ms. Wowchuk: The way the damage will impact on the individual in the future.

Mr. Findlay: I would have to give the answer now as I gave this afternoon. In terms of big game versus waterfowl, the treatment is exactly the same and with regard to whether the damage occurred in Portage or in Virden or in Swan River Valley, producers are treated identically in all cases. It is the same across the province, the same for both programs in terms of the impact that it creates for long-term IPI.

Ms. Wowchuk: Then what about the level of compensation? Is the level of compensation the same for big game as for waterfowl?

(Mr. Bob Rose, Acting Deputy Chairperson, in the Chair)

Mr. Findlay: I hope I get this straight. First and foremost, the issue of big game and waterfowl is being reviewed at the national level with regard to sorting it out a little better for the future, but as is done right now in terms of a claim, a producer is paid for waterfowl up to 80 percent of his coverage and for big game it is up to 75 percent of his coverage. For waterfowl the payment is deducted from your revenue insurance guarantee. For big game it is not deducted, so if you have big game damage you get your full revenue guarantee payment plus the big game damage on top of that.

* (2110)

It actually operates in that case the same as private hail. If you have a hail claim under hail spot loss, it is counted against your revenue payment, in other words, deducted. If you have a hail claim, but you do not have hail spot loss and you have private hail, you collect your payment from private hail and it does not count against your revenue payment if revenue payment comes fully.

There are differences in terms of the way they are treated in the year in which the damage occurs, but in terms of the impact on IPI in the long run, they are both treated the same. The issue, as the signator has indicated to me, is being addressed at the national level in terms of being a greater consistency between the two programs in terms of the impact and how it is treated and the year that the damage occurs.

Ms. Wowchuk: Is that the position then that this minister is taking and the people who are representing him at the federal level, that you would like to see this brought closer in line and that both would be treated equally?

Mr. Findlay: Yes, I would like to see them both treated equally. I would like to see them both paid 100 percent of the damage.

The Acting Deputy Chairperson (Mr. Rose): Page 15, 2.(d) Big Game Damage Compensation \$200,000—pass; (e) Canada-Manitoba Waterfowl Damage Compensation Agreement \$150,000—pass.

Resolution 7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$76,998,100 for Agriculture, Manitoba Crop Insurance Corporation, for the fiscal year ending the 31st day of March, 1993—pass.

Item 3. Manitoba Agricultural Credit Corporation, Administration \$3,645,600.

Mr. Plozman: The minister may introduce his staff first.

Mr. Findlay: I would like to introduce my staff that have just come up from MACC: Gill Shaw, the General Manager; Alfred Todosichuk, Director of Property Management; Ed Poore, Policy and Programs; and Charlene Kibbins, Regional Credit Manager of Morris.

Mr. Plozman: Can the minister indicate how many of his staff were located outside of Winnipeg during decentralization? Were they all located in their present positions prior to that?

Mr. Findlay: In the total decentralization move, 23 positions moved from Winnipeg to Brandon in the head office; seven positions moved to four regional credit managers. That would be four regional credit managers in four locations and three secretaries. So that makes a total of 30 positions moved out of the city of Winnipeg.

Mr. Plozman: As we asked previously, how many of these positions did a person actually move, and how many were hired locally?

Mr. Findlay: In terms of the 23 positions in Brandon, three positions were filled by people that moved and 20 positions were filled locally. Of the seven positions for the regional credit managers, four were people that moved and three were filled locally.

Mr. Plozman: The five staff reduction was as a result of the Fisherman's Loan Program, is that right? Were all five transferred?

Mr. Findlay: Yes, all five were transferred to CEDF.

Mr. Plozman: The minister's budget for personnel is up from \$1,952,000 to \$2,038,000. It is approaching a million dollars with five less staff. Can the minister explain why that is? Pardon me, \$100,000. It is about \$86,000.

While the minister is looking for this, I note that there is no separate administration line in the Supplementary Information, and it is just Total Personnel and then Other Expenditures. So it is

hard to define what is being spent in administration here. Does personnel cover administration and Other Expenditures to support the offices, or do you find that under Other Expenditures, which I take it is the support for the farmers?

* (2120)

Mr. Findlay: With regard to the first question, in terms of personnel and the increased dollars that you see in the supplements, that is due to the expected salary increases that would occur for staff. The Total Other Expenditures is all things including administrative costs, Allowance for Doubtful Accounts, Special Farm Assistance, which are outlined in the budget book.

Mr. Plohman: Okay, so the minister is saying that his budget is going up by some \$80,000 with five less staff in this particular line for personnel, which is significant even though there is not an expected salary increase of that amount. I think if the minister could maybe give us the salaries of the five staff that left, we could get an idea of how much money we are talking about.

Mr. Findlay: In terms of the Adjusted Vote on the left-hand side versus the right-hand side, the five fish staff have been taken on the left side, so you are comparing apples to apples on the two sides.

Mr. Plohman: Is the minister indicating in the seven who have moved to—four moved and three were filled locally in various locations—that these were all new office locations for MACC, or were they existing offices?

Mr. Findlay: In terms of the four regional credit managers, they are located in Melita, Teulon, Morris and Shoal Lake. The four places already had a field officer, so the credit managers were added to the existing MACC offices in those locations—and four regional field managers plus three secretaries. So seven positions added to the four locations, but they are not new MACC offices, they are additions to existing field offices.

(Mr. Deputy Chairperson in the Chair)

Mr. Plohman: So the minister is saying that in Melita there was an office and there is staff there besides the—how many staff in Melita and Teulon and Shoal Lake and Morris, in each of those locations, in total?

Mr. Findlay: In the locations that the member asked about, in Melita there are two full-time positions, plus one part-time; Teulon, three full-time

positions; Morris, three; and Shoal Lake, three. Really, in each, we are talking about three; it is a credit manager, a field agent and a secretary.

Mr. Deputy Chairperson: The honourable member for Swan River—the honourable member for Dauphin.

Mr. Plohman: Mr. Deputy Chairperson has called me the member for Swan River, the member for Thompson and the member for Dauphin.

An Honourable Member: Circling, circling.

Mr. Deputy Chairperson: I am trying to find you a new riding. I am working my way down from the North to Windsor Park.

An Honourable Member: Just prejudging the future, John.

Mr. Plohman: This Deputy Chairperson is thinking a little bit out loud, or dreaming.

I notice in the main Estimates book the Administration has dropped from \$3,708,000 to \$3,645,000, and we do not have a breakdown of that in the Detailed Estimates as we normally would—in the Supplementary Estimates. I think that is a major flaw in this and I would like to see a change in that.

I wonder if the minister could give us a little more detail in written form on the Administration side there, because that would seem to be the opposite of what is happening, for example, in Personnel, where he has an increase. I would think that with some of the decentralization that has taken place, there may even be more costs involved rather than less in terms of administration.

For example, phone bills might be higher. I am not sure, but I am speculating, and yet I see a drop here. So I wonder if the minister could indicate why that breakdown is not there for this particular branch—of course it is a separate corporation—and whether he has a breakdown he could give us similar to what we get in the Supplementary Estimates for the other departments and branches.

Mr. Findlay: We can supply the member with a further breakdown of the costs, but break them out in a broader sense than what exists in the Supplementary Estimates, and provide it to him at a later date.

Mr. Plohman: It would seem that Administration takes up a large part when left like this in one global form; something like over 33 percent of the total budget of the corporation is Administration. That would seem an awful lot of Administration. It would

be interesting to see what is included in that area. Maybe the minister could just give us a quick breakdown of that and then provide us with the detail in terms of the paper later on.

Mr. Findlay: Okay, for the breakdown on total Other Expenditures, for other administrative items, \$807,000; net interest costs, \$237,500.

Mr. Plohman: This is under the line in the main Estimates entitled Administration \$3,645,600.

Mr. Findlay: I am looking at the Supplementary Estimates—total Other Expenditures, \$8.2 million.

Mr. Plohman: That is one of the problems we have here, because in the Detailed Estimates it is not as broken down as it is in the main Estimates, which is the opposite of what is normally done. We see a line in the main Estimates that says Administration \$3,645,600, and we would like to know what is included in that \$3,645,600.

Mr. Findlay: Administration, \$3.6 million, consists of \$2.038 million for salaries; other administration costs, \$807,000, and that consists of travel, collection, data and word processing, employee benefits, Workers Compensation, office rentals, office furniture, telephone, postage, printing and stationery, audit, advertising, messengers, directors' fees and expenses, miscellaneous, and transfer and relocation—totals \$807,000. In addition, there are loan guarantees of another \$800,000.

Mr. Plohman: Could the minister give us those figures for '91? I take it he is giving us the projections for '92.

Mr. Findlay: For '91-92, on Salaries, it is \$1.936 million; other administrative costs were \$976,000.

* (2130)

Mr. Plohman: The loan guarantees you had did not give us that figure, unless I went deaf for minute.

Mr. Findlay: The figure was \$900,000.

Mr. Plohman: \$900,000. So the large difference between the '91 and the '92 year on other administrative costs, including office rental and phone and postage, and I guess relocation of staff, could be attributed to the relocation costs for '91—\$976,000 versus \$807,000 projected for this year, a drop of about \$170,000. Is that because all of the transfers took place the previous year?

If the minister could get that information on the breakdown and the reasons for that difference, discrepancy between those two years there, and a

detailed sheet of the breakdown of some of the stuff he has given us today for the next sitting tomorrow, that would be fine.

Mr. Findlay: Will do.

Mr. Plohman: At that time, if we have passed this line when this information is handed out, I just ask for agreement that we could ask a couple of questions at that point if it was deemed appropriate by us.

Mr. Findlay: You want a breakdown on the administrative costs between the two years and specifically the costs of relocating to Brandon. Is that what I understand you to want?

Mr. Plohman: No, all relocation costs. Brandon is the major one.

Mr. Findlay: Plus all the others.

Mr. Plohman: Yes.

Mr. Findlay: Okay.

Mr. Plohman: We also wanted a breakdown in a similar format for the Agricultural Credit Corporation in its entirety, as we would get for the other departments of government, if you have that information. What we have, as we noted earlier, is that in fact the Detailed Estimates have less detail than the main Estimates book. I have never caught you on that before. Gee, what is going on?

Mr. Deputy Chairperson: Would there be agreement of the committee then to revert to this line if we pass it this evening, for the honourable members to bring forward a couple of questions after the minister presents the paper? That is agreed. Thank you.

Mr. Plohman: Mr. Deputy Chairperson, I wanted to ask the minister about the Special Farm Assistance program and the Manitoba Farm Mediation Board. I understand that applications were down last year from the previous year in our discussions of this line. Perhaps the minister could give us the latest information on activity at the Mediation Board.

Mr. Findlay: We are going to go back over four years and I am going to give the member the total applications, total for part 3 and part 6 under the Manitoba Farm Mediation Board: 1988-89, 318 applications; '89-90, 308; '90-91, 219; and 1991-92, 195. That takes us up to the end of March 1992, total.

Mr. Plohman: The assistance offered through that program is how much under the board for readjustment of debt guarantees?

Mr. Findlay: I will give the amount of guarantee for the same four years and then the actual amount paid under those guarantees. Going back to '88-89, the amount guaranteed is \$531,000; '89-90, the amount guaranteed is \$835,000; '90-91, the amount guaranteed was \$1,876,000; and '91-92, the amount guaranteed was \$1,818,000.

Now to give the comparable amounts paid beside each of those guaranteed figures: '88-89, is \$464,000 paid out or in other words, 87 percent of the guarantee was paid out; in '89-90, it was \$420,000 paid out or 50 percent of the guarantees; '90-91, \$505,000 paid out or 27 percent of the guarantees; and '91-92, \$580,000 paid out or 32 percent of the guarantees.

Mr. Plohman: Yes, well, the dollars paid out have increased every year. It would seem also that the numbers of applicants, obviously, have dropped, but the amount per person has increased dramatically in 1990-91. Was there any reason for that—more than doubling in the total guarantees even though the number of clients was dropping?

* (2140)

Mr. Findlay: If you look back over the four years, as we move from '88 forward, the amount of guarantee is really cumulative. If a person has a guarantee in place in '88-89, probably one-fifth of the guarantee is due and payable in the first year, and the other four-fifths stays on. They accumulate over time.

Over the course of time we have had a total of \$11 million of guarantees in place. Some of them have not been called upon; some of them have been terminated. There is more and more guarantee in place, but is cumulative over time. The other thing is that more and more cases have been resolved over time and end up with guarantees behind them.

I think the important figure to look at is the actual percent draw on the guarantees, which has dropped from 87 percent to 50 percent, to in the last two years, averaging 30 percent. In other words, if 30 percent of the guarantees are drawn upon, the other 70 percent met their commitments without the use of the guarantee. In other words, their debt restructuring is obviously working and they did not need the guarantee in order to meet their commitments under the budgets that were prepared. That is reviewed with each client annually.

Mr. Plohman: It would seem that it would also be true that the difficult cases would drop out in the first year or so and that your better risks would be the ones that would be retained over the next few years, because the higher percentage involved at the beginning reflects the vast majority that began with the program. They started out with the program and, in the first year, a lot of them dropped out. That is why you have a high percentage of the total loan guarantees. Then, as you go along, you are working with the more solid clients who are able to meet their commitments.

Mr. Findlay: In some sense, one could argue the reverse actually applies. The critical thing is when the annual review is done. Provided a person lives within his budget and does not make a capital expenditure that was not budgeted nor was approved, a person could be in there and he could be drawing his guarantee first year.

Provided he lived within his budget, he would stay in the program, he could be there to draw in the second year, in the third year, fourth year, whereas a person who starts to get his feet under him, either the first year, the second year, the third year, somewhere along the way starts to get his feet under him and decides he does not want to live within his budget, and he has a little extra cash and he goes out and makes a capital purchase outside the budget, he is going to be expelled from the program. He is obviously a better customer now, because he has been able to put himself in the position where he is able to meet his commitments.

In some sense, one could argue that the poorer client is the one who stays in, and the better client is the one who just leaves the program, and he no longer needs the guarantee and he wants the freedom to make his own decisions without having approval of the Mediation Board for any variances from his budget, particularly in the way of capital purchases.

Mr. Plohman: Let us explore that then. How many, each of those years, are in fact not continuing with the guarantees and are viably farming? Does the minister have that information? How many of those on the converse have left farming, who have dropped out of the program?

Mr. Findlay: Sorry, we do not have that information. We might be able to pull some of it out.

Mr. Plohman: Well, we have 308 applicants—clients in 1988-89, and 308 in '89-90, and so on, a

declining number. It is interesting to know, to follow these people in terms of where they have gone, whether they have successfully managed to stay in farming, those who are no longer with the program. I guess maybe a global number—does the minister have a percentage of those who have stayed with the guarantees versus those who have left, for whatever reason, either successfully or unsuccessfully?

Mr. Findlay: You obviously are not sitting in this chair or that chair. He is in and out of the room.

In terms of the breakdown the member would like, we will have to get it. There are really two prominent reasons why people leave the program. One is that they feel they are independent and they no longer need the Mediation Board support; they have their act together. The other is that they just almost give up and get tired and just pack it in and no longer see a light at the end of the tunnel or they violate the budget by making a capital purchase without authority and therefore are expelled.

Mr. Plohman: Yes, I think that is very important information, very pertinent to this whole issue, to see how successful the board is. Perhaps a better measuring stick than the number that have come before the board is how they have fared after having been dealt with by the board. We would really like to have that information as soon as possible.

Insofar as making a capital purchase that was not authorized, are they automatically expelled on that basis or, do not do that again, are they told, or is it game over?

Mr. Findlay: Each case is dealt with by the board on its merit, and obviously the most common thing is to buy a piece of machinery. If the producer has done that without authorization and he comes before the board, they may have some leniency provided he meets all his ongoing commitments before any money goes to that tractor or that tractor payment. If he can meet all his ongoing commitments and still make the payment on that unauthorized purchase, he is given consideration by the board.

Mr. Plohman: So he is not automatically turfed out as the minister seemed to be indicating.

The issue of leaseback for people who come before the board—can the minister indicate what proportion of those who are assisted under the program at the Mediation Board are involved with a leaseback program? How many of those after three

years have been successful in actually exercising their option to repurchase?

I ask this because we had argued last year, and I hope that the minister was looking at this, that they should have an option during these difficult times of low commodity prices. Of course interest rates have dropped in the last year, so as those come into the system, perhaps it will ease the burden a bit.

There should be a renewable option here for another three years or longer so that farmers have more time to build some equity. Three years is not a very long time under difficult situations. It must go very quickly for a farmer under those certain circumstances.

* (2150)

I am interested in finding out whether any can really be successful in repurchasing after three years, or is it just a matter of delaying the inevitable, which is really unfortunate in keeping farmers on the land. Have there been any cases where in fact it has been renewed? Has the minister discussed that with his staff?

Mr. Findlay: In terms of people who had leasebacks, a common thing is a five-year leaseback, and when they came to the end of the five years, MACC has asked them to make some commitment of some form to enter into a purchase of all or a portion of the land that is under leaseback. Some 25 were in that position and they were given one of two options. They could either purchase a portion of the land that they had under the previous five-year lease, they could buy a portion of the land and then lease the rest for three years—

Mr. Plohman: Beyond the five.

Mr. Findlay: —beyond the five—or the second option was, they could lease the land for another three years but enter into what is called an equity accumulating option. In other words, let us just pick a figure, let us say they were paying \$3,000 a year in rental payments. The equity accumulating option would require that in addition to the \$3,000 lease, they would set aside with the corporation another \$3,000 each year to be eventually used toward a down payment on the land at the end of the three years. They had one of two choices in order to continue to rent the land—make a commitment on buying a portion of the total land under lease or enter into the equity accumulating option. Of the 25 people who are in that position this year, 20 accepted one or the other of the options.

I guess we could say that in terms of—the member raised the question of people really getting into a position to take possession of their land again, or is it just the inevitable happening? I would say that obviously when 20 exercise one or the other, they are getting themselves into a position of eventually taking ownership of the land again.

Mr. Plohman: Yes, hopefully that would be 100 percent of those, and it was 20 out of 25, 80 percent of those. Five are gone, I would say, from what the minister said; they are lost. The minister mentioned five-year leases. The policy is only three-year leases. Was this from a previous policy or is the initial policy five years? I understood FCC was five years. So the initial policy is five years?

Mr. Findlay: FCC is three.

Mr. Plohman: Okay, but the information I had was that it was a three-year policy, so you are talking about three years for the accumulated option.

Mr. Findlay: After the five.

Mr. Plohman: To get this clarified, the first time that a farmer would want to lease back under the Mediation Board process they would have five. That still exists, up to five years. The minister said that it is usually five years. Is that accurate?

Mr. Findlay: The predominant situation is five years leaseback.

Mr. Plohman: The equity accumulating option is never applied even as an option in the first five years?

Mr. Findlay: It was just instituted leading into this spring.

Mr. Plohman: It is safe to say that in the future, whether the initial one is a five-year term or three or four, whatever it might be, that there will be some equity accumulating options in those initial leases.

Mr. Findlay: The equity accumulating option, as presently developed, is for the second time around, so called. It is beyond the first leaseback period.

If a producer came forward and said, I want to enter into that, in the earlier stages, I am sure they would entertain that offer, but right now it applies just to the subsequent lease option. That is usually beyond the five years.

Mr. Plohman: Is three years a realistic time to accumulate enough in that account to purchase back at the equity level that is required, I believe 50 percent?

Mr. Findlay: Of the 20 cases that had either one option or the other, 12 exercised the option of buying a portion of the land. So after the first lease was up, they obviously felt they were in a position to enter into a purchase option. Eight have entered into the equity accumulating option over the three-year period.

I guess we could say that over half have already achieved what the member is talking about, a reasonable position to enter into ownership, at the beginning of the three-year period, and hopefully the other eight will during the course of the three-year period.

So the usual lease is 5 percent of the appraised value. So if you set aside in the equity accumulating option 5 percent in year one, 5 percent in year two and 5 percent in year three, you have accumulated 15 percent toward the purchase price, which is a pretty significant down payment for the eventual purchase of that land at the end of the three years.

It is my hope that that plus extra money they might set aside toward a down payment will allow them to achieve the opportunity to purchase at the end of the three years.

Mr. Plohman: What if the client cannot exercise the option to purchase after three years? Do they lose that money in that account? What happens to it?

Mr. Findlay: The way it is set up, of the amount that is in the account, if he chose not to make the purchase on the parcel that he was setting the money aside on, half of that money would go back to him, half would go to the corporation.

So there is obviously a very strong incentive to use that money toward purchase. Producers know that up front when they enter into it. So obviously they enter into it with a very strong commitment that they want to end up buying it.

Mr. Plohman: The requirement is 50 percent equity to repurchase, or can they do it with 15 percent?

* (2200)

Mr. Findlay: In terms of the money in the equity accumulating option of 5 percent, it accumulates interest on their behalf at Canada Savings Bonds rates. At the end of the three years, they have that, the money they have deposited, plus the interest to use toward a down payment with whomever they can negotiate a mortgage.

Mr. Plohman: So that is, with whomever they can negotiate a mortgage. Is it realistic for them to go and get a mortgage from another lending institution at that point if they are under the Mediation Board with guarantees. They were right on the edge initially, probably that is why they went to the mediation process in the first place, that they now will be able to get financing.

I guess that is another interesting statistic here in terms of these people who have proceeded down this route. Have they been able to get financing elsewhere? I understand MACC does not do this financing.

Mr. Deputy Chairperson: The time being ten o'clock, what is the will of the committee? Carry on?

An Honourable Member: Carry on.

Mr. Deputy Chairperson: Carry on.

(Mr. Bob Rose, Acting Deputy Chairperson, in the Chair)

Mr. Findlay: In terms of the 20 people that we are specifically talking about right now, as I already said, the 12 have purchased a portion of the land they had under previous lease with MACC. All of them have arranged their financing with some other financial institution.

In terms of people who have leasebacks right now with option to purchase, most of them are five-year leases with option to purchase. Many, many producers are exercising that option to purchase at appraised market value. They are producers who are finding the funding and the mortgage money elsewhere. There are many, many of those being exercised right now. It is a fairly active, ongoing process of selling land in that leaseback option to purchase. I am actually surprised at how many are finding the funds elsewhere to do it.

Mr. Plohman: The minister is saying that eight years would be the maximum time under this, then the five plus a three-year equity accumulating option, if that is what they chose and, at the end of that time, it is game over if they have not accumulated enough resources to actually make the purchase at that point. There is no leniency allowed or no flexibility, or can they seek to have that extended by a year or a few months or whatever or a couple of years, or is that the end of it?

Mr. Findlay: Yes, 1992 is the first year. We have just entered into the first of that three-year equity accumulating option period. We are three years

away from a decision point. We will see how it goes, see how things succeed—

Mr. Plohman: That is the intent?

Mr. Findlay: The intent right now is it is a three-year period and, hopefully, people are in a position to make a decision at the end of those three years. That is eight out of the 20. The other 12 have already started to make their commitment by finding financing elsewhere to make a purchase of a portion. There is nothing dyed in the wool exactly for what happens three years from now. We will have to adjust as time goes by and see how it succeeds.

Mr. Plohman: That is right. Nothing is dyed in the wool for three years from now.

What the minister has done here, I think what the corporation has done is an interesting option that I think is certainly a positive move from what we were discussing last year. I believe at that time the minister was simply indicating he was going to be willing to look at something else, but he had not indicated that they had actually developed a program.

I think this is a positive thing, and so far as how successful it will be, I guess it remains to be seen. An eight-year period is certainly better than a three-year period total and then go for sale. We just did not think that was reasonable.

The minister likes to talk about Saskatchewan once in a while. Has he found out what they are doing with their leasebacks? Are they doing as much as we are in Manitoba yet? Has it been developed? Has the minister received any information on that?

They did have some temporary measures announced on January 8. Then on March 27 there was a news release that said that leasebacks were now going to be taking place, and it was not only MACC, it was all lending institutions. Has the minister looked at that in terms of leasebacks with other lending institutions in Manitoba? This is only MACC we are dealing with through the Mediation Board. MACC is the lender under those circumstances. Are they talking about having this done as a voluntary thing by the banks?

Mr. Findlay: In Manitoba?

Mr. Plohman: Yes, they are doing it in Saskatchewan. Have you looked at that for Manitoba?

Mr. Findlay: In terms of in Manitoba, FCC does their own leasebacks. They have their own, some form of an equity accumulating option also. The banks, their policy varies, and if there are leasebacks, they tend to be very short term.

In terms of what Saskatchewan is doing, Saskatchewan does not have the full equivalent of MACC. Agricultural credit in Saskatchewan only guarantees loans. It does not offer mortgage money as a Crown corporation as we do here in Manitoba.

What Saskatchewan is doing with regard to the six-year required leaseback that they seem to have negotiated with the banks and credit unions—

An Honourable Member: Six years?

Mr. Findlay: Six years is my understanding. We have not seen any detail on it. The only thing I have seen is that that is the intention. I think that press release you are looking at probably indicates the details are in the process of being worked out. When they get those details worked out, we will certainly be looking at it and seeing to what extent it will be successful there or whether it does restrict the access to money for farmers or increases the interest rates or whatever it does. We will be watching what happens with interest.

Mr. Plozman: The minister did reference the restricting of money, and of course this is being done, as I understand it, all voluntarily through negotiation with the banks as opposed to something that is being imposed. It started as a voluntary moratorium for a three-month period while a committee took a look at various options.

My understanding is that this has been negotiated with the banks as opposed to something that is being legislated as an imposed requirement and that they are going along with it. It seems to me that if that initiative is taken and it is agreed to voluntarily that that is a desirable way to go certainly in terms of insuring that there is not a move by the financial institutions to start holding back on credit for farmers.

Mr. Findlay: As I have said, we will watch with great interest what happens there. My understanding is that whether it is voluntary or not, the leaseback is mandatory for six years after a quitclaim or a foreclosure. We will see what the detail is of it and analyze it as to whether it is something that is usable elsewhere or it is not.

Mr. Plozman: Is the leaseback price rate 5 percent of the market value in all cases in Manitoba under the MACC leaseback provision? Is that the rate?

* (2210)

Mr. Findlay: Under lease fees, there are four different programs or options here.

The first is, many of the properties are tendered; public tenders are called for to lease the land. Obviously the lease rate then is established by the highest bid.

Secondly, there is the negotiated settlement where the rate is set at 5 percent of the appraised land value plus taxes and 10 percent on the building value.

The third one is the land buy-back program. That is the one we just talked about, where they enter into the equity accumulating option. The rental rate is set at 5 percent of the land value plus 10 percent of the building value.

The fourth one is the land lease option. This is the land that MACC purchased years ago. The rental is set at 6 percent of the appraised value, but the long-term leases in this case are usually for about 20 years.

Mr. Plozman: The minister talked about public tender. That was only when that is land that is taken, repossessed and then sold or leased to another person, not the farmer who lost it, he is talking about in those cases. The others are all negotiated settlements where the individual is retaining that land on lease options two and three.

Can the minister indicate what he has done with the interest rates? MACC now are having a drop every week except in HydroBonds and—[interjection] Oh, this is insider information.

Mr. Findlay: The most prominent loan is 15 years. The interest rate for '89-90 averaged 11.2 percent; '90-91 it averaged 12.2 percent; and for '91-92 it averaged 10.8 percent. Throughout each year it is adjusted about the middle of the month for the next month.

Throughout '91 it varied between 10 and 11.6 percent. Right now, we are at 11 percent. We generally run a half percent below FCC and about a full percent below the banks and credit unions in a competitive sense for 15-year mortgage money.

Mr. Plozman: Is the minister saying that the banks are 12 percent for 15-year mortgage money right

now, because he said he is at 11 percent and they generally are a percentage lower.

Mr. Findlay: If the member is comparing to the banks, he better check what years are involved. The higher the number of years, the higher the rate. I can tell you, you can go into a bank right now, you may get 9.25 percent for one year, but for three years it is 10.5 percent. We are talking 15 years here, and the banks will not give you anything beyond. I think five years is the maximum they will give you any locked-in interest rate for.

We are giving a locked-in interest rate for the entire term of the loan plus no disincentive for early payment. We are, as I said, in a comparative sense, below the competition right across the board.

Mr. Plozman: Yes, well, it was not clear in the minister's answer that this 15 years was not broken down and amortized over 15 years, but renewable every five or three or whatever it might be. If it is 15-year full term, then that rate is perhaps much more attractive, although I think they would be better off to take a much shorter term amortized over a longer term.

Is that option available, where the individuals can take a 15-year mortgage, but have it renegotiated open or variable or renegotiated every year or every three years, because of the low interest rates right now? Is that option made available?

Mr. Findlay: In terms of the interest rates that we gave earlier, I mean a lot of our business is with young farmers where the 4 percent of interest reduction applies for the first five years. The effective rate is considerably less than what I quoted if you are a young farmer.

In terms of the shortest term that we will lend money for the mortgages it is five years. That rate, if we are looking at the '91-92 average, as I gave you before, was 10.8 percent for 15 years; for five years it is 10.15 percent.

Mr. Plozman: Mr. Acting Deputy Chairperson, MACC is at what right now for five years?

Mr. Findlay: Okay, right now, what we are at for 15 years is 11 percent, for five years it is 9.875 percent—so a little more than a percent below.

Mr. Plozman: The shortest period is for five years and it is at 9.875 percent right now. Can the minister indicate whether he has looked at allowing some of these loans, which are locked in at 12 percent for example, to allow those farmers to buy down with

some subsidy to lower their interest costs? This was done a few years ago.

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

* (2220)

Mr. Findlay: Well, as I said earlier, the interest rates that I quoted, 90 percent of our business is with young farmers, so you subtract 4 percent for the first five years off what I quoted.

The other thing is that our mortgages are open to full payment at any time without penalty, so anybody who thinks that they can access the money cheaper somewhere else can walk in and pay their full mortgage off, no penalty, and negotiate a lower mortgage somewhere else if they can find that.

Basically we are below the competition consistently. Subtract 4 percent off the rates I quoted at 11 percent today is 7 percent, and there is nowhere else in town you would even have a sniff at that kind of business.

Mr. Plozman: The minister said that the portfolio is—what?—90 percent of those loans? Did I hear him correctly?

Mr. Findlay: Are to young farmers—that is, 39 years of age and under.

Mr. Plozman: The minister has no plan at this time to allow for any buy-down for those remaining loans. Is there an interest rate that is higher actually on the books now for some farmers who are carrying a 15-year mortgage than the ones he mentioned—12.2 percent for '90-91?

Mr. Findlay: We have over 7,000 clients and over the course of the past few months, 174 of those clients made inquiries about acquiring a lower interest rate. As I said earlier, our mortgages are open to full payment at any time without penalty. Ten of them sought to pay it out and refinanced their mortgages with MACC; 47 refinanced their mortgages elsewhere, in other words, paid out MACC and refinanced their mortgage at some other institution.

Mr. Plozman: The average interest rate for those 174 clients was what?

Mr. Findlay: We would have to go back and look in the files, but the highest we think it could probably be would be as high as 13 percent, but it is hard to say what the average is.

Mr. Plozman: Okay, no more questions right now.

Mr. Gaudry: Going back to the first questions on decentralization, you said there are 20 positions; 28 local people were hired in Brandon. What happened to the 20 people in Winnipeg? Were they transferred to other departments?

Mr. Findlay: In terms of the 20 that did not move with the relocation to Brandon, seven took early retirement, and the other 13 found alternate employment in or out of government.

Mr. Gaudry: So the ones that opted out for early retirement, they were offered a severance package, or it was their choice?

Mr. Findlay: They all took the early retirement severance package.

Mr. Gaudry: In giving us the details in breakdown tomorrow, can we have that breakdown of the severance package cost for those that would have chosen so?

Mr. Findlay: Yes, we will.

Mr. Gaudry: Going back to the MACC loans to farmers, you mentioned that they had the option to pay out their loan because it was an open mortgage. Why are they not given the option to renegotiate the lower rate, like I mentioned to you last week, Mr. Minister, in regards to one that is paying 13 percent interest right now whereby he still has two and a half years to go and he had a five-year loan.

Mr. Findlay: I think it is fair to say that money does not grow on trees. Finance acquires the money at some rate and then they loan it to us at a marked-up rate. So if we are going to offer somebody a lower interest rate, we have to go back and repay Finance at the rate that has already been negotiated earlier, and they have to pay back whoever they got it from at the rate that they had negotiated with them.

So if we went out and renegotiated mortgages down, we could take considerable loss as a Crown corporation and as a government. If you are going to go one way then, when rates go up, you have got to jack the rates up, and nobody would go for that.

Mr. Gaudry: But you mentioned also that some opted out and paid, and then you refinanced them again. So would you not lose out money in those cases at the same time?

Mr. Findlay: They paid back the full amount of the mortgage and then had to reapply. They took the risk of being approved on reapplication. In the intervening period of time they have had to have acquired the money from somewhere in order to pay

it out. So they obviously took a short-term loan with a financial institution to acquire the money for a short term, then applied in order to get accepted back in but, on the payout, the money was there to repay Finance on the original loan that was lent to that individual.

Mr. Gaudry: So your recommendation to someone that wants to do that then is to go and see if he can get the refinance and take a chance that he would be again accepted in MACC to refinance?

Mr. Findlay: Our mortgages are open to full payment at any time without penalty, which is basically not offered by any other lender in this country. You just cannot pay off a mortgage without penalty in the private sector at all. So it is a unique option that is available by MACC and the producer has the right to do that at any time. If he can acquire the money cheaper somewhere else, get it there, and come and pay us off. He is happy, we are happy, and he carries on.

Mr. Gaudry: If you are saying that you have borrowed this money for a five-year term, you say that you have received the money to pay out the loan. Are you not losing also? Have you got an open mortgage with where you are getting your money from?

* (2230)

Mr. Findlay: If somebody walks in—and let us say he has a 15-year mortgage—after five years and wants to pay it off, I mean, that is the way we operate, and that is open to him. If he had 13 percent money, we would collect it as 13 percent up to that time, but when he comes in and pays it off, then the account is closed and we deal with finance at that point. If we left it wide open, I mean anybody could negotiate any time the interest rates changed. It would be very difficult to manage the corporation. No other institution allows you to do that—no other one.

I say that the cleanest way to do it is, if you want to pay it out and go somewhere else where it is cheaper, that is the way to do it. On that basis, we allow that to happen. We cannot allow it happen monthly or every few months. If the rate goes down, people run in and renegotiate. It would be a nightmare for us, and we would continue to lose money and all that. As you well know, nobody would be prepared to do it the other way when the interest rate goes up.

We have a pretty attractive program in terms of being open ended, in terms of no penalty for prepayment. So if a person does come into money or does find a lower interest rate somewhere, especially after his five years of interest rate reduction, as a young farmer, it is open for him to do that.

There are some young farmers, too, who take that 4 percent interest rate reduction and apply it directly against the principal each year, just quickly, into a 15-year mortgage, and at the end of eight or nine years, she is all paid off. That is good management on their part.

Mr. Gaudry: In regard to MACC land for lease or for rent that went out for tender early in the new year, is that tender information available to members of the Legislature?

Mr. Findlay: In terms of the successful tenders?

Mr. Gaudry: Yes.

Mr. Findlay: In terms of a tender call that is put out, the bids come in, the successful bidder is notified that he is successful and the unsuccessful ones are notified. We have not supplied the information to anybody else as to who the successful tenderer was. If the members wanted to know on certain parcels or whatever after both the successful and unsuccessful bidders have been notified, personally I have no problem with allowing the members to know. But definitely all the bidders had to have had prior knowledge as to whether they were successful or unsuccessful.

Mr. Gaudry: Well, that is fine.

Mr. Deputy Chairperson: Item 3. Administration \$3,645,600.

Mr. Plohman: Yes, subject to the information that we have in questions on it at a future sitting.

Mr. Deputy Chairperson: That is correct. We have already got the agreement of the committee on that.

Item 3. Administration \$3,645,600—pass; Net Interest Cost \$3,437,500—pass; Allowance for Doubtful Accounts \$2,500,000.

Mr. Plohman: Yes, is there a reason why this is dropping each year, other than that it defies reason in terms of the economic conditions that farmers have faced in the last number of years? On the surface, it would look like farmers are in a better position financially in terms of their loans, and yet they have had some very lean years, particularly in

the grains sector in the last while. Maybe a large part of the clientele here are not in the grain farming business. That might explain why they might be in a better position with Doubtful Accounts. Can the minister shed some light on that?

Mr. Findlay: In terms of the expected write-off that will occur over the next year in terms of the staff in the field offices and the head office, they expect that the draw to be actually about \$1 million less than last year. Last year it budgeted \$3.5 million that was used this next year with the state of accounts, and the fact that producers are doing a better job of paying their accounts, the expectation is that the need for the allowance for next year is \$1 million less than has been in the previous budget.

A year ago, at the end of December I believe it was, 87 percent of MACC accounts were paid; at the end of December this past year, it was 95 percent. So the producer is doing a better job of meeting their commitments in terms of payments to MACC.

* (2240)

Mr. Gaudry: What is the percentage of collected doubtful accounts that you set up in your books at the end of the year? What is the percentage that you have collected in the past year, let us say?

Mr. Findlay: I think the member was asking if somebody has entered in terms of recoveries when somebody is classed as a doubtful account. The best we can say is, although we do not have a definitive definition of when it is really a doubtful account. I mean somebody is in trouble, you start the process of discussion with them, and you attempt to collect and attempt to negotiate some kind of process of repayment catch-up with them, otherwise they go to the mediation process.

When they reach the position of being called a real doubtful account, maybe 20 percent is collectable thereafter. Once they enter the books as a doubtful account, that is done, that is an uncollectable account.

There is a long process between when the flag goes up and before the books are closed on that account, as to whether it is back into the good books in terms of making its payments or it has gone through a debt-review process and some resolution has occurred, and there has been a locked-in loss that enters the doubtful account. Staff are saying roughly maybe 20 percent.

Mr. Gaudry: That answered my question. What I was looking at is I know in private industry your auditors will allow you only to keep those for a certain amount of years, and then you write them off. But during that course of one year or two years, you do get some recovery in your doubtful accounts. That was the purpose of my question, to see what was the percentage. I appreciate it.

Mr. Deputy Chairperson: The Allowance for Doubtful Accounts \$2,500,000—pass; Special Farm Assistance \$680,000—pass.

Resolution 8: RESOLVED that there be granted to Her Majesty a sum not exceeding \$10,263,100 for Agriculture, Manitoba Agricultural Credit Corporation, for the fiscal year ending the 31st day of March, 1993—pass.

We now move on to item 4. Agricultural Development and Marketing Division (a) Administration: (1) Salaries \$104,600.

Mr. Findlay: Can we take a break for five minutes?

Mr. Deputy Chairperson: A five-minute recess? Recess, five minutes.

* * *

The committee took recess at 10:45 p.m.

After Recess

The committee resumed at 10:57 p.m.

Mr. Deputy Chairperson: Order, please. Just before our recess, we were dealing with 4.(a) Administration: (1) Salaries \$104,600—pass; 4.(a)(2) Other Expenditures \$10,900—pass; 4.(b) Animal Industry Branch: (1) Salaries \$1,416,400.

Mr. Plozman: The dairy lab is in this one, but there may also be the—yes, The Animal Husbandry Act comes under the administration of this section. I indicated to the minister, on speaking to second reading of the bill, that we wanted to have some information on the expected results of the privatization of a number of functions from last year. He might want to deal with those in various branches or just deal with them as they come up with the branch one by one, with each branch where they were housed.

There was the Semen Distribution Centre, I imagine was under this section of the Animal Industry Branch. Was it, prior to it being sold to Western Breeders?

Mr. Findlay: Vet Services.

Mr. Plozman: The veterinarian lab was under that service as well, so both of those were in that section. There were a couple of others, the Soils Lab and the Feed Analysis Laboratory. So we will deal with those. They are in this section of the department, they are not in this branch.

Insofar as these staff, were any of the staffing in this area seconded for the purposes of GRIP, any of these staff involved?

Mr. Findlay: In terms of the Animal Industry Branch, there were very, very few—the odd one in the first couple of months, but really very little.

Mr. Plozman: Is this where the report in the administration of the Milk Prices Review Commission is now going to be housed?

Mr. Findlay: The Natural Products Marketing Act.

Mr. Deputy Chairperson: Item 4.(b)(1) Salaries.

Mr. Gaudry: Yes, out of this staff, were any of those positions decentralized in rural areas?

Mr. Findlay: In vote 4, you mean?

* (2300)

Mr. Gaudry: Yes. Out of the 35.4—

Mr. Findlay: In terms of the Animal Industry Branch, it would be one dairy inspector decentralized Winnipeg-Stonewall.

Mr. Deputy Chairperson: Item 4.(b) Animal Industry Branch: (1) Salaries \$1,416,400.

Mr. Plozman: Yes, just a question on the Dairy Lab. Does the minister have any plans to turn this over to the private sector?

Mr. Findlay: In terms of the Dairy Lab, basically the answer is no. The Dairy Lab, the Plant Pathology Lab, and the vet Diagnostic Lab, they are all concerned with health regulations and items of that nature, so there is no intention of privatizing them.

Mr. Plozman: The minister listed in the Supplementary Information that this section is dealing into participating and co-sponsoring a major red meat study for Manitoba and western Canada. Could he give the status of that study and perhaps some terms of reference for it that he may have access to?

Mr. Findlay: We set up the Red Meat Forum which consists of producers and processors in pork and beef. They have met several times, looking at the present state of the industry and future opportunities and potential for the industry. Clearly, they looked at the potential of more north-south trade, more

access to niche markets in the United States or elsewhere in the world.

They put together a proposal and went to Western Diversification for funding. The funding that they were able to obtain was \$361,000 from Western Diversification; \$40,000 from the Manitoba government, \$20,000 of it from Agriculture and \$20,000 from I, T and T; from industry members \$69,000; and the Province of Alberta \$8,500.

They have initiated three studies: Market Opportunities in the North American Market; secondly, the Competitive Position of Manitoba and Western Canada in the Red Meat Production and Marketing; and thirdly, Value-added and Employment Impacts in Manitoba and Western Canadian Red Meat Sector. Those studies are ongoing—some at the University of Manitoba—looking at the ways and means of improving our access, as I said earlier, into the North American market and the specific specialty markets.

There seems to be a better relationship amongst all the players, industry and producers, as they work their way through the issues that they have in front of them, and these studies are ongoing. I am not aware that any of the studies have been completed yet, or have reported back to the Red Meat Forum. The intent of the study was to improve our market opportunities and our market access. As I say, they were able to source some money from the provincial government, and approximately 10 percent of the total, but the vast majority from Western Diversification. The interesting thing is \$69,000 from the industry itself—that is what the study is.

Mr. Plohman: If the minister could just give us the terms of reference for those, it would be helpful, for those three studies, those three portions, if he has it. He just listed the titles of the studies, but no information on how they are approaching it, how they are studying it and what the status of it is.

I am rather surprised, if we are dealing with western Canada, that Alberta would only put in \$8,500, when Manitoba is putting in \$40,000 for this—Alberta being a major beef producer.

Mr. Findlay: In terms of getting a commitment of the money out of Western Diversification, it had to cover more than just Manitoba, and it had to cover western Canada. We attempted to get money out of Saskatchewan, and they said no. We got some out of Alberta.

Primarily the thing we got out of Alberta is their co-operation in participating in the process and working with Manitoba as opposed to against us, which is so often the case in terms of fighting us for markets. We will try to work together. I think the process has done a good job, I say, bringing not only producers and processors together, but both processors in Manitoba and Alberta.

I think there is some participation at the industry level in Saskatchewan. I just wish the Saskatchewan government had contributed also along the way.

Mr. Plohman: Maybe it was Grant Devine who refused that one.

Mr. Findlay: Who knows, eh?

Mr. Plohman: The minister is saying, who knows? He must know. I would think that the processing end of it would be part of the subject of the study since we have lost processing capacity over the last number of years, and some options as to what we could do to gain that back would be good to come out of this.

I guess Alberta is sitting pretty smug with the kind of facility that they have been able to attract through financing, as well, at High River with Cargill involved in it. So we have lost to Alberta a substantial amount of our capacity here. I am wondering if the minister has asked that this be a major subject of one of the studies. I did not gain it from the headings of the studies that he gave.

Mr. Findlay: Certainly, the ability to demonstrate to somebody in the business that Manitoba is a good place to invest is something that is on top of everybody's mind in the red meat sector or the beef sector. We only have Burns here in Winnipeg and Western Beef at Beausejour that are involved in processing small numbers really, and the vast majority are processed either west or south of here and some east.

I have to remind the member that although that is the situation in beef, in pork we are very well positioned in terms of having four processors involved in the province between Burns and Schneider and Forgan and Springhill or Olymel. So we are well positioned with four competitors for the hogs produced in Manitoba.

Alberta really has two plants, Fletcher's in Red Deer and Gainers in Edmonton. I see last week that the Alberta producers have voted to take over producer control of the Fletcher's plant, take control

in terms of an elected board from the producers as opposed to the board running it. That was a vote that was held.

We still will continue to pursue the Alberta Government to get out of Gainers and sell it so that it can compete on a level playing field with the other processors in Alberta and in Manitoba. Certainly, the Manitoba processors do not like competing with Gainers because they are not sure that they are dealing on a level playing field when they are dealing with Gainers.

I think on the pork side, we are well positioned; but on the beef side, the door is always open to try to attract somebody to invest in a plant here. Whether it is somebody that is presently in the business in Canada or whether it is bringing somebody in from outside the country, to me, it does not matter provided they are willing to make the investment and set up the plant.

Whether it will happen or not remains to be seen. The only good sign we have in Manitoba is that our cow-calf numbers are growing faster than any other province at this time. People in the cow-calf business are doing quite well, have done for the last five or six years. That is where the best money is being made right now, in the cattle business.

The feeder associations that we authorized the setting up of, I think it is about 11 that are in the process either formed or forming. Feeder loan money available through Manitoba Pool is also growing, several thousand head involved there. So there are steps in the right direction, but the big step we need is somebody to come in the processing side and decide to make an investment in this province.

* (2310)

Mr. Plohman: Yes, just that Western Beef has been talking, at least indirectly I have been made aware, that they were exploring options for expanding their operation in Manitoba. Has the minister been in discussion with them in any way and offered any kind of assistance to help them in this?

Mr. Findlay: Yes, we have talked with the individuals at Western Beef, but we are not in the business of offering assistance. The assistance available is through Industry, Trade and Tourism. It is not through the Department of Agriculture.

We also think that given the Saskatchewan budget of last week, again, we are a more attractive

place in the finishing business in terms of taking away the Crow offset money and putting a surtax in place and the fuel tax. We heard analysis out of Saskatchewan that it is going to either cost them \$50 more or end up with a net bottom line of \$50 less as a result of those budget initiatives taken in Saskatchewan, about \$30 an animal in the Crow offset and \$20 on the other components. Maybe it will shift some more of that finishing business out of Saskatchewan back in this direction. At least we are on a pretty level playing field now with Saskatchewan, between Saskatchewan and Manitoba, in terms of the finishing business.

Mr. Plohman: I guess the minister is saying that he is pleased that Saskatchewan finally has a government that has come to their senses with regard to competition in the Crow offset. Is that really what he is saying with regard to the Crow offset? I mean, we have been talking about this, you know, having freer trade and fewer barriers and a fairer system in western Canada, and we finally got a government that realizes it there. It is good to see the minister is appreciating that.

Mr. Findlay: We have an industry that was growing even before that happened, so I know they will say, we will grow more now. Yes, it is a lot more of a level playing field.

Mr. Plohman: We had, I guess, nowhere to go but up in the beef area, and it is good to see that is happening, although we still do need the processing. I guess there are a lot of producers interested in exploring, even if it is some type of co-operative approach—the minister mentioned Fletcher's being taken over by producers in Alberta—to explore those kinds of options.

It would seem that the minister, although not in the business of offering perhaps specific assistance, certainly encouragement and directing people to the right authorities would be within the role of the Minister of Agriculture. That is why I asked what assistance he has offered, and encouragement and options, so that this could be received with enthusiasm by the ministry as opposed to a "well, I wish you guys luck" type of thing.

I wonder what approach the minister has taken in that. I would encourage him to offer at least a great deal of enthusiasm if nothing else.

Mr. Findlay: The member mentions people who are interested, in a co-operative sense, in trying to

initiate something to happen. Clearly the Grow Bonds open a door, in some sense, for people if they want to try to bring a partner in who is experienced in the business and get a plant started. The door is there if people want to get involved in investment to bring a plant here.

I would caution anybody who thinks that it is an easy business to get into. I say, it is a cutthroat business at the very best, and you had better be dealing with people who are very experienced in the business and know how to compete.

In talking with some of the people who are doing a bit of work on those studies, they would indicate that niche markets clearly do exist right locally here in Manitoba as well as not too far from here into the south. If you can find a market that wants a special kind of beef commodity that you can process here, there may be a dollar to be made, but in terms of competing with the Cargills of this world, in terms of kill and slaughter, it just is very, very difficult, to put it bluntly.

We have to find some special markets, where you can get a premium for the product you are going to put into that market on a consistent basis.

Mr. Plohman: That is precisely, Mr. Deputy Chairperson, the area that we thought the minister might assist in. I am sure the study that is being undertaken might identify some of these opportunities but certainly what type of markets might be available on a smaller scale, because we do not expect that anyone is going to just move in and start competing with the Cargill operation. That is not, I guess, a feasible option.

There must be on a smaller scale a number of niche markets in products that might do very well here in Manitoba. That is what has to be identified, those opportunities, and then some type of encouragement and assistance with enterprises like Western Beef, who are indicating, it seems, a desire to do a little more than they are right now.

Mr. Findlay: Clearly the intent of the study is to go in that direction. I might say that Western Beef has recently been in discussion with a group of Japanese business people who have been over here looking for beef and have been out there looking at the plant. So we can hope that out of those contacts come opportunities for special types of beef or special markets.

Actually, the Japanese market is looking for more highly marbled beef than what we traditionally use

here in Canada, but it is important that we do promote those kinds of contacts and try to assist in bringing customers and processors together to negotiate potential opportunities.

Mr. Plohman: Well, again, I would just like to emphasize to the minister, we would like to get those terms of reference for those studies, if he can table them with us and provide them to us as soon as possible.

I just had been approached by phone some time ago by this Alberta outfit that tries to market beef in Manitoba, Prime Cut, I believe. They have pamphlets on everybody's doorstep, in any event. It is very aggressive. It is all packaged beef at a very good price. They asked me whether I wanted to try their free sample of hamburger. They did not say where they were from, but I asked a few questions, and I told them that I was not interested in them undercutting our beef industry in Manitoba and that I would not be purchasing, nor did I want their sample.

So I think what we need is more people in Manitoba aware of where this beef is coming from so that there will be some desire, perhaps, by certain consumers to just say: no, we want to support the industry here in Manitoba. I think it is Prime Cut that has been offering this. They drop their pamphlets off, and now samples, to try to get people to bring a sample over. Then they interview, and they want to make an order at that time.

So I think maybe there is a need to do some publicity. Now, I would not want to put up barriers in Manitoba, but certainly we can encourage our local consumers to buy locally. It is good for all of us if they do, in terms of the local economy. So I mention that to the minister just in terms of perhaps—I do not know how much is spent here in terms of promotion and communications and publicity about beef and so on, but it is something that, I think, there should be more of in terms of emphasizing the need to support locally grown beef.

Mr. Findlay: Just in terms of the general discussion we are in at the moment, this business of door-to-door selling is being very aggressively utilized by Schwan's. Not only do they start out selling ice cream, but they sell a lot of other commodities door to door.

* (2320)

I had a discussion with them several months ago; we were in Neepawa. They are aggressively trying

to source the vast majority of the commodities they are offering for sale from Manitoba suppliers. I cannot remember specifically what the commodity was right now, but they were saying they are having trouble finding it in Manitoba. We came back, made some enquiries and had a couple of people who actually had that product phone them. So hopefully they started to do business on that commodity in Manitoba.

They are specifically trying to sell Manitoba products on a door-to-door basis, which is interesting because that sort of went out with the Watkins dealer, but it is coming back in now. I think they are quite successful in that process, but selling a wide variety of commodities and, as I say, mostly Manitoba food commodities where and when possible.

Mr. Gaudry: The minister mentioned Grow Bonds. Has there been any identification of a certain community where they have raised the sale of Grow Bonds to start some sort of business in the agriculture industry or food industry?

Mr. Findlay: In terms of the department, we have been asked for input on a few projects that are being developed, but in terms of specific Grow Bonds that are on the way, you have to ask the Minister of Rural Development (Mr. Derkach). I am aware of at least two that are definitely well along in the formative stages, but there are lots under consideration.

Mr. Gaudry: Mr. Deputy Chairperson, in the Expected Results here it says, "Register all milk producers and license all dairy processing plants in Manitoba." Are there still some milk producers who are not registered in the province? You say, "Register all milk producers and license all dairy processing plants in Manitoba." Are there any milk producers who are not registered with the province?

Mr. Findlay: For health reasons, obviously, we inspect all dairy operations in the province. Therefore, they are registered in order to be able to ship milk to the processors here in the province. It is done for health reasons, inspect the facilities in cleanliness and be sure that they are following the accepted guidelines.

Mr. Gaudry: Are there still some milk producers who sell directly to the consumer?

Mr. Findlay: Are you referring to raw milk?

Mr. Gaudry: Right.

Mr. Findlay: The federal government, under Health and Welfare, has recently passed a regulation that no raw milk shall be sold. You asked the basic question: are some still doing it? It is probably safe to say, yes, some still are doing it. Technically it is against federal law to be selling unpasteurized milk for obvious health reasons, but it is fair to say obviously some is still happening in the province.

Mr. Gaudry: Also "Provide support, direction and evaluation to industry studies, joint ventures and research projects," are there any new joint ventures that can be announced that have happened in the last 12 months?

Mr. Findlay: In terms of trying to promote new and better opportunities in the industry, clearly in terms of sort of joint venturing, what was being initiated under the Red Meat Forum could well lead to that sort of thing.

Recently at the beginning of May when we were in Edmonton, I met with the Alberta government, the Alberta hog board and Manitoba hog board. The four of us met, looking at new opportunities that might be done for the industry as a whole in western Canada. That sort of discussion, an opportunity analysis, continues on an ongoing basis, where and whenever it looks like it is feasible to do it.

Ms. Wowchuk: I had the opportunity to attend the meetings in Brandon on Friday, the one sponsored by the Department of Rural Development and the newspapers. At that meeting there were a couple of presenters, and one of the people who spoke—her name escapes me at the present moment—but she read through the various speciality, different kind of animals and birds that were being raised in Manitoba and the potential for growth in those areas.

One of the areas that she said that we are missing the boat on here in Manitoba is game farming. I want to ask the minister, is there anybody in this department doing any research on game farming in Manitoba?

Mr. Findlay: The person you are referring to is Janet Honey from the department who spoke on a number of livestock opportunities that could exist, and game farming has been talked about for some time. There are buffalo that are being raised right now, wild boar. But I think when producers talk about game farming, they are thinking more specifically of elk, elk ranching. People can do it in Saskatchewan and Alberta. But there has been a

lot of dissension, I guess, on that topic, a lot of concern about diseases, tuberculosis particularly, and mixing of domestic animals with wild animals.

So that we are not in a position to be moving forward on that particular item in the foreseeable future, until there is a greater willingness by society at large that that is something they want to see in the province of Manitoba. There is no question that opportunity does exist, particularly for breeding animals for the velvet—you know, it is sold as an aphrodisiac, particularly in China, I guess. It is a pretty good market for it.

But we are not in a position to get into that business in the province right now because of all the concerns that there are. I think one other concern that maybe led to increased poaching, which clearly we do not want to see happen, given some of the terrible incidents with the black bear in the past years.

There is interest, there is no question, and there is opportunity, there is no question. But there are some grave concerns on the part of society at large about getting into it. There was one example, a pilot project, as they are called, up at Swan River, which the member probably is well aware of, a few glitches occurred in the process of running that experiment. I would be the first to say that there clearly is opportunity, but until society as a whole is ready to accept it and the concerns about disease and whatnot can be dealt with.

* (2330)

You know, the recent scare up in the Rosburn area, with tuberculosis in beef cattle that just raised the concern again on TB, which we thought was eradicated from our livestock in all of western Canada. I guess it is fair to say that there were a lot of animals slaughtered there, as they tried to be sure that they got any potential reactors.

As far as I am aware, it has really taken care of the issue. They have got them all, yes. But you do not want to let it get away, and I know some of the producers affected were not happy the way things were so slow in terms of transacting. But it is important that we do keep on top of that disease. So as long as there is concern about TB and elk, thought to maybe sometimes be transmitters of TB, they do not want to see them domesticated.

To tell you the honest truth, I have not ever been made aware that any elk have ever been found in Manitoba with tuberculosis.

Ms. Wowchuk: Mr. Deputy Chairperson, yes, thank you for providing me the name, I just could not remember it was Honey's name. She spoke particularly about elk and deer and moose as the potential areas for growth.

What I am wondering is, is this department doing any research as to the value-added that could come from that industry, if it were to go ahead? Has this department done any research, are there any statistics on tuberculosis or other diseases? Are you doing any comparisons with other provinces on the risk of disease coming with animals in captivity?

Mr. Findlay: I would have to say that, no, we are not actively researching it in any great context. A little over a year ago we were in Saskatchewan at a ministers' meeting, and they took us through a game farm that had elk on it and showed us all the procedures that they use and how they handle them. The guidelines for handling looked very, very responsible to me, but we are not proceeding to get involved in that in the province at this time in Manitoba until the concerns of the wildlife people are radically dealt with, or they feel that the examples in Saskatchewan and Alberta are leading in the right direction.

Ms. Wowchuk: Ms. Honey is departmental staff?

Mr. Findlay: Yes.

Ms. Wowchuk: Then if she is departmental staff when she was making this presentation, was she then sort of floating a trial balloon to giving possible department policy on game farming, farming of elk and deer and moose?

Mr. Findlay: No, I think she was asked to make a presentation on terms of opportunities in the livestock total and, because game farming is going on in Saskatchewan and Alberta, I am sure she raised it as a potential, as something to make people aware of that it can be done. There are procedures under which it can be done in a lot of people's eyes responsibly, but no trial balloon. It is basically her initiative to bring forth all the possibilities that exist whether it is ostriches or whether it is elk or whether it is buffalo or whatever or a wild boar or whatever it is. There are people in a number of so-called wild animal raising, but I would say wild boar and buffalo would be two of them for which there are specialty markets from which they can extract a much higher price per pound because they seem to be lower cholesterol and higher protein meat. It is not

something we are pursuing. We certainly have had inquiries of people that want to get into the business.

Ms. Wowchuk: I guess the member for Dauphin raises a fact that will result from that meeting, because there were people who in being there became more aware of the possibility and it could raise pressure on the minister to pursue those type of ventures. Is that something that the department will pursue if there is an interest out there?

Mr. Findlay: There is already a game farm association that is in place in Manitoba. There are people that are constantly lobbying for it and wanting the province to enter into it, but as I said earlier we are not moving in that direction at this time. It would take some convincing to prove the concerns raised have been adequately dealt with in a responsible fashion particularly the disease side of it.

Ms. Wowchuk: The game farm association then, would it fall under the Department of Agriculture or does it fall under the Department of Natural Resources?

Mr. Findlay: The only way they can farm game animals right now is a permit under the Department of Natural Resources.

Mr. Plohman: Just a question about the Williamson's game farm. Is this the branch that dealt with the issues that were raised there? Dr. Baker, was it? Is that in the Animal Industry Branch?

Mr. Findlay: Under The Animal Diseases Act, yes, Dr. Baker is under this branch.

Mr. Plohman: Well, I looked at The Animal Husbandry Act, The Dairy Act, The Livestock and Livestock Products Act and The Margarine Act and no mention of The Diseases Act, so I just wonder—

Mr. Findlay: The Veterinary Services Act.

Mr. Plohman: Okay, we will go on to that then. We will leave that for that other section.

Mr. Deputy Chairperson: Item 4.(b)(1) Salaries, \$1,416,400—pass; (2) Other Expenditures, \$570,700—pass.

Item 4.(c) Veterinary Services Branch: (1) Salaries \$1,373,600.

Mr. Plohman: I would suggest that we might want to consider rising. We have quite a number of areas to discuss in this area, and I am expecting my ride to be here in about five minutes. Unless it is extremely inconvenient for the minister's staff, I

would rather see us rise at this point and come back to this on Tuesday.

Mr. Deputy Chairperson: What is the will of the committee?

Committee rise.

EDUCATION AND TRAINING

Madam Chairperson (Louise Dacquay): Order, please. Would the Committee of Supply please come to order.

This section of the Committee of Supply is dealing with the Estimates for the Department of Education and Training. Would the minister's staff please enter the Chamber.

We are on page 43, 5.(c) Red River Community College.

Mr. Reg Alcock (Osborne): While we are waiting for the member for Wolseley (Ms. Friesen), perhaps the minister could start just by explaining the note to the elimination of \$100,000 in recoveries as a result of special operating agencies status for the provincial garage?

Hon. Rosemary Vodrey (Minister of Education and Training): The provincial garage was set up as a special operating agency and so the numbers will flow through as revenue rather than as a recovery.

Mr. Alcock: Yes, the Minister of Government Services (Mr. Ducharme) was talking about this in another meeting at a committee I was in. The question is: Is the \$100,000, fees that are paid for work done by the shops at Red River?

Mrs. Vodrey: Yes, Red River Community College does do work in its shops on damaged or on wrecked vehicles, and the province does purchase these as fleet vehicles for use with the government.

Mr. Alcock: Madam Chairperson, the minister, in describing this new status for the provincial garage, also suggested that organizations which were purchasing vehicles through the government purchasing system, through the provincial garage in the past, would now be free to accept tenders from other suppliers as well as the provincial garage in an attempt to make the provincial garage competitive. I am wondering whether or not Red River will be seeking tenders outside of the provincial garage for any of the work it requires.

Mrs. Vodrey: Madam Chairperson, I would just like to clarify. Red River College purchases vehicles

from Autopac, and then Red River Community College within the shops does the repair on those damaged or wrecked vehicles, and then the provincial government will purchase those vehicles from Red River Community College. It is not that the college pays to have work done in the provincial garage.

Mr. Alcock: Does Red River itself operate a fleet of vehicles?

Mrs. Vodrey: No, Red River Community College does not have its own fleet of vehicles. Any vehicles assigned are from the Government Services fleet which are assigned to Red River Community College.

Mr. Alcock: Madam Chairperson, so in the future, though, under this new policy and this new special operating status for the provincial garage, Red River would be able to tender or accept tenders for the vehicles it requires from other suppliers than the provincial garage. Is this the case?

Mrs. Vodrey: The tendering process, my understanding is, is who Government Services purchase their vehicles from, and there is not a tendering process that I think the honourable member is referring to for Red River Community College.

Mr. Alcock: I shall not pursue this line of questioning. It is not a big issue. I think the Minister of Government Services (Mr. Ducharme), as I understand it, is attempting to move the provincial garage in a rather innovative direction that would have it competing with other suppliers in providing services to Red River and other places. It is a fairly new policy and may not have been brought into effect at the colleges yet. It is not a significant issue. I just happened to notice that reference here.

The other question that I did want to pursue for a moment was this question of course generation. The minister has spoken at some length about how courses are chosen or the kind of work that is done in determining what is an appropriate new offering and what is one that should no longer be offered. We do not need to recover that ground.

I am just interested in the work that was done subsequent to the signing of the Free Trade Agreement and all of the discussion about labour force adjustment, including the very detailed report that was written on labour force adjustment, Adjusting to Win, which included a lengthy discussion of the need for retraining.

I am wondering whether or not any of that work is a part of the assessment that has been done in determining what courses are being offered at Red River.

* (2010)

Mrs. Vodrey: That specific document was not used because that document, our understanding is, indicated the best way to assist impacted workers only. The community colleges and Red River Community College, in specific, is providing training to not only impacted workers but also unemployed, also new entrants to the work force. The courses are designed to meet the market demand and to provide an employability for those people studying in the community college courses.

Mr. Alcock: How much co-ordination then is there with the stated policy intentions of the federal government who do purchase courses, purchase slots, I guess, at Red River, and the work that is done to generate the new courses that are offered?

Mrs. Vodrey: I have been speaking about the new Canada-Manitoba Labour Force Development Agreement. In this agreement which is not yet signed, but an important part of that agreement will be a strategy for the two levels of government to work together to look at what the needs are.

At the moment the departmental staff and the staff from the college meet regularly with the staff from CEIC. The federal government does purchase seats within the regular college programming and they also purchase seats in some of the special programs under the market training.

The new course analysis was based on our view of the current market and also meetings with industry representatives. I am informed, however, that the federal government does occasionally come to speak directly about what their needs are and confer with us mutually. But again, we are looking to the signing of the new Canada-Manitoba Labour Force Development Agreement to assist in some of that consultation.

Mr. Alcock: In a school like Red River where there is a great deal of training done on specific pieces of equipment, or types of equipment, or classes of equipment there is a need to re-equip the shops so that they are up to date and able to respond to industry standards.

Presumably, if Red River operates like other government divisions, each year requests for capital replacements are brought forward. Can the

minister give us both some idea of the size of the request for new capital, specifically for the replacement of machinery in the shops?

Mrs. Vodrey: The issue of capital for the community colleges is best addressed, as I spoke of earlier this afternoon, under the appropriation 16-7.

Mr. Alcock: That is fine if the minister assures me that all capital including replacements is carried under that particular line.

Mrs. Vodrey: Yes, it is. I did read out a little earlier this afternoon the amounts that were involved for each of the community colleges under that particular appropriation: \$1.273 million for Red River; \$607,000 for Assiniboine Community College; \$503,000 for Keewatin Community College.

Mr. Alcock: That \$1.273 million for Red River, is that the amount for the replacement of equipment that students will use in their courses, or does that include minor capital for repairs to buildings or other sort of physical plant costs?

Mrs. Vodrey: I am informed that number is for equipment, and that the minor capital repairs that the member is referring to falls under the appropriations of the Department of Government Services.

Mr. Alcock: I am wondering if the minister is able to answer the question, will or may—and I do not mean that because of any inability to answer the question, I mean because of the line we are on. Can she answer the question: What was the request by the college for funds for replacement of equipment versus the amount of money that was granted?

Mrs. Vodrey: That is really a matter for internal discussion. It is not really a figure that would be released really for any discussion under the departments of any of the ADMs at this point.

Mr. Alcock: Well, let me approach it this way then. Is it the position of the college that their shops offer training on equipment. The equipment in their shops is of a kind, type and currency that allows them to fulfill their task of training people for today's labour market.

Mrs. Vodrey: Yes, it is the position of the colleges that they are able to train students with the equipment that we presently have. However, we do acknowledge that certainly there is some limitation in terms of the amount of money available for capital equipment. But I am pleased to note that there was

no reduction in the capital area last year, and this year we have an increase for the three colleges of \$492,000 in the capital budget.

Now, I think it is also important to note that one of the benefits we look to in the movement to college governance is some additional partnerships between the colleges and business and industry. Sometimes with those partnerships comes capital funding, and by way of example I would talk about the partnership with Toyota which has been a benefit to Red River Community College.

* (2020)

Mr. Alcock: Madam Chairperson, yes, it is exactly that area that I am interested in.

There was a figure provided—and this is not in the term of this government; this goes back, I believe, to '86-87—that suggested that collectively, if they were to re-equip their shops and bring them up to current standards, they would require some \$30 million to \$35 million in capital. I am pleased that the government is increasing the funds available for this, and I think one of the reasons that the move to a more independent status is a good one is exactly for the reasons the minister mentions.

I will come back to this in a little more detail when we get onto the Capital line.

Can the minister tell us—she talked earlier today about changes in the way people were accessing courses, and it was specifically in response to a question from the member for Wolseley (Ms. Friesen) about the long waiting list versus the people who are accepted in the courses. You had indicated that was because of the system, that people were asking or were to apply for a whole series of courses because they were not sure which ones they were going to get into. There had been some change in the selection process that would whittle that down a little bit.

I am wondering if that change also applies to the part-time courses. One who is an occasional student in the computer program there, I know that at least the last time I took a course, which was only about seven months ago, eight months ago, one had to line up at 5:30 in the morning in order to make a slot for a program that was opening at nine in the morning.

Mrs. Vodrey: Madam Chairperson, I am informed that the part-time courses that the member is referring to are different than the full-time courses, and that for a part-time course there is one time

when continuing education students do register and they do register on a first-come, first-served basis.

Mr. Alcock: Can the minister tell me what percentage of the total operating costs at Red River is comprised of fees?

Mrs. Vodrey: Madam Chairperson, I am informed through the revenue Estimates that the fees are approximately \$4.6 million, but you cannot simply take that revenue and put it as a percentage of the expenditure listed within these Estimates, because there are also expenditures through other government departments such as the Department of Government Services and the Civil Service. I am informed that with all of those things considered, fees account for approximately 7 percent of the total.

Mr. Alcock: Madam Chairperson, now would there be a difference between part-time fees and full-time fees? Are the part-time courses self-financing or are the fees that are paid for part-time courses, do they comprise only 7 percent of the costs of operating those courses? You know, 8 percent, 7 percent, I am easy within the range.

Mrs. Vodrey: Madam Chairperson, for the extension students who are parttime, those courses are self-financing for the direct cost, but not for the other costs such as capital and so on. Day students who are part time, fees are on a pro rata basis.

Mr. Alcock: Madam Chairperson, I do not mean to hold the minister to the 7 percent figure. I mean, it may be some number around 7 percent, but it is quite a difference between the portion of the cost of operating the colleges that is supported by fees and that in the universities. The University of Manitoba student fees account for 19 percent of the total operating budget of the university. I believe it is the plan at the university to move that or the plan of this government, I am not sure which, to move that to 25 percent.

Is there a similar policy in place relative to the colleges?

Mrs. Vodrey: Madam Chairperson, well, it is certainly not the plan of this government to move the proportion to 25 percent for student tuition, student funding of the courses in which they are studying.

The issue of tuition fees relating to the university would certainly be expected to be part of the scope and the mandate of the university review which I look forward to announcing. The differential between the proportionate fees of the community colleges and the fees of the universities, it has

tended to be a common practice across Canada, and our differential does not seem to be really out of line with that of other provinces in Canada.

Mr. Alcock: Madam Chairperson, I am pleased to hear that we are not out of line with the rest of Canada; however, what I am interested in is why there is such a differential.

Mrs. Vodrey: Madam Chairperson, well, there are, perhaps, a couple of reasons. The first reason is the historical reason which I have just discussed with the member. Also, it would be important to consider the future earnings potential of students who are attending some of the university programs versus some of the college programs where their earning potential may not be quite as high. Those seem to be two very important reasons.

* (2030)

Mr. Alcock: Madam Chairperson, so the future earning potential is a consideration in the determining of the policy relative to fee setting at the colleges and at the universities, if I understood the minister correctly then, because people who go to certain professions at the university are expected to earn more, and then they will pay more.

I wonder if that holds true across all of the trades and professions that are offered at the college versus the courses that are offered at the university? We do not seem to differ between the fee structure for doctors and social workers or General Arts graduates, at least at the entry levels.

Mrs. Vodrey: I guess a starting point is to say that there is not a differential among college programs. By and large, the college programs are at a maximum two years, and my statements are fairly broad statements. There may in fact be some students who graduate from community colleges who do in fact have an earning potential that is greater than students who graduate from some faculties at the universities in Manitoba.

There is, as I said, an historical reason also, and so I have attempted to give the member some of the reasons why there would be this differential.

Mr. Alcock: Then there is no policy on the part of the government to see fees of the colleges comprise a larger proportion of the revenue of the colleges, and we can see after the move to a new form of governance that fees will continue to comprise this figure of something in the order of 7 percent of the total revenue?

Mrs. Vodrey: There is no formal policy, no formal government policy at this time. The act, as the member may be aware, does say that the boards, when the colleges move to college governance, will set fees in that period. I cannot predict what those fees will be, but we do not expect any significant policy change at that time.

Mr. Alcock: Madam Chairperson, the example that we have is the universities who, while they have that status already and technically they are the ones who set the fees, they are setting their fees with a very clear objective in mind, and that is to move the support costs for the universities, to comprise their revenue base to 25 percent of fees. I am saying that the wrong way.

I guess, the concern is, when we see this move to governance with a government that is prepared to put the universities in the position of having to move their fees to that level, that we will see this same relatively low proportion as the colleges very quickly move to that level or a level somewhere near the universities. I am wondering if the minister can give some assurances that this will not occur.

Mrs. Vodrey: As a starting place, though we are not on the appropriation for the Universities Grants Commission, I still feel that I need to make a point to the member's preamble about this government supposedly putting universities into a particular position. I would like to remind him that this government has increased funding to universities. We have given the second highest increase of provinces across Canada. We have shown a significant commitment to university education.

Now, the member is speaking also about the colleges at the moment. I think that it is very important to note, in this case, that I cannot exactly predict for him what will happen when the colleges move to board governance. But I have told him that I do not expect that those new boards of governors will do anything that is detrimental to the college. They will be acting in the best interests of the public and of the students who will be attending that college.

To remind him, I have expressed many times that I, too, am concerned about students having the ability to proceed on to post-secondary education. I have spoken many times in this House about our Student Financial Assistance program. I think it is very important that students be supported as they

pursue whichever of the post-secondary institutions that they are interested in.

Mr. Alcock: We will, indeed, come back to this when we get to the Universities line. It is a curious thing that, out of all of the concern that is expressed on that side of the House, we have seen the kind of increases that we have seen at the universities over the last four years. We are, indeed, going to talk about that in great detail.

What I am concerned about right now is that we do not see, with the move to governance, this same pattern repeated in the colleges, that under the tender mercies of this government, the colleges are put in the position of having to bring forward 10, 15, 20, and 25 percent increases in their fees. That is the assurance that I am looking for. I suspect it is not going to be forthcoming.

Mrs. Vodrey: As I said to the member, I expect that the colleges, when they move to governance, will be acting in a responsible way. They will be working closely with their communities. That was one of the important parts of college governance, to allow colleges and to encourage colleges to work within their regional area to establish those associations, to know the kind of courses that were required, to encourage students of all ages to attend the community colleges.

So the member is asking me to make a prediction for the time ahead. What I can predict for him is that I do expect, and we as a government expect that the boards of the community colleges will be acting in a responsible way.

* (2040)

Mr. Alcock: Madam Chairperson, I would not want to put words in the minister's mouth, but there is almost a suggestion that the universities are not acting in a responsible way. I think that is wrong. I think universities were very careful to discuss with the department what sort of funding would be available to them prior to entering into the agreements that they entered into. The department was well aware of that. The government was well aware of that. Despite that fact, the government chose to fund them in a way that left them with very few options other than to raise fees to the levels that they have. I would be deeply saddened if we saw that same kind of action take place relative to the community colleges, for I think that it flies in the face of the stated commitment to see more people accessing post-secondary education.

We can move on from this particular line if the—

Madam Chairperson: Order, please. I believe the honourable minister wishes to respond.

Mrs. Vodrey: Madam Chairperson, I would simply say to the honourable member that I will put the record of this government and the funding of universities up against the record of any other government across Canada. This government has shown its commitment to university funding.

I would also like to share some figures with him in terms of colleges that the Manitoba tuition in the area of community colleges is, on an average, in the range of \$690 and the Canadian average is \$842. So if funds alone or the money alone is an issue that the member wishes to focus on, I think that there has certainly been an effort to make Manitoba very competitive.

I think I have also let him know that we have every expectation that the boards, when the community colleges move to board governance, will continue to be as responsible.

Mr. Alcock: Madam Chairperson, it is interesting that the minister references the Canadian average. Does this indicate a policy position of this government that the colleges in this province should move to the average?

Mrs. Vodrey: Madam Chairperson, no, that was by way of information for the member just to give him an idea of the Canadian average and where Manitoba falls in our discussion around the issue of tuition at the community colleges.

Mr. Alcock: Madam Chairperson, the Minister of Finance (Mr. Manness) has on different occasions talked about moving budgeting from the current one-year framework that it exists in and into some forecasting and some looking ahead one or two years at what costs and revenues might be, recognizing that that is an inexact science. As we move to governance, are there any forecasts of what the fee increases are going to be in the coming term?

Mrs. Vodrey: Madam Chairperson, within The Colleges Act there is provision for the boards to set the fees, but the boards, as the member knows, are not in existence yet. Those boards will be in existence, are expected to be appointed in September, in the fall of this coming year, and at this point the member is being very premature in what the forecasts then might be.

Mr. Alcock: Can the minister tell me what the increase is between the fees paid by students in the fall of '91 and those that will be paid by students in the fall of '92?

Mrs. Vodrey: Yes, I am informed that it is an approximately 8.7 percent increase.

Mr. Alcock: An 8.7 percent increase is larger than the increase that the college received from government. Is there any indication in this that we are seeing exactly the same thing that we saw at the universities where the load is being shifted from the government to the students?

Mrs. Vodrey: Madam Chairperson, I have described a little earlier in this sitting that the fees at the community colleges comprise approximately 7 percent of the total. Therefore an increase in fees of approximately \$60 a year, and fees again being approximately 7 percent, I do not think really indicates a major shift that the member may be trying to determine.

Mr. Alcock: Madam Chairperson, well, although this has not been true in the last few years at the universities where the fee increases have gone up into the double digits, but in a given year when you are increasing fees at a rate that is considerably higher than the core support that is being offered to the organization, you are going to be inevitably shifting the revenue base however minutely away from public support and onto the rather limited resources of the students who attend those schools. I am wondering, is this happenstance? I mean, presumably the minister approved this. They say a dollar paid is a policy made. Is this indeed the policy of this government to shift the burden of funding these colleges increasingly onto the students who are attending them?

Mrs. Vodrey: As I have explained to the member, the fees are set each year, it is a year-by-year decision. There is not a long-term policy at this time. This year the fees were set with consideration to the students involved, to the position of government, to what it was perceived was reasonable in this one year. Also we looked at comparisons with other institutions. So it does not indicate a major shift as the member is trying to imply.

Mr. Alcock: Well, when I look at the math here, which suggests that the total increase available to the college is something in the order of 2.1 percent, and the fee increase is 8.7 percent, I think if the minister wants to work out those numbers she will

find that if this remains the pattern year over year, a greater and greater proportion of the costs of the operation of the college are going to be borne by fees. It is not a complicated analysis, frankly. I am surprised that the minister rejects it.

It would seem—let me ask the question this way—when we have a fee increase that is three or four times the overall increase to the colleges, that indicates the movement in that kind of direction. Has that been the pattern in the last three years?

* (2050)

Mrs. Vodrey: The answer is yes, that there has been an increase over the past few years here in Manitoba, as there has been in all jurisdictions across Canada. We are pleased that we still are able to provide one of the lowest tuition fees in Canada for tenants at community college, that we have been able to maintain this in a time of constraint and particularly of government restraint, and also in a time of federal offloading.

Mr. Alcock: I shall not avail myself of the opportunity the minister has offered me to spend some time on federal offloading. I think it has been disgraceful over this last eight years, but I am interested in the fact that this government is allowing fees to increase at a rate in excess of the overall support offered to the colleges. I mean, I think that the case is now made. It is almost not worthy of further discussion that the government seems clearly committed to a policy to shift the burden away from government to students, the way it has in the universities.

So perhaps I will move on to another area on Red River. I do have some interest in the agreement that was reached between the provincial government and the ISTM when they sold Manitoba Data Centre. There was an agreement whereby certain resources were going to be made available to the University of Manitoba or to the training of people in the area of data processing, and a certain amount of mainframe time was going to be made available at MDC for use by, sort of government-approved programs.

I am wondering if the minister can tell me whether or not Red River was involved in that and what use they have made of it?

Mrs. Vodrey: I am informed that the focus was really on the University of Manitoba and that Red River Community College accesses the University

of Manitoba mainframe in addition to its own in-house.

Mr. Alcock: I will turn the mike back to the member for Wolseley.

Ms. Jean Friesen (Wolseley): I wanted to ask about Total Quality Management that Red River College has adopted and which it is teaching. I am concerned about this for a couple of reasons, but I think most particularly because Red River appears to have adopted TQM with what some people would say is a missionary zeal, and I am concerned that from an educational perspective, all sides of the issue are being presented.

I do not know if the minister is aware, for example, of the letter to the editor that was in the newspapers over the weekend about some of the critiques of Total Quality Management. She is probably aware of the Canadian Auto Workers' critique of Total Quality Management, and whereas I am not, at this stage, necessarily adopting the entirety of that critique, what I am concerned about are philosophies which are presented in our educational institutions uncritically.

I want to ask the minister, how is this policy being developed at Red River College? Does it take account of the critiques that have been developed of this particular approach to management and to labour-management relations? What connections have there been with labour over the development of TQM, and how is it being presented in the actual classroom, since there are classes being presented in this particular area as well?

Mrs. Vodrey: Madam Chairperson, well, the critique that was noted by the member on the weekend, yes, I certainly am aware of also. However, the critique could be a critique of anything. I suppose anything not implemented properly then can begin to cause problems. The difficulty it seemed to be focusing on was on the practice and not on the concept in itself. I recognize that there may be some difficulties for labour, where the labour-management relations are not good, but Red River Community College has involved the Manitoba Government Employees' Association right from the start. They are part of the implementation team. Red River has really been very careful to involve all people, management and labour, through the process of Total Quality Management involving employees in the process of decision making and problem solving.

One of the things that has been stressed today, not just in terms of business and labour but also in education, is that we move to this total quality product and that total quality be the effort of all the people who are part of the process; in this case, management and labour, the MGEA, to be specific, who are involved.

Within the classroom, I am informed that Total Quality Management is being worked into the existing curriculum, that it is not a single course on its own, it is not a single curriculum on its own, but that it is being applied across curriculum through the existing curriculum.

* (2100)

Ms. Frlesen: My issue was not so much with the process and the manner in which it is being implemented at Red River College but the actual concept itself and the ideology that is being presented there.

The minister mentions the MGEA for example, but could she tell me what kind of consultations the college, which I believe now sees itself as the forerunner in TQM and TQM teaching, what contacts have they had with the Manitoba Federation of Labour and what input will there be on behalf of the larger labour organization into the kind of curricula and ideas which are put forth in the classroom?

Mrs. Vodrey: Just a correction for the member, because there seems to be a misconception that Red River College is teaching Total Quality Management; they are instead adopting the principles of Total Quality Management. They are focusing on the process and the outcome, and they are involving all the stakeholders in education.

It is a system of constant measurement to provide a better outcome. That seems to be what the people of Manitoba and the people of Canada are asking for now, and I am surprised to hear the member voicing some disagreement with that.

In addition, Red River Community College does not deal directly with the Manitoba Federation of Labour regarding MFL's ideology, but it is in fact Red River's job to deal directly with their workers, and that is what they have been doing.

Ms. Frlesen: Perhaps it was my misunderstanding then, but I understood that Red River Community College was intending to offer workshops in TQM. Is that not the case?

Mrs. Vodrey: Madam Chairperson, I am informed that the president has offered a course in Total Quality Management in areas where there has been demand and interest, but at the moment the college itself is gaining expertise with the concept of Total Quality Management and they are also applying the principles, and in Canada, Red River College is gaining recognition because it has become a pioneer in applying Total Quality Management to the college system and to the college environment.

Ms. Frlesen: Was the president offering these as part of his responsibilities at Red River Community College? Is it the intention of the college in developing a national reputation for itself in this area to, in fact, become a centre for instruction in this area?

Mrs. Vodrey: Madam Chairperson, I am informed that the president has used his expertise to conduct workshops, and that may clarify that point.

These workshops have been both inside the college and outside the college, and for example, he has provided some regional consultation and a workshop to the Association of Canadian Community Colleges, and the importance of that is, as this concept is developed and applied, it allows the establishment of networks, it allows people to develop expertise and to share expertise.

Ms. Frlesen: That does not quite answer the question I asked, which was, does the college intend to establish a national reputation in instruction in this area, first of all? Second of all, the minister, in an earlier response, indicated that I was questioning the value of TQM. In fact, I was very careful in the way I chose my words. I said that I was not at this stage questioning that.

What I was doing was indicating to the minister that here was a college which was approaching this issue in, I think I used the term, a missionary zeal. It is an area where, in fact, there is still public debate, and I am concerned that an area such as this be given a full hearing and that the critiques which are there from parts of the public sector, in fact, be given a fair hearing in the classroom and in the process.

Mrs. Vodrey: The president of Red River Community College, his goal is to establish Red River Community College as a centre of excellence, as a centre of quality training across Canada, and Total Quality Management happens to be one aspect that is available to him as he looks at Red River Community College and begins to establish

Red River Community College, with this being one of his tools to make Red River Community College the very best institution across Canada, that he can make sure that it achieves that goal.

There is no long-term strategy for the college to become necessarily a centre for Total Quality Management, but I have to say that progress is important, progress in terms of the quality of our training and the quality of our institutions and the efficiency and the level of satisfaction that can be achieved within our institutions, both by those people studying there and those people working there, and Total Quality Management is a tool that has been used and that is being applied within Red River Community College, again as part of its method and its goal to make Red River Community College the very best institution that it can be.

* (2110)

Ms. Frlesen: I would like to continue, in fact, on that line, but I will not. Progress and efficiency, it seems to me, are areas that we might want to get into alternative evaluations of.

But I would like to ask the minister a question in another area of Red River, although it does apply to all the community colleges. The extension education or distance education delivered by this college in a variety of areas in Winnipeg and southwestern Manitoba, could the minister explain something about the connections between the university and the community college in this area?

Each of them is delivering distance education and what are called in the university setting extension and continuing educations in these same places. What co-ordination is there, for example, for the people of Portage la Prairie or Selkirk or Steinbach to provide a balanced educational program or one that responds to the employment and educational needs of that area using college and university resources collectively? It seems to me, from the outside, that we have the institutions all working separately.

Mrs. Vodrey: Madam Chairperson, one of the focuses, one of the issues within the mandate and the scope of the university review, we would expect to be one which would examine this kind of collaboration and the need for the increase of collaboration. So I certainly understand what the basis of the member's question is in terms of focusing on collaboration. However, we do have some examples of collaboration at the moment, and

for example, in terms of our regional centre in Selkirk, I understand that we also lease facilities from the Lord Selkirk School Division, that the university also runs a course from the same facility and that there is some discussion between the university and Red River Community College regarding a transferability of credits.

The prime concern has been to provide the availability in rural and in northern Manitoba with regional centres. As the regional centres become more active, then we will be looking very carefully at the co-ordination issues which the member has spoken of. We are very anxious that communities become involved through the regional centres.

Mr. Alcock: I am interested in some of the comments that were made about TQM. There has been specific reference to the new president. Can the minister tell me what the qualifications of the new president are relative to TQM?

Mrs. Vodrey: If the member is looking for an accredited institution which teaches this, and I am sure he knows that that is not the way one gains expertise, then in fact he will know that that is not where the president of Red River has gained his expertise. Anyone who is interested in the process and in the concept of Total Quality Management would read about it, take the opportunity to attend seminars and take the opportunity to confer with others who are also interested.

I am informed that the president of Red River Community College has attended workshops and seminars and that in his previous position with Niagara College, he was involved in quality assurance through a statistical process control. He has a very strong statistical and science background. He was also involved in what is called the Just-in-Time inventory and also a quality assurance two-year program. The president is also a member of TQM Inc., which is a group of not-for-profit organizations interested in Total Quality Management. I wonder if that would satisfy the member for Osborne (Mr. Alcock).

Mr. Alcock: As someone who has studied TQM, read about TQM, attended seminars and workshops on TQM and is currently writing about TQM, I understand that one does not learn about it specifically from a course. It is a matter of the application of statistical measurement tools.

The problem that one encounters with it is when one moves it out of the safety of manufacturing and

very clearly measurable activities into the more nebulous area of human services, education being a part of that.

I want to ask this question by prefacing it by saying that I am a supporter of it, frankly, at this point. I think that we do not measure a lot of things that we could measure in human services. I am a little nervous, however, having been a member of the Civil Service and having seen the very large number of wide-eyed individuals who trooped through with the latest "ism" or "what's it" to teach everybody, in the hopes that this somehow will straighten out some of the serious problems that arise in the public service usually from a lack of clarity and direction from the top.

* (2120)

I am concerned when you see a concept that has some of the promise that TQM has being presented as an answer to some of the operational funding, organizational problems that the college might have. It certainly is a tool that will allow the college to have a better understanding of its strengths and weaknesses and areas in which it can bring about some improvement. It is not going to produce anywhere near the kind of dramatic changes it has in industry with things like Just in Time, and the whole move to ISO 2000 and the like.

So I am optimistic about it, but that is tainted with a fair bit of caution. I would hope that the minister does not hang too much of success of Red River as it moves to its own governance on it becoming some sort of model of TQM because I think that may be a goal that will produce more frustration than excitement in the short term.

Mrs. Vodrey: Madam Chairperson, first of all, I would have to object to the term "missionary zeal" that the member has used in describing the adaptation and the development of the concept of Total Quality Management to Red River Community College. I am certainly informed and am observing that at this point the college is moving carefully and is looking through the process of cross-college employee involvement, determining the aspects that are applicable to the college environment, specifically. I would remind the member that there is in fact significant research that applies Total Quality Management to the educational environment to improve the quality of education.

Now, certainly there is a recognition by this government, by the college, that Total Quality

Management is not an end in itself. It is not a be-all and an end-all. There is a recognition, and I have spoken of it this evening, of Total Quality Management being a tool and a process to achieve an outcome. The outcome is that excellence in the area of not only human resource management, which the member has spoken about, but also in the area of curriculum and in the area of classroom teaching. Red River Community College, I believe is, as I said, approaching this in a very cautious way, and they are attempting to make the pragmatic adjustments that are necessary as they apply it specifically to their own college environment.

Mr. Alcock: Madam Chairperson, my concern about TQM comes out of the desire on the part of government to be seen to be creative, and the hanging of fairly major policy changes on very simplistic labels. Total Quality Management is a term like "free trade" that engenders all sorts of positive feelings when you first hear about it, but they carry with them other kinds of problems. So I am interested actually to hear that this president is moving in this direction. I have heard the term TQM come out of the mouths of three ministers now in this government, so I am not going to completely withdraw my comment about the missionary zeal, because I fear people rushing into an area that carries with it serious problems, if they are not quite cautious, and may discredit a very worthwhile initiative.

Can the minister tell me this: Is TQM being extended to the other colleges? Is this a departmental philosophy, or is this simply something that is being implemented within Red River?

Mrs. Vodrey: Madam Chairperson, across the department we have a commitment to the issue of excellence and we are very interested in looking at the staff, involving the staff throughout the department and looking at how we, as a staff and a department, can achieve that excellence. But TQM has not been mandated across the department, but the department has had all senior managers, including the college presidents, have the opportunity to be exposed to the concept of Total Quality Management, and they also have been encouraged to continue their information through reading and through attendance at seminars.

Certainly, Total Quality Management, as the member then knows, encourages the striving for constant improvement and for collaboration. So

with the concepts of Total Quality Management communicated to the senior managers and the college presidents, it is then up to those individuals to look at how Total Quality Management may in fact then apply to their departments and if in fact those concepts can be applicable within the areas that they work.

Red River Community College has looked at the issues and is attempting to apply the concepts and is looking at what changes might need to be made if they wish to continue to apply Total Quality Management.

Mr. Alcock: Madam Chairperson, the process of Total Quality Management relies heavily on statistical process control and the ability to measure outcomes and relate outcomes and create feedback loops and all of that sort of thing.

Is this a direction that the department is moving? Is it the department's intention to apply TQM principles to its own operations?

Mrs. Vodrey: Madam Chairperson, across the department, we certainly are committed to improving the outcome, to improve the measures of outcome also. Total Quality Management does talk about the statistical aspects, and certainly that is one area to be looked at, but there are also the behavioural aspects of Total Quality Management which are also measurable. The term to drive out fear is one that is used in the concept of Total Quality Management, and to encourage individuals to put forward solutions, to co-operate with one another, to focus on the need to improve. That need to improve may be measured statistically or it may be measured behaviourally to look at issues such as team problem-solving and apply that to the workplace, to look at the issues of excellence and the issues of participation. So I think it is important that the member understand that we are committed to those outcomes.

We have not ordered members of the department to implement Total Quality Management. However, we have asked that those principles be looked at and to be applied where they may be applicable, as I said, to look at both the statistical and the behavioural aspects of Total Quality Management.

* (2130)

Mr. Alcock: Of course, the problem on the behavioural aspects are the measurement tools is much more subjective. Let me understand what the minister is saying, that Total Quality Management is

being brought into Red River as part of an initiative of the new president with the support of the department and a commitment on behalf of some of the staff there, but while the principles of it are being discussed in the department, Total Quality Management is not an approach that is being taken within the department itself.

Mrs. Vodrey: Madam Chairperson, within the department, the first issue was the issue of awareness. As I explained to the member earlier, the senior staff within the department, including the college presidents, have all been exposed to the concepts and the idea of Total Quality Management. So the first part of the application within the department comes with an awareness of the principles. Then what staff would do would be to look at their own departments and look at the details of Total Quality Management and determine how that can be applied within different departments and particularly to look at the statistic measures which the member has spoken about and how they may be applied across the department.

We have recognized that it is very important for the staff to be comfortable with the issues of Total Quality Management and not simply to be able just to say the words, but instead to really internalize the meaning and the application. I think it is really important to recognize that Total Quality Management is not simply an end point in time, but instead it is a process. I think we have been discussing it as a process this evening.

Mr. Alcock: Madam Chairperson, yes, I am not going to belabour this. I do have some sense of the difficulties in an environment like this, and I think the department and the minister are to be congratulated on at least moving in that direction. I agree, it is not something that you can impose, you cannot order. Frankly, if the minister would talk to her colleague in Family Services, I would think it would do that department some good if it began to try to measure the work that it does. At least it would become aware of the problems that it is creating.

So let us leave TQM. If my understanding is correct that TQM is only being pursued at this point, after this exposure of senior staff and college presidents, at Red River, although there may be over time, as people become more comfortable with it, an adoption of the principles in other areas.

There is one other item, and it is not directly related. This is more on the teaching side. There

is the ISO 2000 program that a lot of manufacturing businesses, particularly those who wish to deal outside the boundaries of Manitoba, are beginning to adopt. It is a process of seeking accreditation so that their products will meet international standards and then can be traded across various borders.

I am wondering if this particular approach is being taught at the college.

Mrs. Vodrey: Madam Chairperson, I am informed that certainly some of the students are aware of the ISO 2000 approach, but it is not taught as a stand-alone course at Red River because it is most easily applied in the production environment.

Madam Chairperson: Item 5.(c) Red River Community College: (1) Salaries \$31,254,700—pass; (2) Other Expenditures \$8,293,900—(pass); (3) Less: Recoverable from Other Appropriations \$193,000—pass.

Item 5.(d) Assiniboine Community College: (1) Salaries.

Ms. Friesen: Does the minister want to wait until the new staff comes in?

Mrs. Vodrey: Madam Chairperson, I would just like to take the opportunity to introduce Brenda Cooke who is the president of Assiniboine Community College.

* (2140)

Ms. Friesen: Could the minister begin by giving us an idea of the enrollment numbers in terms of training days at Assiniboine Community College for this year, last year and the previous year?

Mrs. Vodrey: In terms of training days: 1990-91, for Assiniboine Community College, 243,702; in 1991-92, 212,618; and the projected '92-93, 251,207.

Ms. Friesen: Madam Chairperson, two years ago the department cut I believe about 400 places at Assiniboine Community College. First of all, is that the correct number?

Mrs. Vodrey: Could I just clarify from the member, she is discussing last year or was it two years ago? I am sorry, I could not follow that from the question.

Ms. Friesen: In the two years previous to this Estimates year.

Mrs. Vodrey: I am not sure what cuts the member is referring to two years ago, but I do have total enrollment figures. Total enrollment figures for

1990-91 are 8,030; for 1991-92 the estimate is 8,216; and for 1992-93, 8,836.

Ms. Friesen: I think one of the programs which has been added at Assiniboine Community College is one that deals with agricultural business practices. I wonder if the minister could give us an idea of the future of that course. I am interested particularly in how it relates academically to programs at Brandon University and the University of Manitoba. Where does it fit in that range of offerings to students across Manitoba?

Mrs. Vodrey: The agribusiness is a two-year diploma program, and the focus is to strengthen the base of the rural economy by looking at new ways of utilizing rural resources, including the entrepreneurial enterprises, rural economic development initiatives and diversification. It is a new program. It is housed within the agricultural department. At the moment there is not an articulation with Brandon University and the University of Manitoba, but we have made approaches to those universities to discuss obtaining degree credit for students who graduate from that diploma program.

Ms. Friesen: Madam Chairperson, are you looking at articulation in the business sense or in the agricultural economics area?

Mrs. Vodrey: The discussions with Brandon University have been via the RDI or the Rural Development Institute. The discussion of articulation with Brandon University, then, is in the whole area of agriculture and rural development.

Ms. Friesen: I am not sure what the minister means by articulation with the Rural Development Institute. My understanding is that that is simply a contract research section of Brandon University, which does not teach students and which, in fact, had its grant cut this year.

Mrs. Vodrey: Madam Chairperson, the Rural Development Institute has expressed an interest in a Master's program in rural development. It is true that they do not deliver the program, but they have acted as a catalyst in order to make things happen in this area. So Assiniboine Community College has been working with the Rural Development Institute in order to determine how this might occur.

Ms. Friesen: Is this something that is being done under the umbrella of the Universities Grants Commission, or is this informal conversation between the two institutions at this stage?

Mrs. Vodrey: Madam Chairperson, at this stage, the Universities Grants Commission is not involved, though I recognize the member's wondering how they fit in terms of program approval. At this stage, it is simply a discussion between the university and Assiniboine Community College. It is looking at the details between institutions. As I have said as well, when the university review is announced, one of the issues that will be important within its mandate is this whole issue of articulation between the community colleges, from the high schools, community colleges and the universities.

Ms. Frlesen: Madam Chairperson, it is the overall issue of articulation that I am trying to emphasize continually.

Could the minister indicate what other areas there are connections between Brandon University and Assiniboine Community College? What other kind of informal discussion is going on and which other programs?

* (2150)

Mrs. Vodrey: Madam Chairperson, I think I stated a little earlier in our discussion that we are in the process of discussing articulation for the community colleges for all of the two-year diploma programs. I did mention at another sitting as well the program between Brandon University, Keewatin Community College and the Swampy Cree Tribal Council with the business administration diploma, business administration degree.

Ms. Frlesen: Madam Chairperson, is that true then that there is only those two areas where articulation has been discussed in the past four years?

Mrs. Vodrey: Madam Chairperson, the issue of articulation has also been discussed in the child care worker diploma program with the universities program as well.

Ms. Frlesen: How has that been explored in the Brandon context? When and with what result?

Mrs. Vodrey: I take some exception to the member's remarks about are these the only programs being explored, because I think it is important to realize that this process is an important one, but it is also a process and one which has taken some time in the process of acceptance. Again, as these processes have been explored, the universities have expressed some resistance in this area, but I am pleased to advise the member that there has been a meeting between the college president and the university president and there has

been some agreement that they would now like to try and work out some of these issues of articulation. So we look forward to more courses being, first of all, open for discussion and hopefully successfully articulated.

Ms. Frlesen: I do not think the minister needs to take exception. I am simply trying to be precise about the areas in which articulation has occurred and over which period of time, which is really the purpose of Estimates.

I would like to follow up on the minister's answer. Could she tell me when the meeting occurred between the two presidents of the two institutions and are there plans for a further meeting?

Mrs. Vodrey: It was the use of the word "only" by the member which led to my decision to comment.

In terms of the meeting between the community college president and the university president, I am informed that meeting took place just over a week ago. There was good co-operation and agreement to dialogue regularly and also an agreement to have the vice-presidents work together. Dr. Anderson, I am informed, of Brandon University has indicated that this process of articulation is a priority.

Ms. Frlesen: I have raised the issue of articulation a number of times, and I think on an earlier occasion when I raised it, I talked about the incentives for both sides to come together. I really am quite surprised that this only took place a week ago. It seems to me that there have been—even the financial difficulties that both institutions have found themselves in for different reasons would have led to some kind of connection between the two.

I wonder, does the minister think that there are particular difficulties in Brandon, perhaps due to changeovers in both universities and community college at the upper levels of management? Or, are there other things which are specific to those institutions which perhaps have led to only very recent interest in this area? Or, is it more general between universities and community colleges, as I was trying to suggest earlier?

Mrs. Vodrey: Madam Chairperson, the member did reference two fairly new presidents, and I will remind her that the president of Assiniboine Community College has been president for approximately 10 months. In that time frame, I am informed that the two presidents meet together approximately once a month. I think it is important to not suggest that that was the only meeting that

was held between the two presidents. That was the most recent meeting held between the two presidents, and also at that meeting there was a particular discussion around the issue of articulation.

The member asked if there was a difficulty or a discussion around articulation across the province. I think we have discussed the issue of articulation and how the high schools to the community colleges, the community colleges to the university can begin those discussions. I did speak a little earlier this evening about the fact that articulation is a process, and there are some issues that need to be discussed. But we do look forward to the issue of articulation: one, being examined through the process of the university review; and secondly, we look forward to having seen the success of some of articulation programs which I have discussed this evening, leading to further articulation between colleges and universities in this province.

* (2200)

Ms. Frlesen: Could the minister tell us something about the connections between Assiniboine Community College and the Dakota Ojibway Tribal Council?

Mrs. Vodrey: Madam Chairperson, ACC has signed an affiliation agreement with Yellowquill College. Within that affiliation agreement, ACC will assist Yellowquill with program and curriculum development, and will conduct cyclical reviews of Yellowquill's programs in harmony with ACC's regular review process, and will also provide joint certification for Yellowquill's programs which have been approved by ACC. So that is specific to Yellowquill College.

However, in terms of other aboriginal training activity, which I think the member is talking about, we have in the past delivered developmental studies to 83 native students on six Southwest Indian Training Committees and delivered life skills to 15 native students of the Western Region Tribal Council.

In 1991-92, we delivered an employment preparation program to 38 native students from Peguis, Swan Lake and Sandy Bay reserves, delivered WordPerfect and Accpac training to 24 native students from the Pine Creek reserve, delivered life-skills training to 16 native students in the Western Region Tribal Council, delivered drywall applications to 16 native students from

Rolling River reserve, business skills courses to 11 native students from the Keeseekoowenin reserve, and also delivered a customer relations workshop to 384 native students from the Western Region Tribal Council.

Within 1992-93, plans are underway to deliver the following programs: developmental studies for native students at six of the Southwest Indian Training Committee locations, including Birdtail, Sioux, Oak Lake and so on; licensed practical nursing to 18 native students from Peguis reserve; customer relations and skills training for 24 native students from the Western Region Tribal Council; carpentry courses for native students from the Swan Lake reserve; developmental studies in literacy training for the native students from Sandy Bay reserve; and a bricklaying course for native students from the Keeseekoowenin reserve; and bus driver training for native students from the Oak Lake reserve.

Ms. Frlesen: Madam Chairperson, how many representatives from the Western Regional Tribal Council and Dakota Ojibway Tribal Council does the minister anticipate appointing to the Board of ACC?

Mrs. Vodrey: As I described in a discussion earlier in the policy section relating to this, again, the boards have not been appointed yet, so I am not in a position to speculate. However, I have said that we do have a commitment to reasonable representation from the aboriginal community, and I believe that this will be apparent when the boards are chosen.

Ms. Frlesen: Madam Chairperson, when the new president of Brandon was selected, was there any aboriginal input into that decision or committee of selection?

Mrs. Vodrey: Madam Chairperson, I am informed that there were two selection boards. The first selection board did have an aboriginal counsellor from Brandon University, but in that process there was no successful candidate. Consequently, Brenda Cooke was appointed as the president of Red River Community College. That appointment was made based upon her performance as director of Workforce 2000 and also her experience with the Core Area training agencies in which she had extensive experience with aboriginal issues.

Ms. Frlesen: Madam Chairperson, on the management committee—and I hope I have the term

right—for the transition to governance, are there any aboriginal representatives?

Mrs. Vodrey: Madam Chairperson, yes, the term is the interdepartmental conversion team, and it is made up of representatives from government departments. I am informed that when the process did start, there was one aboriginal person on that interdepartmental conversion team. That person has since resigned his position from within government. So, at this time, there is not an aboriginal representative on that interdepartmental conversion team.

Ms. Frlesen: Madam Chairperson, I believe there are also three appointees, are there not, from outside the department on that particular committee? Are any of those representative of the aboriginal community?

Mrs. Vodrey: Yes, there are three community representatives, and no, none of those community representatives are aboriginal in background.

Ms. Frlesen: It seems to me that we have two colleges in particular which are serving a very large proportion of aboriginal students, and which have contract obligations to aboriginal communities, tribal councils and aboriginal educational institutions. Yet, we have now a whole process going on, recent selection of presidents and the creation of boards of governance and a provincial-wide body which is overseeing this, and there is no aboriginal representation.

I wonder if the minister perhaps would care to comment further on this. She does have the opportunity to make some changes in the requirements for boards of governance. We do have a number of months yet before boards of governance will be set into motion. It obviously is a priority of Red River Community College that it move both in its hiring practices as every institution is, and in its service to the aboriginal community.

* (2210)

Again, it is no surprise, I know, to the minister to know that the labour force is changing, that a considerable proportion, 25 percent of those young people moving into the labour force in the next decade, are aboriginal. It is an area that Winnipeg 2000, the committee predominately of businessmen looking at Winnipeg and Manitoba's economy, has highlighted. I know that some of the tribal councils, but not all, have certainly commented on this, and I believe have made some of their issues in writing to

the minister. I wonder, has she had the opportunity to give some further thought to this and has she considered some changes in policy?

Mrs. Vodrey: I understand the point that the member is making in terms of sensitivity towards aboriginal issues and aboriginal people, and I do have a list of specific measures which ACC is undertaking to assist aboriginal students. I think I have also made my point in terms of the make-up of the board of governors, when I have spoken several times this evening, that it certainly would be reasonable to expect aboriginal representation on the board of governors and that there has been a commitment to that also.

The interdepartmental conversion team, which, as I said, did have an aboriginal member on it who did resign from his position within the Civil Service, is focusing on the technical and the structural matters of finance accounting, administration, procurement and property, and there is only one person from each of the three areas who is a part of that interdepartmental conversion team.

I will say to the member that I have and we as a government have spoken of our commitment to aboriginal people through representation on the Board of Governors. In addition, in an active way at the college, we have a student assistance centre who employs a native student adviser and a native guidance counsellor. We also have a Native Resource Centre which was established in September 1991 to assist aboriginal students in adapting to mainstream life in the college. The centre provides a place that is quiet with an atmosphere designed to make students feel comfortable during their period of adjustment and provides aboriginal literature and artifacts for the benefits of aboriginal and nonaboriginal students and staff.

There is an active ACC native student council with representation on ACC students association council. The student assistance centre provides a co-ordination of workshops geared to native student counsellors, financial workshops, tutoring, career counselling and issues relating to conflict resolution. The ACC staff participation in on-campus cross-cultural awareness training, I think, is evident. Eighteen staff participated in teaching aboriginal students awareness in February 1992, and there has also been a retention strategies task force which has developed further recommendation for the management council's consideration.

Ms. Frlesen: Madam Chairperson, I was not making reference really to student services or to student participation, nor indeed, to cross-cultural courses for teachers, although I am interested to learn of those. Obviously, in any institution in Manitoba these days, one would commend all of those things.

The issue was structural relationship, and I am particularly concerned to have the minister address that issue as we are moving very quickly to issues of aboriginal self-government. I was surprised by the minister's statement that since the interdepartmental board dealt only with technical issues, the assumption that she seemed to be making was that it did not need to encompass aboriginal organizations.

The point I am making is that these particular institutions are serving and are entering into contracts with aboriginal populations. The areas that they are in, particularly, obviously, Brandon and the North, the growth areas in the population are aboriginal. The structure of that population, the youth of that population, is one which would make any government who was planning for community colleges, to pay very clear attention to the structural relationships with the tribal governments and the reserve governments that are there and will be developing in the future in that area. The issues are structural relationships and management, not student services or student participation.

Mrs. Vodrey: I would first of all say for the record that the member's comments regarding interdepartmental conversion team were her words and not mine, her interpretation, not what I had said, regarding the interdepartmental conversion team. I believe that the point the member would like to make is the issue of a structural one in which she has spoken about how the college, as it moves into governance, will begin to establish relationships with tribal councils within the area, with native people within the area and, as I have said to her, that the colleges will be moving to interim boards as early as September, and it will be those boards where we have committed to aboriginal representation. It is those boards that will be entering into contract and dialogue with the community.

I think that the point that she wants to make is that within the process of governance, and certainly within the appointed board of governors, that there must be an aboriginal representation to assist in

representing aboriginal interests and also to assist in negotiations which take place with the aboriginal community.

Ms. Frlesen: I think, Madam Chairperson, I am actually saying more than that. I am saying that the long-term future of rural Manitoba is to look at the population structure of that area, and similarly in the North, and that the population structure is changing, that the population is increasingly aboriginal. I am looking, as I was in earlier lines, for the future planning and for the indication of not just an aboriginal representation, but a representation of the nature of that community. I wonder what preparation the minister has made for that in her consideration of the board of this particular college.

Mrs. Vodrey: In terms of the preparation for the future, in terms of the long-term planning, we are looking at the movement to board governance, as we have discussed. I am glad the member appreciates the importance of community involvement in the planning and the process of decision making, and also in the involvement of the aboriginal community to play a meaningful role. As she has spoken of, we understand that there is the increasing number of aboriginal youth and also new entrants into the labour market that will be aboriginal people. We have spoken of a percentage of the entrants into the labour market being aboriginal people also.

* (2220)

In terms of the measures taken, I have spoken of the affiliation agreement between ACC and Yellowquill College, and I will remind her that is an agreement that was not there four years ago. I certainly look forward to the appointment of the board of governors with aboriginal representation. I think it is important that I did not, at any time, say "an" aboriginal member. I did not at any time suggest that there was any token to that representation. That falls strictly within the member's own interpretation. I think that in our discussion this evening, I have made it clear, first of all, the commitment, and secondly the understanding of why that commitment should be there.

Ms. Frlesen: I apologize if I misheard the member saying an aboriginal representation. We will check Hansard and we will see that. But I think equally that the member should recognize that I did not say "token" either. I believe that it does not help this

discussion for the minister, in fact, to take things out of context and to speak in that way.

Could the minister tell us if Assiniboine Community College does keep statistics at the moment on the proportion of aboriginal students to nonaboriginal students? If so, what is it now?

Mrs. Vodrey: I am informed the number is 276 aboriginal students registered in the full-time day programs at Assiniboine Community College.

Ms. Frlesen: Does that include the number of programs that the minister listed earlier, those which are, I believe, purchased in some way by the regional councils, by the tribal councils and which may indeed be delivered elsewhere in the college?

Mrs. Vodrey: The answer is no. Under the affiliation agreement, the college does provide curriculum and support but those students are registered at Yellowquill College.

Ms. Frlesen: When the minister speaks of those who are registered at Yellowquill, does that include the pre-employment programs, the life skills programs, and the long list that was presented a few minutes ago? Are those Yellowquill registrants or are they college registrants?

Mrs. Vodrey: Yellowquill does register its own students, and the statistics that I have given, I do not believe I have given any statistics relating to Yellowquill College.

Ms. Frlesen: No, the minister did not, but she did read a list of programs, and I am trying to sort out which are Yellowquill programs and which were programs delivered by Assiniboine Community College to aboriginal peoples.

Maybe I can put my question in another way. The minister says there are 276 full-time aboriginal students at Assiniboine Community College. Let me come at it another way and say, how many aboriginal students is Assiniboine Community College serving?

Mrs. Vodrey: The list of aboriginal training activities, in which I reviewed a number of courses offered both in the past, the present, and what are proposed, are not listed in that 276. Those fall under the market-driven numbers.

Ms. Frlesen: So how many aboriginal students does Assiniboine Community College serve?

Mrs. Vodrey: The number of students within the full-time day programs and also within the present '91-92 programs, which I spoke about in terms of

aboriginal training activities, adds up to 765 students. I have not included in that those students in '90-91 programs or students under those proposed programs.

Ms. Frlesen: Madam Chairperson, what proportion are those 765 students, or what is the total number?

Mrs. Vodrey: The market-driven training programs which I have referenced were specific training programs involving aboriginal training activities specifically, but there are also aboriginal students in other market-driven training programs. So the number then would be greater than the 765 discussed.

Then I am informed that the number of students is in the range of 10 percent. The number of aboriginal students at Assiniboine Community College is about 10 percent.

Ms. Frlesen: That number then of 10 percent is all inclusive of all students who are served in short-term, full-time, part-time, temporary, market-driven continuing education.

* (2230)

Mrs. Vodrey: Madam Chairperson, I am saying that is a minimum figure because we do not have the figures of aboriginal students in all market-driven training programs, because all market-driven training programs are not necessarily purchased by bands or by tribal councils. So there may be aboriginal students, and there are aboriginal students within those programs. So the percentage that I have given is a minimum percentage.

Ms. Frlesen: Can one draw the assumption that 10 percent of the market-driven training programs are purchased by aboriginal organizations?

Mrs. Vodrey: No, that does not necessarily follow. If the member would like to have those exact figures, then we would have to return with those figures for her.

Ms. Frlesen: Madam Chairperson, I am interested in those figures. This follows the line of questioning obviously on the structural relationships between aboriginal governments and educational authorities and this particular college, and I am looking at the kind of planning for the long term. It seems to me that in the west region area that one of the primary purchases in the future of market-driven training programs is going to be the aboriginal educational authorities. So I am concerned about it from the

perspective of the earlier questions I was asking, but also from the long-term organizational development perspectives of this particular college. So I would be pleased to see those when the minister does have them.

I want to ask another question about the LPN program at Assiniboine Community College and to ask the minister why it was continued here, but discontinued at Red River.

Mrs. Vodrey: Madam Chairperson, I am informed that for the LPN program through Assiniboine Community College there is a higher rural demand for LPNs, particularly outside of the Brandon area. Secondly, the LPN program at Assiniboine Community College is a stand-alone program. It is not a laddered program with the RN program. So the MALPN was more satisfied with this stand-alone program than they were with the program which was a laddered program, a not standing-alone program at Red River Community College. Therefore, this program appears to have been more responsive both to the needs and requirements of the association and the needs and the requirements of the community. As a result and in addition this year, we are adding a special LPN program with the Peguis band and that is going to be an on-reserve program.

Ms. Frlesen: Madam Chairperson, could you tell me what the enrollment is currently in the LPN program at Assiniboine? I would be interested also in the proposed enrollment for Peguis. Are there any people on the waiting list? I am interested, for example, in the student demands such as can be registered by that.

Mrs. Vodrey: I am informed that the estimated number for '92-93 in the LPN program is 43 students. I am also informed that, yes, this is one of only three programs in which there is a waiting list at Assiniboine Community College. I understand that this waiting list is a moderate list; however, we have attempted to respond to this waiting list by establishing the program at Peguis and also through Red River Community College at Killarney two years ago. I am also informed that the program at Peguis, which will begin August 1, has 18 students.

Madam Chairperson: Item 5.(d) Assiniboine Community College: (1) Salaries \$8,664,700.

Mr. Alcock: Can the minister tell me the proportion of total revenue for Assiniboine Community College comprised by fees?

Mrs. Vodrey: I am informed that the percentage is approximately 7 percent, that it is relatively consistent across each of the community colleges.

Mr. Alcock: The percentage increase this year?

Mrs. Vodrey: The amount is 6.4 percent.

Mr. Alcock: 6.4 percent, is that the fee increase or is that the overall operating increase?

Mrs. Vodrey: That is the budget increase.

Mr. Alcock: And the fee increase is?

Mrs. Vodrey: As I explained earlier, for the colleges the fee increase is approximately \$60 or 8.7 percent.

Mr. Alcock: Can the minister just comment generally on the reason for the larger increase at Assiniboine Community College than we see in the operating budget at Red River?

Mrs. Vodrey: Madam Chairperson, yes, I am informed that the increases were based partly on the carry-over reductions from last year. The increase at Red River Community College was somewhat less than Assiniboine Community College because the reductions within their budget were somewhat greater based on the elimination of the two ACCESS programs when the federal government began offloading as a result of the expiry of the Northern Development Agreement and also the privatization of some aspects of Red River Community College's operations.

Mr. Alcock: Madam Chairperson, I am sorry, maybe I misunderstood the minister. The offloading then affected Red River but not—it was Red River we should be referencing in the way the offload affected the operating programs? Or did Assiniboine Community College pick up additional costs as a result of some federal offloading?

* (2240)

Mrs. Vodrey: There are no specific ACCESS programs at Assiniboine Community College. The federal offloading did affect Keewatin Community College and Red River Community College more intensely. The reduction was in response to the federal reduction.

Mr. Alcock: I do not want to belabour this point, but just to make sure I understand completely, the federal offloading caused greater reductions in programming at Red River and Keewatin than at Assiniboine, thus the increases do not tell the whole story. Theoretically the increases would have been higher if that offloading had not occurred in the

year-over-year increase, so the other two would have been in this 6.4 per cent?

(Mr. Bob Rose, Acting Chairperson, in the Chair)

Mrs. Vodrey: Mr. Acting Chairperson, I think in response, a clearest answer would be that the increases would have been more consistent had the federal offloading not occurred.

Mr. Alcock: So the net provincial new money in this year went more towards Assiniboine Community College than to the other two. Is that a fair reading of what went on here?

Mrs. Vodrey: The figures are \$1.625 million allotted to Red River Community College; \$500,000 to Assiniboine Community College; and \$375,000 to Keewatin Community College. Basically, this distribution reflects the population distribution of the colleges' programs with a slightly higher amount of distribution going to Keewatin Community College.

Mr. Alcock: Is the position of the college that the technical shops are up to today's standards, that the current replacement program is meeting the needs?

Mrs. Vodrey: As I discussed in relation to Red River Community College, Assiniboine Community College also faces the same challenges. We are in a process of continual upgrading. The province has tried to make the funds available for those capital replacements and operational replacements that are necessary.

Again, we look for Assiniboine Community College as we do for Red River Community College with the movement toward board governance that within the governance model that then there can be greater association with communities and with industry within the local area, and that industry may determine that it would be interested in funding then some of the operational equipment, particularly in the technical area.

Mr. Alcock: Let me just finish with that first question. So then is it the position of the minister at this time that Assiniboine Community College is equipped to meet today's standards?

Mrs. Vodrey: Mr. Acting Chairperson, yes, that is our position, that Assiniboine Community College is in a position to be competitive and to train competitively.

Mr. Alcock: Under the new governance model relative to this, presumably the colleges and autonomous body will create a budget, will make a request to government. That request will be

considered by government and some figure that presumably will be, theoretically could be, more than the request, more likely is to be less than the request, will be granted. Is that basically the process the minister envisions?

* (2250)

Mrs. Vodrey: The process for the colleges will not be exactly the same as the process for the universities because there will be ongoing dialogue between the colleges and new boards of governors and PACE, and that to make sure that the colleges do understand the policy direction the colleges will be required to submit a budget proposal based on government guidelines. As I have said to the member, the grants-funding formula is not yet developed, but it will be developed for the '93-94 Estimates process.

Mr. Alcock: So the relationship between the colleges and the government will not be the same as between other private not-for-profit organizations and the government in that government will still exercise day-to-day, week-to-week, month-to-month control over the operations of the college?

Mrs. Vodrey: Mr. Acting Chairperson, well, the legislation that I am referring to did pass this House last year, and so I believe the member did have some opportunity to look at the details at that time. The purpose contained within that legislation is that the colleges would be responsible to the government for a central policy that was consistent with government policy, but the day-to-day operations of the college would fall under the board governance model and it would fall to the Board of Governors to then continue to review those day-to-day operations.

Mr. Alcock: I appreciate the minister's informing me of the timetable for the passage of the bill. I find such information to be exceptionally interesting and useful. However, I am asking the minister about the relationship between the college and her department, and what she said in her earlier remarks indicated that the relationship may not be as at arm's length as one first envisioned in reading the legislation.

That, if I understood what she said correctly, the board and staff, management, et cetera, of the college would not be preparing a budget the way another not-for-profit organization might be doing, and then putting forward a budget request to

government, and then dealing with whatever response they got, but that there would be an ongoing relationship between the organization and the department.

Now what I am unclear about is, hopefully, in any good working situation there are always ongoing discussions between any organization and any funding body so that good communication and good operational relationships are maintained. But there is a point at which the college acts independently and makes some decisions based on the best interests of the students it is trying to serve and the job it is trying to do, and then says to government, this is what we believe, we need, in order to provide a quality service.

Presumably, at some point the college makes that decision. If it is simply going to be an arm of the government, I may be reading too much into what the minister said, but what she indicated was that there would seem to be more of a relationship or more of an interaction than I had envisioned from reading the legislation which she so graciously pointed out to me.

Mrs. Vodrey: This model is one which is not entirely at arm's length, but neither is it under the same level of government control such as exists today. The day-to-day operations, things like entering into contracts, human resource development, that will all fall within the colleges and college board of governors.

However, the government will retain some connection with the colleges in the area of policy direction. By example of that, it would be things such as program approval; we would also expect the colleges to provide a regular financial reporting; also, we would expect, through the colleges advisory committee, that the overall policy direction is communicated. So the budget would not be a total surprise to government, since there would be the kind of communication that the member has referenced in his remarks.

Mr. Alcock: I wonder if the minister can tell me how that would differ from the universities which do have the vehicle of the organization in between, the Universities Grants Commission. They have to go for new course approvals, and there is a relationship whereby they are informing government of significant financial decisions, for example, the signing of employment contracts and the like.

So what would be the difference here? Maybe I could narrow that down a bit. Will government be assuming responsibility for deficits incurred by the colleges?

Mrs. Vodrey: The legislation, which I remind the member was passed a year ago, says specifically that colleges cannot incur a deficit without ministerial approval. To distinguish, it is not quite the same as the Universities Grants Commission. First of all, with the UGC, there is not legislation which establishes course approval for the universities. There is approval for the establishment of new degrees but not for course approval. An example might be an arm's length versus a double arm's length relationship.

(Madam Chairperson in the Chair)

In addition, between the universities or among the universities, there is not a president's advisory committee. The universities do not have to inform the government or the minister through a regular financial reporting. So there are some distinguishing features between the movement to college governance and the autonomy of the universities.

Mr. Alcock: Madam Chairperson, I thank the minister again for reminding me when the bill was passed. I know I am getting older and I do forget this, so I appreciate her letting me know, because it does make it easier for me to focus my questions, so I am quite appreciative of it.

So the department is going to retain course approval. The board cannot approve even courses without some sort of written authorization from the department, is this correct?

* (2300)

Mrs. Vodrey: Madam Chairperson, well, the legislation does give the minister the power to do that approval and, again, the legislation specifies—to assist the member—that the minister approves the program of instruction.

However, the regulations are not yet prepared to determine which course. For instance, it may be that it is the diploma and their certificate courses versus the market-driven courses, which then may, in fact, not have that same approval process.

But, again, I would like to stress that those regulations are not yet prepared to determine which of those courses will require that approval. But the

legislation does give the minister the power of that approval.

Mr. Alcock: When may we anticipate seeing the regulations?

Mrs. Vodrey: I would anticipate those regulations sometime in the coming winter.

Mr. Alcock: Just a small question, down on 16-5.(d), Assiniboine, is that a computer-related expenditure here, \$75,000?

Mrs. Vodrey: Madam Chairperson, I am informed that \$75,000 would relate to software and also the line charges to Red River Community College and also the University of Manitoba and the student record system.

Mr. Alcock: Just a small point. I am just curious that they would break that out. I assume that does not include capital costs, because they are elsewhere, so that is simply a software operating charge for this entire college. Are there any computer expenses anywhere else in these operating or supply and services lines?

Mrs. Vodrey: Madam Chairperson, no, I am informed that there would not be computer charges except for capital elsewhere within this budget line, that it is a standard reporting format, and again, the capital would not be included in that specific number.

Madam Chairperson: Item 5.(d) Assiniboine Community College (1) Salaries \$8,664,700—pass; (2) Other Expenditures \$2,282,800—pass; (3) Less: Recoverable from Other Appropriations 7,300—pass.

Item 5.(e) Keewatin Community College.

Mrs. Vodrey: Madam Chairperson, may I ask if there would be an agreement for an approximately five-minute break?

Madam Chairperson: Is there leave to permit a five-minute recess? [Agreed]

The committee will reconvene at 11.15 p.m.

* * *

The committee took recess at 11.06 p.m.

After Recess

The committee resumed at 11:15 p.m.

Madam Chairperson: Order, please. Will the Committee of Supply please come to order. We are on item 5.(e) Keewatin Community College.

Does the minister wish to introduce the personnel who have just entered the Chamber?

Mrs. Vodrey: Yes, I would like to introduce Pat Ferguson who is the acting president of Keewatin Community College. Thank you.

Mr. Steve Ashton (Thompson): I hope members of the committee will not mind if I stand. I think it may make my remarks a little bit shorter actually by standing. I have enough questions to go for a considerable period of time, but Keewatin Community College is very important, obviously, to my constituents and to many northerners, and I want to ask a series of questions related to the current status of Keewatin Community College.

I want to begin by focusing in on the whole question of hydro development. Keewatin Community College, a couple of years ago, absorbed what was left of the Limestone Training Authority. Last year, Keewatin Community College then proceeded to cut many of the courses that had been offered in the area of the trades. We are, realistically, looking at a situation where we could be seeing a resumption of hydro construction within a year if one is to take the government's current timetabling seriously.

I know the member for Osborne (Mr. Alcock) has some question as to whether that will happen. [interjection] Indeed, where will the trained people come from, as the member for Osborne says? In fact, that is exactly my question because the Limestone Training, as criticized as it was by some, provided a significant increase in the degree of trades training. There were other courses available but particularly trades training. Last year, those courses were cut by Keewatin Community College.

I will begin by asking the minister in terms of what plans Keewatin Community College has currently to deal with the anticipated need to train people, some of whom had already been in the system, who have received training at different levels of the trades, but to train northerners and aboriginal people in the North, in particular, for the upcoming Conawapa development the government talks about so frequently in this House?

Mrs. Vodrey: Limestone, as the member spoke about, has come to its scheduled conclusion, and the department has been working with the Conawapa co-ordinating group first of all to identify what the employment requirements will be. When the environmental review is complete the

government then will be able to look at what opportunities are available and what is specifically needed, though we are in the process of identifying that now. Presently we are also in the process of developing an inventory of the active apprentices in northern Manitoba, those both trained through Limestone and also through other means.

We are also looking at the continuing of the Level III and Level IV apprenticeship to assure that the Level I and Level II successful apprenticeship can continue into journeyman status. Also within the Canada-Manitoba Labour Force Development Agreement, which I have spoken of, there will be some special provision, special measures focusing on aboriginal apprenticeship. Certainly we will be happy, when that agreement is signed, to discuss it in detail with the member.

* (2320)

Mr. Ashton: I appreciate the review. I appreciate the inventory, but the fact remains again that the trades training was cut last year in the Thompson campus of Keewatin Community College. A number of us at the time questioned that in light of the impending construction of Conawapa, and I want to indicate to the minister—and this is in the way of a suggestion as much as anything else—that one of the difficulties that was encountered early on with Limestone Training in 1985-86 was the fact that Limestone development was taking place concurrently with the training.

We are in a situation now where the government has a different scenario in the sense we have a trained inventory of people in the North. There is a database already available in terms of those training qualifications, and that can be updated very easily through CEC and through other contacts in the North.

We have a situation where the government itself said the construction of Conawapa is going to begin within a year. There is actually activity ongoing at Conawapa currently.

In fact, what I would like to ask the minister is, what time frame it is, because my concern, and the concern of many northerners is that we may end up in the situation where despite the fact the government has an advantage this time as compared to Limestone, the training may not be put in until it is too late. The peak construction on any hydro dam takes place after the third and fourth year, but there is significant employment that takes

place in the first and second year. The bottom line is, the danger in this particular case, we will go through the process again. By the time training gears up, the dam will be at the peak level of constructions, and what will happen is many northerners will not get the fullest opportunity.

So I want to ask, when are we going to see training programs put in place similar to the ones that were cut last year from Keewatin Community College, which were a direct result of Limestone training, initially, and had developed into ongoing trades training in Thompson, servicing that area, recognizing that there are other trades courses, I realize, in The Pas.

But when are we going to see trades training reinstated in the North, particularly in light of the development of Conawapa?

Mrs. Vodrey: Madam Chairperson, yes, there were some reductions in the Limestone trades training, and they focused primarily on the Level I and Level II. But, as I spoke about in my previous answer, we do continue training in the Level III and the Level IV, and we do want the planning requirements for Conawapa to be very thorough. We would like them also to be very responsive to the needs of the North and also consistent with the resources that we have available.

We do already have the inventory of skills in the North. We are aware of the need for training to be very timely, and we are in the process of making sure that we are prepared. We are certainly monitoring the activity relating to Conawapa. In addition, we are also looking to the Northern Economic Development Commission which is in the process of listening to northerners. It is focusing not only on Conawapa but also on other needs of the North as we look at what kind of programming will be most efficient at Keewatin Community College.

Mr. Ashton: I look forward to the deliberations of the Northern Manitoba Economic Development Commission as well, but it is put in place on a one-year time frame. By the time it makes recommendations, by the time government enacts any of those particular aspects, it is going to be far too late in terms of Conawapa. I hope that it was not intended as a recommendation in that sense. It may have some role to play in terms of the future.

I think the minister will have to forgive me if I am a little bit cynical about the activities of this government, because it has already made a whole

series of decisions affecting the North without consulting with northerners. Now it is consulting with northerners after the proverbial horse is out of the barn. They are trying to close the barn doors here, and the bottom line is those decisions have been made.

I think in many ways they have made the task of the commission more difficult, and I say, Madam Chairperson, that I still will be participating in their deliberations. I have the greatest respect for many of the people on the commission itself and have had an opportunity to discuss already some initial feelings with the director of the commission. I will be participating, but that does not in any way, shape or form change my concerns about the activities of the government in regard to issues affecting education.

In fact, I want to go further, and I note that the minister talked about the government being concerned in terms of Keewatin Community College, et cetera. Of course, what we are finding is that we have a reduced budget in terms of Keewatin Community College, we have a reduced program in terms of Keewatin Community College, and that is this year over the past year. Even in the past, when they made changes to programs last year, the net impact—and I know that in the case of Thompson they eliminated a number of ongoing programs, many in the area of the trades. They substituted others.

There have been difficulties, I know, with some of those courses in terms of getting them in place and some of them only just beginning to be put in place. There has been difficulty in terms of enrollments, but the net result was fewer opportunities.

I want to ask the Minister of Education, and this is in the context of the North again—and we have raised this overall with community colleges—how the government can justify the fact there is reduced programming in place in the North through Keewatin Community College overall. I am talking about more courses here. I am talking about the net impact of some additional courses, some changes and some reductions and why, indeed, in this particular case, KCC has seen a reduction.

* (2330)

I recognize that part of the problem is the incompetence of the government in dealing with the federal government in terms of the failure in the Northern Development Agreement to reinstate

some sort of funding in that particular area, the fact that this government has not negotiated a federal-provincial agreement in terms of Conawapa. I am sure the minister will respond in some way, shape or form that it is somehow to do with that.

What I am saying is, why is the government essentially reducing its role in the North? Why has it reduced its role within KCC over the past couple of years? How does it justify that at a time when Conawapa is on the horizon and when there is a great need for training generally? Northerners need the skills that the Keewatin Community College can provide. How does the government justify that?

Mrs. Vodrey: Madam Chairperson, I have spoken to several of the member's colleagues on the record during the process of this Estimates debate. I believe I responded to the member for Point Douglas (Mr. Hickey) as well as to the member for Wolseley (Ms. Friesen) about issues relating to the North and our particular concern about the people of the North. I could go over that discussion for the honourable member in terms of our understanding of the need for programming and for supports for people of the North.

There certainly has been a recognition of some of the special concerns of the people of the North and where that training is offered and how we can assist those people in the North who enter the training programs to remain engaged in those programs and to not have a high attrition rate, not to suffer the attrition rate because those people are in fact separated from their homes and separated from their families. So we have recognized the need for special supports.

We have also recognized the need in the North to make sure that the programming is responsive to the needs of that community and that people within the surrounding communities in the North will then decide that those programs are important, because they see those programs as being tied to employment. As I have said on the record before when I chaired the literacy task force, it was very clear that some people decided to drop out either of schooling in the K to 12 range or in any kind of post-secondary or training programs because they lost sight of where that program would lead them.

So there certainly is a recognition that the programming offered must, to assist in the engagement process, be seen as leading to employment in the long run. That is not an issue

that is specific to the North, though I do recognize that in that area for people to leave their families, if they must leave their families to come and study, that they do have to recognize a benefit, not only an intrinsic benefit to themselves, but also an additional benefit, an external benefit to themselves and to their families as a result of employment.

I have spoken recently, in the past few days and at great length, about a commitment and an understanding to the people of the North. So I think that the honourable member might be interested in those comments, and I am prepared to speak more fully about them.

In specific to the issues which he has raised about Keewatin Community College, the reduction in the KCC budget does not represent a reduction in programming, and I think this is very important. But it does represent a streamlining in administration and also the privatization of the cafeteria and the janitorial and the security services.

These were activities geared to the improvement of the cost effectiveness of the college operations. In each of those privatization processes, employment was offered to those people who were originally employed under the college.

Now, in fact, the member continues to say that the programming budget at KCC was not increased. In fact, he is wrong. The programming budget at KCC was increased, and I have spoken of that increase at least three times tonight. There is an increase in the programming budget at KCC, an increase of \$375,000 in 1992, so that that very much needed skills training, which the member is speaking about this evening and which is well recognized also by this government, could be offered.

I have spoken in this House during the debates process of these Estimates what some of that new programming includes, including the instrumentation, electronic technology, technician, computer technology, computer technician and facilities technician. These programs are in addition to the new programs which were added in 1991-92.

So I again would like to correct the member, make sure that he understands that the programming budget for KCC was increased and that there certainly is a recognition of some of the needs and the special circumstances of the people in northern Manitoba.

Also when he referred to the Northern Economic Development Commission, again I would like to put in context for him my remarks in case they were missed the first time. I did say to him that though we were working very closely with the Conawapa planning team, that also we were relying on information which will flow from the Northern Economic Development Committee because we do want to consult with northern Manitobans, we do want to hear what northern Manitobans have to say, and this is one mechanism that is available to us and one mechanism which we can use.

Mr. Ashton: I think the minister needs correcting, because I think if she would look back in terms of what happened the previous year, this is the exact thing we have raised our concern about. I relate specifically in this case to the Thompson campus.

The cuts took place in terms of programming last year. They were real cuts in terms of positions, there were fewer courses offered, Madam Chairperson. The government just cannot play this game, this statistical game, of cutting one year and then reinstating part of it the next year and saying that they have somehow generously provided additional funding to people in that area.

I would note as well for the record, so that the minister is also correct in terms of her understanding what I said, Keewatin Community College is the only one of the community colleges to receive a cut in overall funding this year. You can look at the figures. They are in the Detailed Estimates that are offered, and I will just put them on the record.

Red River College, comparing the Adjusted Vote to the Year Ending 1993, the current fiscal year we are dealing with is going from \$30,244,600 to \$31,254,700, an increase in terms of Salaries as well. Just in terms of Salaries, by the way, with Red River Community College, there are 701.5 positions going to 723.25 positions.

In terms of Assiniboine Community College, they have a similar number of positions. They are going from 205.18 to 206.31. They increase, on an Adjusted Vote basis, from \$8,060,900 to \$8,664,700.

But when it comes to Keewatin Community College, there is a reduction in positions from 165.46 to 163.12, and a reduction in the Adjusted Vote of \$7,106,500 to \$6,977,600.

Now, the minister can talk about the reasons why they came at that cutback. Indeed, if I had the time,

I would go into the very insensitive way in which the so-called privatization was handled in terms of the Thompson campus. It impacted on janitorial staff; it impacted on people working in the cafeteria.

It may fit in with Conservative ideology, but the bottom line is, Madam Chairperson, that any cost savings that were incurred were at the expense of the workers and the expense of positions. Some people, indeed, have been able to be rehired in terms of the existing contractors but at far less in terms of the kind of working conditions and job security they might have otherwise had.

The fact is, if the government were going to save money—and I put this to the minister. If they were going to save money through privatization or whatever, the fact is they have reduced the overall amount that is being spent in terms of Keewatin Community College this year. No matter how the minister tries to play with the figures in terms of this year versus the previous year, last year they made significant cuts, certainly in the case of the Thompson campus, in terms of very needed courses.

I want to ask the minister why the government did not ensure that the kind of increase that took place at Keewatin Community College was at least of the same sort of range as took place at Red River Community College and Assiniboine Community College. It is as simple as that. I am not going to play games as to which base year the minister wants to pick.

* (2340)

She talked about this year's compared to last year's. We have said many times in this House that part of the problem with the government on community colleges is that they cut out a huge amount, and they are reinstating something this year. That is not an increase compared to what was available to community college students. It is certainly not an increase in terms of spaces that are available in the overall community college system. It is certainly not an increase in terms of the kind of opportunities that northerners in the case of KCC are asking for.

So I guess it is a question of priorities, Madam Chairperson, and I guess the bottom-line question is, why, in the case of KCC, for whatever reason, if they were able to get all sorts of cost savings, whatever, why in KCC have they chosen basically to reduce staff positions and reduce overall funding,

whereas in the case of ACC and Red River Community College, they have a marginal increase in one case and a significant increase for the overall budget?

Mrs. Vodrey: Madam Chairperson, again, I would like to start with some of the words that the member has used I believe suggesting motives in terms of saying, "playing with the figures" and certainly I do not think that is an accurate description of any of the answers which I have given in this House and which I am giving to the member at this time. I would certainly like him to perhaps listen and think again when he discusses the remarks that I am making to him.

Now, again, I think it would be important to talk about some of those numbers, and, yes, there was a privatization. Some of the changes in the total budget are a result of the winding down of Limestone and also the privatization of the cafeteria, janitorial and security services. As the member well knows, the individuals who were employed under the college in those areas were offered those positions under the new service. So those people were not allowed to become re-employed. In fact, they were offered re-employment, and a number of those people decided that they would not accept that offer of re-employment.

Then I would remind him again when we speak of the programming budget at KCC. The programming budget, then, was increased by \$375,000. The member has spoken about the bottom line, which I have explained to him where, as a result of restructuring, those differences come from, but in the area of programming on which he has focused his interest, I have explained to him that there was a programming dollar increase, an increase of \$375,000.

The NDP, through our discussion of the colleges, has shown some reluctance to do this restructuring. The NDP has talked about being responsive geographically, being responsive to the environment, being responsive in terms of time, but to be responsive yet to never restructure, to never refocus, to never upgrade, to never be responsive to the community, to maintain and to not grow and not to change, and that has led to the difficulties at the community colleges.

We in the government today are certainly seeing the results of that failure to change, of that continued neglect of the community colleges, and we are

working very hard to overcome that. We are in the process of restructuring and refocusing, and refocusing programming on employability and on efficiencies and on the renewal. When we spoke about the community colleges in a broad sense under policy, we spoke about the importance of the community colleges as post-secondary institutions, and that it was very important that these institutions are able to attract the students from across the province.

They will also be able to provide the training within their own geographical area, which is of importance to the people within their area, and as I said, not only provides a satisfaction, having been engaged in the course and the successful completion, but also leads to employment, that individuals can point to something concrete.

So I believe our record shows our commitment to the community college system, our commitment to Keewatin Community College, and I believe that I have explained to the member those questions which he raised and perhaps did not understand the first time.

Mr. Ashton: It is the minister who does not understand what the government has done, and I understand she is a new minister. I understand that she probably does not want to know what happened in this department before she became a minister. I do not blame her. But for the minister to continue with misunderstanding what we have been saying in this House continually, I find it amazing that she would then turn around and accuse the opposition of not understanding.

I was in this House, she was in this House, since the last election of 1990. She sat in the same caucus with the previous Minister of Education. She sat in a caucus that brought in major cuts in terms of community college programming, in terms of the last budget that we dealt with. Now she expects us to start the clock from 1992 on as if nothing happened before, or whatever happened before was, she lumps in this term about there had not been the restructuring. I am waiting for her to talk about reform, maybe take the blue book of the Minister of Health and change all the words into Education.

The bottom line is, if the minister wants to get back beyond the time she was minister—and I know it is difficult; I do not blame her for not wanting to discuss that period before—but if she wants to look at what

we had before and what we have now, we have seen the true policies of the government in terms of community colleges. There has been a reduction.

If she wants to talk about servicing the communities, I can tell the minister, if she takes the time to talk to people in the community colleges, specifically Keewatin Community College, that she will find an extremely low morale amongst many people, because they have seen the cuts that took place the previous year. They do not see any real direction from this government. They have seen a scrambling together in terms of, first of all, absorbing the Limestone Training and then basically eliminating it. There is a great deal of concern, and indeed I am sure within Keewatin Community College today there is going to be more concern again—I said this just a minute ago, and I notice the minister did not deal with the fact—that this is the one community college that has got a reduced overall budget.

If the minister wants to talk about the programming, if she wanted to reinstate the kind of programming that we had in the North, previously this kind of training, why is it that Assiniboine Community College has \$664,000 more, and Keewatin Community College has close to \$200,000 less? Why could not some of the kind of money that obviously the government was able to find for Assiniboine Community College have also been found for Keewatin Community College to reinstate the programs that were cut by the previous minister?

I mean, it is not a question of us not understanding, Madam Chairman. We understand. I have been in this Chamber. I remember the budgetary decisions made by her predecessor, by her government of which she was a part. I understand the impact of that, because I not only saw it in here, I saw the impact it had in Thompson. I remember when the layoff slips came out. I remember when the programs were eliminated by this government. I remember the net impact of making all these courses they said they were adding in, the net impact after was a cut in terms of the kind of service available in the North.

* (2350)

What we are seeing in this budget with the operating budget increase over last year does not make up for that, but, you know, the minister does not want to get into that. If you notice, the base year

she wants to pick is last year's, as if that was when we started the universe, when we started dealing with education in Manitoba. The bottom line is we know in the North what we had before, and if the minister wants to talk about educational policies in terms of community colleges in the North, indeed, we can get into a lengthy debate, when we have the time, about what happened in terms of community colleges in the North, what happened in terms of Limestone Training, the kind of training that was available, not just for people who were working at Limestone, but for people who were also looking for training in terms of the trades, what happened then, and what impact it has had on the North in terms of those people being able to find jobs and work in their own communities.

If she wants to do more than that, come into the North and visit the communities and the constituents of the member for Flin Flon (Mr. Storie) or my own communities. I can take her to see people, who I remember from many years ago going into these programs who are now working in their communities, remote communities of high unemployment. Where previously that work would be done by outside tradespeople, they are now working in the communities.

We do not need to get into historical debate, unless the minister wants to. I am quite prepared to do it, because I notice that she did not provide any substance to this suggestion of how terrible things were under the NDP. I have heard other elements of committee where she was quoting Maureen Hemphill from 1984, I believe it was.

Madam Chairperson, I can tell her what happened in 1981, 1982, 1983—I remember the years. I was here for the budgets. I remember the additional programming that took place, the record of the NDP government, in terms of the North, in terms of community college training, in terms of certificate training, in terms of the ACCESS programs. What is happening is that in each and every case right now we are fighting a rear-guard action as northerners to keep what we can.

In the case of community colleges, they were most directly hit last year. KCC was hit just the same way as others were hit, Red River and Assiniboine. They suffered. What is happening this year in terms of overall budgets, the priority is going to Assiniboine Community College. That is great for the people of Brandon and southwest Manitoba. That is great for those people in that

area. I am not in any way, shape or form saying they should not be getting this type of assistance. I am not arguing against it. No one play any politics with that, because I know there will be some who might read Hansard, some of the members in the Tory caucus from southwest Manitoba might try and play some politics and say I am opposed to that.

I am saying, and I will say it very clearly, I am not opposed to Assiniboine Community College getting that additional funding. Why not Keewatin Community College getting some of the kind of reinstatement of programs that it has had? Why not them getting an increase, \$600,000, like Assiniboine Community College?

I am not saying to the minister—once again, because it is her misunderstanding that is creating the problem. We are comparing not this year compared to last year, \$375,000. We know the government has increased over last year because they cut the year before that. That is like going up to someone and stealing \$10 from them and giving \$5 back and saying, how generous you are. That is what happened.

The bottom line is there is less money and less opportunities in terms of the North. All I am asking from the minister is an explanation why, relatively speaking, when she sat around the cabinet table—because I assume that she had a significant role in terms of these Estimates. They are her Estimates, and if she did not develop these numbers, I understand. If she wants to indicate that, I understand that and perhaps I am being overly critical of this particular minister. But the government around the cabinet table has decided that Keewatin Community College ends up with a reduction in terms of its year over year, and it ends up dealing with the situation where it has got fewer staff in comparison to last year and, most importantly, compared to what it had previously in terms of the kind of programming that is available.

I ask, is that fair? In the area with the highest unemployment in the country, northern Manitoba, is it fair for the government to give Keewatin Community College, out of the three community colleges, the least priority in this budget year and not to start to make up the kind of reductions we have seen in previous years under this government, under the previous minister, but under the government which this minister was a part of?

Mrs. Vodrey: Madam Chairperson, well, I have to say that the honourable member's comments were not accurate and neither were they complete. I think it would be very important to fill in some of the gaps for the member who has not understood.

The member asked for some examples of the previous NDP government and their failure in the North, so let us start with this. We had a college on the verge of collapse in the North. We had a Limestone Training program operating out of Winnipeg to serve the needs of the North. Now this is the member who wants to have the programming in the North. He wants to have the centralized control in the area of the North, when the Limestone program was operating here out of Winnipeg. Talk about a failure.

In addition, we had 14 of 1,720 apprenticeships completing to the end of the program, and we had valuable capital equipment which was lying around and was not being used on the Thompson campus. In addition, there was an agreement with the federal government, supposedly to bring in \$18 million, which did not bring anything near the \$18 million.

So perhaps that has provided some example to the members of the failure of the NDP government in dealing with the North. Now they seem to be very proud of their record. I would not be proud of those examples in any way.

Let me tell you what this government has been doing, Madam Chairperson, because I think it is very important. First of all, we have been strengthening the system with the resources that are available to Manitobans. We are looking for better results from the community colleges. We are looking for outcomes from the programs which we have put in place. We have additional programs. Those additional programs are in the high-demand area, and I reference for his interest the Bachelor of Nursing program. I also reference the KCC co-operative program with Brandon University and the Swampy Cree Tribal Council in the area of

business administration. I also reference for the member, just so that he has not lost sight of the fact, that we have added to the KCC budget \$375,000, including \$151,000 in the area of capital.

* (0000)

I think the member is also in his discussion of our commitment to the North not taking into account the total programming which is the commitment of this government to people in the North. We have maintained our historical commitment to the ACCESS programs. We also support the New Careers programs. We are looking for the college to develop a very strong core of programming, and we are also looking for the movement toward college governance. Within that college governance, we are looking for the establishment of a board of governors made up of northerners sensitive to the needs of northerners, and the member seems to have forgotten that as a very important issue. We are looking to use the scarce public funds that are available in the most effective way.

So I think the member has not been able to somehow demonstrate that his former NDP government was so successful because, in fact, we recognize that they were not. On the other hand, this government has provided a significant commitment to the North, and I have referenced the ways. So I maintain it is that member who does not understand.

Mr. Alcock: Madam Chairperson, this is a fascinating discussion, but I note there was an agreement to let committee rise at twelve o'clock.

Madam Chairperson: Committee rise. Call in the Speaker.

IN SESSION

Madam Deputy Speaker: The hour being past 10 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

Legislative Assembly of Manitoba

Monday, May 25, 1992

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