



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

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**DEBATES  
and  
PROCEEDINGS  
(HANSARD)**

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39 Elizabeth II

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fifth Legislature**

**Members, Constituencies and Political Affiliation**

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, November 26, 1990

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

### TABLING OF REPORTS

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I would like to table the six-month report for the Manitoba Liquor Control Commission.

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

**Mr. Speaker:** Reverting back to Presenting Reports by Standing and Special Committees, the Honourable Member for Seine River.

**Mrs. Louise Dacquay (Chairman of Committees):** Thank you, Mr. Speaker. The Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

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

**Motion agreed to.**

### INTRODUCTION OF GUESTS

**Mr. Speaker:** Prior to Oral Questions, may I direct the attention of Honourable Members to the gallery where we have with us this afternoon from the Ecole Provencher seventeen Grade 9 students, and they are under the direction of Mr. Ed McCarthy. This school is located in the constituency of the Honourable Member for St. Boniface (Mr. Gaudry).

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

### ORAL QUESTION PERIOD

#### Health Care System Decentralization

**Mr. Gary Doer (Leader of the Opposition):** Mr. Speaker, last Question Period we raised a number of concerns with the Minister of Finance (Mr. Manness) about his public agenda for the Finance

Ministers' meeting that he was hosting in Manitoba next week. Since that Question Period, our concerns about the meeting the Minister of Finance is chairing have risen with the musings of the Minister of Finance about the possible takeover in the provinces of the medicare system in Canada.

Mr. Speaker, we have had a vision in this country from sea to sea to sea on our health care system and our post-secondary education system, a vision that somebody in Corner Brook gets the same kind of health care as somebody in Neepawa, that somebody in Dauphin gets the same kind of education as somebody in Whitehorse.

Why is this Minister of Finance looking at decentralizing the national fibre of our country, decentralizing the programs that are so essential for Canadians? Why are we moving to an ideological position of decentralizing strong national programs? Why are we not standing up for these programs rather than moving with Alberta and British Columbia in the area the Minister has articulated last week?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, let me say firstly, very straightforwardly, this Government is not looking for a different system than we have in place right now. Let me say that the Government will continue to share at a fifty-fifty level all the costs associated with the supplying and delivery of health care.

Mr. Speaker, we have a dilemma. The dilemma is across this country that the federal cash sharing with respect to health care costs is no longer at the fifty-fifty level. Let me also say—and I imagine there will be many more questions where I will have a chance to expand on this answer—that the key to all of this is equalization. The Government has said from its point of view, that is the thrust it wants to bring forward with respect to the Ministers of Finance meeting next week. Furthermore, that was the thrust contained in the interview that I gave to Mr. McKinley.

\* (1335)

**Mr. Doer:** Mr. Speaker, but if you read the communique coming out of Lloydminster and you listen to the Minister of Finance, it is clear that this

Minister of Finance is articulating the same position as British Columbia and Alberta which of course has been calling for removal of the federal Government in health and post-secondary education, Mr. Speaker, a removal from the federal Government of our equalization payments, a slot machine vision of Canada where you put a nickel in and you spend a nickel in your province, rather than the vision that has been part of this country for so long and Premiers of all political stripe have supported—except for Walter Weir—a strong central Government for the people of Manitoba.

My question to the Minister of Finance is: Why is he looking at the proposals of Alberta and British Columbia? Why has he not consulted with the public as he said in his statement that was released from the Lloydminster meeting? Why is he moving this province to a vision of this country that is totally inconsistent with the people of Manitoba and the services that are required for the people of this province?

**Mr. Manness:** Mr. Speaker, I am not moving this province one iota. I am convening, as the chairman of a national meeting of Ministers of Finance, provincial Ministers of Finance, a meeting dealing with a whole host of issues, the prime objective being to maintain the health care system as we know it in this country.

The Member seems to allude to the fact that I may be on the agenda of Alberta and British Columbia. Nothing could be further from the truth, Mr. Speaker. The reality is that provinces across this land see the impact, the impact of reduced cash funding from the federal Government. Matter of fact, I believe it was the Leader of the NDP, if not him, the Health Critic of that Party, just a few days ago ask us as to the cash impact by the end of the decade on health care funding as a result of analysis that came out of Quebec. This basically is the essence of the meeting.

We all want medicare to continue, but the reality is, if there is not the funding in place from the federal Government, we are going to have to look at various options to maintain it. Now I know it is so easy when you are in Opposition to take the easy simplistic political point of view and attack us for even looking at various options.

Mr. Speaker, as the Minister of Finance, I do not have the luxury of saying and just berating Ottawa for drawing down their support. There are health

care needs that have to be funded today. I do not have the luxurious position that the Leader of the Opposition.

### Manitoba Position

**Mr. Gary Doer (Leader of the Opposition):** You do have the responsibility to have a vision of this province in its place in confederation in Canada. You do have a responsibility to know the cost benefits of what you are suggesting and, more importantly, to know the philosophical basis under which you are approaching these issues.

My question is to the Minister of Finance. Will he table the position that we will be taking to the Finance Ministers' meeting next week, given the fact that his Government promised that they would consult the public before they would proceed any further at the Lloydminster meeting, given the fact that at the Meech Lake Task Force the majority of Manitobans are opposed to the decentralized vision that is moved by the western Premiers and the western Ministers of Finance to be part of the national agenda of the Ministers of Finance? Will he table the position of Manitoba going into that meeting so we will know whether in fact he is proceeding on the basis of Tory ideology, as we fear, or on the basis of a strong central Government, as we wish?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I have no position to table because it is not a meeting, indeed traditional, in the sense whereby every Government is going to be presenting beforehand a statement of their views. This has been brought together as the first time the Ministers of Finance have met across this country to try and somehow dialogue around these questions and try to work toward some consensus. There is not a hard on-paper position.

Let me answer the Member specifically where Manitoba stands. Manitoba stands as wanting to see maintained the system that is in place today, wants to see the federal Government continue to contribute 50 percent cash toward all health care expenditures.

Mr. Speaker, in saying that, I also have to bear in mind that the only saving that we have and the only guarantee that we have that the federal Government is going to do all the things that the Leader of the Opposition said has to happen with respect to an equal standard of health care across this country,

the only thing that is in place to safeguard that is equalization.

Mr. Speaker, if the Member wants to know the strong, hard position from this Government, it will be centred around equalization because, unfortunately, the way the laws are in this country the federal Government does seem to have some liberty to unilaterally make changes with respect to EPF funding.

\* (1340)

### Health Care System National Standards

**Ms. Judy Wasylycia-Lels (St. Johns):** Mr. Speaker, it is clear from the response by the Minister of Finance to my Leader's questioning that the statements by the Minister of Finance, as reported in the press, are not idle musings. They represent a new direction on the part of the Government, and they are sending shock waves throughout the people of Manitoba today. They spell disastrous consequences for universal, accessible quality health care in Manitoba.

We want to know from the Minister of Finance, since the Premier (Mr. Filmon) is saying something one day, and the Minister of Health (Mr. Orchard) last week said he supports national standards, what is the vision of this Government with respect to national standards? What is the course of action that this Government is taking us down? What slippery slope is it taking us down—

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

**Hon. Clayton Manness (Minister of Finance):** If the Member would like to share in the conversation, because I understand we have access to the interview that was run, I will share with the Member exactly what I said on Friday, was that this Government fully, fully subscribes to the idea of national standards put in place by a strong national Government, but the only guarantor of that, Mr. Speaker, is equalization, not EPF, equalization. That is the position this Government is taking to the Ministers of Finance meeting next week.

**Ms. Wasylycia-Lels:** Mr. Speaker, the Minister of Finance did say to the public that the way we are going we cannot attain the standards. We are short of the standards. I want to ask the Minister of Finance, what standards we are not able to attain right now, what standards he intends on doing away

with, what is the future direction for universal quality—

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

**Mr. Manness:** Mr. Speaker, this is a very serious matter. For the Member opposite to say that I was going to deal away with standards is a very unfair statement. It is almost as unfair indeed as the way the article was written trying to portray that this Government is not wanting to maintain standards. I would ask the Member to try at least to get her rhetoric into some position where it squares with her question.

Mr. Speaker, as far as standards, I think we all recognize that the health care system is under tremendous pressure in this province and indeed in every province in this country. That is as a result of some fundamental problems, some of which could be addressed with additional money, but indeed not all of it that can be attained, the success or indeed the solution, not all of it attainable through additional dollars.

In reality, Mr. Speaker, we will try to reach the very highest standards possible. Today in my view, and indeed in the view of the Minister of Health (Mr. Orchard), the standards that are being attained in this province are second to none in the nation. Manitobans, indeed Canadians, would like to see higher standards attained and the only way that will be able to be done is indeed if we begin to address our whole problem of debt in this province and in this nation.

**Ms. Wasylycia-Lels:** Mr. Speaker, I am not representing anything. I am quoting from comments he made to the press, and I refer to the Minister of Finance's statement coming out of Lloydminster where the message is clear.

If the Minister believes so strongly in maintaining national standards, then I would like to ask him now if he will put on the record today, if he will give assurances to this House that there will be no loss to the people of Manitoba in terms of high standards for health care? Will he also guarantee that Manitoba's health care system will not be revamped according to the Tory agenda that we have seen time and time again of user fees, premiums—

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

\* (1345)

**Mr. Manness:** Mr. Speaker, just like the Member across the way has no monopoly on caring, let me say she has no monopoly on trying to ensure that this province reaches the highest quality health care standards possible. The reality is, and I know it is hard to convince somebody of the NDP persuasion this, but the reality is a dollar only goes as far as a dollar will go. The reality is that there are fewer dollars coming in to the Treasury of this province, most of it by way of transfer from the federal Government.

It is very hard to reconcile, if not impossible, and I would say impossible, to reconcile sometimes the apparent approaching gulf as between a shortage of dollars coming in and the tremendous dollars needed to maintain the higher quality of standards that we all want. The Member can take the simplistic easy approach, political approach in Opposition, in saying that we are against maintaining standards, or that we are trying to destroy standards or that we are trying to bring in user fees, Mr. Speaker. Not on one occasion has a Member of this front bench, a Member of this Government, ever, ever alluded to any aspects of that.

Mr. Speaker, when the Minister of Finance, myself, when I rise and say that Ministers of Finance from across Canada are very, very troubled with this problem, and they are trying to search out all the options to keep medicare in place like we want it, the Member takes the cheap route and says that we are out to dismantle the system. I say shame.

### **Established Programs Financing Government Position**

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** Mr. Speaker, my question is to the Minister of Finance.

It is not a cheap shot from anybody in this Legislature when we raise genuine issues of philosophical direction. This Minister has painted himself in the media as a broker. On what basis does he classify himself as a broker—because he has no vision, or because he has a vision he does not want to tell us about?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, that is a cheap shot but, nevertheless, that is fine. We are in the realm of politics and I can live with that.

The reality is that if the federal Government is not going to exercise its responsibility in providing

fairness of treatment in health care and all areas across this nation, then the Province of Manitoba, to use an example, will continue to lose by virtue of our position.

To use a non-health issue, I can think of the safety nets around agriculture. Here is a situation whereby we are going to be asked to ante up the same level of support as other provinces who have much greater means.

If that is going to continue to be the approach in the nation then quite obviously the Province of Manitoba is going to be very much disadvantaged. If the federal Government is not going to put in place not only the symbolism, but more importantly the meaning behind sharing, behind the whole equalization approach, then obviously standards in health and/or many other areas are going to be under attack because what I cannot do as the Minister of Finance is I cannot print money.

Now the NDP Leader may say that is surrender. Mr. Speaker, that is not surrender. That is the reality. That is what the Ministers of Finance are trying to discuss.

**Mrs. Carstairs:** Mr. Speaker, it is surrendering when this Minister tells us in the House today that he is no longer willing to protect EPF funding. He is going to put all of his eggs in the basket of equalization. Manitoba is dependent upon both.

Can this Minister tell us on what basis he says we can no longer fight for Established Program funding, we have to go entirely into equalization which, although the formula is protected in the Constitution, the amounts are not?

**Mr. Manness:** Mr. Speaker, let the record show that in the early '80s under the federal Liberals there was a unilateral move made on EPF funding. Let the record also show that under the federal Conservatives there has also been a unilateral attack on EPF funding.

We can all claim that the actual magnitude of the transfers is increased, but in comparison to the inflationary costs associated with delivering post-secondary education and also health, Mr. Speaker, we have been losing. I recognize that. I would think the Leader of the Liberal Party would also recognize it.

For the Member to say, continue to fight the hard battle in EPF, naturally we will continue to do that, but Mr. Speaker, if you continue to fight and yet you realize by the analysis done in Quebec that there

will be no cash transferring in their province's case by the end of the decade, the reality is, if you are a responsible Government—we are a responsible Government—you also have to look at other options.

\* (1350)

### **Health Care System National Standards**

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** I have a supplementary question to the Minister of Finance.

Can the Minister of Finance tell us who is correct, his Premier (Mr. Filmon), who said on December 16, 1988, that our health care standards were above the national average, or the Finance Minister, who said at the end of last week that we were not meeting the national standard, or are they both correct, and he is now willing to admit that our conditions have deteriorated over the last two years?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, that is an easy question to answer. The Premier is always correct.

Let me also say that there is a two-year time frame difference. Today I believe that the Province of Manitoba is maintaining the national standards. For further explanation of the standards, I would ask the Member for Pembina (Mr. Orchard) to give a further comment.

### **Post-Secondary Education Federal Funding**

**Mr. Dave Chomlak (Kildonan):** Mr. Speaker, my question is to the Minister of Finance.

Despite the fact that in other countries and other jurisdictions the federal Government is increasing funding to the education system, this Minister is going to a meeting with an agenda whereby he muses that the federal Government could withdraw funding to post-secondary education.

Is he prepared to see education standards fall and programs decertified by virtue of the withdrawal of federal funds?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I am not musing at all at what the federal Government may be doing in the next budget. All I am saying is, I know what has happened in the 1990 budget. There was a unilateral movement to

withdraw funding in support of Established Programs Financing.

Mr. Speaker, that is the basis. The Leader of the NDP (Mr. Doer) says, after he warned us. Whether he warned us or not, I do not think the federal Government was going to change its mind. They indeed made the decision unilaterally.

Mr. Speaker, it is on that basis, hindsight, that tells us that the federal Government, still with a massive deficit problem, may decide in their 1991 budget to continue this approach. We are the deliverers of the service. We take that responsibility extremely seriously. We believe that for the sake of economic renewal the increased taxation option is not a viable option.

Mr. Speaker, it is on that basis that we in this province—but more importantly let it be remembered, provinces all across the country are in the very same position and are wanting to come together and dialogue on it, and they will in Winnipeg next week.

### **Tuition Increases**

**Mr. Dave Chomlak (Kildonan):** My supplementary is to the same Minister.

Mr. Speaker, the federal Government did withdraw from post-secondary education. Does the Minister have any analysis as to how much tuition fees, already up by double digits this year and suffering due to the effect of the GST, would have to increase next year?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I do not know the answer to that question. I do know that sometime in the next two or three months this Government is going to have to make a very important decision with respect to university funding. After the universities are apprised of what level of funding they can expect through the Universities Grants Commission, they at that time will strike their own budgets and will determine the rate of increase, if any, of tuitions.

### **Federal Funding**

**Mr. Dave Chomlak (Kildonan):** Can the Minister table the financial information on which he has made his statements, and can he table this information so that Manitobans can have a meaningful discussion about the effects of the federal Government withdrawing from post-secondary education?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, who said the federal Government was going to withdraw from post-secondary education? Who ever said that?

Mr. Speaker, the analysis that has been quoted in this House, the only analysis that I saw, came from eastern Canada. We were asked in Estimates indeed if -(interjection)- Look, if you have the courage, get up and ask the question.

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

**Mr. Manness:** Mr. Speaker, we were asked in Estimates the other day if that methodology was in place, what would it mean for the Province of Manitoba? Having not even seen the methodology in detail we said by the year conceivably 2000-2005, we would run out of funding too.

#### Point of Order

**Ms. Judy Wasylycia-Lels (St. Johns):** The Minister of Finance has just suggested that the reports we have referred to are done first by Quebec and then he said by someone in eastern Canada. I tabled in the House, Mr. Speaker, the copy of the—

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

The Honourable Member does not have a point of order. It is a dispute over the facts.

\* \* \*

\* (1355)

#### Equalization Payments Government Position

**Mr. Jerry Storie (Flin Flon):** Mr. Speaker, it is interesting to hear the Minister of Finance say this morning that we are giving up the battle on EPF funding.

Mr. Speaker, in 1986 I can recall the Minister of Finance, when we called for an all-Party submission on the loss of dollars under EPF, we were called fed bashers and many other things. We see the result of that inaction on the part of this Minister, an inability, it appears, to table a position. Equalization payments represent approximately 20 percent of the revenue of the Province of Manitoba. This Minister seems prepared to start discussions on equalization. In fact, in a report he says he has started discussions.

Can he table for the people of Manitoba, Manitoba's clear position on equalization payments

today so that we will know where this Government intends to take us?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, the seven recipient provinces are presently developing their plans in preparation for discussions with respect to the renewal of an equalization agreement. We are very concerned about the CAP provision that has been put into place. That is not new news to this Chamber. I think we have talked about it now for the best part of a year and a half.

In our view, when we survey the scene, when we look at all of the areas of dispute today as between the federal and provincial Governments, not just in Manitoba, whether one wants to look at the GST, whether one wants to look at equalization, EPF funding, indeed cost-shared programs outside of transfers, whether it is agriculture support programs and so on and so forth, the whole issue, the very common theme running through all of this, is equalization. I say that is where this Government will provide its greatest, greatest priority.

#### Constitutionality

**Mr. Jerry Storie (Flin Flon):** Mr. Speaker, with all due respect to the Minister of Finance, this Government is hanging its hat on equalization and ignoring the fact that virtually every policy that this federal Government has introduced since 1984 has lost us jobs and power as a province.

Mr. Speaker, my question is to the Minister of Finance. Given the history of the relationship between this Government, the doormat diplomacy of this Government, will this Government announce today to the people of Manitoba that if there is any attempt unilaterally on the part of the federal Government to change equalization, that we will mount a constitutional challenge based on our Constitution and the right of equitable services across this country?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, the question is hypothetical, but the answer is easy and the answer is yes.

**Mr. Speaker:** The Honourable Member for Flin Flon, with his final supplementary question.

**Mr. Storie:** Mr. Speaker, if the answer is easy to that question, then perhaps the Minister will tell us why health, education and post-secondary education cannot be considered essential services and why



the Minister will not mount such a challenge on the issue of EPF funding?

**Mr. Manness:** For the very same reason that all of the efforts of the former NDP Government in 1986, to build this coalition, to build this massive coalition from Manitoba, politically inspired for the most part, to go down to Ottawa, Mr. Speaker, would have indeed, for that very same reason, borne no fruit. It bore no fruit at all, and let me say, Mr. Speaker, every province in Canada is a recipient of EPF funding. I would have thought that indeed if there was a good opportunity to win in court that there would have been a court challenge emanate from a number of provinces, just not a decision made in isolation in this Chamber.

### **Winnipeg Housing Rehabilitation Corp. Unit Allocations**

**Hon. Gerald Ducharme (Minister of Housing):** I would like to reply to a couple of questions from Friday that were taken as notice.

They were questions from the Member for Burrows (Mr. Martindale) in regard to WHRC, and it gets a fixed allocation every year as it is a recognized public non-profit city agency. It is the only public non-profit agency other than MHRC in Manitoba.

To make it short, Mr. Speaker, WHRC was receiving 60 units a year beginning 1986. This practice of fixed allocation is the same practice the NDP carried out when they were in Government. This year, because of the proportional allocation and because MHRC's allocation was cut back by the federal Government, WHRC will only receive 45 units.

Mr. Speaker, it is unfortunate that the Member for Burrows has mentioned a third party in his remarks, a third party who maybe cannot answer on this floor of the Legislature. However, I do not think it is fair to the third party just because his family has a livelihood that is closely connected to housing, just because his brother is a Cabinet Minister, he has to suffer in the remarks of the Member. I suggest to the Member for Burrows that maybe when he crawls out from under his rock—

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

\* (1400)

### **Child and Family Services Funding Redirection**

**Mr. Reg Alcock (Osborne):** Mr. Speaker, I have a question for the Minister of Family Services.

Last June, June 12 to be exact, the former Minister of Family Services announced the creation of a special \$250,000 fund to assist with the extra workload with families, to assist agencies with the extra workload with families.

My question to the Minister of Family Services is simple: Why has he redirected \$100,000 of this fund to his own department's needs?

**Hon. Harold Gilleshammer (Minister of Family Services):** Yes, the previous Minister did announce the funding in June and also indicated that there was funding for exceptional circumstances for extra workload and for deficits. We are currently in the middle of Estimates. I think we probably will be reaching this department today, and we can discuss that in more detail.

**Mr. Alcock:** Mr. Speaker, this issue is really clear. June 12 \$250,000; November 20, in a letter from the department, only \$150,000—where has the \$100,000 gone?

**Mr. Gilleshammer:** Mr. Speaker, the Member has shown over the last number of weeks an interest in agency funding. This particular portion of my department will be in Estimates, and I am sure we will be able to discuss the pros and cons of this later this afternoon or this evening.

**Mr. Alcock:** Mr. Speaker, since the Minister will not answer, perhaps I can tell you that it is going to create a system that will harm children in this province. It is going to create a system that is going to make more movement, not less.

### **Point of Order**

**Hon. Clayton Manness (Government House Leader):** Mr. Speaker, I know the Member has a lot of questions from his chair, but his responsibility during Question Period is to put questions on supplementaries, not to preamble on and on and be unhappy with the answer, as he might be.

**Mr. Speaker:** I would like to thank the Honourable Government House Leader.

**Mr. Alcock:** On the same point of order, Mr. Speaker, as the Government House Leader has pointed out many times, if you would go into Hansard and examine the length of his answers, I

would suggest that my question is modest in comparison.

**Mr. Speaker:** Order, please. On the point of order raised, I would remind all Honourable Members brevity both in answers and in questions is of great importance.

### Foster Care Funding

**Mr. Speaker:** The Honourable Member for Osborne, kindly put his question now, please.

**Mr. Reg Alcock (Osborne):** To the Minister of Family Services, Mr. Speaker: Will the Minister today state that his department will not proceed with the structured care continuum in foster care?

**Hon. Harold Gillehammer (Minister of Family Services):** As I indicated, we will be proceeding to this area of the department this afternoon, and we will have every opportunity to look at the details surrounding this portion of the department.

### Cultural Programs Federal Funding

**Ms. Jean Friesen (Wolseley):** My question is to the Acting Minister for Culture, Heritage and Recreation.

The federal Government recently announced \$10.1 million cuts to its cultural support programs to finance a possible war with Iraq. The federal Government has announced that these cuts will include \$1.7 million to the CBC, \$450,000 to Telefilm Canada, \$1.7 million to the National Film Board and other cuts to museums, galleries and archives.

Has the Minister's counterparts in Ottawa made him aware of how these cuts will be applied in Manitoba?

**Hon. Harold Neufeld (Acting Minister of Culture, Heritage and Recreation):** Mr. Speaker, I will be glad to take that question as notice for the Minister.

**Ms. Friesen:** Will the Minister explain how these cuts in particular will affect the regional offices of the National Film Board, the regional offices of the National Archives, and in particular the Associate Museum grants, which are given the Museum of Man and Nature and the Winnipeg Art Gallery?

**Mr. Neufeld:** I will take that question as notice as well.

**Ms. Friesen:** We are looking forward to the answers to both those questions.

### Film Industry Government Initiatives

**Ms. Jean Friesen (Wolseley):** Given that this Government has been unable to renegotiate the ERDA cultural agreements, what is the Government prepared to do to enhance its support for Manitoba's film industry, which recent reviews have shown to be the leading creative edge of film in Canada?

**Hon. Harold Neufeld (Acting Minister of Culture, Heritage and Recreation):** Mr. Speaker, I will take that question as notice, and the Minister will bring back a full and complete answer, I am sure.

### Oak Hammock Marsh Traffic Increase

**Ms. Marianne Cerlill (Radisson):** Mr. Speaker, we have a fiasco developing in Manitoba with the development of the Ducks Unlimited building at the Oak Hammock Marsh. Letters that we have received from groups that are opposing the development of this office building show there are a number of problems with the licence and with the relationship between the rural municipality and the CEC.

The first conflict is that CEC was told that there would be no movement of people into the area. On the other hand, the rural municipality—

**Mr. Speaker:** Order, please; order, please. Would the Honourable Member kindly put her question now, please?

**Ms. Cerlill:** . . . Mr. Speaker, that there would be economic development from the increase in people into the area.

Can the Minister tell the House, will there or will there not be an increase in the number of people in this area and what was the rural municipality—

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

**An Honourable Member:** Who was the question for?

**Ms. Cerlill:** Mr. Speaker, the question was for the Minister of the Environment.

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, despite all of the verbiage I am still not sure what the thrust of the question was.

The fact is that if the licence has been issued, it was carefully created to make sure that it answered

the concerns and addressed the concerns that were raised during the hearings.

If the Member is questioning traffic flows or whether she is talking automobile control, whether she is talking visitors to the site I would invite her to elaborate.

### Tourism Potential

**Ms. Marianne Cerilli (Radisson):** My first supplementary is also to the Minister of Environment.

Can the Minister table and assure the House that there has been a feasibility study that will show that Manitoba's tourism industry cannot support yet another facility of this type and what amounts the tourism in the area will have to go up to support the facility?

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, I find it a little curious that the Member is addressing the environmental licence, the Minister responsible for that environmental licence, in terms of the development of the business plan.

I will not enter into a debate today on the business plan because I am still under some obligation to hear appeals to that project. While the business plan is not the nature of the appeal, I think it would still put me in a position of either promoting or defending the project before I have made the final appeal.

### Ducks Unlimited Environmental Licensing

**Ms. Marianne Cerilli (Radisson):** Mr. Speaker, this is part of the problem. The licence has been issued and we are not sure what the building is going to be.

Can the Minister tell the House how this licence has been issued with no clear estimate or specifications of how large the building is going to be?

**Hon. Glen Cummings (Minister of Environment):** Environmental licensing requires the dealing with emissions to air, water or soil. Those are the areas which we directly regulate. It also has to deal with any other environmental impacts that would occur within that area. Those were also addressed during the licensing process.

Any construction or any development of a building will be fully subject to the terms and conditions that are issued in that licence. At the environmental

hearing process, during the public meetings, all opportunity was given for those who were concerned to question, to provide advice, to provide alternatives, and we are now approaching the final phase of making a ruling on an appeal to the licence.

\* (1410)

### Minimum Wage Increase

**Mr. Doug Martindale (Burrows):** Mr. Speaker, I would like to thank the Minister of Housing (Mr. Ducharme) for attempting to clear up the public misperception on unit allocation. I notice that he did not say anything about WHRC competing with MAPS Housing Co-op on the Obee's Steam Bath site though.

My question is for the Minister of Labour. Since the cost of living—

**Mr. Speaker:** Order, please; order, please. I would like to remind the Honourable Member for Burrows that your preamble had absolutely nothing to do with your question, it appears. Those sort of comments are out of order.

**Mr. Martindale:** Mr. Speaker, my question is for the Minister of Labour.

Since the cost of living is going up every year, with inflation running at 5 percent and the GST probably being added to most goods and services January 1, including Manitoba Hydro bills, and since the minimum wage has not been increased for three years in Manitoba, when will the Minister announce a new minimum wage consistent with increases in the cost of living?

**Hon. Darren Praznik (Minister of Labour):** Mr. Speaker, I am pleased to report to the House today, in answer to the question from the Member for Burrows, that I received last week the report of the Minimum Wage Board. I had the opportunity to meet with the chair of that board, Professor John Atwell on Friday, and I hope to take some recommendations to Cabinet in the not too distant future.

### Youth Employment Sub-Minimum Wage

**Mr. Doug Martindale (Burrows):** My supplementary, Mr. Speaker, is to the same Minister.

What are the views of this Minister on the discriminatory practice of a sub-minimum wage? Is the Minister in favour of this kind of exploitation of youth?

**Hon. Darren Praznik (Minister of Labour):** Mr. Speaker, first of all, we do not have that type of wage system in the province. At this particular time, the recommendations that I received from the board were mixed on that particular issue. There were a number of issues that were dealt with, but it is not a particular issue that I have seen a reason to change.

**Mr. Martindale:** To the same Minister, does the Minister have a legal opinion on whether or not a sub-minimum wage is discriminatory under the Manitoba Human Rights Act or the Canadian Charter of Rights and Freedoms or both and therefore likely to be challenged in the court?

**Mr. Praznik:** Mr. Speaker, we on this side of the House day after day continually see a three-stage system of answering questions or proposing questions from the Member in which there is no flexibility in those questions.

I have indicated to the Member in the first answer that I am not prepared to change it. If the Department of Labour is not looking at changing it, having those opinions becomes a very redundant issue. If it was an issue that this Minister was considering changing, then having those issues would become important. I would hope Members would listen to the answers to the second question before posing their third question.

**Mr. Speaker:** Time for Oral Questions has expired.

### NON-POLITICAL STATEMENTS

**Hon. Harold Neufeld (Minister of Energy and Mines):** May I ask the House to make a non-political statement, Mr. Speaker?

**Mr. Speaker:** Does the Honourable Minister have unanimous consent to make a non-political statement? (Agreed)

**Mr. Neufeld:** Mr. Speaker, yesterday afternoon in not-so-sunny Vancouver the Winnipeg Blue Bombers laid a whopping on the Edmonton Eskimos and brought the Grey Cup back to its rightful place in Winnipeg.

Mr. Speaker, some years ago, I dare say before some of the Members in this House were even born, and I do know that it was at a time when football players were paid less than Members in this

Chamber, I played for the Winnipeg Blue Bombers. As a former football player I look back with a great deal of pride on the history of the Winnipeg Blue Bombers.

Their first year as a team was 1930, some 61 years ago—their 61st season this year. They first won the Grey Cup, Mr. Speaker, in 1935, and I might add that I listened to that game. I have not missed a game either by radio, television or in attendance since that day, so I have seen, heard or attended 56 Grey Cup games.

Mr. Speaker, the Winnipeg Blue Bombers have won 10 Grey Cups in their history, three in the last seven years. They have done us proud over the years, and we are proud of them.

As a caucus and a Government, we congratulate the Winnipeg Blue Bombers on the showing yesterday and the showing they have made over the past years and the pride they have brought to Winnipeg.

Mr. Speaker, I know that next year when Winnipeg hosts the Grey Cup, we will bring pride again to the citizens of Winnipeg. Again, I congratulate the team.

**Mr. Gary Doer (Leader of the Opposition):** Mr. Speaker, I would like to have leave to make a non-political statement.

**Mr. Speaker:** Does the Honourable Member have unanimous consent to make a non-political statement? (Agreed)

**Mr. Doer:** I am sure all Manitobans join with the Member for Rossmere (Mr. Neufeld), the Minister, in congratulating the Winnipeg Football Club, the community-based, non-profit organization, who again triumphed in the Canadian Football League on Sunday.

As I say, I was an old member of the board of directors, Mr. Speaker, but in terms of football I am in the twilight of a mediocre sports career. I cannot match the Member for Rossmere in terms of his contributions to the football team. I kept my helmet on. We did not have leather helmets either, as the Member for Flin Flon (Mr. Storie) said.

I am sure all of us will be joining Manitobans, those of us who are not in the Chamber, will be joining the thousands of Manitobans who will greet our football team when they arrive back in the City of Winnipeg this evening. Of course, some of us may

try to participate in the parade tomorrow, honouring the football team.

I believe the Canadian Football League is one of the last national institutions that unites our country. It is a national sporting event. It is a national holiday. It is a national event for all of us, Mr. Speaker.

I know that Manitoba will provide, I believe, the greatest hospitality in the 73- or 74-year history of the football team and the Grey Cup when the Grey Cup is here in 1991. We will not have empty seats. Our stands will be filled and the Bombers probably will play Saskatchewan Roughriders in an all-Western final and we will win in 1991. Thank you very much.

**Mr. Gulzar Cheema (The Maples):** Mr. Speaker, may I have leave to make—

**Mr. Speaker:** Does the Honourable Member have unanimous consent to make a non-political statement? (Agreed)

**Mr. Cheema:** I am very thrilled to see that the Member for Rossmere (Mr. Neufeld) has different talents, and one of them is being a football player. It is very interesting to see that, Mr. Speaker.

We were very pleased to see the victory, the very impressive victory. It seemed like in the third quarter that there was only one team playing and that team was the Winnipeg team. Their performance was excellent, and it is due to the hard work of the team, the coach and the management that deserve the credit. Next year we will be looking forward to the 1991 Grey Cup, and at that time Manitobans will extend their warmth and their hospitality and bring friendship and peace together. Thank you, Mr. Speaker.

## ORDERS OF THE DAY

### House Business

**Hon. Clayton Manness (Government House Leader):** Mr. Speaker, before I move the Supply motion, I would ask you to canvass the House. I believe there is agreement on a number of issues; firstly, that private Member's hour be waived today, secondly, that we sit tonight in Committees of Supply from eight o'clock until twelve o'clock a.m., midnight, and that we consider today in the Chamber, this afternoon and this evening, Agriculture, and that in the committee room we begin on Northern Affairs, and we take that through

until completion, and then move back into Family Services.

**Mr. Speaker:** Is there unanimous consent to waive private Member's hour? That is agreed.

Is there unanimous consent to sit between the hours of eight and midnight? That is agreed.

Is there also unanimous consent to do Agriculture in the Chamber, Northern Affairs until completion in Room 255, then moving back to Family Services? That is agreed.

**Mr. Manness:** Mr. Speaker, that being the case, I move, seconded by the Minister of Justice (Mr. McCrae), that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

**Motion agreed to,** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for St. Norbert (Mr. Laurendeau) in the Chair for the Department of Northern Affairs, and the Honourable Member for Seine River (Mrs. Dacquay) in the Chair for the Department of Agriculture.

\* (1430)

## CONCURRENT COMMITTEES OF SUPPLY

### SUPPLY—NORTHERN AFFAIRS

**Mr. Deputy Chairman (Marcel Laurendeau):** Will the Committee of Supply please come to order. This afternoon this section of Committee of Supply, meeting in Room 255, will be considering the Estimates of the Department of Northern Affairs.

Does the Honourable Minister of Northern Affairs have an opening statement?

**Hon. James Downey (Minister of Northern Affairs):** I would like to first of all welcome the new critics to the Department of Northern Affairs, the Honourable Member for St. Boniface (Mr. Gaudry) and the Member for The Pas (Mr. Lathlin). I am pleased that they have that responsibility, and I look forward to constructive debate on Northern Affairs and the Native Affairs Secretariat.

I have a few opening comments which I will make, Mr. Deputy Chairman. In these remarks, apart from details of my department's expenditures, I plan to give you an appreciation of the direction that the Department of Northern Affairs is taking and also mention some of the highlights of the past year.

As Minister of Northern Affairs I am committed to continue to improve local municipal services in northern communities and further develop human and economic programs to give northern residents more opportunities for self-development.

I will continue to provide the means to ensure that capital assets are well maintained so that the infrastructure will serve the communities for many years to come.

### Point of Order

**Mr. Jerry Storie (Flin Flon):** Mr. Deputy Chairperson, I do not know whether the Minister's remarks are going to be lengthy, but if it is possible to just have a copy of the Minister's remarks, either now if he has them or when he is finished just so we have them as part of the record for the day.

**Mr. Downey:** Mr. Deputy Chairman, they will be available. I would like to read them. I will try and move through them fairly quickly to not take up a lot of time, but they are available.

**Mr. Deputy Chairman:** The Honourable Member did not have a point of order.

\* \* \*

**Mr. Downey:** Let me point out that the budget submitted by my department is \$1.5 million less than the previous year. This variance is largely due to reductions in expenditures as a result of winding down of programs.

For example, the Limestone Aboriginal Partnership Board was dissolved and a \$600,000 trailer park expansion at Sherridon was canceled. In addition, the provincial contribution toward the evaluation and consultation program and economic feasibility programs under the Northern Development Agreement was concluded prior to March 31, 1990.

I want to emphasize at this point that the federal-provincial capital cost-shared programs with my department originally funded by the federal Government are now part of my Government's expenditures. As a result, my department is maintaining the total cost of infrastructure capital, which amounts to \$4.2 million. The bottom line is that the Province of Manitoba has an added cost of \$1.8 million.

The department has obtained additional funds for the communities' local services to provide for an increase in community employees' salaries and to

provide essential maintenance to community assets. As this is one of the major programs of the department, I have placed a greater emphasis on community needs.

To limit growth in expenditures, my department has maintained at the same level all grants to organizations.

I would like to draw your attention to the exceptional performance of the staff during the 1989 forest fire season. I am extremely proud of their efforts. Despite lost time as a result of the fires, the normal program delivery was unaffected.

In my view one of the major responsibilities of the Department of Northern Affairs is to service the requirements of 56 Northern Affairs communities. We achieve this by providing the support, training and development to enhance the local government capabilities. Therefore, the department is progressively transferring the authority, funds, resources and responsibility to the communities.

The incorporation of communities will give them increased opportunities for local autonomy. Information packages explaining the process of incorporation have been prepared for mayors and councils for their review. My staff are available to provide clarification and support to make sure they are familiar with the process. Communities are being encouraged to progress toward incorporation at their own pace.

To enable communities to achieve greater autonomy, my department provides appropriate training in local government operations to prepare them to manage their own affairs. It is vitally important that financial support continues to improve the level of services and the standard of living in communities. As I indicated before, it is important that the assets to meet the needs of the northern communities are well maintained.

In support of my Government's decentralization policy, the Interregional Services Branch, currently in Winnipeg, will relocate to Thompson in mid-1991. This will enable staff to better serve their clients. In addition, I am pleased to inform you that Northern Affairs is one of the most decentralized departments in Government.

Infrastructure improvements included the continuation of the upgrading of water and sewer facilities. It is most important that northern residents are assured of a safe and pure water supply. This is the reason why my Government has worked so hard

to have the additional cost of \$1.8 million, mentioned earlier, expended to continue to safeguard the health of northern residents.

My Government has taken major steps to support youth development programs. Community leaders have frequently pressed for increased recreation. My Government decided to act and put in place a recreation as well as educational and vocational training to assist youth to gain meaningful employment. To motivate young people to participate more fully in recreation, regional directors have been hired for a two-year, \$500,000 program. This will encourage more effective and productive use of leisure time.

Residents in one of the few areas without hydro-electric power in the province will now benefit from hydro. Largely due to the negotiated agreement by Northern Affairs, this hydro line to Peonan Point on the north end of Lake Manitoba will better serve the area as well as improve the quality of life and the prospects for economic development. Let me add, Mr. Deputy Chairman, that those lights will be going on, powered by Manitoba Hydro, approximately tomorrow. Some of them have already been hooked up, and those community people are now enjoying what so many other people in Manitoba enjoyed for some many years.

My Government is also finalizing the negotiations of a tripartite agreement between Manitoba Hydro and the federal Government to construct a hydro line in the northeast portion of the province to residents of communities with inadequate sources of electric power. Local residents will benefit from this improved hydro-electric service as they have had to rely previously on only 15 amp power.

Northern Manitoba's economy is undergoing a major expansion, largely due to the favourable economic climate for investment established by my Government. The North received some good news from Inco following the announcement that the company plans to spend \$287 million to expand its operation. Other major boosts to the economy are the Repap operation at The Pas and the Hydro development at Conawapa. My Government is prepared to meet the challenge of these major expansions to northern operations that will both create employment and develop a more diversified economy in the area.

The recommendations of the federal Government's task force report on tax benefits for

northern and isolated areas is being strongly opposed by my Government. Senior officials of my department have participated in a delegation of Northerners from western Canada who met in Ottawa to voice their disapproval. I am planning to join with other Northern Affairs Ministers to meet with senior officials to personally express our opposition to any proposals to eliminate the Northern Tax Allowance.

To improve the efficiencies of program delivery in the manner and which it provides services to the North, Management Services and Economic Development Sections were formed to support the needs of the department. The Economic Development Section will provide assistance to entrepreneurs seeking support to establish business initiatives. Support to the wild rice industry is also delivered by this section.

During 1989-90, Manitoba entered into comprehensive global negotiations with Canada, Manitoba Hydro and five northern bands intended to achieve a substantial conclusion to all outstanding Northern Flood obligations and the final settlement of arbitration claims. A comprehensive proposed basis of settlement was recommended by the senior negotiators this spring.

After lengthy discussions, four of the five Northern Flood Agreement bands have advised us they wish to implement the obligations of the parties in a more comprehensive manner under the existing Northern Flood Agreement. I am, however, prepared to continue discussions with these bands to explore alternatives leading to full implementation of Manitoba's obligations.

I am proud of my department's role of working in partnership with Manitoba Hydro to recently settle the Grand Rapids forebay agreement, which has been outstanding for 20-some years. This \$21 million settlement is a clear indication of my Government's commitment to settling long outstanding issues in the North.

My Government has taken steps to introduce policies that directly affect Native people. The Native Affairs Secretariat will continue to participate in negotiations involving major program issues affecting the Native community.

\* (1440)

Important discussions have focused on provincial laws of general applications such as taxation, lotteries and gaming, and I do have a picture of the

Member for The Pas (Mr. Lathlin) and myself and my colleague the Minister of Lotteries (Mrs. Mitchelson) signing an agreement with The Pas Indian Band. I am pleased it was put in the Lotteries document. I would hope that the Member remembers that very meaningful occasion.

A milestone agreement, and I will further emphasize this, The Pas Band allows them to manage their own gaming operations. Progress has been made by the secretariat on the devolution of service responsibilities to Native authority. These talks have an important bearing on the hopes and aspirations of Native people throughout the province.

An important initiative is the Native urban strategy, a plan designed to assist Native people adjust to the urban setting. I am pleased to inform you that the meetings are underway with senior federal representatives and the mayor of Winnipeg to jointly develop and implement new initiatives. To assist Native children learn their language, my Government is providing a grant to enable preschoolers to benefit from an Ojibway immersion program, the Abinochi program, which the Members have asked about previously, and my Government continues to place special emphasis on the support of the goals and aspirations of Native women by funding the Indigenous Women's Collective. This organization plays an important unifying role for Native women in the province.

New long-term development initiatives with Canada have yet to be finalized. I believe that the federal Government's contributions to priority northern development programs for this fiscal year will form the basis for a renewed long-term commitment to northern and Native development.

I want to make it clear that my Government fully recognizes the needs of the North and its people and to continue to support initiatives designed to promote and foster both human and economic development. To demonstrate my Government's commitment to the well being of the northern people, I have made both education programs and the settlement of treaty land entitlements priorities of my department.

I am proud of the direction my Government has taken in the efforts to develop the North. The variety of economic and human development programs in place indicate my Government's commitment to the building of northern Manitoba's future.

I thank you and look forward to the debate on the Estimates.

**Mr. Deputy Chairman:** We thank the Honourable Minister of Northern Affairs for those comments. Does the critic for the official Opposition, the Honourable Member for The Pas (Mr. Lathlin), have any opening comments?

**Mr. Oscar Lathlin (The Pas):** Mr. Deputy Chairperson, I would like to thank the Minister for his opening remarks and welcome everybody here this afternoon. I am pleased to be here today to make some brief comments on the record of the Department of Northern Affairs and Native Affairs.

There is probably no department that is more important to the North than this department, the Department of Northern and Native Affairs. Indeed it is rather remarkable considering the relative size of the North. If you look at the map of Manitoba, practically everything north of Fort Alex and the Interlake is northern Manitoba. So the size of the geography of the area that the department is covering is quite vast. The department has a budget of under \$21 million at a time when the total budget exceeds some \$5 billion. So it is with a deal of pride and some responsibility that I rise today to debate some of these Estimates with the Minister and his Government.

Firstly, I want to say that I was thoroughly disappointed and shocked, yes. I was extremely shocked, Mr. Deputy Chairperson, that when just days after the budget was released, this Minister went on record and said that the cuts to this department were as a result of Northerners not knowing how to vote.

I went to my constituency a couple of days after that, and that is all I heard from my constituents as I was going around my riding, asking me, did the Minister really say that? What did the Minister mean when he says that Northerners do not know how to vote? Does he mean that we are dumb? Did he mean that we do not even know how to put an X beside somebody else's name? My response was, well, that is his attitude of the North. The budget reflects the Minister's attitude and the Government's attitude.

The calls I have had from Northerners want to know exactly why this Government and this Minister cut the budget by some \$1.5 billion, a greater cut than any other department, even though, as I said, the area that the department has to cover is



probably about five times, or maybe even more, larger than the rest of the area of Manitoba, so a major step backwards, Mr. Deputy Chairperson.

When I think of the challenges that Northerners face in the North, sometimes I think you really have to come from the North in order to really appreciate some of the concerns that Northerners have. I come from the North. I was born and raised in the North. I have, on occasion, come to live in Winnipeg because of the jobs that I have had. I have also lived in the Northwest Territories where it is even—you know, the weather is harsher up there. The cost of living is extremely high compared to, say, Winnipeg.

The challenges that Northerners face are indeed numerous. If you just compare the purchases, for example, if you buy a dozen of eggs in Winnipeg and compare that to, say, if you are buying one dozen eggs in Lac Brochet, I mean, the cost differential is quite substantial. If you look at the transportation systems in the South and compare them to the North, again, the gap, the difference is very substantial.

I am not going to dwell too much on the challenges that we as northern people face and the priority, the level, on the agenda that we always seemed to be placed in. We are always a low priority. The budget reflects that, as I said before.

The program cuts, as far as I am concerned and our Party is concerned and Northerners are concerned, are not just unfair. We think it is totally illogical to go into program cuts like that at a time when we most need some programs and services, or at least maintain what was there, not to mention to try and keep up with the inflation.

I look forward to the Minister explaining for example how it is in the public interest to cut funding to Keewatin Community College. I know he has already told us that because of Limestone, Sherridon, the Limestone Aboriginal Board, and so on. I am going to be asking questions on that later. Cutting funding to the Keewatin Community College of The Pas by a million dollars, how it could be in the public interest? Those are some of the questions I would like to ask as we go along.

I doubt very much that this Minister could find a single northern resident who believes that there are too many educational opportunities in the North now, and that it is time to cut back. The Limestone Training Agency, for example, trained many Northerners who went back to their home

communities and are now working either in the North or elsewhere in Manitoba or else in Canada. The Limestone Training Agency trained people and there are now plans of having—Conawapa is on a drawing board. It just does not make any logical sense for me to start cutting training programs when we are talking about Conawapa being just around the corner.

\* (1450)

The opportunities as I said are always lacking in the North. I have lived in a city on and off, three years, five years sometimes. The opportunities that are available in the south as compared to the North leads me to believe that there should be more spending in the North.

That is where all the resources come from. We mine the minerals from the North, we bring them south. We harness the hydro electricity up there, and we bring it down south. Now we are cutting practically all of northern Manitoba. We have given it to Repap. The Northerners are just there. They are usually asked to bring their axes and their picks and shovels. We clear the forest. We have become the hewers of the forest. Then when everything is said and done, we go back to living on minimum wage or trapping or hunting or going on welfare or going on unemployment insurance, while we just stand by there and watch all of this wealth coming south.

The demand for occupational training in the North is growing. This Government is cutting back. That same logic resulted in the federal Government putting a cap on post-secondary education. That is forcing our people to go on welfare rather than going further to get further educated and trained.

When I look at the Supplementary Estimates of this department, I wonder how it is that this Minister can claim progress when, for example, he has failed to renew a single federal-provincial agreement affecting the North. Immediately after the election, however, there was a \$90 million southern Manitoba development agreement. There again, Northerners feel cheated.

There is always a lot of money, federal money, federal-provincial money coming in to Winnipeg here. We in the North do not say, well, how about bringing it up North. Yet when there are federal-provincial agreements, such as the Northern Development Agreement, nobody blinks an eye when those agreements expire. The attitude by the

Government is: Well, it is only the North, let the agreements expire, and life goes on.

Indeed, the only good news that this Minister can claim is the recent Order-in-Council from this department—and he was very quick to point it out to us this afternoon—is some funding for the Ojibway language program in Winnipeg. I commend him for that.

He mentions the gaming commission that he and I had signed when I was still chief of my band. I must set the record straight here this afternoon, Mr. Deputy Chairperson, because that agreement in principle, that agreement that he so proudly refers to, is an agreement that was reached in principle by the NDP Government just before the election. The groundwork had already been established. We had the Deputy Attorney General; we had Mr. Stuart Whitley; an agreement in principle was struck.

When the Minister mentions the gaming commission—while it was a matter of our persistence, even though it took about a year, it did not happen over night when I would come to the Minister's office and he would say, yes, let us sign an agreement because it is good for northern Manitoba, it is good for The Pas Indian Band. It took a lot of negotiations, and so forth. It just did not happen like the way he put it.

The education program, we welcome that announcement but must question why it took him nearly a year to make it, and why the money did not come from Education.

The other thing I wanted to mention, it should not be news to the Minister of the social and the economic conditions in northern towns and reserves. I reviewed the departmental priorities, and they include things like increasing local autonomy with the objective of moving communities toward an incorporated status; assisting communities in preparing community and area development plans; developing an orderly implementation process for settling claims under the Northern Flood Agreement; improving the infrastructure in northern communities by continuing to upgrade municipal services. A lot of nice words here, Mr. Deputy Chairperson.

After over two years and three budgets this Minister should be able to have a good idea what happens to these small communities when he cuts funding or even if there is an increase that is below the level of inflation. For this reason, the fact that he

cut local government and development, northern development co-ordination, the Native Affairs Secretariat, among others, are serious causes for concern in my estimation.

The challenges to the North—from the cut in the Northern Tax Allowance in which you had to be forced to even take a position, to the goods and services tax, to the continuing increase in the cost of living, which is already far higher than elsewhere—are being ignored by this Minister. I talked about those cost-of-living items earlier.

The bayline communities which depend on VIA Rail are wondering what will happen to them if his federal colleagues do cut all the northern VIA routes as they have threatened to do so already. The effect of such cuts would be devastating, not just in the jobs, but in the essential services.

My colleagues and I are very worried that this Minister and the Minister of Highways (Mr. Driedger) seem to have no plans or even the interest in such a vital element in the North. This Minister has failed the North, Mr. Deputy Chairperson. I know that prior to the election I used to see him in The Pas just about every other weekend. We all knew what he was doing. We would give him a pair of mukluks and gauntlets and wish him well.

The bottom line was that he was there getting ready for the election and said all the good words. We even managed to get a couple of agreements with him, but like I said before, those negotiations were long and hard. The Bachelor of Nursing program that everybody had talks about, the Minister of Education (Mr. Derkach) talks about it, again, we went and got the federal Government money. I think it took us almost three years to convince the Government to come up with the provincial portion.

\* (1500)

So the Minister, in his remarks in the House, started to outline all of these good things that he has done for the North. I counted how many times he mentioned my name. I forget, it must have been at least 12 times, in the House. So this Minister, Mr. Deputy Chairperson, has failed the North.

I will end my remarks here and get into more detail as we go into a line by line of examination of how he has failed the North. I think we are going to be able to clearly point that out this afternoon as we go along. Thank you.

**Mr. Deputy Chairman:** We thank the Honourable Member for The Pas for those comments.

Does the critic from the Second Opposition Party, the Honourable Member for St. Boniface, have any opening comments?

**Mr. Nell Gaudry (St. Boniface):** Mr. Deputy Chairman, it gives me great pleasure to be here this afternoon. First, I would like to say thank you to the Minister. For what, I do not know. I had asked him for a briefing, and I am still waiting for it. Hopefully, we will get a chance to sit down and discuss Northern Affairs in greater detail after we have massacred him this afternoon here on his Estimates and his budget for 1990-91. I have no intentions of doing that, because I am sure that he will—Mr. Deputy Chairman, no.

The North is a very important factor for Manitobans with all the resources that come out of there. Having worked myself up north, I have worked in the Thompson area, personally, when it started in 1958-59. That does not tell my age. Having gone back after that with my employer since 1970, where we have done work up north on construction, I always was glad to go up north and visit the North. -(interjection)-

Yes, as a matter of fact, last year also with the critic, the Member for Niakwa at the time, I visited some northern communities. For me, it was a pleasure to accompany him on a few of those trips and see the revelation of what is going on in some of those communities. I think it is very tragic when you see the unemployment that exists in some of those communities. Hopefully, the Minister will address these issues in the next budget that they will bring down in 1991, because I think his budget Estimates have failed in this year to address some of the concerns of the northern communities.

I read his long—not long-winded, but long—speech of 1989, December 12, and in listening to his opening remarks today, some of the things that were repeated by hearing the same sort of things that were said December 12, 1989, and repeating them again in these opening remarks of November 26, 1990, it would appear that some of his intentions of helping the Northerners failed.

Without any further remarks, except for the fact that I wish we had a copy of his opening remarks, so that we could have had a chance to comment maybe a little further on the fact that some of his comments are repetitious of last year. Hopefully, the

next time that we are in committee, he will give us a copy of his opening remarks. I think it makes it a lot easier for us to make good comments on the work that he has said he accomplished. I am sure he will try very hard. He is a hard-working Minister, and hopefully, he will serve the northern communities as he says he will.

In conclusion, I would like to say thank you to the Minister for asking us here, and to his staff that will be here to answer questions with him this afternoon.

Thank you, Mr. Deputy Chairman.

**Mr. Deputy Chairman:** We thank the Honourable Member for St. Boniface for those remarks.

Under Manitoba practice, debate of Minister's Salary is traditionally the last item considered for the Estimates of the department. Accordingly, we shall defer the consideration of this item and now proceed with consideration of the next line.

At this time we invite the Minister's staff to join us at the table, and we ask that the Minister introduce the staff members present.

Mr. Minister, anytime you are ready.

**Mr. Downey:** Mr. Deputy Chairman, joining me at the table will be Mr. Dave Tomasson, who is the Deputy Minister of Northern Affairs and also in charge of the Native Affairs Secretariat; Mr. Oliver Boulette, who is stationed out of Thompson, is the ADM; Brenda Kustra, who is also ADM; and Rene Gagnon, who is in charge of our financial services for the Department of Northern Affairs.

**Mr. Deputy Chairman:** Thank you, Mr. Minister.

Item 1.(b) Executive Support (1) Salaries \$497,300.00.

**Mr. Gaudry:** There is an increase of some \$60,000.00. Can the Minister tell us what it is, if it is just the general increases, the increments and so forth?

**Mr. Downey:** Yes.

**Mr. Deputy Chairman:** 1.(b)(1) Salaries \$497,300—pass; (2) Other Expenditures \$133,200.00.

**Mr. Gaudry:** Mr. Deputy Chairman, there is no increase or decrease in Other Expenditures. Could the Minister tell us what is included in the Other Expenditures?

**Mr. Downey:** General operating expenses such as postage.

**Mr. Gaudry:** Well, that is a hell of a lot of—I apologize for the unparliamentary language. That is a hell of a lot of postage that he has used. Was that prior to the election?

**Mr. Downey:** I said, Mr. Deputy Chairman, "such as postage," but other general office expenses.

**Mr. Deputy Chairman:** Shall the item pass—pass. Item (c) Financial and Administrative Services: (1) Salaries \$424,000—pass.

**An Honourable Member:** No.

**Mr. Gaudry:** Do not rush. Again, there are increases and there is no change in staff. I would like to find out if it is minimum wage or whatever you have.

**Mr. Downey:** Mr. Deputy Chairman, the same as the previous, there is no change in that expenditure—basically a maintaining of the activities of the previous year.

**Mr. Gaudry:** For Other Expenditures, it is the same?

**Mr. Downey:** Yes.

**Mr. Deputy Chairman:** Item 1.(c)(1) Salaries \$424,000—pass; 1.(c)(2) Other Expenditures \$55,400.00.

**Mr. Gaudry:** The Northern Affairs Fund, could I have an explanation from the Minister?

**Mr. Deputy Chairman:** We are not there yet. We are at Other Expenditures, (2).

Item 1.(c)(2) Other Expenditures \$55,400—pass. Item 1.(d) Northern Affairs Fund: (1) Salaries \$111,700.00.

**Mr. Gaudry:** Could I have an explanation from the Minister? What does the Northern Affairs Fund include, and what is involved?

**Mr. Downey:** Mr. Deputy Chairman, it is the mechanism that is used to operate the taxation base for communities under, like education tax, also the operating and management of community expenses, the operations and maintenance of community activities. As well, any Community Places programs are also funded through that trust fund.

\* (1510)

**Mr. Gaudry:** Mr. Deputy Chairman, these three staff, are they located in Winnipeg or are they located up north somewhere?

**Mr. Downey:** They are located in Thompson.

**Mr. Deputy Chairman:** Item 1.(d)(1) Salaries \$111,700—pass; 1.(d)(2) Other Expenditures

\$8,000—pass; 1.(e) Communications: (1) Salaries \$99,200.00.

**Mr. Gaudry:** Could I have a brief of what the Communications Branch does and where it is located?

**Mr. Downey:** It is located in Winnipeg. It carries out the communications activity of the department telling the people what is in fact taking place as it relates to program activities and related items.

**Mr. Gaudry:** It communicates with whom, the people in general up north, or is it with the leaders of the communities?

**Mr. Downey:** All the people of Manitoba, but predominately directed at those northern communities that are affected.

**Mr. Deputy Chairman:** Item 1.(e)(1) Salaries \$99,200—pass; 1.(e)(2) Other Expenditures \$36,300.00.

**Mr. Gaudry:** In Other Expenditures, you have a decrease in communications. Does that mean that the Minister has travelled less up north to see his people?

**Mr. Downey:** Mr. Deputy Chairman, it is a matter of \$700 less on a \$37,000 budget. As for it being less, it would be minimal office expenses or that type of thing, running the office probably more efficiently.

**Mr. Deputy Chairman:** Item 1.(e)(2) Other Expenditures \$36,300—pass; 1.(f) Communities Economic Development Fund \$850,800.00.

**Mr. Gaudry:** What communities have been helped under this development fund?

**Mr. Downey:** Mr. Deputy Chairman, the complete information as it relates to CEDF is part of the CEDF Annual Report. It states all the loan activities, if the Member would care to look in that document.

**Mr. Gaudry:** Under this development fund, there were funds that went to the Interlake Packers, I believe, in St. Laurent. What has happened to that building?

**Mr. Downey:** That was a loan that was previously let out under the current Member for Rupertsland (Mr. Harper) when he was the Minister. It is currently being discussed with the operators, I believe, and hopefully it is returned to operation as quickly as possible. That is in discussion with management of CEDF.

**Mr. Gaudry:** At this time there is nothing concrete as to what is happening to the operations of the Interlake Packers?

**Mr. Downey:** That is correct.

**Mr. Gaudry:** Yes, will we be going through the report on this Economic Development Fund?

**Mr. Downey:** Mr. Deputy Chairman, it is again up to the House Leaders to determine what business comes before committees. We have already started committees and that is one of the items that is before the Economic Development Committee of the Legislature.

**Mr. Gaudry:** Therefore, asking questions on this today, your knowledge is very limited, so it would be a waste of time?

**Mr. Downey:** I would not say it would be a waste of time, Mr. Deputy Chairman, but I would think it would be appropriate to do it when the report comes before committee.

**Mr. Gaudry:** Mr. Deputy Chairman, I appreciate the comments.

**Mr. Deputy Chairman:** Item 1.(f) Communities Economic Development Fund, \$850,800.00.

**Mr. Elijah Harper (Rupertsland):** Yes, since it is contained in the budget, I was just wondering, it has increased from \$500,000 to \$850,000.00. Can you explain to us what the increase is?

**Mr. Downey:** Yes, Mr. Deputy Chairman, after taking over the responsibility of the Communities Economic Development Fund, we found that the previous administration had not been, probably, putting enough money in place for some of the doubtful accounts which CEDF may have incurred. The reason for the additional \$350,000 is to more accurately reflect what is taking place within the Communities Economic Development Fund.

**Mr. Harper:** Yes, you mention that there was a lack of appropriate dollars being made, but I think there has probably only been 20 loans approved in 1989, which is a fraction of the previous years. I was just wondering where the loans had been increased? The per loan may have been increased, is that the reason why you have increased the funding, because you are giving a larger loan to the applicants?

**Mr. Downey:** No, Mr. Deputy Chairman, the size of loans has been reduced, but what we are doing is putting in place funds to cover the loans which he as Minister and his Government put in place that are

probably very difficult to collect, and we are trying to reflect an accurate ability to collect back loans that have been made during his term of office and other terms of office of other Governments. I am not just saying his, but it is the history of the fund that they have not been allocating properly, reflecting the amount that should be. That is why the department has put that amount of funds there.

**Mr. Gaudry:** Therefore, the Minister is saying that the \$350,000 increase is an allowance for bad accounts?

**Mr. Downey:** Yes.

**Mr. Lathlin:** Mr. Deputy Chairperson, the Minister says that the increase in cost from \$500,000 to \$850,000, an increase of \$350,000, he claims the reason for that increase is bad accounts. I am just wondering, you know, the office that was put in Thompson, how much did it cost exactly to have another office in Thompson when there was also another office here in Winnipeg?

The reason I mention that is that I was walking around in The Pas one day, and I ran into Mr. Tony Boustcha. I asked him, did their office expand? There is a Mr. Marcinyshyn who had been advertising in The Pas local papers saying that he does CEDF loans and so forth.

Maybe there are two questions there. How much did it cost to have the Thompson office set up, the administration and so on? Also, as a result of the supposedly increased activity by decentralizing, did that have any corresponding effect on the number of loans that were given out or are they still around the 20 or so that were there according to the report?

**Mr. Downey:** Mr. Deputy Chairman, I will answer them, but it would be probably more appropriate to do it during CEDF Annual Report time, but I will try to cover it as well as I can now.

The questions, as I understand, and I am not sure where he is coming from, because it seems contrary to what his Party has wanted for some time. His Party has continually pressed for decentralization and CEDF to be moved to Thompson. What the Member is referring to now is that he is not happy with it being moved, in fact he is concerned about the cost.

As I understand it, Mr. Deputy Chairman, the ongoing operational cost of CEDF in Thompson will be substantially less because the square footage cost for office space will be considerably less as to where it was in 155 Carlton, and the cost of moving

it, yes, there is a cost to the actual physical move, but we believe the benefits of that move to northern communities being centered in Thompson will cut down the cost per individual citizen coming to Winnipeg to make an application for a loan. The fact we further decentralized some of the staff to The Pas and other regions of the province will assist again in the applicants who are trying to get a loan.

The final answer will be that we are seeing an increase in loan activity take place now after we have gone through the horrendous times that we have had with the the provincial audit that took place that caused it some disruptive activities in trying to clean it up, the move which caused it some slowdown in its activities, but we look forward to it increasing its activities in fact very shortly.

So, Mr. Deputy Chairman, the \$350,000 as I said which we are debating at this time is to cover accounts which in fact are uncollectable or possibly uncollectable.

\* (1520)

**Mr. Lathlin:** Mr. Deputy Chairperson, the Minister says I do not agree with decentralization. I think he is trying to misread my question or maybe he misunderstands my question. The question that I have is, if you follow it in a logical way, you decentralize a program up north because supposedly you want to be right there with your clients, and it is going to be cost effective and so forth.

What I wanted to know was, by having that arrangement, by having the office located right in Thompson, my question is: How many more loans did that generate by having the office located in Thompson?

**Mr. Downey:** Mr. Deputy Chairman, it is too early to tell as we have just completed the move, so it is too early to really tell as to the location and the impact, but I would expect more activity with the fund being in Thompson.

**Mr. Lathlin:** Mr. Deputy Chairperson, I understand that the office has been in Thompson now for a year, maybe more. -(interjection)- No, Mr. Deputy Chairman, I live in The Pas. I ran into Mr. Boustcha and Mr. Marcinyshyn, and because I live about a three and a half hour drive from Thompson, I do travel to Thompson on occasion and that is how I get my information.

Maybe before I go to another question, can the Minister tell the committee how many additional

loans did this decentralization arrangement, how many more loans did it generate? How many jobs did it create?

**Mr. Downey:** Mr. Deputy Chairman, I wish the Member would listen. His facts are incorrect. It has not been open for a year or more in Thompson. It opened I believe for business in August of this year. In fact the official opening is taking place next week in Thompson, of the CEDF office. It has not been in operation for but about three months, and we cannot tell—I could get month over month as to what the increase is for those three months. Again I think it would be appropriate to ask that during CEDF Estimates or CEDF in the Annual Report. It is too early to tell, in all honesty to the Member, I am not trying to be smart, I just cannot give him that information, but in theory it should make it more accessible to the people of the North.

Something I said earlier is, his Government had been pressing me for and had since 1972 when the Act was set up the opportunity to do themselves and we have, contrary to his criticism, moved on certain positive initiatives to help northern citizens.

**Mr. Lathlin:** Mr. Deputy Chairman, perhaps I can ask the Minister another question. I would be interested in how this decentralization works. I would also be very interested in, if he has not already tabled the audit report that he talks about, the recommendations that are contained therein. I would not mind to have a copy of that report. Maybe he has tabled it already. If he has not done so, perhaps he could table the report that he is talking about.

**Mr. Downey:** It has been tabled, Mr. Deputy Chairman.

**Mr. Lathlin:** What guidelines, you know the audit having been completed, I want to stay with CEDF for a little while even though the Minister says it is in another report, but we are talking about Northern Affairs here, and he is very proud of the decentralization that he says he has been able to achieve. What I want to know is, what guidelines have changed for CEDF under the Minister's administration?

**Mr. Downey:** The Member should know that CEDF is basically directed by an Act which is directed by a board who report and respond to the Minister. Basically the guidelines have not changed at this point. It is as it has been in the past and as the Act clearly spells out.

**Mr. Lathlin:** I have read the Act and I have read the guidelines and I have also read the goals and objectives, the purpose of the program, the mandate that it has. If I remember correctly, it goes something like this, that it would look at northern Manitoba where isolated communities, where the opportunities would be less than say compared to Winnipeg. In other words there are no banks, no credit unions, so CEDF was established for that purpose, to go in there and help the economically depressed, deprived areas. It is not like we are setting up an institution in River Heights or in Tuxedo. I think the Minister knows that we are dealing with an economically depressed area, even though all the resources are there.

So the question that I had was, the report that came out, is he going to change the guidelines for CEDF, or is he going to stay with the same guidelines that are there? Or is the thrust of the program going to change in view of what I have just said? There is a special thrust behind CEDF; it is not like your Bank of Montreal or your Toronto Dominion Business Bank Centre, where you go and arrange a business loan.

**Mr. Downey:** Mr. Deputy Chairman, the Act spells out it should be used in remote and isolated communities, which has been the attempt of the current board but, let me tell you, there have been many loans made by his colleagues, previously, that did not in any way reflect remote and isolated communities. So I am quite prepared to defend the Act and the loans that were made under our jurisdiction, but I cannot do that under the previous Government and the loans that were made in many areas. The Member for St. Boniface (Mr. Gaudry) made reference to the one at Interlake Packers at St. Laurent, which was made to a community that, in my estimation, would be less than remote and isolated, as was the pickle plant in Stony Mountain, and those types of loans.

So I think the Member wants to do a little more research before he starts to accuse our Government and the current Act for not paying attention to what it was supposed to do. In fairness to him, it would be important to take a look at the loan portfolio of CEDF and see what its past performance was under the people which he now sits with and the way in which it was administered. I say that fairly to him, I think it would be appropriate to do a review of those loans.

**Mr. Lathlin:** Mr. Deputy Chairperson, this Minister played a major role, and he has told us that—I do

not know how many times now—in what his Government calls a decentralization. As the Deputy Premier, can he explain how many jobs in total were moved to the North out of the 700 that were announced? Should he as Minister of Northern Affairs (Mr. Downey) not play a role as well in ensuring that the North gets many more jobs, rather than moving people up north from the south and displacing a lot of jobs in the North? Two questions.

**Mr. Downey:** I am not sure whether he is making specific reference to the Communities Economic Development Fund, or it is a broader question which maybe should be dealt with at another section of the Estimates. Could you help me, Mr. Deputy Chairman, as to whether that would be his desire?

**Mr. Deputy Chairman:** Could I get you to specify where that question was directed, the Honourable Member for The Pas (Mr. Lathlin)?

**Mr. Lathlin:** Yes, perhaps it could be a broader question, but I am still interested in knowing, for example, in CEDF did his ministry move people up to Thompson and, if so, why did he do that when jobs are so scarce already in the North?

\* (1530)

**Mr. Downey:** Mr. Deputy Chairman, again, under the collective agreement with the Government of which he is now a Member, and established certain criteria, is he now asking that I should have neglected and ignored the agreement that those people have on employment?

Our policy was to move positions and give the opportunity for those people who currently are employed in those positions the job opportunities. Surely he is not asking me to circumvent the agreement, which his Government signed and that he now sits with. I would think he would want to rethink that position of saying he does not want those people to have the decentralized jobs when they move to certain communities and, in fact, not give them employment for the sake of employing people in other communities.

What we have said, I will make it very clear, is that if individuals do not want to move then we will do everything possible, within our abilities, to provide job opportunities or alternative opportunities for them within the Civil Service. I can tell the Member that it is working relatively well. Specifically within the Northern Affairs Department, we have two (interjection)- CEDF, I am sorry—which we are

dealing with, I believe there were 12 positions that were moved to the North.

**Mr. Lathlin:** Just one final comment, Mr. Deputy Chairman, I guess all I was doing in asking the question is, I have told the Minister in the House on a previous occasion that he should know by now, because he has gone to the North, there is 80 percent unemployment in most northern communities.

If you look at the City of Winnipeg, we do not find 80 percent unemployment. Again, it would make sense for me if there is going to be any kind of decentralization, because people are not wanting to move north anyway. I mean, I think he ran up against a brick wall there last summer, or whenever it was, when he was trying to move people even to Portage la Prairie or even to Winkler.

Now, moving people up to northern Manitoba, it would make complete sense to hire people from the North, because they are going to stay there. They are not going to go there for two or three months or they are—I mean, all he has to do is remember the problems that he had at the front steps of the Legislature by first of all not consulting with people, trying to move them without consulting them. He knows now that people did not want move, even to Portage la Prairie.

Again, my assertion is that it makes sense. It makes sense, if you are going to establish a program in the North, whether it is in Flin Flon, Thompson or The Pas, that you hire local people. That is all I am saying.

**Mr. Downey:** Mr. Deputy Chairman, just to put the record straight, I believe there were 12 people working with CEDF that made the decision to move North, so it counters what the Member is saying as to whether people want to move out of Winnipeg to the North.

Twelve of them in CEDF, I understand, made the decision to move. Some of them had previously lived in the North and wanted to return to those communities. I would hope the Member does not want people to be deprived of wanting to return to their homes to work.

**Mr. Gaudry:** Yes, Mr. Deputy Chairman, I know the Minister has alluded to the mismanagement of the NDP Government, but this \$350,800 as an allowance for a bad account. In your Activity Identification that was indicated on page 25, it says there must be assurance of repayment.

If you have an assurance of a repayment, why would you allow an amount of \$350,800 to be allowed for bad accounts? If I was doing that in a business, I would not be in business very long.

**Mr. Downey:** Mr. Deputy Chairman, the majority of the activities has been stated by the previous administration, has taken place prior to us getting into office, so these are loans which were made under their administration. We have to make sure that there is an ability to have funds in place through the Northern Affairs Department to cover those in case they are uncollectible.

I am going on the advice that is given to us from the audits of the CEDF and the people who work there in the administrative activities of CEDF. So it is the previous administration's loan activities that we are now putting funds in place to cover in case they are uncollectible.

**Mr. Deputy Chairman:** Item 1.(f) \$850,800—pass.

2. Local Government Development (a) Programs and Operational Support: (1) Salaries \$205,300—pass; (2) Other Expenditures.

**Mr. Gaudry:** What is included in \$76,000 for Other Expenditures? Again, is it communications?

**Mr. Downey:** Generally, Mr. Deputy Chairman, it is travel and general office expenses that are related to the operations of an office.

**Mr. Deputy Chairman:** Shall the item pass—pass; (3) Community Operations \$4,109,800.00.

**Mr. Gaudry:** Community Operations, there is a substantial increase there. What is involved in the community operations?

**Mr. Downey:** Contrary to some of the comments made by the official Opposition, Mr. Deputy Chairman, there were increases put into Community Operations by this Government, and it was based on preventative maintenance, operating and management, community salaries, people who work within the communities. We have a constable program, general community services activities, and there has been a commitment shown by this Government and an increase in the amount shown.

**Mr. Gaudry:** In the Objectives here, it says: "To ensure departmental policy is interpreted and executed consistently in all of the four regions." What four regions are you talking about?

**Mr. Downey:** We have four regions, Mr. Deputy Chairman, which we will be dealing with a little later on in the Estimates. They are basically Selkirk



region, Dauphin region, The Pas region and Thompson region.

**Mr. Gaudry:** "To ensure coordination of normal government programming delivered in Northern Manitoba." What do you understand by the "normal government programming," or what does that involve?

**Mr. Downey:** Co-ordination with other departments of Government.

**Mr. Gaudry:** Other departments in the North or in Winnipeg here?

**Mr. Downey:** Basically in the North, Mr. Deputy Chairman, but some of the staff complement that operate the departments are in both north and south. It is a matter of generally co-ordinating education, health.

**Mr. Gaudry:** In the Community Operations, you said you have increased in the area of some other communities. Can the communities be identified?

**Mr. Downey:** Basically, it is done on an allocation, a meeting that takes place with the ADM and the staff, and identified needs are pointed out. Allocation of resources are done on a fair and equitable basis. Different communities are at different levels of service, and it is an objective of the department to continually increase the different levels of services to the different communities.

**Mr. Deputy Chairman:** Item 2.(3) Community Operations \$4,109,800—pass; (4) General Support Grants \$75,000.00.

**Mr. Gaudry:** These support grants, to whom have they gone in the amount of the \$75,000.00?

**Mr. Downey:** Mr. Deputy Chairman, it is the provincial contribution to the communities for the health and education tax.

**Mr. Gaudry:** Communities are not identified separately for the amount of grants that they get.

**Mr. Downey:** It is the payroll cost for the 56 communities.

**Mr. Deputy Chairman:** Item (4) General Support Grants \$75,000—pass; (5) Community Training \$100,000.00.

**Mr. Gaudry:** Community Training, what does it entail?

**Mr. Downey:** Mr. Deputy Chairman, it is to deal with the upgrading of the administrative work of communities, the community officers, the mayors, councils, generally to try and encourage them to get

a better understanding of the operations of their communities.

**Mr. Gaudry:** That is done directly in the communities and not in Winnipeg?

**Mr. Downey:** Mr. Deputy Chairman, it is wherever it is most feasible to do it, some of them in different regions. They gather them together wherever it makes most economic sense, and I leave that up to the ADM who is in charge of that.

\* (1540)

**Mr. Lathlin:** Mr. Deputy Chairperson, the Minister told us that in the Northern Affairs Department there are some 56 communities. I am just trying to figure out—we are all talking about isolated and northern communities, 56 communities. What does that work out to? Is that the total \$100,000 that is earmarked for training? I am hoping that is not just staff development and training.

**Mr. Downey:** Mr. Deputy Chairman, the 56 communities are not all remote and isolated. He pointed out in his opening comments where they are. There are a lot of the southern communities that are not remote and isolated, as well as some of the northern communities, like Wabowden, which are not remote and as isolated as some of the other ones in the other areas of the province, where we do not have all-weather road access.

Basically, this is an upgrading program for the mayors and the councils. This does not include training programs like the \$500,000 for recreation that we put in place, hiring some 27 Northerners living in northern Manitoba. Something that the former administration had been requested for some many years and it took a Conservative Government to deliver.

This really deals with the upgrading of the administrative staff and the people within those communities, who are not full-time employees necessarily of the Department of Northern Affairs or full-time employment as mayors. They are community citizens who are wanting to upgrade their skills on local administration.

**Mr. Lathlin:** For example, say the mayor and council at Moose Lake. How much of that \$100,000 would that council get for the purposes of training?

**Mr. Downey:** Mr. Deputy Chairman, it is determined, based by the departmental staff working with the communities. If it was determined that a training program for the community of Moose

Lake was to be carried out, they would participate with other communities at a location which would be convenient to them, and the cost of that would be covered by the Department of Northern Affairs.

**Mr. Lathlin:** I have one more question, Mr. Deputy Chairman. We find the word "autonomous" throughout the report here. Are the community councils not allowed to identify their own training needs, developing their own training plans and costing them out, and submitting a budget, or is it done strictly by the departmental people?

**Mr. Downey:** Mr. Deputy Chairman, by the mayor and council basically.

**Mr. Deputy Chairman:** Item 2.(a)(5) Community Training.

**Mr. Gaudry:** Mr. Deputy Chairman, in the Expected Results in the supplement here, it says: "Provide training and support to enable the communities to administer their local government programs, services and funds. By providing continued support and service the communities will eventually be in a position to incorporate as municipalities."

My question to the Minister, in the three years that he will have been Minister of Northern Affairs (Mr. Downey), can he tell us how many communities have incorporated as municipalities?

**Mr. Downey:** Mr. Deputy Chairman, let us even go back further. The Northern Association of Community Councils celebrated their 20th anniversary this fall, of which I have only had the privilege of being Minister for some two and a half years, and I think probably we have moved closer in the two and a half years to get that to take place than any previous administration was able to accomplish. We have none at this particular point, but I do believe that there are some positive steps taking place.

I appreciate the communities and some of the difficulties that they have had in trying to get to that level of self-administration. However, I am encouraged, and I say this most sincerely, by comments that have recently come from the communities of Moose Lake and some of the activities that have taken place under Hydro's payment under the forebay settlement that there may be an economic ability now to more enhance income at a local level of which monies will be theirs and they may move to the self-autonomy within that community. Again it will be discussed with them as community leaders.

The answer to the question was a little longer than the Member may want it. There have been none to this date, but I am encouraged by the work that the department is doing in consultation with the different community leaders.

**Mr. Deputy Chairman:** Item 2.(a)(5) Community Training \$100,000—pass; (6) Regional Services \$691,300.00.

**Mr. Gaudry:** A brief explanation of Regional Services?

**Mr. Downey:** General maintenance as it deals with water systems, roads, that type of thing.

**Mr. Gaudry:** I noticed last year, where you had transfer of functions from Highways and Transportation, \$95,000.00. Was that part of it?

**Mr. Downey:** We took over some road services in some of the communities.

**Mr. Deputy Chairman:** Item 2.(6) Regional Services \$691,300—pass; (7) Grants \$268,900.00.

**Mr. Gaudry:** A big decrease in grants is explained here re the Limestone. What else is there in regard to the decrease?

**Mr. Downey:** That is all there is in that particular section. That is, the decision by the Limestone Aboriginal Partnership Directorate Board, made the decision themselves as a board. They were frustrated, they had been frustrated for quite a few years under the previous administration—and the Member for la Pas (Mr. Lathlin) is smiling, and I am wondering if he may have some comments to deal with it. They were frustrated by the fact that the hydro development, in a lot of cases under Limestone project, had not in a way in which they thought they should have been listened to as it related to the hiring of aboriginal people. Their effectiveness was disappointing to them. They made the decision, as a board, to ask to be wound down.

I do believe that there will be an opportunity under Conawapa, as we develop the groundwork and the work takes place, that there will be an opportunity for another training or community input. It may not be exactly like the one we saw in the past, but I think there is room for good consultation in that whole area. In fact, I think we would all agree that it is essential that community people be fully involved.

I can give you the records of the previous years under Limestone, and the work that was done is not good, not near as good as the Member for The Pas may have wanted us to think in his opening

comments. Many disappointments, many disappointments in the hiring of aboriginal people in the Limestone project. I think the worst thing we can do in any project is to leave people with the impression that there is going to be something there that at the end of the day, there is not.

That is not my intention. My intention is to deal straight up with the communities, straight up with the people, and put in place if there is an opportunity to have meaningful say in it, then allow them to have meaningful say. Do not pretend and do not leave them the impression that they can have an influence if in fact they cannot.

**Mr. Gaudry:** This partnership, was this an initiative of the Government or of the Northern people?

**Mr. Downey:** I believe it was probably a combination of both. I would have to do a little more research. I cannot really answer that question as to the initiative of it. It may have been with the Government, but I think the proof was in how it was able to perform. Again, there was a frustration of the membership, not necessarily in our term of Government, they have been in place for quite a few years, and it really felt ineffective in their abilities to deliver what they thought they should have been delivering.

**Mr. Gaudry:** Is the present Government working on initiative to work one for the Conawapa project at this stage?

**Mr. Downey:** Mr. Deputy Chairman, as I indicated earlier, that probably would be better asked in another area, particularly under Mines and Energy and/or in Hydro reporting at the legislative hearings. At this point, we are just dealing with the decision of the Limestone Aboriginal Partnership development board, and the reason why the line shows that much less money.

I indicated in my comments, yes, there has to be a lot of work done with the communities working to enhance their opportunities to take part in a lot of activities that go on in the North, after and during, particularly being part of the process of environmental work, development of hydro lines, development of the management of the systems, whatever. There is a full opportunity to become management, whatever. I think the northern people should be given the full opportunity to participate.

\* (1550)

**Mr. Deputy Chairman:** Item 2.(a)(7)—

**Mr. Lathlin:** Yes, I want to go to No. 7 as well, Mr. Deputy Chairperson. I just want to set the record straight here, because I think the Minister is—I do not know what he is trying to do.

In any event, I was one of eight or nine aboriginal leaders who sat on what we call the Limestone Aboriginal Partnership Directorate Board. It was our purpose to monitor the number of aboriginal people who were being hired on hydro jobs.

Contrary to what the Minister says—it was frustrating all right, because we were always trying to get the best deal for northern aboriginal people. I must correct the Minister in saying, when he makes a statement that we were frustrated, so finally we closed the doors down, and we left the office and so on.

Yes, there is no doubt about it that we were frustrated. The frustration came as a result of—I mean, it was a northern program. So, again, it was a lack of any sensitivity on the part of the current Government.

We knew right away. We knew for sure that the LAPDB would be gone. So what happened was the Minister—yes, he is right. He frustrated the hell out of us and to the point where it was impossible to do anything else but close shop; otherwise, we would have been used as a scapegoat.

I also agree with the Minister it is essential that training must occur, that there are more training and job opportunities for Conawapa than are occurring right now. That is why as a last question on that item, Mr. Deputy Chairperson, I would ask the Minister, even though he says we will deal with those items in another forum: Where are those plans for this department to work with Mines to get this training done in advance of Conawapa?

We should be dealing with those now because the Minister knows very well how long it takes to get Government departments mobilized, especially when you are dealing with federal, provincial and interdepartments in the provincial Government.

**Mr. Downey:** Mr. Deputy Chairman, I am not here to in any way prolong the debate, as it relates to the LAPD Board. I think the record speaks for itself, that the frustration did not start two and a half years ago. The Member knows that. I think it would be—and he is a fair enough person to acknowledge that as well—that there had been some ongoing frustration as to the inability to affect decisions made, as it

related to Limestone, in a way in which he and other board members would have liked to have seen it.

I had to deal with the matter as it relates to the ministry when the decision is made by a board like that. They are duly incorporated. When they make the decision to dissolve, then I accept that decision. I worked with them; I met with them in The Pas; I had several meetings; and I could see the frustrations. We reflected that decision in the Estimates of the department.

I can assure him that there is work being done between intergovernmental departments as it relates to how we best establish community involvement in the Conawapa project, but I do not want to again, as I tried to emphasize earlier, set up a mechanism that just frustrates the people who believe they should have some say. I do not think he would want that either, to repeat the frustrations of past activities. So the work is being done between the different departments, and a meaningful mechanism will be established that will make sure that the local northern people have maximum opportunities. I think it is essential.

**Mr. Deputy Chairman:** Item 2.(a)(7) Grants \$268,900—pass.

2.(b) Thompson Region: (1) Salaries \$383,800—pass; (2) Other Expenditures \$116,400—pass.

2.(c) The Pas Region: (1) Salaries \$244,100—pass; (2) Other Expenditures \$56,700—pass.

2.(d) Dauphin Region: (1) Salaries \$318,500.00.

**Mr. Gaudry:** Decrease in salary in Dauphin, was that a cutback in staff?

**Mr. Downey:** That is due to a retirement, Mr. Deputy Chairman.

**Mr. Gaudry:** The staff has not been replaced?

**Mr. Downey:** Yes, it has been, Mr. Deputy Chairman, but with the years of service it has been paid out of severance.

**Mr. Gaudry:** I do not get that. It is a decrease in salary; it is not an increase.

**Mr. Downey:** Mr. Deputy Chairman, the year before there was a severance pay when the person retired of \$15,000.00. It is not shown this year, but the staff position is filled by the Government.

**Mr. Deputy Chairman:** Item 2.(d) Dauphin Region (1) Salaries \$318,500—pass; (2) Other Expenditures \$80,600—pass.

2.(e) Selkirk Region: (1) Salaries \$402,400—pass; (2) Other Expenditures \$126,800—pass; (f) Emergency Response Program \$48,600.00.

**Mr. Gaudry:** What is the Emergency Response Program?

**Mr. Downey:** Mr. Deputy Chairman, it is some training and travel for training, and some small equipment purchases.

**Mr. Gaudry:** In regard to this section, the Expected Results, I am not going to read it all, but on page 30 there it says: "The introduction of the Maintenance Management System to take place in approximately ten communities." Can the Minister give us a brief on the Expected Results?

**Mr. Downey:** Mr. Deputy Chairman, it is for training newly selected people who are involved in the firefighting training activities.

**Mr. Deputy Chairman:** Item 2.(f) Emergency Response Program \$48,600—pass.

2.(g) Technical Services: (1) Salaries \$491,800.00.

**Mr. Gaudry:** A decrease again in Salaries from 548 to 491.

**Mr. Downey:** Basically, Mr. Deputy Chairman, the northern communities have increased their autonomy to manage their own affairs, and the department is able to reduce one staff year. That is the reason for the reduction.

**Mr. Deputy Chairman:** 2.(g) Technical Services: (1) Salaries \$491,800—pass; (2) Other Expenditures \$113,200.00.

**Mr. Gaudry:** The decrease is attributed to the reduction of staff again?

**Mr. Downey:** Mr. Deputy Chairman, I would put it down again as I did before: an increase in efficiency with operation of the office.

**Mr. Gaudry:** I would like to congratulate the Minister for his bragging of his efficiency.

\* (1600)

**Ms. Rosann Wowchuk (Swan River):** Can you tell me where this position is eliminated? Is it in the North, or is it a position here in the department?

**Mr. Downey:** Mr. Deputy Chairman, it was vacant and it was in Thompson.

**Mr. Deputy Chairman:** 2.(g)(2) Other Expenditures \$113,200—pass.

2.(h) Audit Services: (1) Salaries \$163,000—pass; (2) Other Expenditures \$27,400—pass.

2.(j) Intergovernmental Regional Services: (1) Salaries \$257,600.00.

**Mr. Gaudry:** Increase in salaries, is that an increase in staff or just natural increments and cost of living?

**Mr. Downey:** Just a natural increase in salary component.

**Mr. Deputy Chairman:** 2.(j) Intergovernmental Regional Services: (1) Salaries \$257,600—pass; (2) Other Expenditures \$71,100—pass.

Resolution No. 122. RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,428,300 for Northern Affairs for the financial year ending the 31st day of March 1991—pass.

3. Agreements Management and Co-ordination  
(a) Northern Development Co-ordination: (1) Salaries \$153,900.00.

**Mr. Gaudry:** The decrease, again, is that a decrease in staff?

**Mr. Downey:** One position, Mr. Deputy Chairman.

**Mr. Gaudry:** Why the one open position? Was that someone who is part-time service?

**Mr. Downey:** The management of the department made the decision that the position was not required.

**Mr. Gaudry:** You say there was a reduction in staff and yet we show 1989-90 with four SYs, same thing in March 31, 1991.

**Mr. Downey:** No, Mr. Deputy Chairman, if the Member is on the same page as I am, it shows a reduction of one staff year.

**Mr. Gaudry:** Okay.

**Mr. Deputy Chairman:** 3.(a) Northern Development Co-ordination: (1) Salaries \$153,900—pass; (2) Other Expenditures \$33,200—pass; (3) Payments to Other Implementing Jurisdictions, there is no vote.

3.(b) Agreement Management: (1) Salaries \$252,900—pass; (2) Other Expenditures \$97,000—pass; (3) Northern Flood Agreement \$855,000.00.

**Mr. Gaudry:** What is the Northern Flood Agreement?

**Mr. Downey:** It is the costs that are related to the Northern Flood Agreement, the work that has been done on global negotiations and also arbitration, environmental monitoring, claims settlement, support to the wildlife board, land managers, co-ordinators and land exchange.

**Mr. Gaudry:** You are talking about the land claim settlements you announced a couple of days ago. The settlements are with some northern communities. Are those amounts included in this?

**Mr. Downey:** No, this is basically dealing with the five Northern Flood Committees and the related work that we have to put funds in place for, as a Government, to carry out those activities.

**Mr. Lathlin:** I think this is what it is costing the Government to do the work in the Northern Flood Agreement. It is not money that is going out to any band or community councils. Is that right?

**Mr. Downey:** Some of it is. A small amount of it was, although if the Member wants to just think back about two years ago now, the Northern Flood Committee communities, the five bands, had not been able to get the previous administration to give them any reasonable amount of money. The Member for Rupertsland (Mr. Harper), who was the Minister, sat for many years with a Government who did not put any money in the hands of the communities. Upon our election, the Government of Manitoba advanced \$10 million.

I am disappointed in the comments made by the Member saying that I am not a friend of the North. I think the proof is in what we have done. The advancement of \$10 million to five Northern Flood communities speaks very clearly that we were sincere about making sure some of the community people got some money. To answer the Member correctly, some of that went to the communities for certain claim settlements, but a lot of it was the operations of the Government's responsibility in negotiating.

**Mr. Lathlin:** I did not insult the North, Mr. Deputy Chairperson. Whatever words we speak when we are referencing other people, I suppose we have to live by those words, whatever results they bring.

**Mr. Downey:** I did not, in any way, intend to insult anyone. I apologized if I did, and I made that very clear. I think the Member lives in a community where an apology is usually accepted if it is well intended.

Anything I have said, and I apologize for it, is well intended. I just want it to be clear that the record should speak very well for the progress that I think has been made in this area.

**Mr. Deputy Chairman:** Item 3.(b)(3) Northern Flood Agreement \$855,000---pass.

(c) Economic Development: (1) Salaries \$395,600—pass; (2) Other Expenditures \$112,100.00.

**Mr. Gaudry:** This substantial increase in Supply and Services in the amount of some roughly \$20,000.00.

**Mr. Downey:** It was to the economic development area and officers of the province to try and encourage more activity in that area.

**Mr. Gaudry:** I did not get the answer.

**Mr. Downey:** It is to encourage the economic development officers or to provide them with more resources to become more involved in economic development activities in the communities.

**Mr. Deputy Chairman:** Item (c)(2) Other Expenditures \$112,100—pass; (3) Corporate Projects \$250,000.00.

**Mr. Gaudry:** Corporate Projects, a brief explanation of what it does.

**Mr. Downey:** Mr. Deputy Chairman, it is to cover the losses of two Crown corporations known as Moose Lake Loggers and Channel Area Loggers.

**Mr. Deputy Chairman:** Item (3) Corporate Projects \$250,000—pass; (4) Canada-Manitoba Special ARDA Agreement \$320,000.00.

**Mr. Gaudry:** Since the ARDA Agreement was completed as of March 31, 1989, was that \$320,000 left over from the 1989 agreement?

**Mr. Downey:** Yes, Mr. Deputy Chairman, it is a wind down of that program.

**Mr. Deputy Chairman:** Shall the item pass?

**Mr. Gaudry:** Are there any more negotiations with the Government of Canada to have another agreement with Northern Affairs?

**Mr. Downey:** Yes.

**Mr. Gaudry:** Can the Minister tell us at what stage we are in the negotiations?

**Mr. Downey:** No.

**Mr. Gaudry:** If you are negotiating, Mr. Minister, you must know at what stage you are or you are falling asleep on the job.

\* (1610)

**Mr. Downey:** I think if I heard the question correctly, the Member asked me if I could tell him where it was at, and I said, no. I know where it is at, Mr. Deputy Chairman. Whether I can tell him where it is at, because of the situation we are involved in, is another matter. No. I will be very open and honest with the Member. We are working hard to try and get something in place that would work to support northern economic and training and education.

I think probably though, and I want to make it very clear, that the previous long-term agreement was for five years. When we came into office, there was no long-term agreement; there was an extension of an agreement. That has to be made very clear, that the previous administration did not have a long-term agreement in place. We came into office; there was an extension of that agreement. Basically that is what I am talking about, there were extensions of. So it is a matter of being straightforward and saying that I think a new initiative is important and needed.

We have seen some additional activities taking place when we look at the Repap activity and the \$1 billion that is projected to be spent there following environment hearings. We look at the work that is being done at Inco, and there is almost \$300 million being spent there. You look at \$5.5 billion being spent in Conawapa and the Bipole 3 following the environmental work and the proper process, Mr. Deputy Chairman. The north central Hydro, which the Member for Rupertsland (Mr. Harper) was not able to deliver under his term as a Minister and/or as an MLA for that area, is something that is going to put a substantial amount of resources into those communities and give them some standard of living, which they have neglected for far too long.

So I am quite prepared to lay out that there are many, many opportunities of which, I think, we may tie in federal-provincial agreements on, and I am proud of them. I think they are initiatives that fit very nicely with federal-provincial type agreements. They are more project specific than they may have been under previous agreements. When you deal with project-specific programs, the community people within certain communities have a little more understanding of how they can tie into them and the benefits that they can get from them.

So, yes, we are working with the federal Government to try and put in place some longer term

agreements as they are relating to already economic-generated activities in the North.

**Mr. Gaudry:** I thank the Minister for his answer. In the Expected Results, you have the establishment of a business venture in each Northern Affairs community. Can we have the communities that have established a business venture since the Minister has come into power?

**Mr. Downey:** I am not clear on the question. I guess I could make reference to the initiative that Repap has taken on at The Pas. We could take discussions on the Conawapa activities and the Bipole 3, north central Hydro, which covers some seven communities which the Member for Rupertsland (Mr. Harper) represents. Major, major initiatives that I think are going to be of long-term benefit economically to those communities.

I could get into more specific projects, smaller projects. I think when one looks at northern Manitoba and, I say this, I think the Members who represent the North should be somewhat envious of what has taken place in their communities, that there is a tremendous amount.

Let me add it up for the Members. If you get the economic or the environmental work done appropriately and that causes economic activity in itself, when you look at the projected billion dollars of Repap expenditure, when you look at the \$300 million at Inco, when you look at \$5.5 billion of Conawapa and Bipole 3, you are looking at \$7 billion of economic activity probably in the next 10 years.

I know the Member for The Pas (Mr. Lathlin) well enough to know that when he sees that kind of money being generated, it has a lot of benefits for his and the communities of which he represents. Not talking about the \$21 million that Hydro recently agreed to pay into the communities of Easterville and Moose Lake and other activities that we are working on as it related to the Northern Flood Agreement. So, all in all I think I am optimistic.

I am really strong about the opportunities of the people in the North. I want the Members for the North seriously to work with me. I mean, I take very seriously the comments they bring to the Legislature. They were duly elected under a democratic system to represent their communities.

I think if we can work objectively, we can see a lot of activity that will benefit those local communities, something that has not been able to be done for quite a few years in a meaningful way.

**Mr. Lathlin:** Mr. Deputy Chairperson, perhaps you could ask the Minister to be a little more specific in, you know, like who is he talking with from the federal Government side in terms of trying to secure further federal-provincial agreements?

Is he talking to Minister Tom Hockin or is he talking to the Minister of Indian Affairs or Employment and Immigration or, you know, like what is going on? As far as I can see, and from my experience, the federal Aboriginal Economic Development Program is well under way. It is not really a new program, but a program that took in existing Economic Development programs.

I am interested in knowing who is the Minister talking to in terms of getting additional federal-provincial agreements for the North, whether they be ACCESS programs or Economic Development or whatever?

**Mr. Downey:** Mr. Deputy Chairman, that is a fair question. I think there has been some confusion over the past few years and months as to who is really in charge of what.

Let me, and this is an observation more than anything. Under previous agreements, the overall umbrella structure that was set up I think to a lot of extent has developed some large bureaucracies. No criticism to it, it was a delivery mechanism that was established in which you come to the end of the delivery mechanism or the agreement. The people who work in that system really have no security.

You have the people who have been receiving the programs do not have the security in the long-term interest probably that they should have. It is my recommendation that the educational departments, federally and provincially, negotiate educational agreements.

I believe that is in the best interest that we do not have the Department of Northern Affairs negotiate separately from education. We should be supportive of what they are doing for Economic Development activity, and that follows within the department of Tom Siddon. Within Economic Development there have been discussions with Tom Hockin who is the Minister responsible for Small Business, Economic Development and the CAEDs program. Again, as I referred to it as project specific, I think there can be some identified activity that can be related to specific jobs which would support aboriginal businesses to get directly involved.

Let me further say that it is my desire, and I made the comment in my opening comments, that we hope to be discussing more aggressively with Tom Siddon the treaty land entitlement which I know, the Member for Rupertsland (Mr. Harper), when he was in Government had accomplished or got almost to the point of accomplishing some major agreements with treaty land entitlement. So I think it is important that we advance those but the Minister as he knows, as you know, is Mr. Siddon both in land entitlement and also as it relates to north central Hydro, as it relates to education. It is directly responsible for—on the economic side of it would be Tom Hockin. So we are really trying to get something put in place that gives us some long-term security on an individual department by department basis.

**Mr. Deputy Chairman:** Item 3.(c)(4) Canada-Manitoba Special ARDA Agreement \$320,000.00.

**Mr. Harper:** Yes, I know the Minister made some remarks in terms of the previous administration. I would like to put some things on record. He said that there were no long-term strategies or plans made by the previous administration. If I tell him so that most of the initiatives that have been carried out by this Government had been planned by the previous Government when we deal with the hydro development, it has been ongoing for many years, so it is not something new. We actually made that commitment in 1986 from the province and Manitoba Hydro, so he cannot claim that it is something that has been done by this Government. We made that commitment in 1986, and I can show it to him in writing.

\* (1620)

The only thing that happened was the federal Government was delaying the implementation or coming to terms with the cost-sharing arrangement. I believe that when you talk about hydro development, there were some initiatives that we initiated which this present Government has allowed to discontinue. One is LAPDB, also the Limestone Training Agency shifted to Keewatin Community College.

There is tremendous potential there for developing a northern university in which to encompass all the developments that were taking place in the North. Unfortunately, that has been shifted away. Also the hydro development, I know we had a lot of criticism when they were in

Opposition in the development of the Limestone power generating station in terms of the policies that we encouraged, and we changed the collective agreement that was in place. Unfortunately, this Government allowed the opportunity to improve the collective agreement. It was signed without even acknowledging the input of the northern Native people again. There had been an opportunity there for this Government to improve the hiring practices, and other benefits for northern Manitoba.

So we had a number of initiatives in place. The hydro development, the Repap thing, I think they could have been carried out more. I believe negotiations could have been put in place in the Repap for Northerners and aboriginal people would have had a greater role, even where their land base, I guess, is being utilized, or the area that they look for some sort of development. Some sort of further negotiations could have taken place affecting those traditional areas, or potential economic or resource development areas that maybe would have put aboriginal people more in an advantage position.

I believe that those things could have been secured with the Moose Lake Loggers, not only giving the money, but in terms of actually putting into place securing those areas for the aboriginal people.

So I would just like to point out that although the Minister says there were not any initiatives most of the things that have been initiated by this Government had been initiated by the previous administration. This Government also lost the opportunity to continue the Northern Development Agreement which—we put in almost, I believe, \$270 million in northern Manitoba, the economic opportunities, the educational opportunities, the social development that is required in the North, but we have lost the focus in the entire North.

Certainly the Minister has had opportunity, and he keeps referring to the previous administration. They are the Government today, but they should be changing policies if they think that they are going to improve the northern conditions and employment opportunities, but certainly I feel that there has been lost opportunity. I do not know whether the Minister had any direct pull with the federal Government. I know that we had extended the agreement. I mean, it was mutually done, together with the federal Government and also with the previous administration, to extend the Northern Development Agreement. So when he criticizes the



administration, he should also be criticizing the federal Government, because I think we had our act together as a provincial Government to encourage the development in the North.

There were proposals that were advanced by the aboriginal community. They did a study, and they had major recommendations. Unfortunately, this Minister did not follow through with the recommendations that were put forward by the Northern Association of Community Councils, MKO and the people in the North, so those things were not advanced by this present Government.

So there was a lot of opportunity. I would like to put it on record that I do not know what I can say, whether anything has been advanced by this present Government that is something new. I know he talks about Hydro development; he talks about the Northern Flood and whether anything has been done that is something totally out of the extraordinary. I would ask the Minister as to—I know he talks about the treaty land entitlement. I do not know under which area it would be. I know, when we were in Government, we actually had an Order-in-Council signed by this Government. We sent it off to Ottawa, and the federal Government never dealt with it until I had a response a year after, whether they will be continuing that same policy or what stage it is at.

I know that the federal Government and the Prime Minister said they want to accelerate land claims, and one of the areas they are talking about is specific land claims. I was wondering whether there has been any contact to deal with land claims, to accelerate land claims, whether he has been in touch with the Tom Siddon in dealing with the treaty land entitlement, because it has been long in waiting.

**Mr. Downey:** Yes, I have.

**Mr. Deputy Chairman:** Item 3.

**Mr. Harper:** Oops, maybe we should pass this, maybe carry the Treaty Land Entitlement on the—

**Mr. Deputy Chairman:** Item 3.(c)(4) Canada-Manitoba Special ARDA Agreement \$320,000—pass.

(d) Management Services: (1) Salaries \$101,000—pass; (2) Other Expenditures \$15,000—pass.

Resolution 123: RESOLVED that there be granted to Her Majesty a sum not exceeding

\$2,585,700 for Northern Affairs for the fiscal year ending the 31st day of March, 1991—pass.

Native Affairs Secretariat (a) Salaries \$433,900.00.

**Mr. Harper:** In the Native Affairs Secretariat, have there been any cuts regarding staff or anything? No staff cuts?

(Mrs. Linda McIntosh, Acting Chairman, in the Chair)

**Mr. Downey:** No.

**Mr. Harper:** I know the Minister keeps referring to the past administration. I was just wondering whether there has been any change in respect to the structure—we had a subcommittee of Cabinet on Native Affairs—whether that present committee still exists today within this Government?

**Mr. Downey:** Basically, the work that is done is between the staff of the different departments and administrative level on specific issues. I will again refer to discussions as it relates to education, and training, and for example, work that was done under the gaming agreement that was reached with The Pas Indian Band was directly done with the Minister of Northern Affairs and the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson). It is not as structured, but I think it is working effectively.

**Mr. Harper:** I guess I would take that to mean that there is no Native Affairs Committee of Cabinet that exists today?

**Mr. Downey:** There is an informal organization of Ministers. It deals with issues, as it relates to the aboriginal issues.

**Mr. Harper:** Yes, I was just specifically asking whether a Native Affairs Committee of Cabinet exists formally—I guess, I would have asked.

**Mr. Downey:** I would have to check with the authority of the O/C that was passed some time ago. I would not want to make an incorrect assumption that it was, if it is not. I will take that as notice as to the status of the O/C as it applies to that committee.

**Mr. Harper:** Do you have a Native Affairs Committee of Cabinet which you refer to as Native Affairs Committee of Cabinet?

**Mr. Downey:** Again, I would want to check out the specifics of the previous Orders-in-Council that were passed as to whether or not they currently carry on to this period of time. I would assume that they do, but I would double check that.

\* (1630)

There is a committee of Cabinet that works on aboriginal affairs, basically, as it deals issue by issue, and is called together by either the Premier (Mr. Filmon) and/or myself to deal with those issues. I would not want to leave the impression that there is not one. There may not be one structured formally as the Member is asking the question, but I will double check what the Orders-in-Council say and the period of time in which they cover.

**Mr. Harper:** You say you have a committee that deals with the aboriginal issues that are attended by Cabinet Ministers, dealing with specific issues on aboriginal matters or Native issues?

**Mr. Downey:** Yes, if it is a matter dealing with educational issues, then there is myself, the Ministers of Education (Mr. Derkach), Family Services (Mr. Gilleshammer), and any Ministers who have jurisdiction in that particular area. I made reference to gaming. If it was in gaming, then there would be a Minister of Justice (Mr. McCrae), the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson) responsible for Lotteries and the Minister responsible for Northern and Native Affairs. It is structured on an issue by issue basis to deal with the matters to which the Member is making reference.

**Mr. Harper:** It seems like it would be more like on an ad hoc basis. I know when we were in Government we had a structured committee. We had dates every day of the week in which we had Native Affairs Committee of Cabinet meetings, and I was just wondering whether he is having those kinds of meetings or just on an issue by issue basis?

**Mr. Downey:** Madam Acting Chair, as we have fairly regular meetings as it relates to issues dealing with aboriginal affairs and questions or matters that the Member raises, it is a matter of dealing with it. I said, issue by issue. Remember we are dealing with the Education Department and we are dealing with Health on certain matters. Family Services—the Members are aware of certain issues that are related to Family Services. We are dealing on a pretty regular basis as it dealt with those issues.

**Mr. Harper:** When organizations or Native organizations meet with the Government, they are dealt on an issue by issue basis. They would be dealing with, let us say, education with the Education Minister (Mr. Derkach), not dealing with the Native Affairs Committee of Cabinet?

**Mr. Downey:** Madam Acting Chair, let me make reference again to another positive initiative that took place which was supported by the Native Affairs Secretariat, but led by the Department of Finance. That was on the taxation of on-reserve use of gasoline. That again was part of a committee structure of which Northern and Native Affairs were a part of it, but the Minister of Finance (Mr. Manness) took the lead in that particular matter. As on Family Services, the Minister of Family Services (Mr. Gilleshammer) took the lead in the committee meeting. Education the same thing.

Yes, there are regular meetings. It may not be quite as structured as it was and that the Member makes reference to, but I can tell you on a basis of regularity it is relatively often that meetings are held as it relates to these subject matters.

**Mr. Harper:** What you are telling me then is, the way it was structured before it does not presently exist. I would take that from his comments.

**Mr. Downey:** Madam Acting Chair, again I would check that out to see what the actual Orders-in-Council read and the time period to which they are applicable. They may well be in place as the Member is making reference to.

**Mr. Harper:** That would be, I guess, a major shift in terms of this Government and its approach to Native Affairs. I think a lot of the things we did when we were in Government was provide for Native Affairs with the lead issues being dealt with by different departments making recommendations to the Native Affairs Committee of Cabinet. Certainly what he mentioned was the gas prices, again in which we did a lot of work. It is not a major initiative, or a new initiative, as this Minister tends to indicate to the Members.

I know this Minister would like to take a lot of credit for a lot of things, but unfortunately people do not take that view.

What I was trying to get at is the Native Affairs Secretariat, where it is at and what it is presently doing in terms of federal policies. What is happening at the federal level?

We have a lot of issues that need to be dealt with when the urban planning that has taken place—and which of course we started. Once again he wants to take credit.

It is not anything new what this Government is doing. What I want to try to do is—whether the Native issues are being focused, being dealt with,

putting some sort of a priority instead of just being mingled in within the whole bureaucracy, and there tends to be no focus. What I see happening now is that these things are individually being differently addressed by different departments rather than the focus that we had initially intended as a Government. There has been obviously a shift in terms of how Native issues are being dealt with.

**Mr. Downey:** Madam Acting Chair, being the modest individual that I am I want to make it very clear that my ambition and our Government's ambition is to make sure that the benefits and the initiatives that Government carry out assist the individual people in the Native and the communities which I represent.

I am not doing it for political reasons. I am not doing it for reasons which would be anything different than to make sure that the people of this province and the aboriginal community have full access, full opportunity to fully maximize education, training, opportunity in this country, not politically motivated but because it is the right thing to do.

Again I make reference to the recreational program which we introduced—\$500,000.00. The Member may say that he was working on that as well, that he started it. Well, let us go back to when the Europeans came to this country. He was here a long time, and his people were here a long time before a lot of people, so he started a lot of things. We can go back a long way, and it is true.

Let us not worry about who is going to get the credit for it and whether or not there is a structure in place that one works better than the other. I am quite prepared—even though he may want to take the responsibility for starting something. Starting is one thing. Finishing is another—and delivering. I am pretty proud of the record of the Filmon Government as to what we have delivered in a lot of those communities.

Now I would hope he would be the kind of individual that would be fair. The Member for The Pas (Mr. Lathlin) I know is fair. He made some pretty fair comments a few minutes ago—some. The Member for St. Boniface (Mr. Gaudry) has sometimes fairness in his comments, too.

I say let us not get hung up on the political motivation for this. Let us get the real issues before us. Let us get the people who are sitting out there.

The Member for The Pas makes reference to 80 percent unemployment. That is not right there

should be 80 percent unemployment in those communities. The Member for Rupertsland (Mr. Harper) said they just spent \$200-and-some million. Why then are there still 80-90 percent unemployed? His programs must not have worked as effectively as they should have if it was the objective. -(interjection)-

Well, the Member for The Pas says, what am I doing? I have only been here for two and a half years, Madam Acting Chairman. The previous administration under Schreyer and under Pawley were here for some 16 years. Unemployment to the rate of 80 and 90 percent did not develop in the last two and a half years.

What we have to do, and I said it earlier and I will say it again, is work—

**An Honourable Member:** It is getting worse.

\* (1640)

**Mr. Downey:** I do not believe it is getting worse, because I just made reference to the job opportunities that would be reflected as a development if Repap takes place, and the Member himself knows that. With the settlement of the forebay on Grand Rapids, the resources that are being put in there to help with economic stability and the Member may say, although it is very clear on the record as to where the previous administration was on the settlement of the forebay, they would not even acknowledge that there was a moral obligation to settle the forebay. -(interjection)- Well, the Members can criticize all they like, but the former administration—

**The Acting Chairman (Mrs. McIntosh):** I would just remind Members to speak through the Chair, rather than directly to each other. I would appreciate you not entering into debate with questions and answers.

**Mr. Downey:** Thank you, Madam Acting Chair, I appreciate that, and I do not want to get into a long time of debate on it, but I am just saying, let us remember who we are here working for. We are here working for those individuals, and unemployment under any administration of the magnitude that it is, is not good, and yes, if the unemployment rates increase under our administration I am quite prepared to stand up and say that it did, and whatever we tried to do to assist it did not work, but I am also prepared to say to the Members opposite through you, Madam Acting Chair, that if it does work I would expect a fair recognition of that. I am

sure they are fair-minded people, and I know that working together objectively it can in fact happen. Us sitting here wrangling, through whether one or the other does not work, I think at this point is not productive. I would like to deal with facts that are before us.

The Native Affairs Secretariat, I think, has accomplished a lot. I think it has accomplished a lot, and I say that seriously. I know that the Indigenous Women who were for a long time looking for support under the program, under the funding, were pleased to get it. Again, maybe the Member for Rupertsland (Mr. Harper) started it, and if that is the case, we finished it, Madam Acting Chair, and I say that seriously. The Abinochi funding for their language, the Member for The Pas (Mr. Lathlin) was fair in his comments about that, we have I think accomplished quite a few things. Land settlements, Native land settlements, treaty land entitlement, are an essential to advance as far as I am concerned .

The Member for Rupertsland made reference to the fact that they had signed an O/C, sent it to Ottawa, and nothing happened. Well, I do not know what he did or did not do, Madam Acting Chair, to follow up on it; why he was prepared to wait a year and not get some counteraction from the federal Government. This really has not been high on his agenda, because he has not talked about it a lot, although I am aware of the history of it a little bit. I am saying today, I believe it is incumbent upon us, the Government, hopefully supported by the members of the community which he represents that we advance to the federal Government a new initiative to settle some of the treaty land entitlement claims. I am anxious to do that. I believe it is a priority that has to be put on everybody's agenda, and I am prepared to do that, and I would hope the Member for Rupertsland would support the initiative.

**Mr. Harper:** Yes, I know that the Minister went way back talking about the Schreyer years and everything else, but I can say the same thing in terms of the responsibilities for aboriginal people. The primary rests with the federal Government, and the Liberal Government has been in power for a long time and also the present Conservative Government, so that in terms of Native issues I am trying to get the Ministers to maybe respond in terms of what this Government has done. I am asking what have they done to talk about Native issues in respect to his federal counterparts? I know that the federal Government's cutback on communication to

aboriginal organizations on education. They have cut those back. I was just wondering whether the Minister has talked to the federal Government to improve those things or for the federal Government not to cut those services. I know that the funding that we have for aboriginal organizations is needed and that MKO has been cut 100 percent by the federal Government.

I was just wondering whether any action has been taken by this Government to say to the federal Government that they should not be cutting back on those issues. I know we provide funding through the provincial Government for Native organizations, whether those funds will be coming forward from this provincial Government, maybe I could have the Minister . . . .

**Mr. Downey:** Yes, Madam Acting Chair, I would like to say to the Member, we as a provincial Government have carried on some of the responsibilities in education funding that were, in fact, transferred or dropped by the federal Government, the Department of Education.

That is why it is unfair for the Members to say that the Department of Northern Affairs Estimates are showing a \$1.5 million cut for northern communities. That really is not the case, because the offset to that is funding that is picked up by the Department of Education that are now not being reflected in the Northern Affairs Estimates.

So, as a provincial responsibility, we have actually increased our funding when you consider the Education Department that it has picked up, the Department of Culture, Heritage and Recreation and their \$500,000 for the recreational training programs. We have not seen a reduction for the northern communities. We have, in fact, seen an increase.

Discussions, yes, discussions are ongoing with the provincial Government and the federal Government as it relates to support for education, but this is something that I think we have to address and deal with very straightforwardly in a matter of fairness and, again, this is important for the Members to help us in this area.

We have the responsibility of the federal Government dealing with the treaty Indian people and certain benefits where the federal Government carries out that responsibility in certain areas. We also have non-treaty people who do not get the same opportunities and benefits for their

educational needs. We are trying to address that; in fact we hope to meet very shortly with Tom Siddon and the Minister of Education to try and bring into place something that would reflect the needs of all people when it comes to the educational needs, whether they are status or whether they are Metis or Northerners living in remote and isolated communities of non-aboriginal ancestries.

So it is a matter of trying to be fair. I think there is a responsibility when we are seeing the overall development of the North for a federal responsibility. We, as a province, want to see that as the Member sitting here does. It is, I think, the key to the development of the North and the northern people, as it is to everywhere else or the educational requirements have to be looked after.

It is an investment in our future. It is an investment in opportunities. It leads the way from the massive unemployments that we have seen in those communities to meaningful employment opportunities and takes them off the welfare rolls of whatever background or wherever they are from. I mean, education I think is the key, Madam Acting Chair. I am sure the Members opposite, hopefully, would support that. To make a short answer, we are discussing those issues with the federal Government.

**Mr. Harper:** Yes, I know, the Minister had referred to fairness and trying to deal with the federal Government in terms of the treaty Indians. I was just wondering whether he has made any case to the federal Government in terms of the federal cutbacks, particularly, let us say, with the aboriginal organization, MKO?

There does not seem to be sort of any kind of fairness or equitable cutbacks to Native organizations because some people did not even get cut. Some Native organizations across the country never got cut, and then all of a sudden you have a Native organization in Manitoba, MKO, and also southeast tribal council, being cut 100 percent. Where is the fairness? Has he addressed that issue to his federal counterparts in Ottawa?

**Mr. Downey:** Madam Acting Chair, yes, I think it is important to note that it has been addressed. Again, I think if I am clear, he is referring to political organizations rather than the funding for educational programs. Is that correct?

**Mr. Harper:** Yes, I am referring to the Native organizations. In Manitoba we have a number of

Native organizations which the funding comes from the feds and also from the provincial Government. The cuts have been made indiscriminately without any kind of rationale and there have been—I do not know on what basis they have been cut. It certainly was not done on some sort of fairness. We have MKO that was funded and all of a sudden the cut is 100 percent. The same with the southeast tribal council.

\* (1650)

I am just wondering whether this Minister has made any concerns or let them be known to the federal Government that these cuts were done indiscriminately without addressing fairness? I know for a fact that some Native organizations did not get cut at all.

**Mr. Downey:** Madam Acting Chair, the Member is making a case that in a manner of fairness, as it relates to funding of Native organizations, there has not been any change within Manitoba.

Let me be very upfront and straightforward. I want to put a very strong case forward, as it relates to the educational needs of our citizens, aboriginal and northern communities. I think it is extremely important that we put the best possible case forward. I probably have put a stronger case forward for the educational needs than I have for the political organizations. Although I make reference to the need and the importance of continuing on the funding, and we have done it in Manitoba.

Again, I think we have to put our emphasis where best the case can be made. I am saying that is where I have concentrated my efforts and that is on the educational front.

We have not done anything to reduce our Manitoba participation in the political organizations. I do not know how the federal Government came about their decisions to come about what they did. I really have no knowledge of what basis they made to make the cuts they made.

If I am hearing the Member correctly, he is saying some Native organizations did not have the same cuts made as did others.

I would wonder if he could give me an idea as to how I could check those out so I could probably find out in a little more detail as to why those decisions were made. Could he be so helpful as to point some of those out?

**Mr. Harper:** I do not have the actual documentation, but I can probably get the information for the Minister. The reason why I am saying that is that when we are dealing with Native Affairs, and I would presume that when we are dealing with aboriginal issues, that some of the concerns that this Minister would be working on would be self-government and other aspects of the aboriginal people in the Province of Manitoba. Most of the Native organizations, the political funding as you may call it, are needed to talk to people, to meet with Ministers, to meet with the staff, and most of that funding has been cut.

Certainly when the federal Government talks about ongoing process they want to talk to aboriginal people. It is meaningless when aboriginal organizations do not have the resources to do so. I am not criticizing his department for cutting back. I understand him to say that the funding would remain the same, but I am just trying to tell the Minister that he should be putting more effort to the federal Minister. The way the federal Government is going about it was done indiscriminately. There was no logic or rationale behind the cutbacks made to the aboriginal organizations, and that is the reason why I am asking him, what efforts were made by him for aboriginal organizations in the Province of Manitoba?

**Ms. Wowchuk:** I understand the mandate of this secretariat is to develop a Native women's policy strategy as part of the mandate, and I would like to ask what kind of strategy has been put forward? Have they developed any strategy as far as child care or training for Native women or special counselling, in cases of domestic violence? Has any of that been done?

**Mr. Downey:** Yes, Madam Acting Chair, there has been a broad range of discussions that have taken place with the Indigenous Women's Organization and have been very helpful in the whole area of development of resource shelters, general activities as it relates to the aboriginal women. I am very pleased with the development that has taken place in the short term, that they have received funding, and the coming together of the leadership within that community. It is generally dealing with all the concerns that the Native women of this province identify as priority items.

**Ms. Wowchuk:** The MMF has been asking for jurisdiction over their own child care. Has this

agency been doing anything to help them to deal with—giving them any assistance in negotiations?

**Mr. Downey:** Madam Acting Chair, I would have to check out what involvement the Indigenous Women have had with the Manitoba Metis Federation, and their lobby for the Michief Child and Family Services agency, which they are requesting. Most of the direct contact that I am aware of, to Family Services, has come from the Manitoba Metis Federation itself. I am not clear as to what involvement the aboriginal women's organizations have been involved, but I could find that out.

**Ms. Wowchuk:** If you could check that, I would like to know if the women's section has been involved in these negotiations at all?

**Mr. Lathlin:** Madam Acting Chairperson, I just want to follow a little bit more on the—because I think we are still on No. 4 anyway—Native Affairs Secretariat. I am curious to know, because as the Member for Rupertsland (Mr. Harper) had said, everything seems to be done very much on an ad hoc basis. Yet in December '89 the Minister said when he was talking about the Urban Native Strategy, and it appears that this is coming from a lot of Native leadership, that it ties in very closely with the whole question of the Urban Native Strategy and particularly as it relates to the establishment of an advisory council and putting in place individuals of Native background to deal with and to work with the communities at large that have shown the need and desire for greater understanding and input from Government.

When I listened to him this afternoon talk about, what appears to me anyway, a very ad hoc committee of Cabinet Ministers, when an issue comes up, for example, in education, that is when we deal with it. If an issue comes up in say treaty land entitlement or economic development, let us deal with that whenever it comes up.

My question would be—you know, he made those comments on a Native Affairs Committee of Cabinet last year and he is still saying the same thing this year, almost a year later, 11 months later. What have they done since then, this Native Affairs Committee of Cabinet that he keeps referring to, because it would seem to me that, if this Native Affairs Committee of Cabinet has some sort of mandate, I would have thought by now there would have been a development of some long-term policy on aboriginal affairs. What kind of policy is being

developed right now, for example, on aboriginal affairs, maybe in the North? Urban-Native strategy that everybody has been talking about, where is it at, who is involved?

**Mr. Downey:** Madam Acting Chair, I think it is important to note that development policy is on an ongoing basis with Government, not necessarily as it relates specifically with one issue, but I say seriously I think actions speak louder than words, and that is what I have tried to make the case for today. You can have all the structure in the world which is sitting there and has the optics of doing all those things. I can go back again and reflect for the Member the accomplishments that our Government has made as it relates to aboriginal issues and I make that without hesitation, I make it very seriously that we have seen major accomplishments as it relates to the aboriginal peoples of this province.

\*(1700)

I do not want to leave this committee with the impression that ongoing work on policy is taking place all the time. There is an overall development of strategy that relates to education, as it relates to the land claim issues, it is part and parcel of the way Governments operate. I would far sooner see progress and activities take place, as we saw in the forebay settlement, than I would sit back saying we have a committee, Native Affairs Committee of Cabinet, which the Member for Rupertsland (Mr. Harper) referred to, of which I have to search very hard to find any accomplishments, other than the establishment of a committee. I mean, the establishment of a committee has great optics, but if it does not accomplish anything then what is the point in it. I would sooner have the action of the settlement of the Grand Rapids forebay; I would sooner have the negotiation and the work that was done with The Pas Band on gaming; I would sooner have the development of the north central hydro that has been—again if the Member wants to refer to as his initiative, fine, I do not mind if it is his initiative. I want the people in that community to get hydro, whether it is on the whole issue of northern flood settlement, I want those things done.

So I do not think that one should get overly tied up with the optics of a committee, I think the actions speak louder than words, whether it is the gasoline taxation policies of this Government. I have to say that we have had an excellent working relationship and rapport with the leadership of all the aboriginal communities and there has not been one time, in my

knowledge of being Minister, that people have come forward and said, really, we are not happy that you do not have a particular structure in place.

My colleague, the Minister of Natural Resources (Mr. Enns), who has just joined us, and I guess if the Member for The Pas (Mr. Lathlin) would be fair in his comments, would probably comment fairly on the establishment of the joint management project in the area of moose hunting in The Pas area. Many areas of positive initiatives carried out by the Government, done by individual Ministers, working together collectively, if it was a structured or non-structured committee of Cabinet, the work was done. To me, that is the key. Getting on with the job rather than leaving the impression that you have a committee that is going to do things that never gets anything done.

In fact, I think it is important to put on the record there was a former Premier of this province who is well respected by many people, by the majority of people in Manitoba; the name was D.L. Campbell. He said many times, and I have heard him quoted saying, the best committee a Government can develop is that of three on the committee, and preferably two of them should be out of town so decisions can be made. I think that is a fair quote from a statesman from this province. -(interjection)-

All I am doing is quoting what a leading statesman of this province has said, as it relates to the committee structure. I do not want to downplay the importance of a structured committee. Yes, it can play an important role, but I am again prepared to put our record, this Government's record, against the activities of the Native Affairs Committee of the previous administration, the Native Affairs Secretariate of the previous administration, and hope that the Members would work together to, through this process here, come forward with positive initiatives, Madam Acting Chairman.

I do not have a lot more to say in this area, unless there are some specific details that the Member wants answered on.

**Mr. Lathlin:** Madam Acting Chairperson, a while ago you instructed us to address the meeting through the Chair, and of course, we complied. Maybe you could kindly advise the other Members who just walked in that they forward us the same kind of courtesy.

**The Acting Chairman (Mrs. McIntosh):** Yes, your point is well taken. I would remind all those at the

table that we are here for Members of the Opposition to ask questions of the Minister. Those are the people who are recognized by the Chair and should be the only ones heard at the table.

### Point of Order

**Hon. Harry Enns (Minister of Natural Resources):** Madam Acting Chairperson, on a point of order.

**The Acting Chairman (Mrs. McIntosh):** I recognize -(interjection)- excuse me. Minister of Natural Resources, on a point of order.

**Mr. Enns:** Well, I appreciate you would not, as Acting Chairperson, want to give misleading information or leave misleading information on the record. You suggested that the purpose of these gatherings and meetings were for Members of the Opposition to seek information and question the Minister.

It is a long-established procedure that any Member of the House, both Government and Opposition, has the opportunity to address the Minister and seek information. While it is normally left to the Opposition Members to do more of the asking, I want to assure the Honourable Member for The Pas (Mr. Lathlin) that particularly with this Minister there are many of those on the Government side that have a great deal of questions to ask this Minister, and we are here to do that.

**The Acting Chairman (Mrs. McIntosh):** Your point of order is well taken. If I have said Opposition Members, I should say, Members who are recognized by the Chair to speak. Thank you.

\* \* \*

**Mr. Lathlin:** The Urban Native Strategy work that has been going on for some time now, could we ask the Minister to tell us where it is at now? Are there any reports that are going to come out in the near future? Who is working on this Urban Native Strategy, and how much is it costing the provincial Government?

**Mr. Downey:** Madam Acting Chair, again the Member for Rupertsland (Mr. Harper) wanted to take credit for the work that was done previously in the Urban Native Strategy, although there were not any resources or any people put in place, but I suppose he had the idea which I did not mind carrying on if he wants to take the credit. If I recall

our commitment was made in the first throne speech that work would be done.

It is a long, slow process and we have already tabled one report on it, but let me further add that we have had some difficulty. I say this with respect to the other jurisdictions, both the city and the federal Government, to recognize the magnitude of the work that has to be done in this area. I can announce that we have recently got a commitment from both the city and the federal Government to meet with us and assess what we currently have done. There was productive meeting of all the community leadership, I believe it was several months ago now.

Housing is another area which that responsibility falls within and that Minister (Mr. Durcharme) is also on the committee on Urban Native Strategy as is the Minister of Education (Mr. Derkach), as is the Minister of Family Services (Mr. Gilleshammer), as is the Minister of Environment (Mr. Cummings). I think that covers them all. All the departments are working together.

To conclude: Where is it at today? It is now being worked at more jointly with the city and the federal Government which has to be.

**Mr. Lathlin:** Are there any aboriginal people involved in this strategy that is being worked on by the three levels of Government?

**Mr. Downey:** Yes.

**Mr. Lathlin:** Because we are on No.4 yet, I gather we are on 4.(c). I would like to ask the Minister this one—

**The Acting Chairman (Mrs. McIntosh):** I believe we are still on 4.(a).

**Mr. Harper:** I think maybe we should just discuss 4 in general and leave it at that.

**Mr. Downey:** Well, Madam Acting Chair, we could get there very quickly if we passed (a) and (b), and then we would be right at the Aboriginal Development Program. Why do we not do that?

\* (1710)

**Mr. Harper:** I had some questions just dealing—

**Mr. Downey:** Oh, okay.

**The Acting Chairman (Mrs. McIntosh):** You still have questions on (a) and (b)?

**Mr. Harper:** Yes, (a) and (b).

**Mr. Lathlin:** I guess I will let the Member for Rupertsland (Mr. Harper) deal with (a) and (b), because the question that I have has to do with (c).



**Mr. Harper:** I was going to ask the Minister on the question of the constitutional discussions, what role has this Minister played? I wanted to ask him some questions whether it is the policy, or what this present Government does as it relates to the Constitution. The constitutional process, I know we have had quite an event this past summer dealing with the demise of Meech Lake and the Oka crisis and other aboriginal issues. We received a national profile on aboriginal issues. I was just wondering what this Government is prepared to do, whether it be supporting the aboriginal people in their negotiations for self-government to be recognized within the Canadian Constitution as founding nations, and I can go on and on in terms of what the aboriginal people want, and whether there has been any discussion—I know there are specific things like the Metis self-government discussions that are ongoing, but in general I am just wondering whether the Government is looking at aboriginal issues, like self-government, and what it intends to do in addressing many of the major concerns of aboriginal people? I know that a commission has been established by the Prime Minister. What is his advice or what is the position of this government?

I know we are going to have the Meech Lake Task Force committee continuing on its work. I was wondering whether this Government is addressing many of those issues, and what kind of work is being done?

**Mr. Downey:** Madam Acting Chair, I think these questions would be more appropriately placed to the Attorney General, Minister of Justice (Mr. McCrae) and the First Minister (Mr. Filmon) as it relates to where we are going.

If I remember correctly, the response of the First Minister of the province a few days ago in Question Period would be the establishment of a task force, which would be doing any provincial hearing process as it relates to where to from here, as it relates to constitutional change and would be covered by all three political Parties.

That is my understanding of what was indicated, and I am just going by recollection of what I heard him indicate in the House. So I think further questioning in this regard should go to the First Minister (Mr. Filmon) and the Minister of Justice (Mr. McCrae). Although I want to be accurate in what I am saying, I am pretty sure the First Minister made reference to that in the Legislature a few days ago.

**Mr. Harper:** The reason why I asked this question is it is one of the items that is identified in your Supplementary Information, under the Activity Identification, one of them is "Conducts bilateral and trilateral constitutional negotiations on Native self-government." and the other one is "Maintains an active consultative liaison between Government and the Native community on constitutional, program, and financial issues."

I was just wondering whether anything has been done, whether any kind of policy has been taken by this Government or whether any work is being done by the Native Secretariat?

**Mr. Downey:** Madam Acting Chair, the funds, which Native organizations receive, are able to be used in that way if they so desire. I said earlier what some of the priorities were within the discussions of the department and that is we are trying to press a lot harder on the Treaty Land Entitlement and some of the educational programs, which are so important.

I think at this point it has been left to the leadership of the aboriginal communities and the funds, which they receive from Government, to advance to the proper place.

If it is through the Native Affairs Secretariat that they would like to advance their thoughts and ideas, we are quite prepared to discuss them with them, but I do believe there will be a structured mechanism that can deal with it more appropriately as has been referred to by the First Minister (Mr. Filmon).

**Mr. Harper:** Can you elaborate maybe on the structure mechanism you are talking about, where this thing could be advanced?

**Mr. Downey:** No, I cannot at this particular time. It would be inappropriate for me to make any reference other than to what the Premier (Mr. Filmon) put on the record of a few days ago.

**Mr. Harper:** I was just questioning the Minister. I was not questioning the funding that is going to the aboriginal organizations in dealing with the constitutional matters. I am wondering where the negotiations are at, in respect to the tripartite negotiations on Metis self-government?

**Mr. Downey:** Madam Acting Chair, that has been an agreement between the federal and provincial Governments and the Manitoba Metis Federation, that work could be done to try and identify what in fact the possibilities, what direction, how they fit into the overall constitutional discussions.

I cannot report anything more than it is still ongoing. It is discussion that we are continuing to fund and the feds are continuing to fund, and the Metis Federation are continuing to work on it.

As far as a conclusion, there is not one at this particular time, but the work is still being continued.

**Mr. Harper:** Is there present funding that is being provided by the provincial Government? Is there also funding provided by the federal Government? Can the Minister indicate how much money is being provided on this process?

**Mr. Downey:** Yes, \$315,000 each, federal-provincial.

**Mr. Harper:** Three hundred and fifteen thousand each—okay. Is there any kind of similar funding being anticipated for, let us say, the Assembly of Manitoba Chiefs?

**Mr. Downey:** Nothing more than the 325 that they now receive for their issues. That could be used for part of that as well if they so decided—no additional funds.

**The Acting Chairman (Mrs. McIntosh):** Item 4. Native Affairs Secretariat (a) Salaries \$433,900—pass; (b) Other Expenditures \$177,600—pass; (c) Aboriginal Development Programs \$1,488,000.00.

**Mr. Lathlin:** Madam Acting Chairperson, my question on that item would be: What kinds of programs are included in that item?

**Mr. Downey:** Basically core support to all the different organizations.

**Mr. Lathlin:** I am not sure. I wanted to ask two more questions, one on the Northern Commission and the other one—the Minister kept talking about Moose Lake and Chemahawin. Perhaps I will ask the Hydro question.

Are there any plans to give similar kinds of compensation to the communities of Grand Rapids, The Pas and Cormorant?

**Mr. Downey:** I should just go over the comments that I heard the Minister of Hydro (Mr. Neufeld) say the other day in the House in response to that question. Maybe I should refer the Member to those answers.

\* (1720)

Basically the settlement that was made was followed by the Premier (Mr. Filmon) asking Hydro to take a look at the Grand Rapids forebay situation.

Hydro Board hired a consultant to make recommendations to them of which it was identified those communities that we have talked about, Chemahawin and Moose Lake.

As the Member knows, the agreements were tabled in the House. As he has made reference to the other three communities, I believe—two communities he made reference to that there was further activity that was being discussed as it relates to Grand Rapids and I believe Cormorant. The report which was received from the consultant was that The Pas did not have any identified damages, and there was no claim to be settled in that particular regard.

I think I am reflecting correctly the situation, Madam Acting Chair.

**Mr. Lathlin:** Madam Acting Chairperson, the reason that I was asking that question in the House, and I am asking it again today, is at one time Grand Rapids community had not even been a signatory for the letter of intent that it was established in the early '60s that The Pas was. That is why I am asking the question. The community of The Pas was a signatory to the letter of intent. It states very clearly in there.

Does that mean that The Pas gets absolutely nothing? If the Minister will remember when I was still chief of my band I asked him the question. His response to me at that time was, well, nothing is out yet, review the consultant's report and get back to us.

**Mr. Downey:** Madam Acting Chair, and a fine chief he was of The Pas Band, I say that seriously. We had a good working relationship. I understand as well that it is still—and I cannot speak for Hydro, but it is my understanding that if there were further information that could be brought forward from The Pas Band, then I would only say that I am sure that would be assessed by those people who are responsible.

**Mr. Lathlin:** On the Northern Commission, Madam Acting Chairperson, I would like to ask the Minister again, does he have any literature or papers that he could share with us in terms of, you know, exactly what the mandate of this commission would be, the composition of the commission, and the time frames that we are looking at?

Again, I asked that question because awhile ago we were told in committee here that in response to my question about the ad hoc way that the Native

Affairs Committee of Cabinet deals with aboriginal issues, with the Northern Commission I assume there is some kind of a plan that will result in a report, recommendations and so forth.

So my question is: Are there any papers that you can share with us? Is there any information that you can share with us other than the announcement that was made? What is the composition of the commission? Have the members been appointed yet? What is the mandate? What kind of time frame are we looking at?

**Mr. Downey:** I just want to make one thing clear, Madam Acting Chair, those are his words that he uses in the ad hoc sense as dealing with the concerns of the Native community. They are not mine. We are dealing on a very positive, I would say, pro-active way on a lot of fronts and as a department, very structured, as it relates to the different issues that we have to deal with.

So I do not want the record to show that we are not dealing with it in a pro-active and an aggressive way, because we are.

As it relates to the Northern Commission, it was a commitment made during the campaign of this fall. I have no detailed information to share with him at this time, because we are in the process of further developing, and I say further developing, the terms of reference, the clear objectives, the make-up of the commission. All those things are in the process of being developed at this particular time.

I can assure the Member at the first opportunity that I have, I will share with the Legislature and the whole community where it is at. If the Member has some recommendations, which he would like to forward to us and any other Members of the North, as to what they see as some of the things that it can do, I would invite him to do so. I say that seriously.

**The Acting Chairman (Mrs. McIntosh):** Item (c) Aboriginal Development Programs \$1,488,000.00.

**Mr. Harper:** On the last section, (c), can you tell us what Aboriginal Development Programs—how much money is going to the individual organizations? I know you mentioned that—I would assume that 315 comes from there for the Metis tripartite discussions, and also 325,000 for the Assembly of Manitoba Chiefs. I was wondering, is that where the money is coming from? Can you tell us—

**Mr. Downey:** Yes.

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

**Mr. Harper:** Can you tell us where the other monies would be going, the other funding, I would imagine to the Native women's groups and others? Can you give us a list where the money is going?

**Mr. Downey:** Basically, Mr. Deputy Chair, the same organizations that were funded by the Member when he was Minister, with the addition of the Indigenous Women's Organization. All funding is reported through the O/C process so that if he gets copies of those then it is all listed in there.

**Mr. Harper:** Has there been any increased funding at all to any group at all?

**Mr. Downey:** No.

**Mr. Harper:** He described the funding that the Assembly of Manitoba Chiefs or the political organizations receive. He described them as the Core funding. Does the funding come from elsewhere?

**Mr. Downey:** No.

**Mr. Harper:** The reason why I asked that question is because we used to have funding that was made available to the Native organizations of the MMF and MKO, not through the aboriginal development fund. Those were earmarked for a specific purpose. I was just wondering when that changeover happened? I was just wondering, when it happened?

**Mr. Downey:** This year, Mr. Deputy Chairman.

**Mr. Harper:** In that case then, the only funding that the Assembly of Manitoba Chiefs would be receiving would be 325,000 this year. In a sense it is a cutback then, which they received through the other funding arrangement that was made.

**Mr. Downey:** No, it is not a cutback. It is the same as they received previously.

**Mr. Harper:** You said the Assembly of Manitoba Chiefs get 325,000, is that correct?

**Mr. Downey:** Yes.

**Mr. Harper:** I know that there was additional funding available through the granting to Native organizations before, and I would have to check that out because I remember specifically dealing with the grants to the Assembly of Manitoba Chiefs to the MMF on the constitutional tripartite discussions. There had been other monies available that were

granted out that were given to the Native organizations.

**Mr. Downey:** Mr. Deputy Chair, this is basically the same as when the previous administration ran the fundings. They are basically the same, and it is the same allocation.

**Mr. Harper:** I will have to check that information out then, because I know that there had been additional monies provided under some other appropriation, and I will get back to him on that.

**Mr. Deputy Chairman:** Item 4.(c) Aboriginal Development Programs \$1,488,000—pass.

Resolution 124: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,099,500 for Northern Affairs, for the fiscal year ending the 31st day of March 1991—pass.

No. 5. Expenditures Related to Capital (1) Northern Communities \$3,676,400.00.

\* (1730)

**Mr. Gaudry:** Yes, there has been a reduction and it explains here, it says a trailer park expansion no longer required. Is the trailer park still there, and where is it located?

**Mr. Downey:** Yes, there is one there. It is at Sherridon and there are no trailers in it.

**Mr. Gaudry:** It is still being used, the trailer park?

**Mr. Downey:** It is still available to be used for a trailer park.

**Mr. Gaudry:** Yes, it is still available, but is it being used right now?

**Mr. Downey:** I do not believe so, Mr. Deputy Chairman.

**Mr. Deputy Chairman:** Item 5.(1) Northern Communities \$3,676,400—pass; (2) Community Access—I am sorry, the Honourable Member for Swan River.

**Ms. Wowchuk:** I am not sure if this is the right place to ask this question, but I have a couple of questions to ask with spending in specific communities. Can I ask them here, or ask them under Minister's Salary?

**Mr. Downey:** Wherever you feel comfortable.

**Ms. Wowchuk:** The community that I am looking at is Dawson Bay. There was, as I understand it, a—

**Mr. Deputy Chairman:** Order, please. Could I ask you to bring the mike a little forward, please. They will not be able to pick you up on Hansard. Thank you.

**Ms. Wowchuk:** I would like to ask the Minister about spending in the community of Dawson Bay. I understand there was some beach work done there, and I would like to know if that money came out of Northern Affairs and how much was spent there?

**Mr. Downey:** No, there was not any out of Northern Affairs that I am aware of.

**Ms. Wowchuk:** Then the second question has to do with, also at Dawson Bay, dock work. Would that have come out of this budget or out of another budget?

**Mr. Downey:** Not out of this budget, Mr. Deputy Chairman.

**Mr. Deputy Chairman:** Item 5.(1) Northern Communities \$3,676,400—pass; (2) Community Access and Resource Roads \$435,000, shall the item pass?

**Mr. Gaudry:** What does this cover, the \$435,000.00? It says Community Access and Resource Roads.

**Mr. Downey:** To allow communities to access resources.

**Mr. Gaudry:** It is not maintenance of roads, or winter roads, or anything like that?

**Mr. Downey:** No.

**Mr. Deputy Chairman:** Number (2) Community Access and Resource Roads—pass; (3) Cottage Sub-Divisions—

**Mr. Lathlin:** Mr. Deputy Chairman, I would like to ask the Minister again, like I am not sure if he was being facetious or—Community Access and Resource Roads. The Member for St. Boniface (Mr. Gaudry) asked a question. Could you explain that to us again?

**Mr. Downey:** Yes, Mr. Deputy Chairman, I was serious when I said it is to access resources, whether it be communities to hay leases, whether it be—resources of whatever nature are there to be dealt with. That is what it is for.

**Mr. Lathlin:** That would not have anything to do with Repap roads or winter roads? It would just be communities?

**Mr. Downey:** No, it would not be anything to do with Repap or winter roads.

**Mr. Lathlin:** Ferries?

**Mr. Downey:** No.

**Mr. Deputy Chairman:** Shall the item pass—pass; (3) Cottage Sub-Divisions \$136,000.00.

**Mr. Harper:** Explain.

**Mr. Downey:** He wants me to explain. I think it is important that I do explain this. The previous administration for far too long had been ignoring the cottage development in Flin Flon and Baker's Narrows. The Department of Natural Resources and my friend and colleague, the Minister of Natural Resources (Mr. Enns), and the Department of Northern Affairs jointly went together. Because there was an environmental order, I guess is the proper word, in place to clean up what in fact was taking place, we proceeded to do so. This has been on the books as well.

The Member wants to keep referring to what he was thinking about and what he was doing as Minister. This was on the books and something that he had not done. We did proceed to put \$135,000 of Northern Affairs' funds, several thousands of dollars out of the Minister of Natural Resources' Estimates, to clean up that mess, and that is what this money is in there doing.

When you look at positive initiatives, we are pretty pleased with a lot of the positive initiatives that we have put in place for community development.

**Mr. Deputy Chairman:** Item 5.(a)(3) Cottage Sub-Divisions \$136,000—pass.

Resolution 125: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,247,400 for Northern Affairs for the financial year ending the 31st day of March, 1991—pass.

The last item to be considered for the Estimates of the Department of Northern Affairs is Item 1(a) Minister's Salary \$20,600.00.

**Ms. Wowchuk:** I would just like some clarification on the questions that I asked on Dawson Bay. Is Dawson Bay a Northern Affairs community?

**Mr. Downey:** Yes, it is.

**Ms. Wowchuk:** I was asking on the money that was spent in Dawson Bay on beach development and dock development. Where would that money have come from? If it is a Northern Affairs community, would it not have come out of the Northern Affairs budget?

**Mr. Downey:** It may have come from the fishermen who fish in that community, the fishermen's association or individually.

**Ms. Wowchuk:** I am asking for clarification now because I am not quite familiar with things here. Does that mean that I would have to go to Natural Resources to find the answer, or where would I find the answer to where that money came from?

**Mr. Downey:** I suppose, but there is no funding from the Department of Northern Affairs for those two projects that the Member refers to, so probably Natural Resources, or maybe phone the former Member from Swan River. He may be able to help you out. It could have been possibly Community Places, or Culture and Heritage, but it did not come from Northern Affairs.

**Mr. Deputy Chairman:** Item 1.(a) Minister's Salary \$20—

**Mr. Harper:** Yes, I know the Department of Northern Affairs also assists in the municipal grants or the TAP. Can you tell us how many projects have been approved this past year for municipal programs?

**Mr. Downey:** I am not clear as to what the Member is getting at. There are unconditional grants under municipal funding, which are advanced to the communities.

**Mr. Harper:** Community Places Program is the one I am referring to.

**Mr. Downey:** Mr. Deputy Chairman, let me first of all explain that we have seen considerable support for northern Manitoba under Community Places and the Lotteries Foundation with their northern recreation program. We have seen \$500,000 invested in recreational activities and the hiring of some 27 local northern people, of which I am very proud and pleased. I think it will assist a lot of communities in enhancing the lifestyles and the leisure activities of a lot of our young northern people and assist some of our elderly people, in a co-ordinated way, to have activities that are meaningful and productive.

We have accomplished, I think very successfully, a good program and put it in place. We have also—and I cannot tell him specifically how many there were. There were substantial other programs and funding under that program, but the specifics of that would have to come from the Department of Culture, Heritage and Recreation and the Lotteries program. I will get that for him if he wants.

**Mr. Harper:** The Minister had indicated there have been recreation programs. Is that the direction that this department is going? I know that some of the communities which are getting funding under the

Community Places Program—I know we have had arenas built like Berens River, which they require, and some other communities. Are they prepared to look at those in Northern Affairs communities up to the maximum of \$75,000 for each community?

\* (1740)

**Mr. Downey:** Yes, they have been part of the programs that have been carried out under Community Places.

**Mr. Harper:** I know this thing is being cost shared with the other programs and other federal departments. Is that a cost-shared commitment or there has to be conditions before they would support those types of projects?

**Mr. Downey:** Yes, there has been a cost-shared arrangement. What we have done in certain areas where there has not been the ability for certain communities to put funds forward is to recognize in kind, a contribution. Also we have been able, on behalf of some of the communities, to put some cash resources forward to make sure they have their half of the commitment, to make sure the project could be carried out.

We have done that in several areas, and it has worked well.

**Mr. Harper:** Some time ago I was approached with the Bloodvein Band. Have they submitted some sort of similar proposal to build an arena? If they have, is that being processed now, or when do they expect to get the approval?

**Mr. Downey:** Mr. Deputy Chairman, again that specific a question I would have to get the details from my department and from Culture, Heritage and Recreation, the Lotteries division.

I cannot speak specifically about that one, but it would be treated the same as the other ones. There would be a possibility of federal Government, band, Community Places and Northern Affairs. That could be a combination of what was put together.

**Mr. Kevin Lamoureux (Inkster):** Mr. Deputy Chairperson, I have a couple of questions relating to decentralization, of the Minister. I was wanting to know—it was just over a year ago when this Government came down with the decentralization policy, and they looked at having a large number of Government employees put out to different communities.

I ask the Minister, in terms of how many stages, or how much time before we see the program as

proposed by the Premier (Mr. Filmon) back in Brandon last year, before it is completely implemented?

**Mr. Downey:** Mr. Deputy Chairman, the Member would be better to ask this under the line in the Estimates that refers specifically to Decentralization. I can deal with it at this time, but I think it would be more appropriate to deal with it when it comes to that line in the Estimates which would be more appropriate. The time frame which was initially announced was a program over two years, was the time frame which was part of the announcement.

**Mr. Lamoureux:** Can the Minister refer to which line it was at in the Estimates?

**Mr. Downey:** Yes, Mr. Deputy Chairman, I can. It is referred to Decentralization.

**Mr. Lamoureux:** Maybe the Minister can entertain me and give me some of his thoughts in terms of how he feels this Government is proceeding with decentralization?

**Mr. Downey:** Mr. Deputy Chairman, I can only reflect what I am hearing from different people who are part of the decentralization, but probably more specifically to keep some sense of order as it relates to a committee and how we handle our Estimates. The decentralization question should be raised under Decentralization on page 171 of the Estimates book. Let me try and help him. I think that—and this comes from people who are involved in the process from the Civil Service Commission to people who have been part of the decentralization. I am getting positive feedback that it is going well. All I can say is that is what is in fact coming to me as a Minister.

**Mr. Lamoureux:** Mr. Deputy Chairperson, I would ask the Minister if in fact he is the Minister who is ultimately responsible for decentralization, and when that particular line will actually come up?

**Mr. Downey:** Mr. Deputy Chairman, it would have to be done within the discussions of him, as House Leader, and my colleague as House Leader (Mr. Manness), and the House Leader (Mr. Ashton) of the NDP whenever it would be appropriate and we get through these other Estimates and at a time decided by the three House Leaders.

**Mr. Lamoureux:** On that point in itself, Mr. Deputy Chairperson, I would suggest to the Minister because in the past what we have done is dealt with a Minister and if there is another line in the Estimates

we have dealt with it, such as in the Civil Service, Workers Compensation, and so forth. I would have thought that decentralization would apply to it, but because we are not on that specific line I would ask the Minister—he refers to everything from what he hears is going quite well, that he is getting favourable responses.

Can the Minister give me any indication in terms of the total number of people—and I ask, not for specifics, but rather an indication in terms of the total number of people—who have been served notice about being relocated and an approximate number of people who said they would be happy to make that move?

**Mr. Deputy Chairman:** The Honourable Minister. This will be the last question I will allow under Decentralization.

**Mr. Downey:** Mr. Deputy Chairman, if the Members of the committee want to pass that item at this particular time, I would be more than pleased to pass it now too if they want to pass it. I have no objection. If they want to pass the Decentralization portion of the Estimate book now, I could pass it.

**Mr. Gaudry:** Will the Minister entertain questions on it?

**Mr. Deputy Chairman:** That would be out of order until the House Leaders got together and got the plans together, and I knew who the critics were, I do not think it would be proper to be dealing with the decentralization issue at this time. I will ask that the Honourable Members please refrain from the decentralization until such time as we are dealing with that line. Thank you.

Shall the item pass—pass.

Resolution 121: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,236,500 for Northern Affairs for the financial year ending the 31st day of March, 1991—pass.

This completes the consideration of the Estimates for the Department of Northern Affairs.

The next set of Estimates that will be considered by this section of the Committee of Supply in Room 255 are the Estimates for Family Services. I understand that the Department of Family Services will be considered at 8 p.m. tonight.

The time being 6 p.m., I am now recessing the meeting until 8 p.m.

## SUPPLY—AGRICULTURE

**Madam Chairman (Louise Dacquay):** Order, please. This section of the Committee of Supply will be dealing with the Estimates of the Department of Agriculture. We will begin with a statement from the Minister responsible.

**Hon. Glen Findlay (Minister of Agriculture):** I expect to spend some time in Agriculture with the two critics, and anybody else who wants to ask questions, talking at some length about the state of the industry, which probably, to put it in a nutshell, is not in as good a shape as we would like to see.

As we came out of the 1980s we looked back, particularly last year, and said that some of the difficulties we had clearly have been with us over the course of the decade. Remember back 10 years ago, we entered the decade with high interest rates; we seemed at that time to have a relatively high dollar policy and certainly low commodity prices were an issue. As the decade went by certainly the low commodity price issue has intensified. It is clearly with us today. The extremely high interest rate policy is still with us and the high dollar value, which clearly impacts very negatively on the export of much of the products we produce.

I have to remind my critics that we export at least 50 percent of what we produce, so national policies of interest rates and dollar values, and fighting inflation have significant impact in agriculture.

Probably the worst thing that has happened over the course of the last decade is the trade war that has emerged. If we look back with hindsight we can clearly say that the trade war started really in about 1985 when the Americans put their farm bill in and they started to put export enhancements in place to retaliate for what the European Community was doing. Certainly the European Community has accelerated their process of dumping with the use of export restitutions and the Americans have countered.

Then we come to the dangerous position we are in now of having a very serious possibility the GATT process may not succeed to the extent we would like. I still have to be an optimist that we will have some degree of success there because I think common sense will prevail before there is a complete collapse, but that does not mean that a complete collapse is not a possibility.

The other factor we have had to deal with, particularly the latter part of the 1980s, has been

drought. Certainly a very significantly low moisture cycle has impacted on the farm community to a very drastic extent and crop insurance has responded in the '88-89 crop years very significantly in terms of putting money into the farm community.

Taking all that into consideration, the farm community is under a lot of pressure nowadays. The attitudes of farmers have retracted considerably in terms of what they are doing. They are very cautious at how they handle their operations. A lot of farmers have responded certainly in dealing with situations by controlling their expenditures and maybe having a different outlook on where they are going to be five years from now, as opposed to five years ago. It has had a significant impact on the rest of the economy of Manitoba and western Canada as farmers have taken those conservative opinions and approaches to running their business.

Certainly it has not significantly impacted on our ability to produce. We are still producing very significant volumes of grain for export.

Over the next year, the challenge is going to be for our exporters, particularly the Canadian Wheat Board, to be able to move that quantity of product that we have in the bins on the farms right now.

Just as recently as about a month ago it looked very serious that there would not be significant movement, that there would be a tremendous backlog of grain. All of a sudden, that logjam seems to have broken to some fair degree with a Russian wheat deal, the particulars of which we are not able to get hold of right now, but grain is moving from the farm to the elevator, certainly moving down the track system and it looks like there will be a very significant movement of grain all winter through the eastern export points.

Certainly, in a more general sense, the department which we are going to talk about is committed to the achievement of a number of major objectives, which are aimed at supporting the development of our agriculture industry.

\* (1430)

These objectives include, preservation and strengthening the family farms in Manitoba; reduction of economic risks for farmers and enhancement and stabilization of farm incomes, which I will touch on later; expansion of production on agricultural commodities, especially those with potential for value-added processing here in the Province of Manitoba—in the course of the

discussion of the Estimates we can talk about lots of those that are going on—development and expansion of the market opportunities for agricultural products, particularly international markets or import replacement; next, provision of opportunities for younger and beginning farmers to enter agriculture and develop viable farming operations; and lastly, conservation and improvement of Manitoba soil and water resources and the environment.

In terms of looking at the risk potential that farmers face, over the past I would say, particularly the last 10 to 15 years, more and more farmers have wanted some avenue of risk protection.

In the red meat sector the tripartite stabilization has come in over the past few years to help to reduce the price risk for those commodities we have under tripartite stabilization. We have hogs, beef, lamb, onions, sugar beets, beans, and honey, several commodities under tripartite stabilization.

In terms of the grain sector, where the greatest risk seems to be occurring, for many of the reasons I mentioned earlier, the mechanism in place for risk protection has been crop insurance, which has been in place since 1960. So it has gone through 30 years of development. It protects a farmer only on the production side, it does not protect him on the price side where the greatest risk exists right today.

Western Grain Stabilization came in 1976 designed to do that, but it was using all of western Canada as one homogeneous unit, which we all know clearly is not the case, and it was responding on a total income in western Canada versus total cost. Western Grain Stabilization, although it has triggered very significant payments in some years, the trigger has not responded to the need, certainly not targeted in terms of time, or in terms of individual farmers.

So there has been a demand that we have risk protection programs that are affordable, targeted, and certainly more predictable.

In that context, about a year and four months ago, we met in Prince Albert and decided, amongst all provincial and federal Ministers of Agriculture, to look at a task force to look at the question of whether we could develop better safety nets. Out of that process involving some 32 people, 19 of whom were producers and they represented every province across the country and every provincial Government, and several people from the federal



Government, has come up with the two-pronged safety net approach, the GRIP process plus the NISA. GRIP certainly is improved crop insurance in terms of not only you protect the production, but you can have a stabilization price, which is today higher than the market price.

NISA is Net Income Stabilization Account, it almost works like an RRSP, but is for after tax dollars where the producer can put money in. It is matched by Governments and taxable when the money is taken out. It is sort of building up an account that the producer can put money into, and he has some stimulus to put it in in good times and draw it out in bad times. Had we had that in place over the past 10 years probably some contributions would have helped farmers through the difficulty they are in right now.

The reason that one of the other driving forces behind wanting to do this is that farmers did not like, nor do Governments like, the ad hoc approach that has had to have been used in '86 Special Grains Payment, '87 Special Grains Payment, '88 drought, '89 drought. Certainly, in 1991, we are looking at a low-grain price situation.

So farmers want a more predictable program, so that they know how they can plan their affairs over a course of years. Their financial institutions want that sort of support with that sort of predictability. I think it is fair to say the Governments want some more predictability so that the industry of agriculture could contribute on a more meaningful fashion, on a more continuous basis year in and year out, to the economy of the province. In other words, to have the stability so there would be enough income to cover their basic costs, so they can go out and spend them and stimulate the economy that way.

Within the department we have done some strategic management reviews. We have staff that targeted six areas: marketing, enhanced productivity, diversification and value-added, safety net, sustainable development, and human resources. These six task forces have been working with people in the community at large, in the farm industry at large, trying to develop a focus that the department should follow in the years ahead.

Certainly, in the present Estimates that we are going to talk about, we will be no doubt talking about strengthening the farm income, of support stabilization programs, the ability to improve our farm management programs. We want to talk about

developing marketing strategies in consultation with the producers and processors to penetrate certainly domestic and foreign markets.

Now I just say one example we encountered just recently is that with our assistance a group of producers here in the Province of Manitoba just exported 194 beef animals, bulls and heifers, to the country of Mexico. They were a cross section of, I believe, six different breeds, a package put together to meet the consumers' demand.

We will want to talk about support for the development of the livestock vendors security system, which is intended to provide farmers with protection against default of payment on shipment of cattle inside and outside the province.

I want to talk about establishing the satellite vet clinics. Certainly there seems to be a demand for that in some regions of the province where there is not the capacity to support a full vet clinic.

I want to talk about development of provincial irrigation strategies in conjunction with producers and the federal Government, which will strengthen the agricultural industry without compromising the quality of our soil and water resources.

We have in place "Farming for Tomorrow," a conservation initiative which has set in place some 42 soil-water associations across rural Manitoba to use, over the course of the next few years, some \$18 million on the 50-50 soil accord with the federal Government.

These associations are local people, set up and running their association and determining how their funds will be used and what programs will be stimulated. We have now in place, across rural Manitoba, a number of farmers putting in place farm plans associated with conservation in terms of how to till the soil, how to manage the crops, how to grass waterways, where trees should be planted—a number of those kind of initiatives.

Certainly, I think we will spend a fair bit of time talking about where we are in the industry, and where we are going in the industry.

In terms of some of the immediate needs, the soil conservation situation is born out of the dry years of '87 and '88, and certainly the spring of 1988. They do a lot of focus on the need for conservation initiatives, and the farm community seems to be very supportive of that process.

Certainly, we will be talking about the income support programs. Just in the tripartite area, our level of support has gone up roughly \$1 million this past year, particularly because of the increased demand in the Tripartite Hog Stabilization program going from some \$5.5 million to \$6.4 million, a premium demand on the part of the provincial Government.

The Livestock Development program, \$1.5 million there to help the livestock industry, particularly beef and sheep. The Manitoba Interest Rate Relief Program, put in place this spring in response—again you might say an ad hoc program in response to a particularly difficult situation where farmers were facing 15, 16, 16.5 percent for operating funds this past spring. This is the most ambitious program in any province across the country, a 7 percent reduction on interest rates for its eight-month period, qualifying up to \$40 per acre. That program runs from June 1 to January 31, 1991.

Certainly in crop insurance expenditures, we have gone from roughly \$6 million the previous year to some \$21.6 million this year under a new funding program involving the federal Government and the producers, with the producers paying 50 percent of the premium and the two levels of Government each 25 percent. Clearly, it is a considerable increase in expenditure on behalf of the department between those two programs, some \$36 million of additional expenditure.

There is no question, there is more that needs to be done. I think the onus on the department has been on to try and maximize the efficiency with which we can deliver programs to the farm community with the least possible cost. That is what the farmer demands. He demands accountability in all programs.

On behalf of the staff that we have delivering those programs, I have a lot of confidence in what everybody is doing out there and how they are responding to the producers' needs, working with the producers and working with the agriculture industry at large, trying to be sure we are addressing the right issues as effectively as you can with the most efficient use of the dollars available.

There is nobody that recognizes more clearly the cost squeeze that we are all in than the farm community. They know the reality of the cost-price squeeze. They have been in it for roughly 10 years.

Those who identified that problem really early are in a relatively good financial state today. It is rather encouraging to see some of the stats that have come out here in past few weeks with regard to farmers' ability to meet their financial commitments. They are very good in the Province of Manitoba. There has been a headline that farm bankruptcies are up 24 percent across the country. They are down fairly substantially here in the Province of Manitoba. The number of applications to the Manitoba Mediation Board are down some 30 percent from a year ago.

\* (1440)

So there are a number of positive signs out there that a number of farmers have structured themselves to deal with the realities out there. They know those same realities are faced by Government, and they will work as well with us as any section of Manitoba society in terms of dealing with our ability to deliver programs as effectively as possible over the next few years.

**Madam Chairperson:** We will now have the customary reply by the critic from the official Opposition, the Honourable Member for Dauphin.

**Mr. John Plohman (Dauphin):** Madam Chairperson, this is the first opportunity that I have had to work with the Minister of Agriculture and his department as a critic for Agriculture. I will be looking forward to this opportunity, however short it might be at this particular time, because of the time squeeze that we may or may not be in, depending on how other matters are worked out between the Parties as to whether we are going to be finishing before the Christmas break and get on to a normal cycle for Estimates, which I think most of us would like to see, so that we are scrutinizing departments before the money is spent as opposed to, as is the case here, half or three-quarters of the way through the fiscal year.

So it is something that we are all working towards. We may not have the time to deal with the issues to the extent that we would like to in all of the areas of the department.

I think that we will want to focus, Madam Chairperson, on some of the major issues facing western Canadian farmers at the present time. Of course, there is no secret that those issues have been the focus of discussion both in the Province of Manitoba and western Canadian provinces, right across this country and in some cases at the

international level. It will be our intention to attempt to gain more clarity as to what the Minister and his Government's position is on these issues, in terms of what they are putting forward.

Whether it be for the resolution of the GATT talks, I know the Minister is going to be part of a delegation with his colleague, Minister for Industry, Trade and Tourism (Mr. Ernst), I believe, to the GATT talks in Brussels, if that is still on. At this present time, the Minister indicates it is. We will want to talk with the Minister about the position that Manitoba is putting forward.

We are also going to be interested in finding out more about the Minister's discussions in dealing with the deficiency payment for the coming year, which is critical, I believe—a special grains program of some kind. I know the national Minister of Agriculture, Mr. Mazankowski, has indicated that he does not want to be part of any ad hoc programs in the future, and he has reiterated that.

That is of concern, particularly if the safety net program and mechanism is not in place to the degree that payment can be made this coming spring.

It seems to me that as a result of the latest meeting, that is very probable. The Minister talked about certainty, predicability and the desire of producers to know exactly where they are going to be at, and what is going to be available for them. I think that at this time it is critical that there be some definitive announcement as soon as possible on that area. We want to press the Minister in that area, and further the discussions in that area in this House.

We will also want to discuss with the Minister how that will impact on the present crop insurance program and premiums, and so on, that are being paid by producers when this new GRIP and NISA is in place. Exactly how will that work is a matter of some confusion and uncertainty I think in many quarters at the present time, amongst producers as well as those probably in the negotiations on that issue, because it is very complicated.

We are also going to want to talk with the Minister about the Soil Conservation Agreement, and the Agri-Food Agreement, that expired last year and what has replaced that agreement at the present time. I know that from 1984 to 1989 the Agri-Food Agreement was in place in this province, some \$38 million, federal and provincial, was spent, and I

would like to have information, specific information, on the follow-up for that program, and as well the Soil Conservation Agreement with the federal Government.

I also want to discuss with the Minister the impact of the GST and any work that his department is doing to assist farmers with that issue. I know it is a federal tax, but it is, of course, a very serious concern I think to a lot of producers in terms of the complicated structure that will be necessary for each one in their accounting.

The Minister will undoubtedly have areas of his department that will be assisting producers with that issue, if indeed it is going to be passed in the Senate in the House of Commons in the near future, which it seems will be the case.

We will want to discuss with the Minister general policy areas, particularly the Crow benefit studies that have been going on, and what exactly he sees happening there.

Certainly the Government of Alberta, with their freedom-to-choose paper, has continued to lobby for a change in the method of payment. Many other groups, perhaps, have supported the change in the method of payment. We are very concerned about what that might mean for the grain delivery system in Canada and the ability of the Wheat Board to meet its commitments in a timely and efficient way in the future.

We also want to discuss the future of the family farms and exactly how the Minister feels that he has—listed in his achievements he has strengthened the family farms. We see so many indications that would point to a weakening of the future of family farms in this country, and we would like to get specific information from the Minister on what steps he has taken, specifically, to strengthen the family farms.

The Wheat Board is of constant concern. The Minister was in support of the federal Minister last year or the year before in his announcement of removal of oats from the Wheat Board. He did not dispute it in any event, did not take issue with him, and we looked at that as a weakening of the Wheat Board. Others did not. There are ways that the Minister could be leading public opinion or reflecting the view of, I would say, the majority of farmers in that the Wheat Board could be strengthened with other commodities being added. We are not certain that the Minister has taken any initiative in this area

and would like to see more initiative from him, particularly with regard to canola.

I just want to indicate to the Minister that he has had some major increases in his department. In most cases, it has been with the picking up of federal offloading onto the province, through negotiations perhaps—obviously with crop insurance—but a major offloading or change there, major increase in costs to the province. That would be one area that I would like to explore insofar as how it will impact on the GRIP and NISA discussions in the future in terms of the cost sharing, and we will want to find out more from the Minister in that area.

So I think that with a real crisis in agriculture at the present time we will want to focus more, rather, on the specific details of line by line changes, although there will be some of that, on the major global issues facing agriculture. I do not mean global meaning world necessarily, but the larger issues facing our farmers here in Manitoba, common with the rest of western Canada.

I note the Minister had mentioned an initiative on marketing and finding new markets both domestic and overseas. I think that is so important as the world changes, and perhaps our traditional markets are no longer there for our farmers. Traditional crops are not going to be available, the markets for those crops will not be available to the same extent they have in the past. For example, I note that the Soviet Union has produced a crop of some 240 million tonnes, at least that is my information, and I am told -(interjection)- 235, the Minister says.

\* (1450)

I understand that perhaps \$35 million to \$40 million of that will be wasted because they have no on-farm storage facilities. That is almost as much as Canada produces in a year. Our total crop production wasted by the Soviets, because of inadequate storage facilities. If they were to get their act together, and get proper storage facilities and so on -(interjection)- and changes, yes, will be made. China is not part of the GATT talks either, and the Soviet Union.

I think that we cannot place a lot of our faith in the resolution of the GATT discussions as having a major impact on the price of our wheat. I took issue with the Conservative Governments across the country, in particular Saskatchewan and the federal Government, in seeming to put, and I believe the Minister could be faulted in that regard too for a

number of months, putting the major emphasis on the resolution of the GATT talks, as if that would in fact be a salvation for producers, perhaps to a much greater extent than it will be.

That is why I am encouraged to see a real push on the area of the safety net. We hope of course that it will involve cost-to-production pricing, and that is a whole major area of discussion there. I note to the Minister that it was prior to the 1988 election that the New Democratic Party at the national level established an agriculture policy that called for a cost-to-production pricing—did not refer to it as a safety net. Certainly, in a meeting in Saskatoon two weeks ago, the Agriculture Critics for the New Democratic Party were encouraged to see that there has been movement in the form of a safety net by all political Parties, and a recognition of the need for that kind of protection. We hope of course and will emphasize the need; that it be based on cost-to-production pricing for farmers; that it be a realistic price that is, in fact, insured there.

We will have some interesting discussions on these issues, and I will look forward to those in my first opportunity as critic of the Department of Agriculture.

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** I am delighted also to join in Agriculture Estimates. It is my first time as a critic to this particular Minister, but in fact I sat in as he will remember back in 1986 when it was his first time as an Opposition Critic, when the Honourable Bill Uruski was the Minister of Agriculture.

I, too, would like to keep on the more general topics rather than into the very specifics of line-by-line Government expenditures, except where they happen to be relevant to a more general discussion. I was particularly disturbed by the comments made by the Minister of Finance (Mr. Manness) today, which seemed to imply, and the Minister I am sure will correct me if that is not true, that he seems to feel that we will be expected in this province to pick up 30 percent of the contributions to GRIP and NISA.

It is my understanding that even some of the Agriculture Ministers have recognized that may not be possible for provinces like Saskatchewan and Manitoba. Particularly, the former critic of Agriculture in Ontario had indicated I understand at some meetings, that they could understand why there would have to be a special treatment for the

two western provinces. I do not know if the new Agriculture Minister from Ontario is abiding by that same principle, but I can only assume that he probably is. Hopefully, we will not be expected, because, No. 1, of the numbers of farmers we have in this province in respect to the overall population, and also the small size of our overall population, that we would not be expected by the federal Government to assume the third, the third, the third. That larger provinces with fewer farmers proportionately would be expected to pay.

I support the Government in both of these initiatives. I think that they are good, positive initiatives for the farmers of Manitoba and, quite frankly, absolute essentials if we are going to keep farming as a viable industry in the Province of Manitoba.

I am disturbed again with the offloading of the federal Government, which has happened not only in our discussions in Question Period today in terms of post-secondary education and health care, but also in their constitutionally-designated role of at least participating equally in Agriculture.

Certainly, by tradition in the grains area, that has been much more than an equal share of the participation expected and demanded of them. They now seem to be taking the attitude more and more often that that is no longer to be the case. That is the reason, of course, why the Minister agreed to—or at least I assume it is the reason the Minister agreed to paying more in crop insurance than we had traditionally paid in the past, where we only looked after the administration costs in essence and now are actually being asked to pick up the premium costs as well.

I had also hoped that we could get into some discussion of the GATT negotiations. Like many, I am concerned that the farmers feel the GATT negotiations are somehow going to be a panacea. I think that we have to be realistic about that. While they may provide some relief, but even if they do and even if they work out the way we want them to, that probably will not be seen at the farm gate for maybe five or even 10 years, because it would be such a gradual change for both the United States and Europe to back out of the subsidies they are now paying. It is going to take that length of time in order to reach any kind of realistic change in the farm incomes for our farmers here in the Province of Manitoba.

I note the Minister made comments with respect to soil, the need for protecting our soil and soil conservation projects. That is why, when going through the Estimates, I was somewhat disturbed to see funding in that area seems to be at least at the rate of inflation, if not decreasing, and we also seem to be putting very little money, or no new money in fact, into the whole area of research.

The \$875,000 was an increase when the Minister first came into power after having not been increased for almost 10 years. That increase was very little, even at that point in time, and it is going to be difficult for us to be competitive, particularly when we look at Alberta and its constant drain in terms of building new facilities, often with Government monies as the Cargill plant in High River would indicate, forcing us into competition in an area where, quite frankly, we are not competitive. We are not competitive because we simply do not have the dollars to be competitive. We do not have a Heritage Fund in which we can come up with millions and millions of dollars to drop into a Cargill plant.

I also would like to talk about the problems facing the cattle industry generally, everything from the lack of livestock patrons' insurance, which again is a scheme that is in place in Alberta, and our farmers having to collect 20 cents on the dollar when East-West Packers went into receivership. I want to know the Government's plans, if any, towards passage of such an insurance program for the livestock producer itself.

I want to know what if any initiatives are being taken in the province to provide reasonable information to those who would promote animal rights activism—the k.d. lang scenario, if you will, that we should all become vegetarians within our society. The whole slogan, I think she said, you know, but I do not eat my pets kind of thing, is something which—

**An Honourable Member:** She probably wears leather boots though.

\* (1500)

**Mrs. Carstairs:** Probably does. As a matter of fact, I should tell the Minister that in my household when my young daughter, who was in Grade 3, was asked to write letters to Mr. Trudeau about the seal hunt—of which I had some knowledge having grown up on the East Coast—I served her meatless meals for three or four days. I refused to let her wear any

leather products and she quickly changed her mind about whether we should all become vegetarians at that particular age level.

I wonder if the Minister and his department is looking at any kind of development of contrary arguments? I know that we missed the boat to some degree with respect to the lean beef arguments, the myth became prevalent that beef was a fatty food and if you were going to go on a diet you had to cut out beef and go to chicken and go to white fish and somehow or other that would be a better dietary supplement. In fact, it is not.

The nation, and I think the federal Government, has a responsibility in this area. We certainly did not get those kind of things out of Agriculture Canada, and I hope we are not going to see more and more of that kind of proliferation of material without a contrary argument being provided.

We also have to look into the field of veterinary science. We do not train veterinarians here in the province, and although there is going to be an increased number at Saskatoon, we are not going to see the graduates from that for another three or four years as the Minister knows and that means that Manitoba is again going to find itself at a disadvantage.

I would like the Minister to address the whole area of pork marketing, as well, and whether we are going to look at further upgrading, perhaps at the Springhill Farms corporation, with the idea that we should not have to ship pork that is ultimately going to end up in the far east, to Montreal to be packaged, and then back to the far east in order to maintain that activity in the Province of Manitoba. I would like to know if the Minister, through Western Diversification or any other funding body, is seriously looking at making the technology possible right here in the Province of Manitoba since we seem to be losing our cattle and beef slaughtering facilities all too rapidly. Perhaps this is an area that we can in fact bring that new technology here and be on the leaning edge of it as far as Canada is concerned, or western Canada is concerned.

Finally, I would like to address with the Minister the whole issue of right-to-farm legislation. I know that the Minister has in the past indicated his support for such legislation, but it has been a number of Sessions now and we have yet to see it and we are anticipating something of that, hopefully, in the very near future.

With that, Madam Chairperson, I think that we can begin detailed discussions of the Estimates.

**Madam Chairman:** I would remind Members of the committee that debate on the Salary for the Minister, item 1.(a), is deferred until all other items in the Estimates of this department are passed.

At this time we would invite the Minister's staff to take their places in the Chamber.

**Mr. Findlay:** Madam Chairperson, I would like to introduce my Deputy Minister Greg Lacomby, and Acting ADM of Management and Operations Les Baseraba.

**Madam Chairman:** Item 1. Administration and Finance \$2,988,100 (b) Executive Support: (1) Salaries \$383,700—(pass); (2) Other Expenditures \$122,600.00.

**Mr. Plohman:** Madam Chairperson, I just wanted to ask the Minister in this item in the detailed Estimates, the Supplies and Services: "\$117,900 of this amount represents Policy Studies."

I wonder if the Minister could just explain what Policy Studies are included in that figure? Will he make available those studies? Perhaps we will ask for specific ones, if he is able to tell us which ones are included.

**Mr. Findlay:** Yes, some of the costs associated in this category are the administration costs for Manitoba Interest Rate Assistance Program, some \$25,000; a further paper on consulting on the Crow benefit change, \$5.3 thousand; \$5,000 to agriculture centre in Brandon; and about \$7.5 thousand was cost for the Deputy Ministers' Conference held here recently in Winnipeg. So it totals approximately \$43,000.00.

**Mr. Plohman:** Madam Chairperson, on the page 22 of the Supplementary Estimates, there is a reference to \$131,000.00. It says, "\$117,900 of this amount represents Policy Studies."

The Minister just referred to a figure of 42, can he clarify that?

**Mr. Findlay:** What I have outlined to you is, if you look on the italics at the bottom, \$117,900, and what I just gave you was what has been spent out of that portion at this point in time.

**Mr. Plohman:** Yes, the Minister referenced interest rate assistance study and the Crow benefit study. Is this study available to the public—both of these, particularly the Crow benefit study?

**Mr. Findlay:** Those were the three studies that were done by the Ag Advisory Council, which went out to do a series of public meetings and discussed the content of them with the farm community, met with different farm organizations and discussed them, analyzing the impact of the present method of paying the Crow or any potential changes that might happen, or what they would predict should be happening with that process. So that has been out public in terms of the discussion of the content. It was published in the Co-operator back about January or February of this particular year.

**Mr. Plohman:** I would understand then that this cost of some \$5,000, a rather small amount, would have gone as the Government's share of paying for the cost of holding the public meetings that were held around the province to discuss the consultant's study. The Minister can refresh my memory on the name of the consultant that was involved there—it was last spring—and perhaps give the House a report at this time, a short report on the current status of policy development insofar as the method of payment of the Crow.

\*(1510)

**Mr. Findlay:** Well, I am trying to think back how many months ago now. It was maybe close to two years ago, a year and a half ago at least. We struck the Manitoba Advisory Council to look at that particular issue as the first issue. It consists of about eight people with the Deputy Minister as chairman. Really, there were four people from the farm community and four from the agribusiness community, involving the University, Manitoba Pool, UGG and the Union of Manitoba Municipalities.

I asked them to look at developing what they would construe as initiatives with regard to Manitoba on that particular issue, because it seemed to be coming forward. Certainly there were segments of the agriculture industry pushing for some discussion on it. They had a series of meetings and decided to employ Deloitte & Touche—they keep changing their name—to do some studies. They did three different studies, and then they took those three studies out to the farm community, discussed them. There was a summarization in the Manitoba Co-operator, and then some feedback came from there.

So they have done that much. There is still another question, I believe, they would like to have looked at with regard to impact on Manitoba of the

present method or what might happen down the road with the method of paying for transportation costs here in the Province of Manitoba, because I think the Member must be aware that the Western Grain Transportation Act, passed in 1982, had a couple of significant clauses in it that the farmer paid all inflation costs over 6 percent, the benefits were capped at 31.5 million tons, and the farmer paid the full cost after that.

What has been happening is the farmer has been taking a fairly significant increase in cost of transportation, and they had projected that if that took place over the next 10 years a lot of that benefit will have quickly eroded because of those two principles in the Act of 1982.

So they went out in more of an educational thing than anything else to tell the farm community what we have, what might happen, so that they can analyze what might come forward as recommendations or suggestions from whoever might make them in the future. Clearly the one that Alberta has made is something they developed in Alberta from their point of view. It may or may not be taking into consideration positives or negatives on the Province of Manitoba. I am sure that the Advisory Council will have a look at that proposal and determine the advantages and disadvantages to the Province of Manitoba, to the producers of Manitoba, if any part or all of that is ever implemented in the future.

**Mr. Plohman:** Well, Madam Chair, we have expressed a great deal of concern about change in the method of payment, the dilution effect which has been referred to a great deal, the fact that it would not be used solely for the export of grain, as it was originally designed, to assist western Canadian producers to be more competitive in getting their product to the export markets. We certainly feel that the permanence of such a benefit that has been there for so many years for western Canadian farmers would be threatened by changing the method of payment, and having it go to all producers who have acres that are productive for farming, rather than on the basis of their production of export grains.

We also feel that it would lead to greater centralization of the rail delivery system in the province, in western Canada. It would certainly lead to a greater use of the central points, perhaps through the incentive rate structure that is now part of the railways policy as a result of changes to the

federal transportation Act, it allows incentive rates to be charged. All of these combined would result, of course, in accelerated loss of our branch line system. I think that was pointed out in the studies that were done by the advisory council through Deloitte Haskins. There would be marginal impact, if any, insofar as benefits to the beef industry. They talk about enhanced slaughter processing facilities, but we have such an over-capacity now, under utilization and the closure taking place now, and so on. I do not think that would be a viable outcome of any changes.

I would like to ask the Minister whether he feels that there is any merits for Manitoba farmers to have a change made in the method of payment. Can he tell us, as well, whether the federal Government is embarking on this in an aggressive way at the present time, or it is something that is on the back burners insofar as the discussions with the federal Minister? I know, at one time there was a feeling that this was imminent, the change to be made. Is that still the case?

**Mr. Findlay:** Certainly, the Member talks about merits of change, but I think I will go back to my previous answer in terms of what the advisory council process was all about. It is educational, so the farmers understand where the money is coming from now, where it is going, what it is intended to do. They can start asking some challenging questions to the railroads, the elevator companies, whether they are doing their service at the least possible cost, are they trying to be efficient.

Clearly the elevator chains, particularly the co-ops who at least make their statements public, are showing that they are under a lot of stress and strain in terms of trying to do that, in terms of being competitive, supply their services at least possible cost, and deliver all the services a farm community wants. If we look back over the last 20 years, I do not know my numbers exactly, but I would say over the last 20 years, the number of elevators in rural Manitoba has decreased to a half, or even less than a half. There has been substantial rationalization as the grain co-ops, in particular, look at the cost of being able to deliver the service, and how they can best do that. There is no question that they are faced every year, every annual meeting with challenges, "Why are you closing this elevator?" They are doing it trying to reduce their costs and still deliver that basic service of a point for people to haul grain to. They are under a lot of stress and strain.

I do not think the method of payment thing is as simple as changing to this or that. It is not just that simple. There is a whole series of issues here which sometimes, I would have to say that over the past 20 years kind of were forgotten, particularly in the '70s when the grain industry was booming and people were not challenging whether the cost of elevating grain really was worth what they were charging at the elevator. They were not comparing the relative charges between the various elevators. They were not challenging the railways that they were hauling the grain in the most efficient way.

All of those questions have to be addressed. I think that the farm community is putting some pressure on both the elevator companies and the railways to be sure that they are cost efficient in delivering their services.

He asked the question about whether the federal Government is embarking. The federal Government and one of the 11 task forces that they appointed a little over a year ago—transportation was one of those task forces—they will, undoubtedly, be making their final report sometime in 1991. What it will recommend, I do not know.

Certainly the Member has already indicated that Alberta has put out a particular paper, so there is one province pushing, always have been pushing that issue. Whether they will be successful in pushing the federal Government to do something with that issue remains to be seen. The kind of questions I put forward is the series of questions I have just thrown out now; it is just not as simple as paying it here or paying it there.

There is a whole sequence of events as to how we put our grain in the export position in Vancouver or Montreal at the least possible cost, so we can be competitive on the world market returning the greatest possible return to our producer back on the land in Manitoba or Dauphin or wherever the location of the farmer is, and at the same time deliver to the farmer the right signals, so that he grows the crop for which there is a market and for which he has an economic return that keeps him viable in the farming business.

**Mr. Plohman:** Madam Chairman, the issue of dilution of the Crow benefit is one that the Minister has not addressed. He is aware of course that Alberta has come out with their position that they would favour a change in the method of payment, and they would also I believe put in place some \$100



million of provincial monies to offset the dilution and impact. I would think that Manitoba would not be in a position to offer that kind of assistance or offset. That would be totally ridiculous.

If the Minister is not considering that kind of thing, how could he even entertain the position that he might favour a change in the method of payment? Now he has not come out and said that. He has been very careful not to say that. I am not certain that he does not favour a change, but of course that is for him to say as Minister.

Clearly there is a major impact on our railway system, on our branch line system. There is a cost transference to other methods of transportation. While the Minister identifies that the producers want the railways to be efficient, they also want the most efficient transportation method used. That is not always in the equation.

The railways analyze their costs in isolation from what the alternatives are, and that is why when I was Minister of Highways and Transportation—and the current Minister has also worked on that aspect I believe—carried forward that policy with the western provinces, that whenever a line is to be analyzed for efficiency it should also include an analysis of the alternatives and then the most efficient method be the one chosen. If that means abandoning a line, that is what it means. It may mean retaining it even it is losing money, because it costs less to use the railway than it does to use other methods.

Those have not been brought forward in any way by the Minister in studies by his committee as I understand it. I think it is an important aspect of it, because you cannot just analyze the efficiency of the railways. You have to look at the overall costs of transporting and determine which is the most efficient.

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

I think that is what producers want, and then compensation paid to those who lose, and there will be losers. There will be communities that lose, there are producers who lose, who have to truck longer distances, and there are provinces and municipalities that lose. Has the Minister endorsed that principle that there has to be compensation?

\* (1520)

**Mr. Findlay:** The process that we are in is trying to be educated so that we can look at all the alternatives. We know the comparative costs, and

those that want to ask those questions, the information will be contained in those studies.

This question is not going to be resolved in the next six months, maybe not even the next six years. The challenge is always going to be there. Is it more efficient to truck it, to rail it? Does it use containers? Is Churchill more efficient than Montreal versus Vancouver? All those questions are there. They are going to continually be there, and we have to be in a position to be able to give the farm community, grain companies, transportation people, the kind of information that they can use in making their judgments and assessments.

Clearly, the Member talks about alternative methods of transportation. Certainly they are there. If we look back over the last 20 years, in terms of what farmers have done, a lot of farmers, more particularly in the southern part of the province where the soil and climate allows special crops to be grown, have grown a lot of special crops under contract. A lot of them go to market by truck, so certainly there are some viable options there. Some of them go to market by rail under special contracts. There are a lot of choices out there right now, and people are adjusting on the cost benefits of one method versus another.

There has been a lot of shifting of transport of grain off of rail onto roads and communities. Particularly, municipalities that do not have an all-weather road, through their municipality, are paying a heavy toll in terms of the impact on their side roads, particularly in the spring when the restrictions are on. We need a better road system in some communities, with regard to all-weather roads, not only to get grain out, but to get fertilizer in, get cattle out and cattle in.

The Member talks about dilution. Clearly, transportation subsidy is to support the export of grain, and the export of grain is going to be expensive. Transportation costs are going to get more expensive with the cost of fuel doing what it is doing. I believe it is fair to say that was intended for that purpose, and should continue to be intended for that purpose.

The Alberta people will contend that if you pay it in some other fashion, then the cost of feed will be cheaper back in Alberta or back on The Prairies to stimulate livestock production.

Clearly, as I look at the farm community, in terms of some of the negatives that have happened, it has

happened primarily on farms that became straight grain. They figured that they could make a living from May through to September and not have to work the other months, and livestock means working the other months. Livestock generated cash flow year round and whatever stimulus there is to get in the livestock production, I think it is important to look at it.

Clearly, though, studies indicated that beef and hog production would be stimulated by some 24 percent, 28 percent. That is a very small increase, in terms of a total market in North America. The hog industry is a good example. There is a good market in the United States. United States producers have recognized that and brought the countervail into being in '85 on hogs and in 1989 on fresh chilled and frozen pork.

There is a good market. There is a willing buyer down there for the quality product you produce here in the Province of Manitoba. The cost of feed to produce that animal has to be kept in line so that we can remain competitive, and the dollar exchange is also another factor.

He mentioned Alberta and the \$100 million that, I guess, was recommended by somebody that the Alberta Government put in as an offset for dilution. You are absolutely right. The Province of Manitoba, in no way we could counter that. It would probably cause us to have to put in some \$30 million or \$40 million as an equivalent amount. It is just not doable.

I would hope that the Member is not condoning that Alberta should do that, because that is what has caused the problems for a lot of farmers in Manitoba is what Alberta has done over the past number of years in a number of ways in which they have seen fit to subsidize their production, which creates an unlevel playing field, whether you are talking fuel subsidies, fertilizer subsidies, whether it is subsidies to the Cargill plant, wherever it is. That creates an industry incentive out there that we do not have here, creates an unlevel playing field and hurts our producers.

We are talking on the international scene wanting fair trade rules. I want them right here in western Canada and within Canada to get rid of the trade barriers and the disincentives that happen in other provinces.

I am opposed to any additional money going into a process like that. I think we have to use the money we have there to lessen the cost and keep the cost

under control for exporting grain, because we in Manitoba, as an exporting part of the world, are further from salt water than any other part of the world that exports grain.

So we have that hill to climb all the time in terms like getting our grain to salt water, because that is where it is going to be picked up by the importing countries.

**Mr. Plohman:** Yes, Mr. Acting Chairperson, I certainly do not condone the Alberta Government getting into more subsidies. The Minister says that he does not favour that either. As a matter of fact, he wants to have elimination of the subsidies among provinces, and particularly in western Canada. I think, obviously, that is absolutely necessary.

I would like to ask the Minister at this time, since we are talking about this issue, why he will not just come out and say then that he is not in favour of changing the method of payment? That is precisely what it would result in, additional subsidy payments being thrust on to the provinces. Alberta is already saying that in their studies. I think it should be dismissed as quickly as possible.

If the Minister is genuinely interested in doing what he says, that is, reducing and eliminating the subsidies by the province whether it be feed subsidies or many others that have been put in place by the Saskatchewan and Alberta, particularly Alberta, Governments then he has to start genuinely taking initiatives to do that.

I ask him what initiatives he has taken with the other provinces, the other Ministers, to in fact influence that area, and why he will not simply reject outright any change in the method of payment of Crow benefit, which would result in more subsidies being paid by the provinces?

**Mr. Findlay:** The Member draws some funny analogies that if there is any look at the method of payment, Alberta will automatically do what they do. I do not think they can afford to do what they are doing, or what has been proposed, with regard to the 100 million. I will always say to the farm community, the agri-business sector, we are not about to make a decision today on anything in that regard. I would condone being as well educated as possible.

Understand the "what-for and what-if scenarios" that the situation may even develop at GATT that WGTA is indicated as a yellow program or red

program or an amber program, which will require some adjustment in order to be non-trade distorting.

That might be a condition of the conditions on the table where we get elimination of export subsidies. A lot of "what ifs," if that "what if" ever comes, or if the federal Government makes a unilateral move to do something, in response to B.C. and Alberta, we want to be able to stand up and challenge them with regard to, "if you do this, this will happen to us, if you do that, that will happen to us."

We have ourselves well positioned so our producers can export to Vancouver, Churchill or Montreal at no disadvantage to a producer in Saskatchewan or Alberta. That is where I want to come from, where I always come from. There are always disincentives we have to watch out for so that we can stay in business.

I do not want it to be a disincentive to diversification to doing other things. As I said earlier, farmers who grow wheat and nothing but and think that they can make a living by doing just that have got into a lot of economic difficulty over the past few years because that is not viable to be non-diversified in any sense. There has to be other special crops grown. There has to be livestock grown. We have to have the incentives in place to do it. I am not closing any door or saying that these doors cannot be opened as we move through the process we are in.

\* (1530)

You even mentioned yourself in your opening statements, we are in a global community. That is very, very true in agriculture. There is no question that events that happen in Tokyo or USSR or China or Bangladesh affect the producer of grains right here in the Province of Manitoba. If we want to access those markets, we have to be competitive in doing it. We have to keep the challenge in front of everybody in the industry, whether it is farmer or elevator line company or the transportation companies, to be as effective and efficient as they can be in terms of keeping us competitive by exporting our product.

We are going to continue to export grain. There is no question. I think we have to reduce our reliance on exporting just wheat and barley. We have to find other crops we can certainly increase our export on. We have a lot of crops we are exporting now. We grow in this province in excess of 60 crops. A lot of them are exported, and the markets are outside this province. They have been developed by farmers, by

researchers, by business people finding a market and finding we can grow that crop here.

There is a long series of successes which we have to build on and develop. To just close the door and say, we will not do anything in this area, we will not do anything in that area, is counterproductive to agriculture. This industry is an industry of challenge and change. It has always been happening, and that change and that challenge of change is going to accelerate in the coming years. We are in a global community, and we must remain competitive. I will not say one way or the other what is right or what is wrong, because I do not clearly know what the events of six months or two years down the road require us to look at in terms of analyzing our position to remain cost competitive in the global community.

**Mr. Plohman:** The Minister talks about diversification, and the only area he has used as a result of the studies has been that the thinking is there will be greater beef production because of the cheaper feed costs, but no one has identified where the markets would be for that beef, if it is beef that we are talking about. The Minister talks about hogs being marketed to the United States, but I do not see a big market for beef in the United States and their going to allow it coming in to them without putting countervail and attempting to stop us. Regardless of the free trade deal, they will find ways to stop Canadian beef from going into the United States in greater amounts. So where is the market for this beef?

Does the Minister think that Manitoba would benefit from a change in the method of payment with regard to diversifying into beef? I would like to hear his views on that, because that has been the major commodity that has been identified. I agree with the Minister about diversification and that we have to encourage diversification. There is change taking place, but we are talking here about the Crow benefit and how that is going to assist with diversification. The only commodity we have talked about basically is livestock. If there are a lot of other opportunities, I would certainly like to know about them if the Minister has identified them.

I think, as well, I would wonder why the Minister did not include, his advisory committee would not have included—am I correct in saying that the Deputy Minister was on that committee—why he would not have ensured that the Churchill outlet was used as one of the comparative outlets for Manitoba

grain as opposed to the New Orleans scenario that was identified in one of the consultant studies? I found that rather unusual that New Orleans would have been used as an alternative to Thunder Bay and Vancouver, Montreal or Churchill. Churchill was not identified at all in that study. I would ask the Minister to comment on that.

I think the other area is the process. I think we have to clarify this process the Minister talks about. He seems to be saying, well, I am not going to make any decision about what is right, what is wrong about the payment of the Crow. I want to use this as an educational process to ensure that farmers and the public generally is informed about the pros and cons of all alternatives, and then they can, I gather, make up their minds. I do not know what it means by them making up their minds. Is the Minister going to entertain a recommendation then at some point? Is there a timetable for it from this advisory committee, or will other events in the country dictate the timetable so the Minister can respond then? Exactly what does he intend to do with his advisory council or committee?

**Mr. Flindlay:** The Member has identified about six different issues in the process there. Clearly, he is trying to tie in a method of payment with diversification. Really, they are quite separate issues. The method of payment has been identified by some people to contribute to more diversification. I would like to remind the Member that there has been tremendous diversification going on over the past, particularly 10 to 15 years, here in the Province of Manitoba in the special crops. We have gone to a point of producing some 60 crops.

The forage sector is a good example. We are exporting forage seed all over the world. You look at production of lentils, peas, beans and all those crops that have been grown, for which there is a market found. Some people are diversifying because they know there is an economic advantage to doing that. They have the soil, the climate and the technology, and they are going to do it.

The Member says, where is the market for beef? I will just switch back to pork for a minute. Ten years ago, we produced 800,000 hogs per year in the Province of Manitoba. Now we are up to pretty well two million, more than doubled in 10 years, and there is still a demand for more. So there is a market because of the quality of product we produce, the leanness of the pork, the consistency of the quality of that product, the grading standards we have.

That is why we are exporting so much to the United States, because there is a willing buyer there. We consume in Manitoba 30 percent of that pork; 70 percent is consumed outside of here. If I remember, my figure is something like 15 percent goes out to the east coast, roughly 20 percent to Japan, 15 percent or something like that to the United States, the rest to other provinces. It is spread all over, because we have a quality product.

On the beef side, we have always had a free trade with the United States in beef. We have never been challenged, except an attempt more recently to bring countervail against it, but there is no countervail on beef. It is moving freely. One of our major markets for beef right now is south, and particularly for cows and the larger exotic finished animals we produce here. There is a good market down there. It has been the buying source that has kept the markets very strong this summer. Traditionally, in the summer, beef markets tumble. About seeding time, about May through to September, they tumble. This year, for the first year in many years, it has kept stable. We have kept finished animals over 80 cents all summer long, very strong. In fact, it is around 88 cents—very, very strong, due to a large extent because of the buying demand down there.

Now sure, we would like to see them processed here, but I think over time, if we continue to increase our production, somebody will see an opportunity to come in here and invest some dollars in processing of beef. Clearly, in this province, we have four processors in the pork business right now, Springhill, Forgan Meats, Burns and Schneider's doing very well, and they want more pork. Even though we have doubled production in the last 10 years, they want more pork produced so that they can access the markets they have

I have to remind the Member that Alberta has nobody in the private sector processing pork because of subsidies they have put in place. Our pork producers are facing countervail going into the United States, not because of anything that was done in the province of Manitoba, because of provincial programs—Quebec, Saskatchewan, Alberta and Ontario. The countervail was brought because of those programs, and we are paying the penalty.

The penalties, the shortsightedness, of subsidies are very apparent in the hog industry. There is no industry that wants to get away from subsidies faster

than the hog industry. Tripartite stabilization—they like that because it gives them some stability, but beyond that they want out of subsidies because they do not want to draw a countervail because they want to access markets.

\* (1540)

The Member talked about the advisory council study not talking about Churchill. The advisory council was given a free licence to go and analyze the question as they saw fit. They saw fit to analyze it as they did. The Minister is looking for input. He is not dictating to them how they should analyze things.

Over time they have had input from the farm community. If they want to respond to the input from the farm community and look at using Churchill as one of their examples, they will. There is no way they are excluding Churchill as a part of the future, no way at all. In fact, they probably wish that they had included Churchill in one of their examples of actual costs of exporting.

Did I get all your questions?

**Mr. Plohman:** The process.

**Mr. Findlay:** Oh, the process, you are referring to the advisory council process. They have gone through a process so far of putting together three studies and going out to farm communities to get feedback, and as I say, it has been well discussed.

I think it has served some meaningful purpose of further education and understanding of what transportation costs are, what some of the alternatives of transportation are and where the actual export points are. It is not Thunder Bay in the east, it is Montreal. That is the actual export point. People have to realize that.

The process from here on is that they will continue to look at it. I think they will look at another question that they have raised in their minds through the course of that discussion. They want further analysis done. In light of the task force that the federal Minister has put in place, they have used a lot of the information that this advisory council put together. That has been one of the main sources of information they have drawn on in the course of their deliberations. When they report and whatever they say, we will be in a well-informed position to respond.

We do not have the blinkers on like Alberta does, or maybe like the Member opposite does. We have

a total panoramic view of the industry, what opportunities might be out there and what problems might be out there. Whatever takes place in the future, whatever questions come forward, we want to position ourselves so we can make the best response to protect the interests of producers in the Province of Manitoba and the entire agri-business sector who have to work with producers at taking those products that we grow, those crops, whatever they are, or livestock, and exporting and finding a market somewhere in the world. That is the direction we are on.

**Mr. Plohman:** Mr. Acting Chairman, I agree that we want to ensure that our products get to market in the most efficient way, but I want to get back to the process that he has put in place. Is this advisory committee then—this is a provincial advisory committee, this is not a federal task force we are talking about—

**An Honourable Member:** There are two of them.

**Mr. Plohman:** Two of them. The provincial advisory committee body consists of eight people, the Minister said. Is this committee now, after going out, having done the studies, gone out and consulted, had a round of meetings—what is their activity at the present time?

Apparently a lot of the information was used by the federal task force, the Minister said. Is there any report going to the Minister as a result of that round of meetings and their initial studies with some recommendations? Have those recommendations been received by the Minister? Is he expecting recommendations? Will he share them with the Opposition?

**Mr. Findlay:** The process continues and the next meeting is next week. They will continue their analysis. As I mentioned earlier, what Alberta has put forward is something clearly they will have to look at—position ourselves, in terms of what we might want to say, is eventually down the road on that particular proposal. They will make comments and recommendations to me over time as they see fit.

To this point, we are just in the educational process of understanding what is going on. I think there is another study they may well want to do to add further information to our base so that when the question comes up in the future, which clearly it will, we will be in a position to protect the interests of

producers in the Province of Manitoba and our ability to access markets.

Clearly, we do not want Alberta to do something that is going to impede our capacity to access markets at the same cost as their producers.

**Mr. Plohman:** Mr. Acting Chairman, that is our concern. We feel that perhaps Alberta has got off ahead on this. Of course, the Minister has his committee, has done those studies, but he has not given the same profile to those studies and his position because he has not taken a position, at least publicly, officially, as Alberta has done.

My concern is that perhaps Alberta will be heard louder than Manitoba because Manitoba is kind of in a nebulous state in terms of what position it should take. Would that be fair to categorize the Minister's position as not being in favour of the present method, not being against the present method, or in favour of a particular alternative?

My concern, as I said, is that perhaps the Alberta Government has taken a definitive position and may influence the federal agricultural Minister, who is also from Alberta, to a greater degree. I want to know whether the Minister has any concerns in that area at all as well, whether he shares those concerns, and what steps he has taken to offset that concern.

**Mr. Findlay:** Clearly, the steps taken to offset—what we are doing is steps taken to offset what Alberta is driving for. If we were to just sit back and let them drive, they might drive the federal Minister.

We have put in place a process of analysis and understanding from a Manitoba point of view that has gone very extensively into his task force, so we have had a great input. We are not going to go out and stand on a stump and say, this is right and that is wrong. We are going to work our way through a process.

I have said this several times at the farm community when people want to talk about this issue. I say, let us stand back and look at what the farm community is facing in the grains industry, one of the biggest problems right now. The biggest problem is the uncertainty of production and price over the past few years, the risk associated with that.

We are into a heavy process right now of trying to develop a better safety net process. When we get that resolved and dealt with, maybe we can spend some time looking at these other issues.

Really, the big issue in front of the farm community right now is reducing the risk in the grains and oilseeds sector of price and production, price and drought, I guess we will say.

The farm community does not need the additional uncertainty of getting into the very public process of analyzing whether transportation should be done this way or should be done that way. Over time the right process will evolve through the process of the various players talking and analyzing their options. Some players are going to push one aspect harder than another.

I can assure the Member that Alberta, because the federal Minister is from there, is not having an opportunity to have any greater input than we are on that question. I think the fact that he struck a task force where we had a lot of input has a lot of bearing on the fact that our input to that is just as effective as anybody else's, in fact maybe more so, because we are not taking a blinder's approach of one point of view. We are taking a total analysis point of view which is, I think, the constructive way to go over it in the long term.

**Mr. Plohman:** Yes, Mr. Acting Chairman, just one final question and then the Leader of the Liberals would like to, I know, address this issue as well.

I wanted just to ask what the membership of the federal task force—and why does the Minister feel he is plugged in so well to their deliberations?

**Mr. Findlay:** Mr. Acting Chairman, certainly on that task force, we have representation from my department, so we obviously have an opportunity for input. We hear from her as a member of that committee as to what is going on, plus—

**An Honourable Member:** All provinces do.

**Mr. Findlay:** All provinces do, so that is our line of information and line of putting information in there, plus the public meetings process brought forth a lot of information from the farm community that we are feeding in there through our department rep.

**Mrs. Carstairs:** I would like to talk about the discussions that have taken place with the farm groups. The only one that I attended was at the UMM Convention—I know the Minister was there as well—in which the presentation, I assume by a Member of this advisory council, was made to the UMM last November.

What concerned me was the lack of understanding of the people sitting around me. I

knew that I did not fully understand it, but I assumed that I was sitting amongst most people who in fact work in the farming field and should have had a better understanding, who were completely confused by the presentation and within a matter of 20 minutes did not know what he was talking about and could not follow it any further. Has that presentation become simplified? Has it become more understandable to the ordinary farmer in order that they can really understand step by step the options that are available with a change?

The second question I would like to ask, and maybe again it was my own feeling about the presentation, but I felt it was very biased. I felt it was very orchestrated towards a change in the position. Has the Minister had that complaint from others who have been a recipient of that presentation?

\* (1550)

**Mr. Findlay:** I guess the Member has clearly identified the problem we have out there—why I have been saying we are trying to educate—is that even though it has been a long standing aspect of farming that the Crow benefit has been there farmers just completely do not pay attention to how it is put in place, what the grain transportation Act says and what might happen in the future, even under the present standpat position of the WGT Act in 1982. The fact that the process is complicated is very true; it is complicated. Through the course of the various public meetings that were held, there was greater opportunity for interplay with the presenter or presenters.

I think it was more simplified and down to basics that farmers wanted to talk about, but I think it was a good round in terms of stimulating people to understand this is not a simple issue. It is not a matter of this or that; it is a complex series of challenges and questions that we have to face as farmers. If our rates—of the actual rate that we are paying at the farm, even though WGTA is in place, we are still paying a portion of it. That portion is increasing, and it is going to increase fairly substantially over the next 10 years with the present inflation costs and all.

Farmers have to understand that and have to know what those costs are and why they are there. So in the process of their meetings with whomever they meet, whomever they talk with, they are going to start challenging and asking questions, whether it is grain co-ops, or whether it is transportation

outfits, railroads. That is what we want to proceed to do is that educational process. I do not say we would get it entirely in that process, but it was one step forward.

In terms of the various farm organizations that had that individual come and give a presentation, I am sure many people heard it three and four times before they really got to understand the “what ifs” or “what fors” that may happen in the process of looking at cost of getting our grain to saltwater in this country, because those costs are clearly going to increase. We knew a year ago they would increase, and now with fuel costs it is going to get even worse.

It is complicated, and I would say as a farmer I did not know very much about it until we started looking into it over the last two years. You just take some things for granted over time and the fact that the WGT Act changed in 1982 is a fairly significant impact already on us and will continue to have some. Whether there is any more change in the future in what direction or how, we want to be as well positioned in terms of understanding. I sure have a lot more to learn about it, and I am sure a lot of the people that are on the advisory council have learned a lot and probably are asking some very significant questions that have to be addressed in the future.

**Mrs. Carstairs:** One of the real concerns I have about a change at this particular point in time is its relationship with the Free Trade Agreement. Now it would appear that the present Crow benefit is fully protected and that it cannot be countervailed. The question becomes, though, if we change the method of payment and if it becomes a method of payment to the producer, will that be countervailable because it will not have the umbrella of the protection of the Free Trade Agreement?

I know there is no absolute answer to that, but has the Minister asked his advisory council to do some particular analysis of that aspect of it, because if that is the case, and if for no other reason that is a good enough reason to say, let us wait and see how this Free Trade Agreement works out over the next few years before we make a precipitous change of that nature at this particular time?

**Mr. Findlay:** Clearly, I am not aware if they have addressed that particular question or if they have analyzed it in any fashion. It is a good question and I certainly want to ask them, and will ask them to address that in some fashion at their next meeting.

Free Trade Agreement—again I will say that in the grain sector, we have had pretty reasonable free-flow of our product going south, and done a fairly good job in fact of finding markets for high-quality wheat, durum and oats. We always have a willing buyer down there. Now the American producers, when they see our product going down there, lash out and try to find any way to stop it. They have tried particularly in the durum case to bring countervail and found out that they did not have any basis at all. Their own law told them to forget it, that they did not have any base to launch countervail.

It is unfortunate that trade in food has reached that position in history that countries think that they have a right to close off their borders for anything coming in, but they have the right to send a product out. That is incredible. The United States is as bad as anybody. You could take a number of examples where they think it is fair to export all over the world, but nobody should access their market. Yogurt and ice cream, another good example. They have tried to do it in hogs; they have tried to do it in durum.

It is a tough issue to deal with in terms of what we do as a country. We have such heavy export orientation. We have a positive trade balance in agriculture, very positive, and we are going to try accelerate that. Naturally, it is to our advantage to do that, but in order to do that, we need liberalized trade. We need market access. We need trade barriers brought down. We cannot afford to allow barriers to be built up. If the GATT process fails and we go to more trade barriers, there will be a lot of retaliatory trade actions which will end up hurting citizens on the farms in Manitoba, Saskatchewan, Alberta, and it will hurt the consumers in the consuming county we are trying to sell grain to. It puts artificial barriers in place.

Many times I have heard people say it is kind of silly that we have to pay a tariff to get our food product into Japan, but yet we let their cars come into this country relatively tariff-free. So, obviously, people in the agriculture industry are looking at that and saying, we are paying a tariff going in, why do we not charge a retaliatory trade tariff on the major product they are sending to us? I do not want to see that happen. Everybody gets hurt in that process.

You just look at the Europe situation in whole. Fifteen years ago they were importing 15 million tons; today they are exporting 20 million tons. That is a net difference of 35 million tons, 15 million we do not have access to and 20 million we are

competing with now. The whole world trade is only 100 million tons. It is a very dramatic change.

We have to go to trading agreements that allow liberalization of trade. If you look at what is happening in Europe, Europe 1992 is a stronger trading bloc. Maybe that is what the world is coming down to, trading blocs: European trading bloc, Southeast Asian trading bloc, North American trading bloc.

Is that where we are going? If we are going to do that and then put great barriers between our trading blocs, I think that is detrimental to agriculture in terms of our country since we are so heavily export-oriented. We will do okay in supply management because we are not exporting, but in terms of wheat where 88 percent is exported outside the country, we will get hurt really bad.

So keep that as a backdrop when you are talking diversification. We have to continue to find other alternatives to that. Even though we may attempt to resolve those trade barriers over time, with whomever we are selling to, whether it is the United States or wherever, at the same time we have got to be moving to other crops for which there is better access and better markets.

**Mrs. Carstairs:** Mr. Acting Chairman, I have never been opposed to freer trade. What I have been opposed to is an agreement which, I think, does not work to Canada's best interest.

In this particular issue, with respect to the Crow alone, the issue becomes one of an identification of a subsidy. Under the present agreement it is not considered a subsidy because it was part of the initial agreement that transportation would not be considered a subsidy, but the issue becomes significant. If that is passed down to the producer, does it then become a direct subsidy to the producer? If it does become a direct subsidy to the producer, then under the rules and agreement that we signed it is countervailable.

Now the question has to be asked. I am quite surprised that the Minister, quite frankly, seems to think that this is the first time that this has been raised, because it has been raised with me by a number of farm groups and their concern about the nature of this particular change in the Crow benefit. So I am to presume now that you are going to go to the advisory council and ask them to look at this particular aspect of it. Also, I would suggest to the Minister that it is something, as the negotiations,



specifically with regard to agricultural subsidies, are being discussed between the federal Government and the Government of the United States, to be raised before a decision is made by the federal Government as to what it does with the Crow.

**Mr. Findlay:** Clearly, to this point in time, change is not imminent on the horizon. Now the task force has been looking at whatever they are looking at. I would assume they have done this, but they are not reporting to me. When they do report, hopefully, they have some analysis of the question you have asked, but clearly I will ask the advisory council if they have analyzed it. If they have not, maybe it would be a good thing to analyze if there are various scenarios of possible change down the road. Whether it is five, or ten, or 20 years, what are the impacts with regard to this kind of agreement?

In terms of the GATT process where a lot of the decisions are made as to various trade actions, programs that are called generally available are usually in the green category, and programs that are targeted to a specific commodity end up in the amber or the red category which is trade distorting. There are various arguments as to where WGTA is in the GATT eye. Some say it is red. We try to say it is amber. It is not an export-oriented program. It is subject to how other countries look at it.

\* (1600)

We are always going to argue to protect ourselves in terms of—I guess every country does that, and that is why we are in the dispute we are in and why the EC will not bring a significant proposal to the table. They do not want to give anything up. You know, the WGTA, as I look at it, what has happened to it in western Canada is a lot of the value of the WGTA has been capitalized into land values, just as the subsidies in Europe have been capitalized into land values. A lot of the benefit that we think is there has been capitalized and previously spent, and the value went out to the guy who sold the land. He took the value away with him. The guy left on the land is paying a mortgage for a land value that was probably unrealistically high, because somehow over time that benefit got written into the land values. It is structurally built right into the cost of running the business of agriculture right now.

**Mr. Plohman:** I just want to put on the record that I fully support the comments made by the Member for River Heights (Mrs. Carstairs) with regard to the presentation. I was not able to take in any one of the

presentations, so I do not speak from firsthand knowledge, but I do from constituents and other people around the province who were at these meetings and commented to me that the presentation at the committee meetings on the Crow changes, as a result of the three studies that were done, seemed to be biased, and also that there was no opportunity to question during the initial part of the meeting. Therefore, it was not as meaningful. As a matter of fact, no questions were allowed at that time; therefore, the individuals who had concerns along the way, where they could have asked questions to clarify them and in their mind perhaps more fully understood the whole presentation, did not have that opportunity to do that.

They had some serious concerns about the way these meetings were conducted in terms of whether it was really a soft sell of the position that there should be a change, as opposed to one that presented all sides of the story and said there is more to it, as the Minister is putting it here in the House today. I think if the tone was as the Minister is putting it today, there would not be any objection to that. It is a matter of an educational process in which all avenues are explored and all sides put forward in an equally unbiased way, but that was not the way it seemed to have gone.

I just want to reiterate the point made and I was going to get to that as well with regard to the free trade issue. I am rather shocked that the Minister, before exploring alternative methods of payment, would not have asked the question of the federal Government or of his own officials or of the committee to get an answer to the issue, at least probabilities under the Free Trade Agreement, as to whether once changed to subsidy to the producer whether in fact it would jeopardize it.

I talked earlier about the threat of the permanence of this \$720 million benefit. If it were to be changed in terms of its method of payment from the railways to the producers that in fact it could be threatened even within the country as eastern farmers putting pressure on the federal Government to do away with it once it had become an individual subsidy for producers in western Canada, it would be jeopardized that way; but this would even be greater jeopardy through the Free Trade Agreement. That was one of the arguments that we put forward at that time. I am surprised that the Minister has not analyzed that or asked his staff to do that, or asked the federal Government to give him an answer on

that, because that would certainly be a compelling argument against changing it if it meant that it would countervailable.

I would also -(interjection)- I will pause there.

**Mr. Findlay:** I probably find it unfortunate the Member is saying that the advisory council is looking at changing the method of payment. They are not looking at that, never have been. They are analyzing the WGTA Act and trying to tell the farmers what it is all about. Where is it at today? Where is it going to take them down the road? It is an educational process, and the advisory council ran the meetings.

It is unfortunate the Member says they took a biased point of view. They clearly did not take a biased point of view. The fact that you are talking about something and comparing this with that does not say you are taking any particular position. You cannot ignore the fact that there are some alternatives that have to be looked at and here is what happens if these are looked at.

I will remind the Member that there is one organization that has taken a fairly strong public position on this issue in Manitoba Pool. They had their first vice-president on the advisory council, so he had his input. They took that presentation around through their various delegates over the course of about a year ago. I am sure that they would not say it was biased in the way they presented it. They used the same information.

I think the advisory council has done a very good job of trying to deal with a very complex and difficult issue. To try to downgrade their process by saying it was biased is a very unfortunate attack by the Member on a group of people who have volunteered time to try to help the farmers understand a complex question. Just shoving it aside and putting it under the rug is not going to solve a thing. It is not going to solve a thing. The process will continue in terms of understanding the implications of that. Whatever rules are reconstructed under GATT will require us to analyze what we are doing in a number of programs, I would say, in this country over the coming period of time.

There is no resolution of GATT, but we have some very serious problems to address in the future—how we are going to be cost competitive with export subsidies that are going to be carried on undoubtedly by the two major exporters, Europe and the United States. We have a complex series of issues in front of us. This issue is not as high on my

agenda as the GATT process and the safety net process that we have to deal with today. They are urgently in front of us. They urgently need to be addressed in order to be competitive in '91 and '92.

The transportation issue may be addressed in '91 or '92 or '93, or maybe never at all, but I want farmers to understand that they are not locked in to no increases in transportation costs. They are facing them every year because of the way the WGTA is constructed.

**Mr. Plohman:** I do not know, Mr. Acting Chairman, whether the president of Manitoba Pool personally felt strongly one way or another, although Pool took a position that they did in support of the Crow. The Minister may have other people on the committee that felt rather strongly that there should be a method of payment change. Again, I cannot comment specifically on that. He has not given us the particular members, and I do not know whether I would know whether those individuals had made statements in support.

Generally, the Minister could have had more balance on that committee had he ensured that there was representation from, for example, the National Farmers' Union who want it, because he certainly knows where they stand on it. They wanted to be part of that advisory committee, and that would have ensured that there was the balance that the Minister is talking about. However, I will leave that aside. I think the Member for River Heights (Mrs. Carstairs) has some other questions in this area, but I wanted to ask the Minister to clarify his comments about amber, red, and so on, with regard to the GATT discussions.

Having been involved in the information coming forward and also a delegate as part of the Canadian delegation, he is using terms that I am not familiar with in terms of precisely what the identification is for various programs in Canada and how they are viewed by whom—I guess my question is, by other nations—by a task force of other nations set up to identify each program internally, domestic subsidy programs in countries, and to label them by colour, meaning that they are identified as prime targets or those that are not as prime or those that are not targets at all.

I believe he said that the Crow was identified as an amber. I would like him to explain exactly what that means, because I have read that the Crow was put forward as a subsidy that was of concern only

by Canada, identified only by the federal Government as something that might have to be negotiated, but it was not something of great concern to other nations at all.

**Mr. Findlay:** The process is used by the GATT general council of identifying programs in all the countries around the world as being "green," meaning they are not trade distorting; "amber," meaning they are somewhat trade distorting; and "red," meaning they are trade distorting.

Obviously, export subsidies used by Europe and the United States are very much trade distorting, so they are red, red, red. Green programs—for example, crop insurance, generally available, not specifically targeted to a commodity—green.

Where we are talking GRIP, the crop insurance aspect of GRIP is green, but the aspect of price stabilization may be construed by the GATT general council as amber—maybe. So we have to be a little cautious in how we approach that. In the future we have to leave some options, so we might be able to change it to be sure it is identified as green.

\* (1610)

The analysis as to what is where is done by GATT general council. We would propose everything is green, naturally. We will argue that from that direction. Other countries argue differently, and GATT general council will be proposing how different programs are perceived from their point of view in the various countries.

Naturally, anything that is in red we want to have removed or changed like export subsidies, specifically targeted programs that are trade distorting.

That is how the process has been developed. It is the basic process that is being used to develop reaction for Ministers' consideration around the table when the GATT -(interjection)- according to them, and I say we will argue that it is not trade distorting. It is not an export subsidy. They will try to argue it is.

I have only seen that in the newspaper that they would consider it amber. We will be arguing it is green, that it is generally available and it is not targeted to a specific commodity. Clearly, it is not targeted to a specific commodity. Targeted transportation of grain has no specific designation as wheat or barley or whatever it is.

That argument is going to carry on. I am sure if there is some resolution at GATT it will require every country to go back home and do some homework to fit into the rules. What we might have to do remains to be seen.

Naturally, we think that from our point of view we are fairly clean, because we are not doing the worst trade-distorting programs like export subsidies. What we are doing is all internal programs designed to help the farmer be able to compete in the world market.

**Mr. Plohman:** Maybe there are other areas in the department where we could discuss these major broad issues, but since this area dealt with policy studies we could deal with them here as well as anywhere I am sure. We are moving from the Crow discussion into the GATT issues.

If the Minister has some preference about that, then I would certainly consider that at this time. If he has any particular staff who are waiting that he would like to move forward some of the lines before dealing with those issues, I would be prepared to do that. However, I do want to have some discussion on the GATT process and where it is at the present time. The Minister may want to give some recommendation as to how he would like to proceed with that at this time.

**Mr. Findlay:** Actually, if you want to move ahead, Policy is vote six and that might be a place to do a lot of that kind of discussion.

**Mr. Plohman:** Mr. Acting Chairman, could I just have clarification? Policy and Economics Division, is that where—okay, Mr. Acting Chairman, that is fine. We can wait until then for some of the discussions if the Leader of the Liberal Party would like to have that one.

**The Acting Chairman (Mr. Reimer):** Item 1.(b)(2) Other Expenditures \$122,600—pass; 1.(b)(3) Policy Studies \$117,900—pass.

Item 1.(c) Communications Branch: (1) Salaries \$351,000.00. Shall the item pass?

**Mrs. Carstairs:** I would just like to ask a general question. It might just as well be asked here as any place else, and that is that going through the Minister's Estimates there seems to be throughout his department, with the one exception of the one that we just dealt with, Executive Support, actually a decrease in salaries.

That seems to indicate—with no individuals having been cut, I mean we see the same number of people—but we see, in this particular case, a 9.9 percent reduction in the salaries. I have gone through it, and it seems to be consistent which would seem to me that there must be a great turnover in this agricultural department.

Can the Minister tell us just how many people have been changed in the Department of Agriculture in the past year?

**Mr. Findlay:** Mr. Acting Chairman, in terms of the total vacancies by department, if the Member wants that, we can find that. Generally, what happens when you see a salary that is there and the number of SYs are still the same, it means that over the course of time some positions have come open in that department.

In some cases, they may be filled in two months, other cases six months, and other cases maybe a longer period of time, depending on the urgency of the particular positions. There is a different rate of filling depending on urgency, and that leads to some of those different figures in the course of a 12-month period when they are budgeting.

Naturally we have had some people retire. They go out at higher salaries and you employ younger people coming in at lower salaries, so the total cost is naturally less and you have the same number of SYs. There is a continuous turnover rate for a variety of reasons, people moving on, people taking leave, people retiring.

I cannot say we will look more deeply, but I cannot say that there is any unusual rate of turnover this year versus any previous year. It is just a natural thing. There is a certain level of vacancies that exists in the department, and it will vary by different branches depending on the events with regard to people and their careers.

**Mrs. Carstairs:** The only reason I point it out is that it seems unique to this particular department. I mean, you go through other departments, you see increases almost always on the salary lines. Yet in the Department of Agriculture, with no change of SYs, there seems to be a significant decrease. Just in 1.(c), 1.(d) and 1.(e), for example, each one of them shows a decrease in the amount of money being paid out to salaries which is a strange anomaly, but enough on that.

One other question that I had on this particular section is: Can the Minister explain why they are no

longer sponsoring the home study program? They indicate that the major decrease for this particular department is a result of a one-year joint sponsorship of the home study program. One would assume that you are no longer supporting it because it shows a decrease of some \$50,000.00. Can the Minister explain why we are no longer sponsoring such a program, and if any evaluation was done before that decision was made?

**Mr. Findlay:** The home study course that had been prepared for this past year was on pesticides, and because there was that major national task force going on pesticide review, it was deemed inappropriate to do that right now because a lot of change is going to happen undoubtedly in the registration process on how pesticides are handled. No home study course was done and the money was transferred out for another use.

**Mrs. Carstairs:** Yes, would the Minister tell us if there is no program to continue home study programs, or is it just on an ad hoc basis of whenever there is an issue that the department thinks there needs to be a home study program, then you initiate one and then it might disappear for a couple of years? Is this the way in which it works?

\* (1620)

**Mr. Findlay:** Just for this one year one was not done, but that does not mean there are not other ones on the agenda for the future. We have done about eight over the course of the last eight years, and there is another one on the agenda being looked at for next year.

**The Acting Chairman (Mr. Reimer):** Item 1.(c)(1) Salaries \$351,000—pass; 1.(c)(2) Other Expenditures \$177,100—pass.

Item 1.(d) Financial and Administrative Services: (1) Salaries \$867,900—pass; 1.(d)(2) Other Expenditures \$104,400.00.

**Mr. Plohman:** Mr. Acting Chairman, I just wanted to ask the Minister what the Soil and Water Accord contracts involve that are prepared by this section? Is this dealing with the federal-provincial agreement, or what are we talking about in Soil and Water Accords that is referenced in the supplementary information that—page 25—the Minister has distributed? It monitors and co-ordinates approximately 40 to 50 Soil and Water Accord contracts for services and other activities. Could the Minister just outline what that entails?

**Mr. Findlay:** You remember back in my initial opening comments, I said we have about 43 soil and water associations set up across the province and it is the administration with them. They are organized to have their own president, secretary and all that, and then they make decisions on what programs will be funded. They make applications for funding and then administer those funds, and this is responsible to work with them.

**Mr. Plohman:** Mr. Acting Chairman, do they access dollars then from the Soil and Water Conservation Agreement?

**The Acting Chairman (Mr. Reimer):** Item 1.(d)(2) Other Expenditures \$104,400—pass.

Item 1.(e) Computer Services: (1) Salaries \$257,100—pass; 1.(e)(2) Other Expenditures \$78,400—pass.

Item 1.(f) Personnel Services: (1) Salaries \$248,800—pass; 1.(f)(2) Other Expenditures \$23,600.00.

(Madam Chairman in the Chair)

**Mr. Plohman:** Madam Chairman, can the Minister indicate whether there is any involvement in this section with the Decentralization Program of the Government in the transfer or placement of people who either are involved in decentralization or those who do not wish to move and replacement in different positions? Is that dealt with through this section of the department, and if so, could the Minister provide a report to the Legislature on the current status of decentralization for the Department of Agriculture?

**Mr. Findlay:** There has been 102 positions identified for decentralization. The vast majority of them, pretty well 100 of those, will be in '91 and only two in Crown lands were identified for 1990.

**Mr. Plohman:** There really is no activity in the area of decentralization taking place in this fiscal year. Is the Minister saying that 100 out of 102 would be redeployed, transferred, whatever the case is in the fiscal year '91-92, as opposed to '90-91?

**Mr. Findlay:** I guess in addition to those two that I identified, there are 10 in tripartite administration located in Portage, which are technically new positions starting in Portage. I think seven of those 10 positions are filled at this time that are already relocated in Portage.

**Mr. Plohman:** Could the Minister indicate or perhaps provide us with a list of the positions rather

than going into all the details of the 100 positions that will be redeployed or transferred in 1991-92? Could he table that with the House at this time or else in a subsequent sitting of this Estimates?

Could he also indicate whether he has gotten to the stage with his staff of identifying how many out of those 100 positions will in fact be moving and how many will not be moving but will be hired locally or whatever the case may be in the new location? How many of those people will be transferring to their new location?

**Mr. Findlay:** At this point in time, I would say I think it is fair to say that all the employees that have been identified in the various categories have been notified. They are in the process of responding whether they will or they will not. Some have responded, and some have not responded. They are still in that process, just another thing in terms of the Department of Government Services is busy finding space for these various offices, particularly MACC in Brandon, Soils and Crops in Carman, two of the Crown lands in Neepawa I believe it is—Minnedosa, three of the bigger categories of jobs being moved.

How many jobs will be available in the local communities, once they get there, is still an unknown factor. Actually how many are going to go and how many are going to request redeployment, still we have not had all the information back or all the responses back from the employees.

\* (1630)

**Mr. Plohman:** Maybe the Minister could clarify whether it is his department that is monitoring and administering this part of the program of decentralization or is it coming through some central agency—central secretariat as opposed to by the department?

**Mr. Findlay:** The Decentralization Committee looks after the majority of it, but our department looks after the specific personnel in terms of notifying them, discussing with them, helping them make their decision and helping, if there is an opportunity, with the redeployment. It is a broader Government-wide base through the Decentralization Committee.

**Mr. Plohman:** Could the Minister indicate how much time they have been given to respond to the notice that they will be transferred or redeployed? What is the target date for these transfers to take place?

**Mr. Findlay:** My understanding is a notice has gone out to them that they have been asked to respond in 90 days.

**Mr. Plohman:** Well, Madam Chairperson, I understand the notice went out more than 90 days ago. Is that not correct?

**Mr. Findlay:** In terms of the various categories, the notice has gone out at different times. In the majority of cases, yes, it is past the 90 days, but the department is going to be fairly lenient in that process in terms of waiting for a response. If one does not come, there will be, I am sure, a further contact to get those people to declare whether they can or want to. Naturally, there is a lot of interest in communities where the jobs are going to as to whether there is an opportunity, particularly in the clerical side.

**Mr. Plohman:** Madam Chairperson, we are all very interested in what jobs are going to be available in those communities. That is exactly why I am asking the questions. I would like to know whether the Minister has identified any problem areas as a result of that notice that has gone out and the response that has come back, that in fact there are going to be some real difficulties within the department in meeting the program that was announced, and whether he could also comment on the general acceptance by the personnel who are affected and those that are not affected within the department, the impact on morale.

Has it been a relatively positive experience, or has it been a very negative and destructive one within the department? There have been quarters who have said, statements made, that in fact it has been very demoralizing for the Civil Service generally. I would like to know whether in fact that is a true statement or whether it has been somewhat of a rejuvenating experience generally for the department.

**Mr. Findlay:** The overall administration, as I said earlier, is in charge of the Decentralization Committee. The more specific question, whether it will cause problems of program delivery for us as a department, I do not think so at this point. There are maybe some people that are disgruntled that they are identified for a move, but I tell you, in the communities they are going to, very positive response, because it is more people, it is jobs, it is economic activity for those communities. Where we deliver our services is primarily in rural Manitoba, so

it seemed to be very positive by agricultural people, users of our service, to have the delivery people closer to the clients. So that part is very positive.

I think it is fair to say that there used to be a lot of movement of staff in Government around the province. That has slowed down over the past number of years. It is unfortunate that people believe, because they are in a particular location, they will stay there forever. That is not the way of life. If you work for the private sector in particular, the movement is part of the job, and I would say that for civil servants I do not see how it can be any different.

I think we have to recognize in this department particularly the delivery of the service means getting close to the client. The clients have been after that for some time, saying, why are Soils and Crops not out in rural Manitoba where farmers have better access rather than located in the city? That will be done in this process, and Crown Lands will be much closer to where Crown lands are located. MACC will be out in Brandon where the majority of contracts by MACC—a majority of the loans are in the southwest region of the province, and the northwest. In other words, it is much more centrally located to Brandon than Winnipeg is.

We are increasing our clients' capacity to access our services, in particular, the head office people, who need to be in contact. I think the basic response that I have encountered has been positive in terms of the people I am talking with in the process of talking about delivery of agricultural programs.

**Mr. Plohman:** I was not talking about the receiving communities. Obviously, there are going to be positive, and the principle is one that most people support, that they feel supportive of. However, in many cases, it is the way that the process was begun and carried out that has caused some problems, at least the way I understand it, and the way some people have expressed it to me. That is what I am exploring with the Minister, in terms of his department and ability to deliver service, and the willingness of the people who are delivering the service to be a part of this process. The Minister seems to have indicated that there is a problem there when he revealed to the House that they had 90 days to respond, many did not respond, and the department is going to be quite lenient with that. Is there any target? Is there any deadline? Is there a way they can work through this process, or is it stalled at the present time?

**Mr. Findlay:** No, a majority of the transfers in '91 will be occurring during the middle of the summer, and space is being found right now. So there is obviously no tight time frame we have to worry about right now. They have more time to think it through and respond.

We are going to do everything we can to help them get redeployed if they choose not to go. We will be as aggressive as we can in that regard, get them on the redeployment list. The Decentralization Committee will be very effectively trying to redeploy people that choose not to want to go. We are going to do what we can to help Government Services find the space in the locations that we have identified for the various jobs to go.

**Mr. Plohman:** I asked earlier whether the Minister would just refresh our memory with a sheet of the positions of various branches, where they are going to be going.

**Mr. Findlay:** I can read it to you now.

**Mr. Plohman:** Well, I do not want to write it all down here, so if they could just provide that to us, it would be much easier.

Secondly, I wanted to ask the Minister about retraining. A lot of these employees have been given notice that they will have to either transfer or every effort will be made to redeploy. I understand there are no guarantees; the Government has not made guarantees to those people who do not want to transfer that they will have a similar, comparable job. If I am wrong, the Minister can correct me on that. Have they asked for retraining so that they would be ready to move into other positions? Is that one of the alternatives that the employees are taking in rather significant numbers?

**Mr. Findlay:** Clearly the redeployment list is very important. If a person who does not want to go gets their name on there, once they are on the list, they are available for any jobs that come up, and they will get some priority in any jobs that come up. I do not think it is fair that we would say that I could guarantee that they will get exactly what they want. I think that is a question better asked of the Decentralization Committee which is ultimately in charge of the Government list for redeployment.

I would just say to employees who want to get on that list, the sooner you get on there, the better chance you will have of getting an opportunity or priority in a job that is a job of your liking. I think the retraining aspect again is another question you had

better ask of the Decentralization Committee, because they may not be employed with Agriculture, they may be employed somewhere else. So it is more a Government question than just the Department of Agriculture question.

**Mr. Plohman:** I would hope that the redeployment list would be for Government-wide positions, so similarly retraining would be. I would just want to ask the Minister then: Does the request for retraining come from the individual employees to the personnel services for his department or does it go directly to the decentralization secretariat, for lack of a better word?

**Mr. Findlay:** The process, I understand, that will be used is that, if a person is on the redeployment list and they do get a job, and they need some additional training or retraining, they will be getting that on the job. When you are on the redeployment list, you have a preference for other Government jobs that come up. It may well not be in Agriculture; it may be somewhere else, but with similar skills and the retraining is done on the job.

\* (1640)

**Mrs. Carstairs:** Madam Chairperson, there is no one department in the whole of the Government bureaucracy that should be decentralized more than Agriculture, because that is, in fact, where the people are. But, according to the Decentralization Committee, all of the individuals who were to be decentralized were to be informed in April, and they were to inform their employer by June as to exactly how many were prepared to accept that transfer. Can the Minister tell me how many were informed in April, and how many had replied in the affirmative in June?

**Mr. Findlay:** Madam Chairman, we are not just sure when all the letters went out, but they would not have all gone out in April. Are you referring to April of 1990? We do not have the exact dates as to when the letters went out. Clearly the MACC letters would not have gone out way back then, I do not think, but we will have to look at that further and give you a more positive answer later as to when the letters went out and how many have responded.

**Mrs. Carstairs:** I think that one would generally assume—it may not be, but one would assume that the MACC transfers to Brandon and the Crown lands transfer to Neepawa -(interjection)- it is Minnedosa, alright—would in fact move there with their families. That is not quite so clear,

unfortunately, with the positions that have been transferred to Portage or the positions transferred to Carman, and obviously, the Government cannot insist on that. I mean, if people want to commute back and forth, obviously, that is their option.

For example Portage, and you indicated, I think, that the tripartite people have in fact moved, does the Minister have any idea whether those people are in fact living in those communities with their families, they were new positions, or are those individuals commuting back and forth from Winnipeg?

**Mr. Findlay:** In the case of the 10 positions in tripartite at Portage, they were new positions. They were hired with that location as the location of their job. If I remember right, seven positions are filled now, and all seven are living in Portage.

**Mrs. Carstairs:** In terms of the Soils and Crops Branch, those individuals going to Carman, I understand they are quite technical people that will be in fact moved to Carman in this particular case, does the Minister have any idea how many of those individuals have now agreed to actually move to Carman?

**Mr. Findlay:** Again with the Soil and Crops, it is the same as the other ones. We are still waiting for a number of responses of people to come back.

Clearly, you are right. With Carman 50 miles from the City of Winnipeg, many may choose not to relocate but to just commute. Some of the those people actually live outside the city now, and Carman may be closer than Winnipeg when they are coming to work right now, but the process of identifying who is going to move and who will choose to be on the redeployment list is still ongoing.

**Madam Chairman:** Item 1.(f) Personnel Services: (2) Other Expenditures \$23,600—(pass).

Item 1.(g) Program Analysis: (1) Salaries \$221,500—(pass); (2) Other Expenditures \$13,500.00.

**Mr. Plohman:** Madam Chairman, the Program Analysis includes a reference to the evaluation of the Agri-Food Agreement. Is this the agreement that expired in 1989? What is the current status of negotiations with regard to another agreement to follow this one?

**Mr. Findlay:** It would probably be better to talk about this under vote 7, Federal-Provincial Agreements, but the Agri-Food Agreement actually expires at the end of December of 1990. It has been extended to

this point in time, but really the replacement agreement at this point in time is more specifically the soil accord, which is some \$18 million cost shared over the four-year period starting this year.

The process of trying to do other specific shared agreements with the federal Government is ongoing. We continue to try to get some degree of cost sharing on specific programs we would like to continue, but I would have to say the major replacement for the Agri-Food ERDA is the Soil Conservation Agreement at this time.

**Mr. Plohman:** I understand that the Agri-Food Agreement expired on the 31st of March, 1989, but the work was due to end under that agreement on the 31st of December 1990. Is that changed at all? The Minister indicated earlier that there was an extension. In fact, there was no extension, just that the work would proceed and must be completed by the 31st of December 1990. Is that a fact now, as according to the original plan?

**Mr. Findlay:** As I mentioned earlier, the expenditure is to be completed by December 31, 1990, and that has been the extension to the program that has been ongoing for some time from the original deadline of what, March 31, 1989. So the expenditure deadline has been significantly extended.

\* (1650)

**Mr. Plohman:** The Minister can correct me. My understanding is that this agreement expired the 31st of March 1989, but that the monies could flow. As in any agreement, the commitments are made—there is an expiry date to any commitments, but the monies can flow subsequent to that. Obviously, all the work is not done and the cash flow continues. Is the Minister saying that there will be no further cash flow then after the 31st of December 1990? In other words, the end of next month no further dollars can flow under this agreement?

**Mr. Findlay:** The way it is being administered is that the expenditure must be incurred by the end of December of 1990, but the actual cash flow can actually occur after that point in time.

**Mr. Plohman:** So then the 31st of March deadline became the 31st of December deadline, so that would be the extension of this agreement. Some eight months, or pardon me, a year and eight months. The way I read it, I think the Minister is talking about extensions that the commitments could be made until the 31st and then the dollars



could flow subsequent to that. I do not know whether the Minister can give us a date when those dollars have to be flowed.

**Mr. Findlay:** Technically, the budget expires on March 31, 1991, the end of this fiscal year.

**Mr. Plohan:** Is the Minister then saying that the Pelican Lake Enhancement Project will have all of its dollars flowed by the 31st of March 1991?

**Mr. Findlay:** The Department of Natural Resources, because those funds are flowing to Natural Resources, not through the Department of Agriculture. In the Agri-Food Agreement, also to keep in mind, some programs are flowed totally from the province; other programs are flowed totally from the federal Government. That particular one is being administered through Natural Resources.

**Mr. Plohan:** Madam Chairperson, there must be an implementation committee, a co-ordinating committee for the agreement made up of officials from both departments then. If I am not correct, I would like the Minister to correct that because it seems that his staff would have representation. Obviously, his department is administering this agreement from the provincial side; and, if there is representation from Natural Resources, they would be included on that committee for certain aspects of it. However, the steering committee would be made up of staff from his department.

**Mr. Findlay:** I would prefer that the Member, on those technical questions, wait till we get to vote 7, and we will have staff here to deal with it who are directly involved in the administering.

**Mr. Plohan:** That is fair enough, Madam Chairperson. The question, then, maybe I can leave to that section as well, if we are here at that time. We are going to be doing some shift work between the two Opposition Parties on this, so it may be that we need some flexibility. That is one of the reasons why I am raising these questions now, not knowing where these Estimates are going to take us in terms of the time when we complete them.

I wanted to ask the Minister if he can answer the Soil Conservation Agreement. He talks about an \$18 million agreement, and yet I have a copy of such an agreement, the Canada-Manitoba Soil Conservation Agreement, which talks about the Government of Canada's commitment not to exceed \$5,800,000, and the Government of Manitoba's not to exceed \$5,800,000, which is

\$11,600,000. Can the Minister clarify that figure with the figure he used of \$18 million?

**Mr. Findlay:** What you are looking at is the original agreement for those amounts of money. An amendment was added later to flow the rest of the money, the additional some \$6.4 million, \$3.2 million from each level of Government. So the original agreement and an amendment which, if added up, totals \$18 million, 50-50 split.

**Mr. Plohan:** Perhaps the Minister could share that amendment with us for a subsequent sitting of the committee. I only have a copy of the original agreement. Would the Minister give that commitment?

**Mr. Findlay:** We will supply him with a copy.

**Madam Chairman:** Item 1.(g)(2) Other Expenditures \$13,500.00.

**Mr. Plohan:** I have one other question on this, perhaps two. I started by asking about the evaluation of the Agri-Food Agreement, and if the Minister feels it is better dealt with under the other section, fine; although it is identified as an activity of this branch in evaluation, and that is why I wanted to ask the Minister to provide a copy of any evaluations that have been done.

I understood that this agreement was relatively positively received, and there were a lot of excellent programs conducted under the agreement. However, I do not know what the evaluation is and I would be very interested in seeing what the evaluation revealed about the agreement.

**Mr. Findlay:** Again I would like the Member to just hold back until we have the staff here who were technically involved in the administration of that agreement, and whether there is an evaluation that they have at this time we will find out. I prefer to do it in vote 7, or if there is a particular time tonight or tomorrow that the Member would like to deal with it, just let us know and we will have the staff here.

**Madam Chairman:** Item 1.(g) Program Analysis: (2) Other Expenditures \$13,500—(pass).

Item 2. Manitoba Crop Insurance Corporation \$21,904,300.00.

**An Honourable Member:** Did we pass item 1.(h)?

**Madam Chairman:** Sorry. No, there are no amounts to pass. You can ask questions there though.

**Mrs. Carstairs:** Madam Chairperson, I have a very simple question. Has the \$440,000 from the feds

actually flowed to Manitoba at this particular point in time?

**Mr. Findlay:** Yes, it has.

**Madam Chairman:** Item 2. Manitoba Crop Insurance Corporation \$21,904,300, (a) Administration \$2,604,300—pass; (b) Premiums \$19,000,000.00.

**Mr. Plozman:** Madam Chairperson, the Minister in the previous Estimates I believe was in the process of the negotiations on the changes for crop insurance and at that time was not able to give a precise report to the Opposition Parties as to the breakdown of the sharing. I understand that it was, as it was anticipated at that time during the discussions, 25 percent by the province, 25 percent by the federal Government, and 50 percent by the producers. Can the Minister indicate what the rationale for this change was, what the reasons were that the province agreed to this major increase in expenditures and what benefits he sees coming from this major extension of provincial involvement in the cost of the crop insurance program?

**Mr. Findlay:** Under the federal Crop Insurance Act, they were allowed to make one change in the division of premiums between Governments, and that is to go to equal premiums. Certainly, we as a province did not care to get into paying, but in terms of looking at the need for some changes in the program, it was offered to us: Well, if you will participate in this way in terms of premium sharing, these improvements will be made for you.

Clearly, a number of provinces went along with it very quickly. We were left in a no-win position. You can argue against it as long as you want, but there it is, either that or nothing. Some of the improvements that were able to be offered to the farm community were that previously, we could only offer 70 percent and now the 80 percent option was offered; coverage adjustment was offered in terms of, if a producer had a good record, his level of coverage in bushels went up. If he had a poor record, his level of coverage went down.

\* (1700)

It was a long, involved, ongoing discussion that no matter how you argued against our inability to pay we ended up with no choice other than to pay, and these improvements were put in place for the farming community. For a long time, they had wanted a better level of coverage, because they said 70 percent was not good enough.

A lot of farmers argued that, well, a person who is continually collecting from crop insurance, there is no disincentive to him to stop that, and the coverage adjustment process allows that to start to take place. It is a movement, I believe, in the right direction, and a lot of provinces thought it was good enough that they thought that they would pay 25 percent of the premium cost.

I would like to introduce Mr. Hank Nelson, the General Manager of the Crop Insurance Corporation who has just joined us.

**Mr. Plozman:** Would the Minister characterize this as a more individualized premium and coverage, a movement towards that concept as a result of the changes that were made?

**Mr. Findlay:** Yes, it does allow the corporation to adjust coverage and premium on a more individualized basis for each particular farmer.

**Mr. Plozman:** Is this still administered with 15 or 16 risk areas in the province? That has not changed? I understand it has not changed, Madam Chairperson. I wanted to ask though, with regard to the GRIP program currently being negotiated with the federal Government, does the Minister look at this arrangement now as a precedent for that arrangement? Does he see the cost sharing being somewhat similar?

I know people are talking about thirty-three and a third percent by each group, by producers, province and federal government. Certainly that would be another increase for the province in terms of its share, and I think it is almost impossible for the province to put up that kind of money.

Is this the kind of cost sharing—does the Minister see this program being the forerunner then of the GRIP program? Is that how it will be integrated? Will crop insurance be done away with as such and GRIP will take its place, or will there be two parallel programs? Can the Minister clarify that a bit?

**Mr. Findlay:** Clearly, crop insurance will be the basis of any future program that has been labeled GRIP. What GRIP is really is an enhanced crop insurance. Crop insurance as a program will stay. A producer can buy crop insurance by itself as it is today, or he can buy crop insurance plus the revenue protection, which will be a separate add-on.

Premiums will be calculated for the crop insurance, and premiums will be calculated for crop insurance within GRIP and the revenue protection component of GRIP. So you can buy crop insurance

by itself or you can GRIP, which is a combination of crop insurance as it is, plus revenue protection.

We have the existing cost-sharing structure for crop insurance. That will stay in place, the 50-25-25, and discussion is carrying on right now with regard to the cost sharing for the revenue protection component of GRIP.

I would almost prefer that people drop the terminology "GRIP" because it has evolved considerably over time. Originally, there has been a discussion, crop insurance disappears, and this principle GRIP appears. Over a course of time, we have looked at what we have as being a sound and basically good program for 30 years of generation. You cannot just walk away from it and develop something better overnight. It is impossible.

The revenue protection component was what was needed in crop insurance so we can add that on top of crop insurance, so you have crop insurance with production insurance and revenue protection, which is price insurance.

Also, I mentioned earlier that, in the context of how the GATT process goes, crop insurance will be green, but the revenue protection component may be considered something other than green. Maybe some changes will be needed to be done after the rules are struck, if they are struck, and we have to keep the two separate so that we do not alter crop insurance. It will just stay intact and move along, but the producer can buy one, crop insurance by itself, or the two together.

**Mr. Plohman:** That gets very complicated in terms of the cost-sharing formula and also the total dollars that the province has to put out. Does the Minister anticipate that the costs of the crop insurance component for the province will go down in a corresponding way to the other premiums that the province has to pay going up? Or would there be a substantial increase in total dollars that the province would have to put in as a result of that additional program?

**Mr. Findlay:** Clearly, that is what is being discussed and disputed and argued right now as to whether we cannot afford any additional increase in cost. Some provinces think it is good to go with an equal two-level of Government payment. My argument, and Saskatchewan's arguments, is that we just clearly do not have the fiscal capacity to do it, as was talked about today in Question Period. We just do not have it.

On the fiscal capacity chart—I guess I will call it for lack of a better term, equalization—I guess you will call it—where 100 is average, Manitoba is at 80.6, Saskatchewan is 86.6, and Alberta is 135.8. Clearly they have a greater capacity to pay, and Alberta has got a number of other programs in place like fertilizer subsidies, fuel subsidies, Crow offset. They run and do all these other programs. They clearly have the money to do an equal share with the federal Government. We do not, and we have argued that point.

On certain points I think we have had good recognition of our relative incapability to pay on an equal basis with Ontario and Alberta as two good examples, or Quebec even, for that matter. It is just not possible for us, and we have a high dependence on agriculture, a very high dependence, and only a million people. I cannot see how we as a province can put money in to fight a grain trade war, which is really putting money into price stabilization. That is what it is all about. It is fighting a grain trade war.

It is an international problem, totally a national problem, and that is the position we are taking. It is a national problem. Any participation that we can put in there is very small compared to what other provinces could put in if the federal Government wants to argue equal participation by provinces. We just do not have that fiscal capacity.

I think it is reasonably well recognized that we do not, and we need support in terms of levelling the playing field in terms of our ability to compete with using our dollars in agriculture.

**Mr. Plohman:** So the Minister clearly wants to separate the two programs, the crop insurance in its traditional description, perhaps enhanced even further in the future; and the revenue portion. This is what I gather from the Minister's comments. It is almost certain that they would have to be separated insofar as the payments that are made, the premium costs and how they were allocated. If the Minister agrees with that, does he have any position with regard to the ability of the producer to put up a portion of the revenue part of the program?

\* (1710)

It seems to me—and I have not gotten any official statements from farm organizations, and I think it is being distorted in the media—that they are prepared to pay 50 percent of the cost of the program. It seems to me that we are getting into a whole new area of revenue being guaranteed through our

insurance. You are talking of a major new cost of which the producers should not have to foot the major cost.

For the crop insurance it has been established that they are paying 50 percent, and they think that is reasonable. I am not going to argue with that. The province is now picking up 25 percent of the premiums and the federal Government the other 25, but in no way do I feel that would be fair for the revenue portion. It seems to me there the federal Government has the major responsibility. As the Minister said, it is a national responsibility. Has the Minister started with a position of 25-25 and 50 for the federal Government, or is that even on the high side for what he feels the Province of Manitoba could afford? Is it more like 10 percent for the province and, say, 60 or 70 for the federal Government? Is that where the have-not provinces are sitting right now?

**Mr. Findlay:** Just looking at it from the producers' point of view first, right now the safety net programs that exist are crop insurance plus Western Grain Stabilization. Western Grain Stabilization has not met the test of time in terms of targeted or predictability or all that sort of thing. So technically what we are doing is saying goodbye to Western Grain Stabilization and bringing in price stabilization built on top of crop insurance.

The producer is now paying 50 percent of the premium of crop insurance, and he has always been that. Right from Day One, he has been in that position. He is right now paying 40 percent of the premium of Western Grain Stabilization, so on the average of two, he is paying 45 percent.

In terms of what we think the producer can pay, there has been a fair bit of comment from the farm community of a third. I think a third now is identified with the price stabilization component. I think they understand that crop insurance is going to stay intact, that they have been at 50 percent and that is not likely to change. They are looking at a third on the price stabilization as being the most probable, so that means splitting the remainder between the two levels of Government. Clearly, our capacity to pay there is much less than a third. Naturally, the federal Government has to be substantially more than a third.

That argument is continuing to proceed, and I would have to warn the Member that there are provinces that are objecting to Saskatchewan and

Alberta getting special consideration because of our lack of fiscal capacity and our high dependence on the grains and oil seeds exports sector. So we are in a battle, not only with the federal Government, with other provinces who want to stick us, I guess, to put it bluntly. We continue to make our arguments. Whether we will be successful remains to be seen, but the enemy is not just the federal Government. It is other provinces who think that unequal sharing is a good relationship because they are not quite as dependent on us, and they have a much broader treasury base than we have, unfortunately.

**Mr. Plohan:** That is a very serious concern, I think, to Manitobans generally. It certainly is to me, and I am sure it is to the Minister. If we get cornered into paying that kind of proportion for this program, I do not have an idea of what proportion it would be in terms of total cost as compared to our \$20 million for crop insurance, or \$21 million, and for producers as well. Are we talking that crop insurance would be about a third of what we anticipate revenue insurance would be totally, or would it be about the same or less? I am sure it would not be less, probably much greater.

**Mr. Findlay:** A lot of number-crunching has been done as we worked our way up. When they were looking at the premium cost of GRIP, as the old concept of marrying the two together and not keeping crop insurance separate, you are talking a total premium in the Province of Manitoba of \$180 million and \$200 million. Now the crop insurance premium today is around \$80 million, so they are really calling for another \$100 million or \$120 million for the writ of the premium for the revenue insurance part.

Probably when we separate the two out that total premium, it will not be much different. The number-crunching, working from percentages through to hard dollar costs, is being done right now. I have seen an initial cut of costs and have a hard time believing some of them, so that process is going on. It is kind of hard, as you can appreciate, to assess the total risk of a price insurance policy, especially in light of the fact that we have no resolution to GATT. I mean, if there is a resolution there, you have a little more predictability to the future. Right now, there is a very uncertain future. How do you project risk of a price stabilization component?

That is the dollar figure you can work with; it is total cost of premium for all three partners on an annual basis.

I guess it is fair to say that figure is assuming 100 percent participation of farmers. I would have to say realistically, although we want a high participation, to get over 80 percent will be a major feat, because many farmers just do not want anybody to help them with risk. They believe they can look after themselves, and they do not want to deal with Government.

Right now we have in crop insurance about two-thirds of the farmland enrolled. So there are a lot of people that do not take the risk protection of crop insurance for their own reasons. We think if the revenue insurance is added to crop insurance there will be a greater uptake, and I kind of predict in the roughly 80 percent or maybe slightly under 80 percent would be a target that we could achieve.

**Mr. Plozman:** Madam Chairperson, could the Minister please clarify the issue of what the price would be based on? Would it be based on some formula for cost of production? How would that be determined? As it is developing, is it envisaged that there would be a maximum that could be insured under there? Would there be, in other words, a capping at that level or would it be wide open?

I guess what I am asking is: Would this be targeted then for the smaller producers or medium producers or whatever term we might want to use? It would be wide open for any large agri-business corporation to be a part of this program and therefore receive substantial benefits from it from Government.

**Mr. Findlay:** The Member asked about how the price stabilization will be calculated. Really what will be used is a 15-year moving average market price indexed for costs. It is called the IMAP, I-M-A-P, Indexed Moving Average Price.

I am not positive what the figure is, but I think it generates a figure of a little over \$5.00 right now as the cost of producing a bushel of wheat—I should not say the cost—the outcome of the IMAP calculation. The producer would be able to insure himself at, say, just pick a figure, 80 percent of that, so he would be able to insure it for \$4.00. He has to take the first 20 percent risk and then the program picks him up after that.

What else did you ask? Oh, eligibility, eligibility capping.

Right now there is no capping. The eligibility will be exactly the same as crop insurance. You can enroll your acreage as you farm it. The average farm size is 700 acres, and the vast majority of farms are under 2,000 acres. There are very few over it in this province right now. There are no large corporations that I am aware of that own great tracts of land that they farm.

Farms are run by families. Families have different definitions. Some have larger acreage, some smaller, but that is the way the program is set up right now, crop insurance rules for eligibility. All acres are eligible if you enroll them and pay the premium.

**Mr. Plozman:** Madam Chairperson, I am not clear on how the revenue side would be insured to 80 percent—be based on a per bushel price. You could insure to 80 percent to the total amount of production that you had over the last 10 years, your average production of that particular grain or what would you use to determine what number of bushels could be insured?

\* (1720)

**Mr. Findlay:** This is one of the principles of this program, is targeting it to the individual. If he has been in crop insurance for a period of time, we have established a record of his level of production because he does an interview every year and tells the interviewer what he produced in wheat and barley which is per acre by field.

As an average production for him, let us say it is 30 bushels an acre. He is a 30 bushels an acre producer. He can insure 80 percent of that at the IMAP price. When he goes to the field in the spring, he knows that he is going to get a certain gross revenue in terms of price times yield, the minimum that he is protected. Let us say it is \$120 an acre, just to pick a figure. It is important then that he keep his costs in line. If he keeps his costs under that, he is going to get his costs return. If he is going to run a farm operation that is going to cost \$140 an acre, his insurance is still \$120. That is the level of insurance he can buy. If the gross revenue that he gets at the end of the year is \$90, he will pick up \$30 a payment from the program.

The revenue he returns at the end of the year is price times yield. If the price is low and the yield is 30 he gets—let us say, I will just pick a figure, an example here. Thirty bushels an acre times \$4 a bushel is \$120.00. If the price goes up to \$5 a bushel

and the yield goes down to 20, it is \$5 times 20. His gross revenue is \$100, so he picks up the \$20 difference. There are offsets used in this program so that if you get a higher yield, that compensates for a lower price, or vice versa by using the offsets.

Some provinces did not want to use the offsets. Let us say they said, you could cover 30 bushels an acre and if the price was whatever it turns out to be, you could cover that price on all the bushels that you produce. We did not think that was reasonable because the premium costs are way too high. We want the offsets of yield and price to be used in the calculation to keep the premium cost down, to keep the premium cost affordable for the farmer.

I would say farmers can pay \$6 or \$7 an acre—they are prepared to pay. If you get them up \$8, \$9 or \$10, they are not going to be able to afford it, and they will choose not to enrol in the program. It is a voluntary program. You want to keep it attractive in terms of covering them at a high enough level that they can farm with some security, but keep the premium low enough that they will voluntarily enrol.

You do reach a point—and I say it is somewhere in that \$6 to \$9—where a farmer says, I cannot afford that cost. I do not want to lock myself into that cost every year so I will not pay that. I will just put that in my pocket, theoretically, and I will protect myself. You know what happens. Two years later he has not put it in his pocket, he has the shortfall in either price or yield and he does not have the insurance.

It has got to be attractive in terms of level of coverage, individualized, but yet keep it affordable. That is why we use the offsets, to keep the overall cost of the program as low as possible in terms of premium.

**Mr. Plozman:** I can understand, Madam Chairperson, that for crop insurance traditionally 80 percent is a very good level. However, for the revenue side, the price, I do not understand why that same level would be used for this program.

It seems to me that if we are establishing a realistic cost of production, that is what should be used, if it is kind of an average cost of production, or whatever it might be. If a farmer is inefficient and it costs him more, obviously, I do not think that he should be able to tap into the program, because he has additional costs to a full extent. It seems to me that if we are establishing a cost-of-production price

100 percent of that should be used for the revenue side, for the price side.

I am wondering why the Ministers have stuck onto using the same percentage of 80 percent for the revenue as they are for the traditional crop insurance program.

**Mr. Findlay:** One of the biggest difficulties, certainly, that I have had in the process of developing this is to be sure that the program is not farmable—(interjection)—not farmable. We do not want the return to be so attractive that a farmer does not go out and attempt to produce a crop. If you give him 100 percent coverage, what is the incentive to go out and produce? See, he has to take a certain risk off the top. By taking a certain risk off the top, he lowers the premium substantially, in other words, makes it more affordable for everybody.

So in the whole design, in terms of all the meetings that I have had with all the different individuals involved, we have stressed very strongly that the program must not be farmable. That is why the farmer has to take the first element of risk. Once you do that and you establish his gross revenue per acre, it gives him a target that he knows he has to work under. I think it will help. It will sharpen his idea as to what costs he can afford and keep his risk as low as possible so he can have a return that he can live on.

Farmers in the past—and we talked about this a few weeks ago when we were into supply. Farmers traditionally have paid too much for land and have got themselves into high principal and interest payments for land. It became unaffordable because the price of grain did not continue to go up. The price of grain has come down substantially over the past few years. No matter what happens at GATT, we have to recognize the price of grain on the export market is probably going to stay down where it is. I hope it comes up a bit, but it is not going to go up substantially. There is just, probably, no way it is going to happen, because the buyers of grain have done a good job of balancing off the competition between the various suppliers and have kept the price of grain as low as it is.

So farmers have to know that, and this risk protection gives them an opportunity to live within a certain degree of protection, but it may not be his total protection. I think back to the basic question that one of the initiatives is to keep the farmer taking some element of risk, keep the program from being

farmable. One of the criticisms of crop insurance has always been by the better producers, I will not take that program, because all I am doing is paying premiums to support a program with a guy down the road who is not making a full effort to produce. He is putting in a third of the cost, or 10 percent of the cost, producing a crop and reaping a reward every year.

That is why we put coverage adjustment in place. That is why now, when the program is individualized, a poor producer cannot hide behind the risk area yield. He will be identified with his yield, and all he can insure is his yield, his long-term average yield. If he does not have one established now, he will get the risk area average. Over time, he will either go up or down from there depending on his performance. So it stimulates individual performance by the farmer. I think it will be a better program in the long run in the eyes of the taxpayer, because we are targeting where hurt is and not recognizing farmers who choose to cheat the program.

**Mr. Plohman:** Madam Chairperson, I would ask the Minister whether the cost of land he talked about—and I agree that land has been overpriced and has been a substantial cost for producers, in many cases, paying too much for land. Is it taken into this formula as one element of the cost of production, or is land excluded from that?

**Mr. Findlay:** All I can give you is a general concept, I have not seen all the calculation. You get your 15, your moving average market price indexed for cost increases over that same period of time. What is all included in those cost increases—I do not imagine land is in there, I imagine it is just operating costs—it is the fuel, fertilizer, labour, living and those sort of things, but land will not be in there. Interest will be in there, but not land. Interest is an ongoing operating cost so price of land will not be in there. The person that buys land cheap obviously positions himself better than a person who buys land at an expensive price.

**Mr. Plohman:** Yes, but that leads to the question of whether there should not be a land factor in there and an additional premium for those with expensive land as opposed to those with cheaper land, lower-priced land. It is a realistic cost for farmers. If they are going to pay the higher price, they pay a higher premium to insure their price. Has the Minister or his officials looked at that concept at all?

**Mr. Findlay:** I would think it would drive up the price of land with the Government paying a premium to do it. I think it would be the wrong incentive, because the farmer does not—

**An Honourable Member:** The farmer would pay the premium, not the Government.

\* (1730)

**Mr. Findlay:** I guess I would have to say that it has not been looked at specifically to do that. I would just say, a farmer does not have to own land to farm. The opportunity is there to rent land and that is how many young farmers do start. Start carefully and you build up some reserve, then you can move out and start to buy land. The concept of going out and making a big capital investment and buying land and machinery and starting to farm and being able to make it, I do not think it is economically viable today at all.

We talked earlier, it needs somebody to help you in the business, a parent, whoever, to help you; otherwise, if you are on your own, I would suggest you have some difficulty in terms of paying that big capital cost up front. If you rent land, that works quite well and that is written into the operating cost on an annual basis, the cost of renting land but not the cost of buying land. That is a luxury I guess of farming. It is what drives farmers, the pride of ownership. That is what drives farmers, but I do not think that the public should be supporting them in the cost of having to buy that land.

**Mr. Plohman:** Madam Chairperson, I want to turn this over to the other critic at this time. I just wanted to clarify my point that the individual farmer would pay the additional premium for additional benefit, because he or she has the higher priced land. There would therefore be no subsidy between those people who are farming on lower-priced land from those who are on very expensive land, and that was the point, not that the Governments would pay those additional premiums.

**Mrs. Carstairs:** I think we are all in agreement that one-third cost to the Province of Manitoba would be in excess of what this particular province could bear. I have just done some rough calculations, but if we are talking about \$100 million to \$120 million at 100 percent coverage, we are looking at \$33 million to \$40 million. If we take an 80 percent coverage, we are looking at \$23 million to \$28 million. Presumably in discussions the Minister has not agreed to pay a third.

Can the Minister indicate at what stage those negotiations are? I mean, has there been any agreement from the Province of Manitoba that we are willing to pay 10 percent or 20 percent, or have we just still left that as a big fat question mark at this particular point in the negotiations?

**Mr. Findlay:** Well, a discussion had been evolving over the past period of time. The federal people kept throwing out a third. Producers said, a third sounds good to me, knowing they were paying 50 percent then. Naturally, they would say a third is good.

At this past meeting last week, we clearly separated crop insurance and price stabilization as two separate programs, so that left crop insurance with its existing funding structure unchanged. So now we are into the discussion of how Governments share the cost of price stabilization. We have been talking, playing around with percentages, and now officials are crunching hard numbers. What are the hard numbers that go with the various scenarios of level of coverage and by province?

It has been recognized and stated by the federal Minister that Manitoba and Saskatchewan indeed have a lower capacity of capability to pay than the other provinces, but as I said earlier, there is another scenario developing now. Different provinces are saying, no way should they get a special treatment. So we have gone from having to develop that argument with the federal Minister to having to develop it now with other provincial Ministers who seem to want to have us be treated the same as they are, knowing full well that they have a greater financial capacity than we do.

It only unlevels the playing field even more, because I have not encountered anybody who says that we do not need this kind of risk protection process. I think everybody is in full agreement that it is needed. It has been developed largely by farmers. Over half the task force was farmers. It has gone through a lot of evolution over time. I think it is a well-designed program, and it will give a basic level of gross income protection, but it is an expensive process.

We would like to see the federal Government take the responsibility of dealing with the revenue side as a national responsibility and as has been in the past under WGSA, but they seem bound and determined to wrap the provinces into some degree. We have a limited capacity, and when we see the hard figures that go with the various scenarios, we will be in a

better position to know what dollars we can afford. It is an ongoing process.

Do not forget, also, the NISA thing has been tossed around, too, the net income stabilization as being a shared responsibility. So there are a lot of balls bouncing yet in the court. We have limited capacity. Everybody recognizes that, but we have not achieved a deal that is something that we can agree to yet.

**Mr. Carstairs:** Madam Chair, the Minister himself confused me just a little bit, because we started off talking about GRIP and then he went into the phrase, income stabilization. -(interjection)- Okay.

**Mr. Findlay:** I think we should forget the word GRIP, but what we have now is crop insurance by itself or crop insurance plus revenue stabilization. If you want, you can call those two GRIP. That is the original principle of GRIP. Originally, GRIP, you could buy only the combination. We now say, you can buy crop insurance by itself or crop insurance intact with the revenue stabilization added on to it. That is technically GRIP. I use revenue stabilization as the price protection component of GRIP.

**Mr. Carstairs:** That would lead us to NISA which I would like to stay off of for just a moment—except that, does the Minister anticipate that the crunch numbers will come first on NISA and then on GRIP? If we agree to one percentage, will we find ourselves being forced to agree to the other percentage, or does he see the two things remaining quite independent and apart from one another as far as our commitment in terms of the percentage funding?

**Mr. Findlay:** I guess the primary discussion right now is around funding of the price stabilization part of GRIP. The crop insurance is locked in. That is set.

Some provinces are not prepared to participate in NISA at this point. Where NISA goes from here, I am not sure. It has been the projection that GRIP would be in place—that is modified GRIP, I will use those words then. Modified GRIP will be in place for the 1991 crop year. The federal Government had been pushing NISA to have it in place for the 1990 tax year, which means by the end of February. NISA would always be done basically through the tax department. It will be done as an add-on to the tax statement.

We are in a bit of a bind right now in terms of the discussion with cost sharing of GRIP. As I said NISA has been set aside for the time being, and it will be dependent on a resolution of the cost sharing of



GRIP as to whether NISA is part of it or anything comes forward.

We are desperately trying to get there, but they have already identified this new aspect of some provinces saying no to Manitoba and Saskatchewan in terms of some special consideration—gives us a lot of heartache right now.

**Mrs. Carstairs:** Madam Chairperson, the Minister is being very nice and he is not identifying any of these provinces, but I think it is important to identify them for a number of other issues.

It is my understanding that Ontario and Quebec are not onside but at least willing to look at special treatment for Saskatchewan and Manitoba. It is Alberta and British Columbia who are in fact not prepared to look very favourably upon special treatment for this province, despite the fact that they are both "have" provinces and despite the fact that one has twice the population and the other three and a half times the population. I would like the Minister to clarify if those are indeed the provinces that are giving us a hassle.

**Mr. Findlay:** I do not know if I want to go so far as to identify, but I will have to tell you that Quebec has not participated in the discussions. They have not come to the last two meetings to talk about this issue.

The eastern provinces, Maritimes, seem to be fairly co-operative with us. They are much smaller in agriculture and do not see themselves as being big participants, a big cost to them. So they do not seem to be objecting to what we put forward, because meeting after meeting over the past two and a half years that I have been Minister, we were always at the national table with some emergency on our hands. It is either trout or price or trade war or whatever it is. It always seems to be right in our backyard. We are almost hearing ourselves cry too often in terms of our difficulties.

I guess I think that the difficulty is experienced primarily in western Canada, and I guess I thought that there was a good recognition as I put the issue out over the course of the past month and a half as to our relative low capacity to pay.

\* (1740)

I identified it at the Moncton meeting in August during the election. I took a couple of days off to go down and argue the case. There was recognition at that time and, now as we get closer to a decision, suddenly there seems to be some reluctance to give

us that ultimate consideration of reducing our potential—our cost -(interjection)- other people could go through that experience, John. Let some other people do that experience.

The process is moving on, and I hope that these better-off provinces will realize that we are in a difficult position and we all want to survive. I think our survival is important to them too, because we buy various things that are made in their provinces, and if we have reduced capacity to buy we hurt them in the long run.

**Mrs. Carstairs:** I raised the issue with the Minister because you know I am increasingly concerned at the number of times the Finance Minister (Mr. Manness) and the Premier (Mr. Filmon) talk about the fact that we have to have a western Canadian position. It is not always to our advantage to have a western Canadian position, because we are up against two of the four, and you know one more other than us is considered in the have-not category. Even Saskatchewan, when oil was king and potash was queen, was not the beneficiary of equalization payments, but we have consistently been the beneficiary of equalization payments.

It is simply not often in our best interests to form an alliance with the four western provinces, because Alberta and British Columbia have a very different attitude towards the whole Canadian Constitution and the Canadian federation. They would like to absorb more and more, whether it is health care, whether it is education, whether it is agricultural programming because they have the ability to finance those things. We always end up being short-changed in that kind of an arrangement because of the smallness of our population, and the limited tax base that we have from that population.

I know though the Minister is very kind. I mean between the cracks, it is clear where the difficulties are coming from in terms of the program. I would just like to clarify one thing. I think he talked about a 15-year average. I have to say that when I met with CAP, they seemed to talk about a five-year average. Now, were we talking two different averages here, one being the individual farmer's average as opposed to the overall programs average, or is 15 years the actual figure that is going to be used?

**Mr. Findlay:** Various year periods had been discussed, but 15 is the one that has been arrived at as allowing for—you know, if you have a good year or bad year it does not drive the average

particularly far off where it was the year before. I think in wheat, in terms of the long-term average that crop insurance use as their base, you use 25 year average. So longer averages are better in terms of causing rapid and strong changes.

You know, it is no question that we have some things in common with all three provinces in western Canada. We have some things that are quite different. Really the difference is fiscal capacity, but in terms of geographically what we do and what not, I often think that if we, from an agricultural point of view, if we can be of one voice out here, it is a lot easier to win our case with a big population like the provinces of Ontario or Quebec who quite clearly look at agriculture quite differently than we do because they are so heavily dependent on supply and management. What they do not produce in terms of supply and managed products, they are producing in grain which normally is eaten by supply and managed commodities. So they do not export very much, in fact virtually nothing.

It is so different than us when we are so terribly dependent on the export market. Whether it is grains or oil seeds or livestock, we do not have the population to eat it, so we are more and more dependent on export, and they have become less and less dependent on export over the past five, six years.

**Mrs. Carstairs:** There is no question that we would love to have some co-operation so that they would not have built Cargill plants in High River, you know that would obviously be something we would like to see, rather than the present high premium and high payment out of Alberta which often puts us in a terrible position in terms of being competitive.

One other area that I would like to clarify with the Minister. He talked about the new crop insurance program and the new funding, the 25-25-50, as being more individualized, but will it not have to become even more individualized if we go to the GRIP program, because I do not see how you could work the two systems together if you did not go to an even more individualized system than the one we presently have?

**Mr. Findlay:** It will be very individualized, and in fact it will be farmer by farmer. You go down the road to 10 farmers, they could well all have a different long-term average yield, so they can insure themselves in terms of production with different yield level. The IMAP price would be the same for all of

them because it is determined by the 15-year moving average export price indexed for cost. So the IMAP will stay the same for them all, but the level of coverage of wheat and barley will change farmer by farmer. Very individualized and very targeted and really it is the ultimate targeting right now with the individual farmer. Farmers have been wanting that targeting for a long time and we are very close to achieving it.

Also recognize, though, that it will be higher administrative costs. Instead of just being general in terms of knowing a farmer's production in an area, now you have to be very specific. You have to know exactly what they produced every year. It would be entered into his records, what he produced in wheat and barley relative to the acre so that you have his exact yield. It determines his long-term average. It determines his payout year in, year out.

**Mrs. Carstairs:** Madam Chairperson, the Minister a few minutes ago talked about the necessity of having a program which was farmable and I could not agree more. I mean I think obviously you have to build in an incentive to produce the crop. You do not want individuals using poor farming methods and then saying, oh well, my crop failed and here I go.

If we are going to go to a more individualized system, there is probably going to be some reluctance on the part of some farmers who have liked the lack of individualization in the past because they have been able to benefit from it. How widespread has been the information on GRIP in combination with a crop insurance program, and yes, you can opt for one or a combination. What kind of feedback has the Minister had other than obviously from CAP who is fully supportive, but from other farm organizations and individual farmers as to whether they see this as a good initiative?

**Mr. Findlay:** Over the course of the past few months as we have worked towards this, there has been a fair bit of publicity in the paper that there is something better on the horizon in terms of protecting income on a per-acre basis, on a per-farm basis. There has been a very high level of acceptance of what has been theoretically developed, almost a scary acceptance out there. You almost want to be sure you can deliver what you are talking about.

At this point in time, we cannot go out and sell it to the farmers or explain it to them as it is something

that is offerable because there is not an agreement struck yet. I guess until this cost-sharing thing is resolved, we are not firmly on the track of being able to do it.

It will probably require some legislative changes. Hopefully we can get on with 1991 without having to do them but eventually all crop insurance Acts will have to be changed to some degree, I would assume. Different groups that I have talked to, just talking like we are talking today, about how it is developed and where we are at, I do not have anybody saying no, it is no good; it is not going to do the job. There just seems to be a very strong support for the principles that have been worked so far. If we can get by this hurdle of who can afford to pay for it, I think we are under way.

**Mrs. Carstairs:** Is it anticipated that the provinces will all sign this agreement and then it will take effect, or is there going to be any time in which you, as the Minister of Agriculture, can come back and say, look this is the program that we are prepared to sign or we have signed in principle; now I want to hear from you the farmers.

I agree with the Minister. I think that the vast majority of people are in favour of this but having gone through what we went through in Ottawa last June, I am very leery of signing agreements, bringing them home and saying to people bang on the head, these are the programs; accept it. You know, take it or leave it. Is there going to be some option in there with some lead time in which the Minister will be able to take it out to the farmers and say, this is what we can have if I feel there is sufficient support from you the farmer?

\* (1750)

**Mr. Findlay:** There has been a fair bit of discussion going on over time as we have evolved the process of development of the program. Whatever is eventually agreed to will be voluntary by the farmer anyway. So he is not locked into anything, and I feel more comfortable in saying that now in that crop insurance remains intact. Those who believe that it is what they want, it is still there. It will not be touched. The price stabilization will be added on top of it, and whether the level of coverage is at 70 or 80 percent, or how the combinations work, there will be a lot of choice, I am sure, as the program is eventually offered to the producer. You pay a premium for this level of coverage, a premium for that level, or if you want to really get up there, it will

be higher premiums. There will be a lot of choices, always completely voluntary, so whatever we can work out, I think, will be offered to the farmers.

There has been a process of discussion of evolution over the course of the past year, with the producers on the committee reporting back to their various groups, associations and producer groups, and the input that CAP particularly has had in terms of their meetings and discussions. I have met with Manitoba Pool; I have met with UMM and talked about it. It is out there, and there is no negative feedback. So I think it is a clear signal that we are on the right track. We just have to get it put together and come back, deliver it and offer it, but it is always going to be voluntary.

I will say that, though voluntary, there is going to be need that when a farmer buys into the combination of crop insurance plus revenue stabilization, which is GRIP, there is probably going to be a three-year entry clause that you will be in for three years. You cannot just get in on the bad years and jump out on the good years, because there needs to be that stability to have the actual soundness of the program over the longer term.

**Mr. Plohman:** I would ask the Minister, first of all, when he anticipates this agreement on cost sharing taking place. Is it targeted for the February meeting in Saskatchewan, or is that completely unknown at the present time?

**Mr. Findlay:** I would have liked to have said yesterday or tomorrow, but there is a lot of pressure to get it done very, very soon. We cannot strike a final agreement to say that here is what we can go out and offer the farmers until that is done. I would hope it can be done before Christmas, to tell you the honest truth.

We committed, when we left the meeting, that deputies would be working on it and presenting something for the Ministers. If there is acceptance, there would be no need for a further ministerial meeting, but if there is, there could well be a ministerial meeting in December to finally resolve this, if there is still some dissatisfaction from different quarters.

The February meeting is an ongoing meeting and we deal with broader issues than this, but this issue of cost sharing has to be resolved before that. It cannot wait that long because the Crop Insurance Corporation has to know what they can go out and

sell in order to start selling to their clients. That really should start in late January.

**Mr. Plohman:** The Minister has referred to this, and other sources have, as an interim or a transitional—I think “modified” the Minister used earlier—for '91-92, the coming crop year. The question is: How would a deficiency-type payment be made under this program, or would it be an ad hoc, despite what Mazankowski has said that he will not be participating in any more ad hoc programs? It seems to me that we need one more ad hoc program.

**Mr. Findlay:** I should not laugh, but I think that was said back in 1987 and here we are into the fifth one now. The federal Treasury has been very adamant that if there is going to be any additional ad hoc support, which everybody recognizes there is need for, it has to be done through a structured program, like the safety nets that we are talking about, the GRIP-NISA process. He has said that if they are up and running and the provinces buy into it, the producers buy into it, that they will deliver their ad hoc money through them.

So, if you want to have benefit of the ad hoc money, I would assume they are saying you have to be enrolled. It is a fair bit of a carrot to get people to enroll in the program, and I have to say that, although you say one more, I do not see us as just talking one more because I think if the international grain price stays as low as it is, a year from now we will be in exactly the same position that the program will not be able to meet that test.

The level of revenue needed to prop up price will be so substantial, another ad hoc injection, maybe just into the program fund itself like the write-off of WGSA of what, two years ago, when they put \$750 million in, I think those avenues have got to be kept open, but the delivery will be through the structured mechanism of the safety net program has been something that they have been very adamant on. So that there is predictability to the future with regard to, in theory, ad hoc payments and farmers do not have to rely on political will to get those payments out there, that they will be more predictable through the programs.

**Mr. Plohman:** So what we would have is almost like the former Agriculture critic called for inadvertently, I think, last year in the Legislature when he talked about retroactive crop insurance. We are almost getting to the point here, the Minister saying is that we will be able to ensure the -(interjection)- well, he

is not so far off here, because this is going to be based on this program, and we are going to see a couple of those in the next while except—well, I imagine they will be basing on the previous year.

How are they going to make a payment, I ask the Minister, for the coming spring under the GRIP program based on the criteria that are being worked out now? Would it be based on the average as it was last year, and on a price that was established for last year, and then the difference would be paid out to the individuals in the spring so that they could operate, so that they could put their crop in because that is the key to having that money out for this coming spring—to have it out there for the farmers to take advantage of.

**Mr. Findlay:** Very clearly that is the direction we are looking at. That is the reason for the February meeting. Federal officials are to make some reports, some recommendations on the income position as it evolves over the next two or three months, looking at the spring as the need for cash. The interest-free cash advance program, as of our meeting roughly two ago, had triggered \$1.3 billion of cash flow already. I mean, that is a substantial amount of money. That is a lot of the value of the crop out there, so as the crop comes in to the elevator over the next four or five months, there is not going to be a lot of additional money flow out, so the need for the injection of cash is clearly in the spring, and that is the process that is being developed now.

By that point in time a producer will have had to have made a choice. Is he going to sign up for crop insurance, or is he going to sign up for the modified GRIP. I would predict that he would have to sign up for modified GRIP to qualify for whatever they decide to do in an ad hoc sense. That is the process that they have been talking about, they have been advocating and as recently as this past weekend the federal Minister was even stronger on it saying, any ad hoc money has to come through structured programs, the safety net process. Farmers would have to sign up, then they would get that injection of support for this year, and again their position for the year after too.

**Mr. Plohman:** Well, it is sort of a modified carrot then. It is more like a stick, and I think that it would be coercion to get people to get into the program, I guess is a word you could use for that kind of thing. The Minister is going to have to remember, and I am sure he has that if he is going to get into a major cost-sharing program, he is going to have to pay for

last year to be paid for this spring, plus next year while this thing gets going, and he has also got a drought payment that he is into for how many million already. So he is looking at \$100 million over the first year or two of the program, so he had better be negotiating strong on this, and I would think that perhaps he should be looking for legislative support and a more aggressive position publicly in this province on this issue. Otherwise we are going to see Saskatchewan caving in because they have an election coming up, and we are going to be standing alone.

The Minister talked about the pressure he had last time under these programs with the crop insurance, sharing the premiums, that several provinces caved in and we had no alternative. Well, if he thought there was pressure then, he is going to have more pressure now, and I think he has to become more aggressive in attacking the federal Government now.

I leave my final comments on that, before we reconvene here this evening to go back at it. I think we have pretty well run out of time. Do you not think so, Madam Chairperson? If the Minister -(interjection)- I think I have to get after him to tell him to get up there and fight that Minister and fight the federal Government, and call a spade a spade on this issue. If he just lays low on it, we are going to lose. The writing is on the wall.

**Mr. Findlay:** I would just say, you can see who is under pressure. You can see who has the white heads and who has the black heads.

**Madam Chairman:** Order, please.

The hour being 6 p.m., I am interrupting the proceedings. The Committee of Supply will reconvene at 8 p.m. to continue to consider the Estimates of this department.

# Legislative Assembly of Manitoba

Monday, November 26, 1990

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