



Second Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

31-32 Elizabeth II

*Published under the
authority of
The Honourable D. James Walding
Speaker*



MG-8048

VOL. XXXI No. 31B - 8:00 p.m., TUESDAY, 22 MARCH, 1983.

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Brian	Ellice	NDP
COWAN, Hon. Jay	Churchill	NDP
DESJARDINS, Hon. Laurent	St. Boniface	NDP
DODICK, Doreen	Riel	NDP
DOERN, Russell	Elmwood	NDP
DOLIN, Mary Beth	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
LECUYER, Gérard	Radisson	NDP
LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
MANNES, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
SCOTT, Don	Inkster	NDP
SHERMAN, L.R. (Bud)	Fort Garry	PC
SMITH, Hon. Muriel	Osborne	NDP
STEEN, Warren	River Heights	PC
STORIE, Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 22 March, 1983

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - CO-OPERATIVE DEVELOPMENT

MR. CHAIRMAN, C. Santos: Order please. We are in the midst of considering Section 2.(a)(1) and (2).

The Member for Minnedosa.

MR. D. BLAKE: Thank you, Mr. Chairman, I'm not too sure where we left off now. I think the Minister was explaining to us the stabilization fund, the Credit Union Stabilization Fund. The stabilization board now is comprised of representatives appointed by the government, is that correct?

MR. CHAIRMAN: The Honourable Minister.

HON. J. BUCKLASCHUK: The members of the board are appointed by an Order-in-Council but two of the members are recommended by central.

MR. D. BLAKE: Mr. Chairman, I wonder if the Minister could tell us what the assets in the credit union system are, I should say liabilities I guess because the loans are assets and deposits are liabilities, could you tell me what the deposit picture of the credit union movement in Manitoba is? From their last statement is close enough, Mr. Chairman.

HON. J. BUCKLASCHUK: Yes, a round figure for their assets would be about \$1.25 billion.

MR. D. BLAKE: And these funds are guaranteed by the stabilization fund?

HON. J. BUCKLASCHUK: The stabilization fund guarantees the claims on deposits by the members.

MR. D. BLAKE: Without limit?

HON. J. BUCKLASCHUK: There is no limit within The Credit Union Act.

MR. D. BLAKE: So what you're saying is that the \$1.25 billion is guaranteed by the Province of Manitoba?

HON. J. BUCKLASCHUK: I suppose one could say that the guarantee is similar to the CIDC in that the sum in the CIDC fund guarantees the deposits that far exceed that amount. Perhaps I could just clarify the statement I made previously with respect to the fund.

I did indicate that the fund is maintained through levies charged to individual credit unions and through other borrowings as may be required to meet their obligations. While the Government of Manitoba is not obligated by statute to guarantee deposits or investments in credit unions, the government has, in

the last year, loaned \$29.5 million on an interest-free basis to the stabilization funds to guarantee their stability. I would wish to assure you that the Government of Manitoba is committed, together with the credit union system, to continue to ensure the stability of the Credit Union Stabilization Fund and the Les Fonds de Sécurité des Caisses Populaires.

MR. D. BLAKE: Would it be correct to say that these funds, this \$1.25 billion, are guaranteed without limit by the Province of Manitoba?

HON. J. BUCKLASCHUK: The deposits of the members are guaranteed without limit by the Credit Union Stabilization Fund.

MR. D. BLAKE: And the Stabilization Fund that we just lent \$29.2 million to, to shore it up?

HON. J. BUCKLASCHUK: The two Stabilization Funds were loaned \$29.5 million.

MR. D. BLAKE: If there were calls on the Stabilization Fund, above and beyond that \$25 million, the province would have to continue to provide funds to guarantee those deposits?

HON. J. BUCKLASCHUK: I had indicated previously that the province, through its actions in the past, has indicated a commitment to continue to ensure the stability of the two funds.

MR. D. BLAKE: I'm looking at an ad, Mr. Chairman, which brings it to my attention on an RRSP with one of the credit unions - it was an ad in the Free Press on February 23rd - "Deposits are guaranteed without limit by the Manitoba Stabilization Fund." Would that be a correct statement?

MR. CHAIRMAN: Could you read it again?

MR. D. BLAKE: "Deposits guaranteed without limit by the Manitoba Stabilization Fund."

HON. J. BUCKLASCHUK: That is essentially correct.

MR. D. BLAKE: So this becomes a liability to the Province of Manitoba then on all credit union funds on deposit?

HON. J. BUCKLASCHUK: The liability is to the Credit Union Stabilization Fund.

MR. D. BLAKE: That's right. The Minister just indicated that all funds are guaranteed by the Stabilization Fund. So what you're saying is that all funds of the credit union are guaranteed without limit by the Province of Manitoba?

HON. J. BUCKLASCHUK: No. When all of the other lending institutions, Mr. Chairman, are limited to - it's

now \$60,000 which was a long time in prodding the Federal Government into increasing that - it seems if they are limited to a guarantee of \$60,000 per depositor, that it's a little unusual that all of the funds in the credit union would be guaranteed without limit.

MR. CHAIRMAN: The Member for Minnedosa has a question.

MR. D. BLAKE: That's right. I'm just at a bit of a loss here now. The Minister is saying that the Stabilization Fund is guaranteeing those deposits but we've just lent the Stabilization Fund \$29.5 million to cover the guarantees or the losses that they have suffered up to date. Should they suffer further losses, where will the Stabilization Fund get its funds from?

HON. J. BUCKLASCHUK: First of all, I think there is a correction there. The \$29.5 million was not to cover losses. It was to stabilize the fund and there is a distinct difference.

MR. D. BLAKE: What is the distinct difference, I just can't catch it?

HON. J. BUCKLASCHUK: The interest on those monies is what is being used to maintain viability or to stabilize the Stabilization Fund, not the actual amount itself. Nor were these necessarily to be applied to losses but they could be applied and are being applied, as a matter of fact, to carry on some monitoring of the credit union system.

MR. CHAIRMAN: Does the Minister have anything to add? Mr. Minister.

HON. J. BUCKLASCHUK: The 25 million or 29.5 - whichever one you would like to look at - these figures are shown as assets of the funds.

MR. D. BLAKE: I can understand, Mr. Chairman, the loan process, but what if there were a run on credit union funds and there was a demand for withdrawal of funds of \$500 million? Can the Stabilization Fund provide that kind of money and that protection to the depositor?

HON. J. BUCKLASCHUK: The Member for Minnedosa creates a highly unlikely situation. But should that event occur, there is provision within the Act, as passed by - and I don't need to remind the members - the previous administration, to stabilize a system in the event of massive runs. It is the same thing as applies to the CDIC and that is that withdrawals would be delayed for up to 90 days.

MR. D. BLAKE: What the Minister is saying is that all deposits in the credit union system of Manitoba are guaranteed without limit by the people of Manitoba. Is that what he's saying to us?

HON. J. BUCKLASCHUK: No, I did not say that. I had said that the deposits are guaranteed by the Stabilization Fund.

MR. D. BLAKE: But the province is guaranteeing the Stabilization Fund. Am I correct on that assumption?

HON. J. BUCKLASCHUK: I did not say the province would guarantee the Stabilization Fund. I had indicated that the province is committed, along with the credit union system, to continue to ensure the stability of the two funds.

MR. D. BLAKE: Would the Minister say then, that this ad is somewhat misleading, saying the deposits are all guaranteed without limit by the Stabilization Fund?

HON. J. BUCKLASCHUK: I'm informed that is clearly what the Act indicates, that the deposits are guaranteed by the Stabilization Fund.

MR. D. BLAKE: Providing the province provides funds to the Stabilization Fund to meet their guarantee?

HON. J. BUCKLASCHUK: The Stabilization Fund, of course, is limited to the funds that it can raise, whether it be from the individual credit unions through levies, or through borrowing. Just continuing on that, I had indicated that the limit would be the limit to which the Credit Union Stabilization Fund could borrow, but it can borrow from a number of sources. It can borrow from the open market. It can borrow from government, as it did in the past year. It can borrow from Central, or it can borrow from CCCS.

Again, I think it's important that we clearly understand that the Government of Manitoba, while not guaranteeing the deposits, is committed together with the credit union system to continue to ensure the stability of the Stabilization Funds.

MR. D. BLAKE: So, the Minister is saying that deposit funds with the credit union movement are guaranteed without limit by the Province of Manitoba?

HON. J. BUCKLASCHUK: Guaranteed without limit, but not by the province; but by the Stabilization Fund.

MR. D. BLAKE: Well, I'm getting somewhat confused, Mr. Chairman. God forbid that this should ever happen or ever come to pass, but you have to look at the facts as they're before us. Looking at the ultimate, if there was a tremendous run on credit union funds and the government could not get passed in the Legislature to lend them another \$29 million or \$50 million or \$100 million, whatever they needed, then where is the depositor?

HON. J. BUCKLASCHUK: Well, should that unlikely event occur, as I indicated before, the Stabilization Fund has a number of other sources from which it could borrow, and that is from the open market, from Central, or from CCCS.

MR. D. BLAKE: Could they borrow a billion dollars?

HON. J. BUCKLASCHUK: That's a very hypothetical question. I don't know what the liquidity pool is for CCCS, but just maybe to go back to the Stabilization Fund. I guess I should refer to Section 137-150, Subsection (2) of The Credit Union and Caisse Populaire Act. Those Acts provided for the establishment of the two funds and stated that these funds will ensure that

funds are available to meet claims by credit union members for withdrawal of savings, deposit or share capital.

MR. D. BLAKE: But apparently they couldn't meet that demand and they had to borrow \$29.5 million to stabilize the fund or to provide funds.

HON. J. BUCKLASCHUK: That again is an assumption that I'm certainly not willing to agree with. I don't know offhand if they went to the open market, if they went to Central, if they went to CCCS. I do know that they approached the government and the loan was granted.

MR. D. BLAKE: I realize that and it was granted interest-free which - I see an item of \$4,800,000 down below to cover the interest, the forgivable interest on that loan. Had that loan not been granted the Credit Union Stabilization Fund would have been in difficulty, is that correct?

HON. J. BUCKLASCHUK: I'm not aware that they didn't have these other options open to them. The situation that the Member for Minnedosa keeps putting before us with respect to massive withdrawal of funds and how the the Stabilization Fund handles that type of situation is not at all unlike what would happen in the banking sector if the depositors within the banks took massive withdrawals of their deposits. I don't know what the figure on the CDIC is, I recall seeing the figures during the trust company problems in Ontario. Those were increased somewhat but I'm sure that, relative to the assets in the banks, the situation is probably very similar to what it is with the Stabilization Fund relative to deposits in the credit unions.

MR. D. BLAKE: I can't really accept that as being about the same, Mr. Chairman, because there was a run in Quebec a while ago and, of course, we've seen what's happened with the trust companies in the recent fiasco in Ontario which prompted the government into some drastic action they should have taken some time ago. What I'm saying when a customer sees an ad like this that says deposits guaranteed without limit, when the largest financial institutions in the country can only say to the customer you're guaranteed up to \$60,000 - that's a pretty broad brush to use in an ad such as that. I'm trying to say to the Minister, are these funds guaranteed without limit or are they misleading the public in saying they're guaranteed without limit. Because I don't think they are guaranteed without limit by the Stabilization Fund or by the Province of Manitoba.

HON. J. BUCKLASCHUK: I don't think that particular advertisement is misleading. The funds are guaranteed by the Stabilization Fund and I'm rather perplexed or non-plussed as to why there is this concern since it was the previous administration that brought this Credit Union Act into being, that did not establish any limits.

MR. D. BLAKE: I don't think that's relevant at all, Mr. Chairman, about what government brought it in. I'm looking at an ad that appeared last February saying they're guaranteed without limit, when the largest

financial institution in the country can only say to the customer, "You're guaranteed for \$60,000.00." Now we all know the variances. You can use three accounts, or joint accounts, or whatever, but I don't think that's a statement that should be thrown around with wild abandon that all of these depositors are guaranteed without limit and nobody in the financial circles are concerned about the competitive feature, they're well enough able to look after themselves. What I'm saying is I don't feel that's a justifiable statement that these funds are guaranteed without limit, looking at the ultimate and most wild situation that hopefully may never happen.

HON. J. BUCKLASCHUK: I will respond again. I think it is relevant. It is legislation that was brought in by the previous administration and I will repeat again, that our government is as committed, together with the credit union system, to continue to ensure the stability of the Stabilization Fund in much the same way as the Federal Government is committed with the banking system to ensure the stability of the CDIC.

MR. D. BLAKE: Up to \$60,000 per depositor.

HON. J. BUCKLASCHUK: Or \$120,000 or \$180,000.00.

MR. D. BLAKE: Well, whatever its variations, but not an unlimited amount of \$2 million. That is something that has to be looked at by future governments. You can't commit governments 20 years down the road - and the credit unions are still going to be here and they're still going to have the Stabilization Fund, but governments do change and their attitudes may change and this statement may not be relevant 10 or 15 years from now where that customer has put the money in there with the full knowledge that he's guaranteed without limit.

HON. J. BUCKLASCHUK: Well okay, to that I'll respond that the commitment or the lack of any limit was the responsibility of the previous administration. I'd indicated before that we are presently reviewing credit union legislation. There is a Review Committee that will be bringing forth amendments and we will consider that.

MR. D. BLAKE: That's right, there's no argument there. What the Minister is saying is that the depositors are guaranteed without limit by the government.

HON. J. BUCKLASCHUK: No, by the Stabilization Fund and there is a distinct difference between that and the government.

MR. CHAIRMAN: Are we chasing our tails?

MR. D. BLAKE: I just haven't got the Stabilization Fund there, Mr. Chairman, clear, when the government has just lent them \$29.5 million. Why wouldn't they have gone to the market and borrowed the \$29.5 million instead of coming to the government?

HON. J. BUCKLASCHUK: Yes, at the time that the request for the loan was entertained, the Stabilization

Fund was part of the credit union system. The members are aware, I am sure, it was the previous administration that was involved in the initial discussions leading to that loan and we just followed through with the discussions.

MR. D. BLAKE: Yes, I am not faulting that, Mr. Chairman. The argument is not there. I am saying with that ad, they should also put the proviso in that the taxpayers of Manitoba are paying out \$5 million a year to subsidize the loan and to stabilize the fund that is guaranteeing them without limit.

HON. J. BUCKLASCHUK: Well, it is correct that the Stabilization Fund guarantees those deposits. It is also correct that the interest from the loan is maintaining the stability of the Stabilization Fund. Is the Member for Minnedosa suggesting that the ad should have indicated, all deposits guaranteed without limit by the Stabilization Fund, which in turn is supported by the Provincial Government to the extent of \$5 million?

MR. D. BLAKE: Something to that effect might have been a little more in keeping, or something that maybe wouldn't have attracted my attention as much as that particular ad did, Mr. Chairman. The scenarios that we drew before about runs on the fund, and I don't want to see it happen because they may call my mortgage and I am in no position to liquidate it until I get my pension.

MR. CHAIRMAN: The Member for Radisson.

MR. G. LECUYER: All this Act says is our monies placed in RRSP's are guaranteed without limits and, of course, no one is allowed to place unlimited amounts. Nobody can place an unlimited amount of money in an RRSP on an annual basis. I mean, we are fixed on a maximum of \$3,500 and it seems this article only talks about RRSP's.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: Yes, Mr. Chairman, I can bring the member another bulletin that says, "Deposits are guaranteed without limit," issued by my local credit union. I brought it to the manager's attention that I thought maybe he shouldn't use that in every bulletin he puts out.

MR. G. LECUYER: Maybe what the Member for Minnedosa is saying is the manager from his own credit union is doing some false advertising.

MR. D. BLAKE: Well, it confirmed it when I saw this, Mr. Chairman.

MR. G. LECUYER: Yes, but I was also starting to wonder if we were actually seeing some kind of free-wheeling advertising of this nature being branded about. But in this particular case, and it does coincide with the getting down towards the deadline for application for RRSP's and this one says in big letters, just prior to - in fact the last few words before it says "unlimited amount" it says in big letters RRSP's, so I take it to

mean that this article only refers to monies placed on deposit for RRSP's.

MR. D. BLAKE: Well, if that were the case then, Mr. Chairman, someone depositing the maximum of \$3,500, or whatever they might be allowed to put in for 25 years, they're going to be in excess of the amounts guaranteed by the Canada Deposit Insurance and other financial institutions.

MR. G. LECUYER: Provided indeed that they were placing their maximum allowable amount and did it every year, yes, which is again another possibility, not necessarily a probability.

MR. CHAIRMAN: What is the pleasure of the committee with respect to Item 2.(a)(1) and 2.(a)(2)?

MR. D. BLAKE: Pass them down to (b).

MR. CHAIRMAN: 2.(a)(1)—pass; 2.(a)(2)—pass; 2.(b)(1)—pass. No, the Member for La Verendrye.

MR. R. BANMAN: Thank you, Mr. Chairman. The department has entered after the loan has, I understand, entered into an inspection program as was part of the agreement made when the assistance was granted to the Credit Union Caisses Populaires system. I wonder if the Minister could give us, maybe some of the figures as far as the number of additional staff man years that he has either got in that particular appropriation, how many people are coming on stream, and whether or not the inspection system as agreed to by the government and the Central is now under way?

MR. CHAIRMAN: Mr. Minister.

HON. J. BUCKLASCHUK: Yes, with respect to staffing within the examinations branch, I am informed that four positions had been approved in the '81, '82 Estimates. Five new positions were approved in '82, '83, during the year, four of these have been filled. There is presently one vacancy. There will then be a total of nine examiners.

MR. R. BANMAN: I wonder if the Minister could give us an update as to the role that these inspectors or this inspection team is playing with regards to dealing with the central.

HON. J. BUCKLASCHUK: Yes, if the member will permit, I will take a minute or two on this.

With respect to the examination program, the objective of the examination process is to provide a diagnostic review of Credit Union Caisses Populaires operations, assessing the general health of the operation and identifying problem areas.

The scope of the examination will be comprehensive, will deal with all aspects of the Credit Union Caisses Populaires, including credit granting and deposit raising functions, the management information systems, personnel human resource management and marketing strategy.

The examination report covering the result of the examination will be presented to both the Credit Union

Caisses Populaires Board and to the Stabilization Fund for remedial action, and Central as well.

MR. R. BANMAN: Have the inspections started?

HON. J. BUCKLASCHUK: Yes, the inspections started in the latter part of '82. Two credit union examinations have been completed and a third one is being completed this month.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: They inspected the Credit Union Central, South?

HON. J. BUCKLASCHUK: The Credit Union Central is being examined this month. I believe I can give you the complete information. I had indicated that two had been completed and one was ongoing. There are an additional two credit union examinations taking place during this month. So, in fact, a total of five will have been completed by the end of this month and Central and La Federation.

MR. R. BANMAN: In these inspections, is the inspection team proofing the loans? In other words, are they going in and going through the loan portfolio to assure themselves that the loans are properly secured?

HON. J. BUCKLASCHUK: The examination program goes into detailed examination of the loan portfolios.

MR. R. BANMAN: I'd just like to comment on that, Mr. Chairman, I think that becomes a very important aspect. From a straight accounting point of view, I think many of the credit unions and caisses populaires can balance their books without having the inspectors of government in, but I think it is an important function of this inspection team to make sure that they do proof the loans and make sure that the loans are in good standing and do have the collateral and that we don't get ourselves into a situation where, even though the loan itself on paper might look good, the actual securities and that should be checked out to make sure that in areas where there are credit unions that are having difficulty, the true picture is really shown. I would urge the Minister to make sure that these inspection teams do proof the loans as much as possible to ensure his department and all the people involved with the credit union and caisses populaires movement have good solid - that the paper they carry is as well secured as possible.

HON. J. BUCKLASCHUK: The points are well taken and, as I indicated, there will be a rigorous examination of the loans at the credit union level and, in addition, there is the examination at the central level as well as a loan committee, so that there is a better handle on the quality of the loans that are being made and maintained.

MR. R. BANMAN: Two questions. I wonder if the Minister could tell us, in the number of credit unions that they have done, first of all, are they checking the credit unions that are in deficit position. Is that one of

the criteria they're using in establishing which credit unions they're inspecting right now? The other question is, is the Minister satisfied that the Credit Union Central will have the ability to take the necessary corrective measures to make sure that policies are implemented to deal with any problems that crop up or that the inspections reveal.

HON. J. BUCKLASCHUK: In answer to the question as to which types of credit unions were initially examined - the first three examinations were testing the program and a cross section of the credit unions were examined. Subsequent to the program being tested and accepted, priority will be given to deficit credit unions.

With respect to what will happen upon receipt of these examinations, there is a commitment from the local credit union boards that they will assist in rectifying weaknesses that may be detected. There is a commitment from the Central that they will strengthen their staff in those areas where assistance will be required. There is a commitment from the Stabilization Funds to provide whatever services are needed to strengthen the stability of that particular credit union. So we have commitments from three different areas.

MR. R. BANMAN: Just a small point. Has the Minister instructed the inspection teams to - for lack of better words - descend on a credit union without prior notification to make sure that there is no prior warning, that is to say, to the credit union that is going to be inspected?

HON. J. BUCKLASCHUK: The credit unions will be examined after consultation with the Stabilization Fund but with no warning to the credit unions involved. When I used the word "warning", in a sense I meant that they won't be notified that two weeks hence they can expect an inspection. What will happen is, after consultation with the Stabilization Fund, the examination team will move to that credit union and will sit down with the management and explain what the whole process is about and will carry out their examination. It's not a situation where they're going to do an examination and then after, relate to them what they've been up to.

MR. D. BLAKE: To follow that along, surely there is an inspection system within the system whereby they do annual inspections or whatever time frame is given, where they do arrive at the credit union and inspect it without warning - the routine inspections of the functions of an actual credit union. I maybe should have used the word, Mr. Chairman, "audits", rather than inspections.

HON. J. BUCKLASCHUK: There has always been a requirement for an external audit, and these audits will continue. The examinations that we are referring to are operational examinations that will go into great depth as to the operation of the credit union. I should add that they will not necessarily be every year because of the number of credit unions involved and the staff that is available. It may well be that they'll be covered once every two years or three years.

MR. D. BLAKE: But these are regular audits where they check the physical assets; they count the cash

and make sure that somebody hasn't absconded with \$20,000 of the credit union's assets. Those internal audits are done regularly on that basis.

HON. J. BUCKLASCHUK: All credit unions have an annual external audit. The larger credit unions have the internal financial audits, Sir, I suppose you'd call them financial examinations. These smaller credit unions do not necessarily have these internal financial examinations.

MR. D. BLAKE: But they do have the external?

HON. J. BUCKLASCHUK: They have the external.

MR. D. BLAKE: That's fine, Mr. Chairman, my local credit union manager wears a beard, and I'm always a little suspicious of people with beards. I want to make sure that he was being checked somewhere along the line.

A final question, Mr. Chairman. There's legislation presently before the Agricultural Committee of the Federal House in Ottawa, which would allow for loan and default, or in the farming community would allow for a judge to come in and adjudicate the particular situation and either relieve some of the debt, or make some recommendations on how the loan could be liquidated, which may put the credit union in a loss picture, or they may be able to recover their funds. Does the credit union movement support that legislation?

HON. J. BUCKLASCHUK: Well, up until now, we've had no formal communications from the Central as to their concern, but I'm sure they will be reviewing the proposed legislation and if they do have concerns, they will be notifying us or discussing them with us.

MR. D. BLAKE: Fine, Mr. Chairman.

MR. CHAIRMAN: The Member for La Verendrye.

MR. B. BANMAN: Yes, Mr. Chairman, through you to the Minister, there has been in the past number of years, a certain feeling within some groups of the credit union movement that outside audits should be required and made mandatory, in other words, that a chartered accountancy firm should go in and provide a statement of the credit union and that should be mandatory. I don't know, I think Saskatchewan requires that. Is there any move by the government to possibly implement that kind of a policy?

HON. J. BUCKLASCHUK: Yes, all credit unions are subject to an external audit annually; that's a requirement of legislation. At the present time, the external auditors are used as agents of the Stabilization Fund. Of course, they report their findings to both the local and to the Stabilization Fund. We are reviewing the possibility of having the external auditors report to the local credit union. I don't know if that's what the Member for La Verendrye was getting at.

MR. CHAIRMAN: 2.(b)(1)—pass; 2.(b)(2)—pass.

Resolved that there be granted to Her Majesty a sum not exceeding \$1,460,200 for Co-operative

Development for the fiscal year ending the first day of March, 1984—pass.

No. 3.(a) - the Member for La Verendrye.

MR. R. BANMAN: Thank you, Mr. Chairman. The first question I'd like to ask the Minister is one that I guess is starting to trouble a lot of people with regard to CCIL. Who is running that company and who is making the decisions with regard to the direction this company takes in financing? I'm not talking about the day-to-day operations of the company. But, who sits on the board of directors that now makes the decisions?

MR. CHAIRMAN: Mr. Minister.

HON. J. BUCKLASCHUK: Under the 1978 and 1982 agreements, Co-op Implements' affairs were managed by an administrative committee consisting of government co-op groups and C.I. representatives. The Government of Manitoba took the position that the administrative committee role should be changed to that of the banker, and the management responsibility should be that of the Board of Directors of C.I. This proposal is now adopted and consent of all parties to the agreement is expected later on this month.

At the present time, the administrative committee consists of a representative from Co-op Implements, two representatives from the Government of Canada, three representatives from the co-op groups - I should have said two from Co-op Implements - as well as one from the Saskatchewan Government and the Manitoba Government as I mentioned previously. The new board will consist of 13 members, of which 7 will be from C.I., 4 will be from the co-op groups and 2 from government - one federal, one provincial, as requested by the Federal Government.

MR. R. BANMAN: The seven members on the board from CI, will they be elected at the annual meeting of Co-op Implements?

HON. J. BUCKLASCHUK: The seven directors from Co-op Implements will be the seven members from the present Board of Directors and they are elected. I was just going to continue, that the Member from La Verendrye had made a comment previously about C.I. not being a co-operative. I think this particular move will make it much more so of a co-operative.

MR. R. BANMAN: Will this new board be empowered to make all the decisions with regard to the sale of assets of C.I., the acquisition of new assets, everything to do with the major decisions of running this company, without any strings attached as far as the Federal Government and the Governments of Manitoba, Saskatchewan and Alberta?

HON. J. BUCKLASCHUK: Under the new agreement, the new Board of Directors will assume full management responsibility under the '78 and '82 agreements, and all caveats as to the lenders' securities will remain as per the previous agreements.

MR. R. BANMAN: Has C.I. requested additional loans or guarantees from either the Federal or Provincial

Governments, and I wonder if the Minister could tell the committee whether or not there have been indications that the province would be willing to put more money into this particular venture.

HON. J. BUCKLASCHUK: It's a hypothetical question. Certainly, with respect to the province, there has been no approach for any further loans and I'm not aware of any approach to the Federal Government.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: Just one question. What rate of interest is being charged to Co-op Implements or what rate of interest is being charged on the forgiveness portion of that loan? What rate is it being computed at, I should say.

HON. J. BUCKLASCHUK: The interest has been calculated and it shows on 3.(a) that it will be at 14.5 percent. That is the Farm Credit Corporation rate and it's variable.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Could the Minister inform the committee how the statement of CCIL washed out last year?

HON. J. BUCKLASCHUK: As reported in the press, C.I. had about a \$10 million deficit in the previous year.

MR. R. BANMAN: What is the projection for this year's operation?

HON. J. BUCKLASCHUK: I would have to consider that knowledge as being privileged and confidential.

MR. R. BANMAN: I guess, Mr. Chairman, this is the dilemma we find ourselves in when we're dealing with a company that has received funds through the Manitoba Development Corporation, or is a Crown corporation, which in essence this one has been for the last two or three years, because it's been run by government and really wasn't a true co-operative. I see the Minister is now moving to put it back into the hands of the co-op movement. While on the one hand one doesn't want to damage the competitiveness of this particular company in relationship to its competitors, there is an obligation on behalf of members of the Legislature to ensure that these some half a million dollars right now that we are being asked to pass in this Budget, as well as the outstanding indebtedness which runs into the millions of dollars, that there is some indication to the members of what the state of the particular company is in. Therefore, I would wonder if we are looking at possibly being approached by C.I. in the very near future. From looking at the statement and a knowledge of what the operating budgets are, the Minister must have some idea whether or not the company will be running into cash-flow problems or is running into deficit problems as far as this year's operation is concerned. I would appreciate some information with regard to the company, so that we don't find out two weeks from now that they've come

and asked for more money because it didn't look that good.

HON. J. BUCKLASCHUK: First of all, C.I. is not a Crown corporation, it is a private company and to disclose its internal projections would be a breach of confidentiality. I think that there is a parallel here to a farm corporation making a loan from MACC which is also public funds, and I don't expect the Member for La Verendrye would expect me to go into the financial projections for a farmer who has made a loan from MACC.

MR. R. BANMAN: The Minister must realize there is a distinction between a private corporation. What, in essence, has happened is that the Federal and Provincial Governments have run this company for three years. The co-op movement itself hasn't been in control of this and I speak from previous knowledge about the matter. It was really the governments that were running this particular company, so it's not like somebody just borrowing money from MDC or from MACC or FCC - it is a little different. The government had direct input into the operation decisions that were being made.

I say to the Minister that while I appreciate that you don't want to damage the competitiveness of this particular company, there are people who were appointed to this by the different levels of government who were involved and charged with the responsibility of making decisions. I would point out to the Minister that none of the big decisions about what happened with this company were made unless the administrators who were appointed to it would give their agreement to it, whether it be the purchase of White Tractor or something else that they were dealing with. Those decisions were made by people who were appointed politically and not by people who were elected by the co-operative itself.

HON. J. BUCKLASCHUK: Again, I would have to reiterate that C.I. is not a Crown corporation; it is a private company. C.I. made the approach to government for a loan, I believe, it was in 1978; C.I. approached the government for additional loans in 1982. Certainly there was an administrative committee but there was also a board of directors and C.I. was represented on those two bodies. Governments were a minority on those bodies.

MR. R. BANMAN: I wonder if the Minister would confirm - he may want to consult with his staff - that the decisions were made by the individuals who were appointed by government.

HON. J. BUCKLASCHUK: I will confirm that decisions were made by the administrative committee, but that was only within the framework of the agreements that were entered into in 1978 and 1982. The fact that governments had representation on the administrative bodies does not make Co-op any less of a private company and when we're dealing with private companies the internal financial situation is privileged information.

MR. R. BANMAN: Since it's a co-operative, I guess, if a person is a member one can get the statement

from them and get the information from them, so I don't see that as being a big problem. The only point I'm making is that for the last number of years, it was appointees of government that were running this particular company and the elected board was really not involved in the larger sphere of decision-making, which means that a lot of the decisions that were made, were made because the government had their people in place.

The thing that I'm after right now is, of course, the bottom line with regard to Co-op Implements. There are a lot of people employed out there. There are a lot of farmers who do have equipment and are working their farms with this equipment and, of course, require continued parts service, so the viability of Co-op Implements is of concern to all of us.

The question that has to be asked now is, in light of the losses last year based on a projection over the next number of years, what does the Minister feel the future holds in store for us. Does it look like the appropriation which we are being asked to pass here will be less next year? Is there a bright spot in C.I.'s future? In other words, what is the budget? I guess I can't help but ask the question, what does the current projected budget look like? Is it good? Is it bad? Are we going to be asked to provide more money next year? What does it look like?

HON. J. BUCKLASCHUK: With respect to the question about - I presume it's that \$431,000 figure - this is the interest that is applicable to the loan. As the Member for La Verendrye likely knows, this is part of a five-year agreement, so there may be some variation of that amount depending on the FCC rate - but there will be a figure in there for a five-year period. With respect to the future of C.I., management has expressed some optimism.

MR. CHAIRMAN: What is the pleasure of the Committee?

MR. R. BANMAN: I wonder if the Minister could tell us - not an exact figure but an approximate figure - what the total forgiveness in interest this year by Manitoba, Saskatchewan and the Federal Government would be. We're being asked to pass \$431,000 here. How much would the Federal Government, the Saskatchewan Government and the Alberta Government be providing in interest relief to this company?

HON. J. BUCKLASCHUK: The provincial investments of the three provinces is \$7 million; if we take 14.5 percent of that, that's about \$1 million; \$1,015,000.00.

MR. B. BANMAN: So you're saying between the provinces, we're looking at providing about \$1 million? How about the Federal Government?

HON. J. BUCKLASCHUK: The Federal Government's investment is about \$6.4 million, so 14.5 percent of that would provide you with some idea.

MR. B. BANMAN: Then we're looking at a total figure between the three Provincial Governments and the

Federal Government of about a \$2 million interest relief or subsidy a year for the company?

When does the Minister expect that the new structured board, 13-member board, will be in place?

HON. J. BUCKLASCHUK: If all parties agree to the proposed resolution, the composition of the board as I had previously referred to, the new board of directors would be in place sometime early in April.

MR. B. BANMAN: One final question. Does the Minister feel that he wants to tell the Committee what this next year's outlook looks like for C.I.?

HON. J. BUCKLASCHUK: Well, as I've indicated before, management had expressed optimism. I believe there is a new swather that they're bringing out on the market this year and it's hoped that there will be demand for this product as it's a very large implement.

MR. CHAIRMAN: 3.(a)—pass; 3.(b).
The Member for Minnedosa.

MR. D. BLAKE: Mr. Chairman, I want to know also the rate of forgivable interest on this one. I notice the figure is increased from last year. Now, whether it could be a portion of the year, or were they estimating an increase in interest rates when interest rates are sliding down somewhat, I wonder if the Minister could give us those figures.

HON. J. BUCKLASCHUK: Yes, the member is quite correct. The interest forgiveness for last year was slightly less than they estimated for 1983-84. The interest forgiveness covers a period from July to the end of March. With respect to the interest rate, and this is the rate I understand that is established for the duration of the loan, that is 14 7/8.

MR. D. BLAKE: 14 7/8. I understand the terms of the loan, it was a five-year term, with interest forgivable over five years. Could the Minister indicate to us, at the end of the five-year term is there good possibility of those funds being returned to the government?

HON. J. BUCKLASCHUK: The credit union assistance projection shows that there is a good possibility that at that time, they will be in a position to repay the loan.

MR. D. BLAKE: They drew down the full \$29.5 million with the caisses populaires, the credit union. They drew down the full amount.

HON. J. BUCKLASCHUK: With respect to the two loans, the \$25 million to the Stabilization Fund and the 4.5 to the Fonds de Sécurité - the monies were loaned to those two funds, reinvested in Province of Manitoba debentures, and the interest from those debentures is paid to funds, I believe, on a quarterly basis.

MR. D. BLAKE: So they, in effect, didn't borrow the funds. They're borrowing the interest off them each year?

HON. J. BUCKLASCHUK: In effect, the interest from those debentures is maintaining the stability of the Stabilization Fund.

MR. D. BLAKE: What is the term of the debenture, and what rate?

HON. J. BUCKLASCHUK: The rate on the debenture is 14 7/8 percent.

MR. D. BLAKE: The rate that you're calculating the forgivable interest at?

HON. J. BUCKLASCHUK: That's right.

MR. CHAIRMAN: The Member for La Verendrye.

MR. B. BANMAN: Last year we voted \$29.5 million and borrowing authority for the government. Is the Minister saying that the government borrowed \$29.5 million to lend to the credit union?

HON. J. BUCKLASCHUK: Well, the exact mechanics of how the \$29.5 was obtained - I'm not sure that's within the purview of this department. I think that question should be addressed to the Minister of Finance.

A MEMBER: The old shell game.

HON. J. BUCKLASCHUK: It's not a shell game. But, in fact, there was a loan made to the funds, and the funds reinvested in provincial debentures, and they are being paid the interest on those debentures.

MR. B. BANMAN: Did the credit union ever see \$29.5 million?

HON. J. BUCKLASCHUK: The Stabilization Funds are the ones that the monies were directed to, not the credit union. I don't know the exact transaction, although — (Interjection) — it was a transaction worked by Finance.

MR. B. BANMAN: Really, to simplify matters so that the average person on the street could understand it, I guess what has happened is that the government has promised the credit union system, interest on \$29.5 million at a fixed rate of 14 7/8 for a five-year period. In other words, they will receive a grant from the government of - whatever. Really, what's happening is they were receiving a grant from the government based on the figures that we've been using here: \$29.5 million at 14 7/8. Is that correct?

HON. J. BUCKLASCHUK: I guess the simplest way to explain it is that, in fact, the \$29.5 million was loaned to the funds. Debentures were purchased in the names of the two funds, and the interest from those debentures is that which keeps the Stabilization Fund stable.

The debentures, I believe, are shown as assets on the books of the funds and the loan would be shown as a liability.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: What we're saying though is that the dollar, if you want to call it the grant, that would be going to the credit union and caisses populaires

respectively, will be constant over the next five years, will be paid on a quarterly basis because it will not be . . . If you had given them \$29.5 million and all they could get on the market on that \$29.5 million was now 10.5 percent or 10 percent, but you have said that you have guaranteed them 14 7/8 percent on \$29.5 million for five years. Is that correct?

HON. J. BUCKLASCHUK: Yes, essentially that is correct.

MR. R. BANMAN: In having a little bit of knowledge I guess some of this was done to accommodate some of the concerns that the Provincial Auditor would have because I don't think the province cannot give somebody an interest-free loan without attributing some cost factor to it. What we're really hearing here this evening is that we have guaranteed the system X number of dollars, which we can calculate here very quickly, \$4,000,388 for the next four years, unless of course hopefully they will be able to turn their ship around and have a few good years and then, of course, they wouldn't require these funds anymore, that's what we would all like to see.

I wonder if the Minister could inform us what his feelings are with regard to the deposit of surplus funds by individual credit unions with the STAB Fund. In other words, does he believe that it should be made mandatory that all credit unions deposit excess funds with the central, which is not the case right now?

HON. J. BUCKLASCHUK: With respect to that I'm informed that there are no regulations at the present time that state that a credit union cannot invest outside of the system. However, I'm also informed that the Stabilization Fund must approve all investments outside of the system. The matter that the member refers to has not been reported to us; we have not had a report on this. But it is something that the Review Committee would be looking at should it be brought to our attention.

MR. R. BANMAN: The Minister is saying it's not a matter he's dealt with and doesn't plan to pass any regulations in the near future to force credit unions to deposit any surplus funds with the Central.

HON. J. BUCKLASCHUK: No legislation would be brought in without due consideration and with consideration of all interested parties, the STAB Fund, the Central, the members.

MR. R. BANMAN: Further on there's a technical one. Can the Minister tell us whether that can be accomplished without having to pass legislation or having the Minister, by Order-in-Council or some other method, pass regulations with regard to that? In other words, has the Central the authority to do it on their own or would it require government approval?

HON. J. BUCKLASCHUK: I'm informed that Central can't put that into their bylaws but then these bylaws would have to be approved by their members which are the credit unions.

MR. R. BANMAN: That can be done without any further legislation or regulation on behalf of the Minister. I guess that's what he's saying.

Another question dealing along the same subject matter. I wonder if the Minister would tell us whether or not a group of credit unions, let's take for example a group of northern credit unions if they were to establish, could form their own Central. We have two Centrals right now, we have the caisses populaires and we have the other credit union Central. Is there a possibility of another group of credit unions establishing another Central?

HON. J. BUCKLASCHUK: I am advised that it would be legally possible for the incorporation of another Central under The Corporation Act, although I don't know what that would accomplish and it would probably be detrimental to the credit union system movement.

MR. R. BANMAN: Maybe I'm asking too much and I don't expect the Minister to have this information readily available, but is he saying that the Act would allow a group of credit unions to form their own Central or would there be legislation required in the House to do that?

HON. J. BUCKLASCHUK: I must admit I have certainly never faced this question before. Central is established under The Credit Union Central Act, and I would imagine one would have to have an interpretation of that Act to see whether, in fact, there is an avenue for another Central to be created.

MR. R. BANMAN: The figure we see in the Estimates book with regard to this past year \$3,761,300, is that total amount going to flow this year?

HON. J. BUCKLASCHUK: Yes, I think that's a fairly realistic projection. The member may have his Estimates book from the previous year and I think there had been a reduction in the anticipated flow. There was no figure, I'm sorry, that was . . .

MR. R. BANMAN: That's the figure that the credit union system and the Caisses Populaires system will be receiving at the end of this month, I guess, that will be the total amount of money that they will have received from the province as of March 31, 1982.

HON. J. BUCKLASCHUK: They will have received that amount by the end of March but they have already received advanced payments of that amount.

MR. CHAIRMAN: 3.(b)—pass.

RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,819,500 for Co-operative Development for the fiscal year ending the 31 day of March, 1984—pass.

4.(a). We are now in Item No. 4.(a) - the Member for Minnedosa.

MR. D. BLAKE: Yes, Mr. Chairman, what does this item represent, can the Minister quickly tell us?

HON. J. BUCKLASCHUK: The capital grants, the \$50,000 figure you see on Page 38 is a bit of a misnomer. That is the lending capacity we could use for the Co-operative Loans and Loans Guarantee Board and

provides a source of funding. The board may make loans to qualifying co-operative associations. The word "grants" has been used, I understand, at the request of the Department of Finance. In fact, it provides capital for loans. I believe that I have already circulated the annual report for the Loans and Loan Guarantee Board. It's the one that the Member for La Verendrye has.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Thank you. Is the Minister saying that the authority required this year for any loans that his department is looking at possibly granting, either loans or guarantees, is \$50,000; or is there an amount that's outstanding on an ongoing basis that he has available to them for loans and for guarantees?

HON. J. BUCKLASCHUK: I'd like to make a clarification. It is not the department that makes the loans; it is the board that makes the loans. They have their board of directors. The previous Estimates, I believe, had a \$100,000 figure. That has been reduced by \$50,000 in view of the past year's experience, but there is also an additional amount of \$1 million provided for in the Act to cover guarantees that the board may authorize for qualifying co-operative associations.

MR. R. BANMAN: Is the Minister saying there is \$1 million authority in the Act and there is something, I believe, in the neighbourhood of half-a-million dollars outstanding - no, I guess it's a lot less because you've had a bunch paid off here now; the honey producers have paid off their guarantee - so is the Minister saying there is roughly \$840,000 worth of loan and loan guarantee authority at his disposal at the present time?

HON. J. BUCKLASCHUK: \$840,000 at the board's disposal, \$50,000 is related to loans by the board - not loan guarantees - but to loans for qualifying co-operatives.

MR. R. BANMAN: Up and above the \$840,000.00?

HON. J. BUCKLASCHUK: Yes, there is \$840,000 in terms of room for guarantee, and over and above that there is up to \$50,000 in loans that can be made by the board.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Why, if you've got 840 here, do you require 50,000 there?

HON. J. BUCKLASCHUK: We're speaking of two different authorities. One is a loan in cash and the other one is a loan guarantee.

MR. CHAIRMAN: 4.(a)—pass.

RESOLVE that there be granted to Her Majesty a sum not exceeding \$50,000 for Co-operative Development for the fiscal year ending the 31st day of March, 1984—pass.

Now, we can go back to the Minister's Salary, Item 1.(a). What is the pleasure of the committee?

The Member for La Verendrye.

MR. R. BANMAN: Thank you, Mr. Chairman. As I mentioned this afternoon after the Minister had introduced his Estimates and had presented his opening remarks, we have seen in the examination of the Estimates that there are a number of areas which the department is embarking on which are new areas with regard to the inspection, with regard to regulation, of the co-operative system in the Province of Manitoba.

As I mentioned earlier, I think one of the challenges for this Minister is to be able to make some of the tough decisions that are going to have to be made, and as he has indicated throughout the discussion here this afternoon and evening, is that within the credit union system, this is a time for rationalization rather than a time for rapidly expanding growth, whether it be in the co-op movement, consumer co-operative field, or many others.

I would reiterate what I said this afternoon. That is, that I would urge the Minister to make sure that the proper inspection procedures are in place, that the proper regulations are in place, to deal with the different problems that are now cropping up here and there within the co-op movement. The movement itself is of vital concern to all Manitobans because it's not only a large employer of people, but it has helped many smaller communities, particularly in rural Manitoba, to do things for themselves that would not have been possible otherwise.

I hope that the Minister will view this as one of his most important responsibilities. I'm sure that the co-op movement will enter the '80s on a solid and financially stable footing so that the future generations in this province will be able to look back and say that there was a time when maybe the growth that we had wanted to see in the credit union system wasn't there; but if it hadn't been for a time when we had an inward look at ourselves, a time when we retrenched and regrouped our stand, if that hadn't taken place, we would not be around at all, and I think that's the situation we find ourselves right now. There's a lot of good co-operatives out there, there's a lot of people that are dedicated to seeing the system survive, and with that kind of input from these people and good guidance from a department in the field of inspection and regulation, I'm sure that the system will overcome its current difficulties and will go on to serve the people of Manitoba in the years to come.

MR. CHAIRMAN: What is the pleasure of the committee?

1.(a)—pass.

RESOLVE that there be granted to Her Majesty a sum not exceeding \$117,300 for Co-operative Development for the fiscal year ending the 31st day of March, 1984—pass.

That completes the Estimates for Co-operative Development.

Committee rise.

SUPPLY - AGRICULTURE

MR. CHAIRMAN, P. EYLER: Committee come to order. We are considering the Estimates of the Department of Agriculture, Item 2, Manitoba Crop Insurance Corporation - Administration.

The Honourable Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, at the adjournment hour, at 4:30, I rose to speak on the matter that was raised by the Honourable Member for Pembina when he accused myself of being very selective in the presentation of a . . .

MR. D. ORCHARD: Dishonest actions.

HON. B. URUSKI: Dishonest, Mr. Chairman. Mr. Chairman, the honourable member, I want him to withdraw those remarks because, talk about dishonesty, when one reads and takes his analysis and one reads the calculations that were made, in terms of the presentation of the press release.

Mr. Chairman, the fact of the matter is, that when you calculate out the premiums on the basis of the changes that were made there is a saving to the farmers. Those farmers, the majority of whom pay after the first of the year, after January 1st of the year, there is a saving of over 6 percent on the basis of the new formula, Mr. Chairman. The key to that question is, and it was dishonest on the basis of the Honourable Member for Pembina in selectively reading only a portion of the press release, because the key to the question is that the interest charges were retroactive to the previous May 1st, if the premium was unpaid after December 31st. That is the fact of the matter in dealing with the question of the premiums and how they are calculated by the corporation.

Mr. Chairman, that is the dishonesty in terms of the untruthfulness - and I will use the parliamentary word - untruthfulness of the member's statements with respect to this issue. Mr. Chairman, the fact of the matter is that when you take a dollars premium, in terms of today's, or a thousand dollars worth of premium, and you previously, under the old system, we did a calculation at 12 percent interest and if it was paid on or before August 15th, initially the premium was \$1,025 and you received a discount to make a payment of \$963.50 on the basis of the discount that was received; and if you calculated it out and on August 16th, if that premium was paid, you then went back and didn't receive your discount and you were back up to the \$1,025 on the basis of the old program, which was an increase of 2.5 percent. By September 30th, at 12 percent interest, the \$1,025 plus 2.5 percent; October 1st was \$1,025, an additional 2.5 percent; November 1st, \$1,025, an additional 2.5 percent; December 1st, \$1,025, an additional 2.5 percent; December 31st, \$1,025, an additional 2.5 percent; the 1st of the year was \$1,107 with an additional 10.7 percent, Mr. Chairman. That is the crucial point because what you then did, what the farmer then had to do, was pay back interest all the way to the previous May 1st, Mr. Chairman.

Under the new calculations, only \$1,000 was required because there was a reduction in the premiums of 2.5 percent, the \$1,000 initially on August 15th there was no interest charged, it was an additional 3.6 percent over what he would have received in terms of discount, a change to the previous year; August 16th, as well, \$1,000 minus the 2.5 percent; September 30th, \$1,000 minus the 2.5 percent. Interest is paid on October 1st,

it becomes \$1,010 at 1 percent, or still 1.5 percent lower; November 1st, \$1,020, interest rate at 2 percent because it's 1 percent a month, a downward .5 percent; on December 1st it is \$1,030 at 3 percent where he pays an additional amount as compared to the previous December 1st of .4 percent; on December 31st, \$1,030 and 3 percent, the same increase of .4 percent. When you hit the January 1st where more than half of the premiums are paid, Mr. Chairman, it becomes \$1,040 at 4 percent, or a reduction of 6.7 percent over the previous figure, on actual dollar terms, Mr. Chairman.

The fact of the matter is, Mr. Chairman, what the honourable member seems to forget is how the Crop Insurance Program, on what basis was the Crop Insurance Program predicated on. Mr. Chairman, the whole program is a cost-shared program between the farmers of Manitoba and the Federal Government, basis of premium dollars 50/50.

Mr. Chairman, in this House we have heard, and rightly so, over the years, from myself and I'm sure the Member for Morris and other members raised in this House, why can't we build up the coverage, why can't we increase the coverage in terms of the program. Mr. Chairman, every time that the corporation ostensibly goes into a discount program they, in effect, reduce the federal contribution on a dollar-for-dollar matching basis from the farmers of Manitoba; that's ostensibly what happens. So when the Honourable Member for Pembina talks about losses, Mr. Chairman, every time you go into that kind of reduction all you are doing is not assisting the farmers of Manitoba at all because what we should be doing, I believe, is making the insurance program to make sure that adequate coverage and increased coverage is available for the farmers because the program does - is a 50/50 program. So for every dollar that we discount we in effect lose, the farmers lose, the federal matching contribution in terms of the program. What we should be doing is working towards an equitable program that more coverage is increased.

Notwithstanding that, Mr. Chairman, the honourable member is, and has been, very very selective in terms of the arguments that he has put forward. He is living up to his true portrayal in this House as being slippery, being very selective and being very slippery with his words, Mr. Chairman, because when he quoted from the press release he was very selective in terms of the words that he was using and how he described - and what he selected out of the press release - that's the argument he based. I guess I should know better that the Honourable Member for Pembina likes to play that kind of a game, to attempt to bring people into an argument and if he can do it by means of being very selective he will do it to make his case. I should know the honourable member better than that and not even rise to the challenge, but he is inaccurate. The fact of the matter is he is inaccurate, and he is inaccurate because of the selective way he made his calculations, Mr. Chairman, in terms of the way the program was funded.

MR. D. ORCHARD: Thank you, Mr. Chairman, the Minister by his own press release, and his own words tonight, has told us that 40 percent of the insured are now paying 3.5 percent more for their coverage than

they did prior to the change. The Minister, by his own words, has confirmed that anyone who was accustomed to paying their premiums before year-end, December 28th, 29th or 30th, pays .5 percent more for their premiums. That is why I objected to the very misleading and false press release the Minister put out. There is no mention in the Minister's press release of the gobbledygook he just gave us tonight.

He accuses me of selective statistics. Well, I want to read a line for the record, two lines actually from the Minister's own press release, and you, Mr. Chairman, can judge who is being slippery. I will submit that you will find that the Minister of Agriculture is the greasiest person in this House.

Now, Mr. Chairman, he said - and this is from the Minister's own press release - he says, in the second paragraph, "the general reduction in premium rates could only be achieved by eliminating the 6 percent general cash discount." He goes on further to say, "to put it another way, insured were being charged 2.5 percent more than the basic cost in order to pay for cash discounts." Those are the Minister's own slippery words, Mr. Chairman; not mine but the Minister's. What he has done is brought out a press release to lead the insured in the Manitoba Crop Insurance Corporation to believe that they were receiving a 2.5 percent reduction in rates.

What, in fact, the Minister has given to the contract holders of Manitoba Crop Insurance Corporation, is a 3.5 percent increase for 40 percent of the insured who happen to pay by August 15th - something I think, in this day and age, Mr. Chairman, would be welcomed by any company to get their money in ahead of time - and for the other people who paid before December 28th he is charging them 3 percent interest which they never paid before; all for a 2.5 percent reduction. To me, Mr. Chairman, in the case I made this afternoon, that the 40 percent who pay early pay 3.5 percent more; those who pay before the end of December pay .5 percent more. The Minister was not factual; he was issuing a false press release; he was creating false impressions in the farm community and my case still stands, and no matter what the Minister says, his press release indicated that and he was wrong. He misled the public; he put false information in a press release.

Mr. Chairman, if the Minister would provide me with four pieces of factual information: No. 1, the number of contract holders under the Manitoba Crop Insurance Corporation; No. 2, the number of contract holders which have paid in 1981 prior to August 15th; No. 3, the total premiums collected from all contract holders; and No. 4, the dollar value of premiums paid after January 1st in 1981 crop year.

HON. B. URUSKI: Mr. Chairman, we'll get that information for the honourable member.

MR. CHAIRMAN: Order please. The Member for Springfield.

MR. A. ANSTETT: Mr. Chairman, I just heard remarks from the Member for Pembina, from his seat, direct allegations at the Minister which I'm sure every other member in this House and people in the gallery heard, and I think the Member for Pembina, regardless of his

feelings, he suggested the Minister is false, his statements are false, his press release was misleading, to accept those; they're borderline in terms of being parliamentary, but the last statement he made should be withdrawn and he should apologize, not only to the Minister but to the House because he knows the rule.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. J. DOWNEY: The Minister did the same thing from his chair, calling the Member for Pembina the same unparliamentary word, and would ask him to withdraw if anyone on this side has to withdraw, the same words were used by the Minister, Mr. Chairman.

HON. B. URUSKI: Mr. Chairman, even though I responded, and wrongly, in terms of being provoked in this instance, I withdraw the statement that I made from my chair to the honourable member.

MR. D. ORCHARD: Mr. Chairman, I gladly accept the Minister of Agriculture's apology.

MR. CHAIRMAN: The Member for Brandon West.

MR. H. CARROLL: I heard the Member for Pembina use the words, the man is lying, I think, Mr. Chairman, you can't weasel out of your duty. I think that man has to be made to withdraw or it's a sham in this House.

MR. D. ORCHARD: Mr. Chairman, I take it there is some controversy on remarks I made and, if I offended any Member of the House, I apologize.

MR. CHAIRMAN: Would the Member for Pembina care to consider his remarks and withdraw them? I would ask the Member for Pembina to withdraw his remarks.

MR. D. ORCHARD: Mr. Chairman, which remarks am I to withdraw?

MR. CHAIRMAN: The use of unparliamentary language, specifically the term liar.

MR. D. ORCHARD: Mr. Chairman, if I perchance have used unparliamentary language I apologize for those remarks.

MR. CHAIRMAN: The Member for Pembina, I would ask you to withdraw your remarks.

HON. B. URUSKI: Mr. Chairman, I rose on a point of privilege. I apologize to this House, and I apologize to the honourable member for the remarks that I made after I was provoked in the statements that he made. I would hope that he would have the same courtesy to myself in this House to withdraw that remark.

MR. CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Mr. Chairman, once again I accept the Minister of Agriculture's apologies, and I withdraw any inferences I made on the Minister's character.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: Mr. Chairman, just as introducing a slightly different subject on the matter of crop insurance. I note with some satisfaction, as I'm sure we all note, the percentage of participation by Manitoba farmers in the Manitoba Crop Insurance Program.

I would ask the Minister, particularly, whether he has further information - I didn't see it in the annual report - having to do with the participation of farmers, ranchers particularly, I suppose, and farmers, in the Cultivated Forage Crop Insurance Program; I know this is a relatively new expansion of the crop insurance program. Has the Minister any figures indicating the degree of participation in the Forage Program? I could be wrong, but it's my impression that the takeup in this program is less than what I'm sure he perhaps desires, and I'm sure I desire.

HON. B. URUSKI: Mr. Chairman, in terms of actual numbers dealing with forage crops for hay production. In 1982 we had 482 contracts, which was an increase of 83 over '81, which is a fairly substantial increase over the previous year in terms of hay contracts.

MR. H. ENNS: Does the Minister have any indication of what that 480 represents in terms of percentage of those who are engaged in forage production as, for instance, he has, and his report indicates, the percentage of farmers involved in cereal crop production.

HON. B. URUSKI: No, Mr. Chairman, that kind of information hasn't evolved in a corporation. That kind of data is still not available. The data, in terms of cereal crop production, is over many years of information and analysis.

Mr. Chairman, I should point out to the honourable member that there is work being done by staff now with respect to a new forage program for insurance purposes; that's in the working stages at the present time.

MR. H. ENNS: Well, Mr. Chairman, allow me, and I'm certainly pleased to put on the record and acknowledge - I think it needs to be done from time-to-time - a program that has been provided by governments, various administrations over the years since the inception of this program, 1960-61, by the then administration - it happened to be a Conservative administration - under the then chairmanship of one Mr. Percy Ford who I remember well and who served this province well, and I'm more than prepared to acknowledge that his successor, Mr. Tolton, is providing equal service to the farmers of Manitoba in that capacity. It has to be a satisfaction, Mr. Chairman, to note that there's been a steady progression of farmer participation in this program, starting in 1961 with some 38.1 percent down to this last year, '81-82, of which the report covers to 83 percent of the farmers taking advantage of this program that has provided a degree of stability in an area of endeavour where stability is perhaps pretty hard come by. That has to say a lot for the program in itself, the fact that 83 percent of Manitoba farmers participate in this program. It's a voluntary program and obviously a very substantial majority of Manitoba grain producers feel that this is

a worthwhile program, a program well administered, a program to their advantage to participate in.

My questions arise from the forage question as to - and I explore this with the Minister - I am not, in a genuine sense, using the Estimate time to perhaps see whether we can improve on programs - why can't we develop the Forage Insurance Program to the extent that it can play a bigger role from time to time when we have hay failures in the province. The department is called upon and has been called upon, and the Minister has participated in the government at the time he was called upon, just as my colleague, the Member for Arthur has been called upon, to kind of meet the difficult situations - drought years, hay crop failures in certain regions of the province - and then we get ourselves into massive programs of relief of one form or another - transportation of hay, hay subsidies, hauling subsidies - and we move hay about.

Now, Mr. Chairman, I'm not unaware of the fact that of course substantial amounts of the hay produced in this province for our cattlemen are on Native stands, and I take it we have no program in place for that and I suspect it's probably difficult to do that; although knowing the sophisticated approaches that are now available to this corporation, one might be worked out. What I'm suggesting to the Minister is whether or not it wouldn't be possible through a little more attention to that aspect of crop insurance - in this case, hay, forage insurance - if this government in future years couldn't relieve itself of the kind of ad hoc programs of assistance that we find ourselves in when there's a failure in the hay crop in this province.

I don't know whether it could be possible, but I recommend to the corporation and to the Minister that he examine - we have always had some problems with some of the hay hauling, hay subsidy programs, that we have introduced from time to time in response to the shortage of hay in this province, and we find ourselves involved in subsidy programs that one sometimes wonders who the net benefactor is, whether it is the trucker, the hauler, or the owner of the particular hay that had a good crop, and we find ourselves moving a lot of this product around.

The success of the Crop Insurance Program in cereal production has really taken the government off the hook and properly so. It's a self-sustaining, self-insured program, and even when we have problems of a serious nature like the Red River Valley flood, the one thing that a government is not faced with - they're faced with enough problems at those times in replacing and repairing damaged homes or dikes or services - but we do not have to conscientiously worry about the compensation for crop loss as a result of those kind of disasters because we've got a sound Crop Insurance Program in place.

I simply explore with the Minister at this time whether or not some energies of the corporation could not and should not be directed to further refining the insurance coverage available to our forage producers, to our hay producers, generally, with the goal in mind to diminish the need for the kind of ad hoc subsidy programs that are available when there are hay shortages in this province.

MR. CHAIRMAN: The Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, I appreciate the Honourable Member for Lakeside's comments with respect to the expansion and improvement of the particular aspect of forage coverage under our crop insurance. That's precisely the work that is being undertaken now with our staff and the federal people to try and evolve and present a program that is more acceptable and much more in tune to the needs of farmers to be able to expand that program, to basically deal with the kinds of questions he has raised, to try and get away from the pressure and the adhocery that takes place during times of crisis, whether it be in hay, whether it be in incomes as we have done in beef and in hogs, to take away from the problems that crop up from time to time to make sure that a sound insurance program is in place. It may take the course that there may have to be a part of this program, even some banking of hay, to make sure that there is a storage fund to cover off some of the losses that might be experienced annually for the farmers who are enrolled in the program. That may be part of the program, so that you don't just go out and have to then scramble around to either meet those needs or there may be some supplies available. That's a possibility, but an ongoing improvement is what is necessary, and I should tell the honourable member that work is under way between the federal and provincial people to try and get into place the kind of program that he envisages. We have no difficulty with it. In fact, it is our hope that the kind of program that he spoke about just a few minutes ago can be put into place and provide long-term insurance stability for farmers who are in need of pay during times of stress or weather or whatever. That kind of work is being undertaken presently, yes.

MR. H. ENNS: Well, I thank the Minister for that response and I look forward to the department and more particularly the corporation, in examining this question further and seeing whether better programs can be provided for the forage producers of the Province of Manitoba.

Mr. Chairman, just one more question. Inasmuch as the Province of Manitoba certainly was one of the leaders in crop insurance in the country, and I am aware that the Government of Canada, of course, provides financial assistance to the Canada-Manitoba Crop Insurance Program by contributing 50 percent of the total premium required each year, and the Government of Manitoba contributes all of the administration costs; can the Minister tell me - and there is a reason for this question, it relates to my earlier concerns about the Forage Program, since the inception of Manitoba crop insurance in Manitoba, I believe most provinces have similar programs in place - can the Minister assure me that the contribution made by Canada, the Federal Government, is as good in Manitoba as anywhere else?

I ask the question because, for instance, in a province like Quebec where forage is a much more important crop - much more forage is grown in the Province of Quebec. They have, of course, one of the largest dairy industries in the country and that is understandable. Their land is such that it lends itself to forage production and dairy production. Can the Minister assure me that the deal that the Manitoba Government and

subsequently that Manitoba farmers are getting from Ottawa, with respect to support to the Crop Insurance Program, is as good as any in the country?

HON. B. URUSKI: Mr. Chairman, I would have to be precise. I will take that question as notice from the honourable member just to make sure that, in terms of our losses and in terms of federal contributions I can say, yes, in terms of the contributions based on our losses. To be equivocal or unequivocal on the basis of saying that the type of program that is being worked on here in Manitoba will be identical to what may come about in other provinces, I have to take that question as notice because I can tell the honourable member, for example, that some provinces have gone in and expanded their crop insurance strictly on the basis of provincial contributions and have gone beyond the Federal-Provincial Agreement in some of their programs.

So I cannot be very definite on that without having that matter checked out specifically. In general terms of the existing program, the agreements are similar to those in Western Canada. The contributions that we receive here on the general program would be, in terms of dollar-for-dollar contributions, very similar, but I want to make sure that I check out. The member raised the question of whether or not there may be a different forage program to suit the needs of the Province of Quebec. I am not aware of what the scope of the program is; what the provincial contributions might be there; whether they vary from the norm that has been in place over the years. That I will check out, because that's part of the process of discussion going on now. I think the member raises a valid point. We would want to make sure that we examine what is happening across the country and especially in the area of new programming, especially in the area of forage, that there is some consistent treatment in term of the premium share as one province vis-a-vis another in terms of federal treatment. I accept the comments of the honourable member.

MR. H. ENNS: I think we understand each other. I am aware that each province can and should, in fact, develop and tailor a program to meet its farmers' needs so there could be an enrichment of a program - one province may cover certain crops that another province doesn't, and may enhance through premium collection like that. But my question, and I think the Minister understands is, are we getting equitable treatment by the Federal Government. I raise it in conjunction with the forage question, knowing the proponents of forage that is grown in Eastern Canada.

The Minister made the comment that he's pretty sure we're being treated equitably as far as western provinces are concerned. But then you know, Mr. Chairman, that's been part of the problem with us westerners. We probably have no difficulty in being treated equally as far as Saskatchewan or Alberta or British Columbia are concerned. It's down east, Mr. Chairman, where the Federal Minister of Agriculture lives and where there are a lot more votes in the House of Commons and a lot more seats in the House of Commons coming from Quebec and Ontario, and where the dairy industry is that much stronger. He knows the

political clout that they can wield. I accept the answer the Minister gave me, that he will take that portion of the question as notice to satisfy himself and to satisfy the House and through the House, the farmers of Manitoba, that Manitoba farmers are being treated equitably with respect to the federal participation in any program.

The program may be designed differently. A province may have, on its own volition, agreed to enhance a program but it is simply the question of federal participation that if, for instance, the Province of Manitoba were to enhance its program, it would have access to the same kind of federal participation.

HON. B. URUSKI: Mr. Chairman, I accept those comments. So that we both understand each other, the Federal Government does participate in premium-sharing with the farmers in Manitoba on a 50/50 basis. They do share in the losses with the province in terms of the insurance fund and losses in excess of the premiums collected. Those kinds of comparisons are the kinds that I will check out.

MR. CHAIRMAN: Item 2, Manitoba Crop Insurance Corporation—pass.

Resolution No. 9. Resolved that there be granted to Her Majesty a sum not exceeding \$3,897,800 for Agriculture, Manitoba Crop Insurance Corporation - Administration for the fiscal year ending the 31st day of March 1984—pass.

Item No. 3, Manitoba Agricultural Credit Corporation. The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, the Manitoba Agricultural Credit Corporation, I think, will warrant some discussion, particularly at a time when we are seeing the kind of difficult times that the farm community are seeing in Manitoba, not only in Manitoba, but all across Canada.

This, Mr. Chairman, probably is the main tool that the Minister of Agriculture has available to him, to support or to get involved in directly with the agriculture community, to sustain them and to help them, not only during difficult times, but on an ongoing basis to provide both the ongoing credit requirements for land purchases.

I have a question there which I would ask the Minister to make note of that, in fact, have they stopped the purchase of land through MACC or land lending. I understand that they have. He has indicated, yes, that he has stopped providing funds for the purchase of land. I have never seen an official press release or an announcement come from the Minister that that is a stated policy but it's just been a matter of one of those things that slipped away and has never been highlighted or announced. He says it was in this House. It possibly was, but it has to be made very clear, Mr. Chairman, on the record that there is no longer financial support for farmers to purchase land — (Interjection) — he says, at the present time - well, that's over a year now.

Mr. Chairman, I want to make two or three points because we are at a very critical point with, particularly those farmers who have seen either a shortfall in their crops through drought, frost or lower grain prices which they are all seeing at this present time. Farmers who

were overextended, farmers who are in a position, not only on land loans but on operating loans through financial institutes and the individuals were not working on a fixed interest rate but were working on a floating interest rate, where we saw some operating loans increase from probably 10 percent to in excess of 20 percent interest, without the farmer being able to control that level of interest rate. As I indicated, the shortfall in the crop in 1980 and the frost of last year put a lot of individuals in an extremely difficult situation to the point, Mr. Chairman, where if an individual were in a vulnerable position, such as some of the ones that I'm aware of personally, then those particular people are facing either closure, bankruptcy or just walking away from their operations.

Last year, Mr. Chairman, we'd done some work as a caucus to try and get some numbers of people who were in that situation and found through the work that we'd done, that there were an extremely large amount of farmers, if the conditions didn't improve that would be very strained with their economics and their financing of their operations. I want to make this point, Mr. Chairman, because I think it's important for the rest of the public of Manitoba to understand. When you're dealing with a family farm operation or a farmer that is in economic difficulty, you aren't just dealing with the hard cold facts with business as you would probably deal with in a family-operated small business, but you're dealing with a family operation. You're not dealing with just numbers, you're dealing with people. You're dealing with people, Mr. Chairman, who have probably lived on a piece of property all their lives, their hearts and souls are in that homestead or that particular enterprise and it is somewhat of an emotional situation.

Mr. Chairman, as I indicated in my opening comments, the Manitoba Agricultural Credit Corporation is probably the best tool or the only tool that the Minister of Agriculture has available for him to give the kind of protection to individuals who are in that situation on an individual basis. I believe in the latter part of our administration when we had some individuals who had operating loans at different suppliers throughout the community, we introduced a program that could allow them to consolidate those debts and pay them off over a longer period of time. I think that was the basis or the start up of a program that could have, in fact, been expanded to accommodate some of those particular individuals. Carried on, I'm sure, but I think could have been expanded.

Mr. Chairman, at this point I don't mind going on the record, Mr. Chairman, and putting it very plainly, I was asked the question yesterday and I asked the First Minister what his position was on the current debt moratorium legislation that is being proposed. Mr. Chairman, I don't support debt moratorium legislation. I don't believe that it's in the best interests, the best long-term interests of the total farm community to put in place legislation that would prohibit the normal process of a good exercise of business going on between the banking community and the farming community. I would think if you did a survey throughout Manitoba and the majority of this country that, in fact, you wouldn't find the majority of people that would support that heavy a hand or that hard a move taken by government.

I do believe, however, Mr. Chairman, because of the sensitivity of it and the family concerns, that an

emergency group could have been established by the Minister of Agriculture within the Province of Manitoba. I call it an emergency group, a group of farmers, good business people, a mix of the community to be put in place by the Manitoba Agriculture Credit Corporation to be a first place of appeal, not a legislative body but a first place of appeal, where individuals who couldn't possibly see their way through it on their own could have given a call to the Manitoba Agriculture Credit Corporation or the Department of Agriculture and contacted this group of individuals who could have come in and offered first-hand advice and made recommendations to those individuals on how best they could cope with the situation - not just the day-to-day routine application of going through the bureaucracy of the MACC; phone call to the office, and they'll deal with you whenever they get time; phone the Department of Agriculture; the Minister's office, and he's too busy for you.

I believe there could have been a mechanism put in place for this particular time for those individuals who, in a lot of cases, are facing debts of probably from a quarter of a million dollars, to in excess of \$1 million, that they owe, Mr. Chairman, and they owe interest on. In fact, some cases I believe could be over the long term worked out. Some of them, Mr. Chairman, with the current lower grain prices and initial prices, there probably would be a very difficult time in making them ever viable because of the overload of debt. Probably there could be some assistance given from the Department of Agriculture, from the Credit Corporation on an emergency basis of, not the board of directors, not the current management, but individuals who have had some expertise in this field and paid for through the costs of administration of the the Manitoba Agriculture Credit Corporation.

It's a mechanism that would give those individuals some emergency connection where, in fact, they could have consultation take place; they could be given what opportunities that there may or may not be and a decision could be made. I have a concern, Mr. Chairman, a serious concern that if today through an announcement that was made a few weeks ago by this Minister of Agriculture - because we are in a very serious economic time with some of these individuals - we have an announcement that if I'm a farmer that's in trouble and I have the banker putting a lot of pressure on me or another creditor, a credit union, it could be anyone in the financial institute and I read this press release and I see that Manitoba Farm Credit guaranteed double, now \$125,000 per farm, says Uruski. That gives me a little bit of hope, but it is very false hope, Mr. Chairman, and I'm sorry that the Minister of Agriculture has proceeded in this fashion because when you read through the press release, Mr. Chairman, he is giving false hope to people who are hanging on by the skin of their teeth, Mr. Chairman. In fact, in some cases they are supporting debt moratorium legislation because that is the only alternative they have at this point. I don't think, Mr. Chairman, that the Minister has acted responsibly. He could have, in fact, got more involved directly.

A week ago, Mr. Chairman, a group of some 30 farmers came and sat in his office. He didn't give them any assurances that he was dealing with the situation. They met with me, Mr. Chairman. I certainly sympathized

with them, but there was very little that could have been done at this particular time. If there'd have been a real program like the \$100 million that he suggests is in this program, if those groups of people or the committee that could have been established could have recommended to the Credit Corporation that, yes, there was a chance that this particular farmer who possibly owed \$250,000 or \$300,000, that if an emergency line of credit, an emergency establishment of a credit could have been put in place, paid out the bank, and given him a 30 year loan — (Interjection) — Mr. Chairman, I am saying help the farmer; that is precisely what I'm saying.

This program, as I understand it, Mr. Chairman, is \$100 million, but when you read through it, there's \$12,500,000 that's available for loan guarantees. They're going to guarantee 12.5 percent of the bank loan to the farmer — (Interjection) — A pretty good guarantee? It's useless, Mr. Chairman.

There aren't any farmers that are going to qualify, Mr. Chairman. First of all, it'll take them six months to get a decision from the Credit Corporation, and if it doesn't, they've certainly changed. That's not a criticism of the staff; it's a criticism of the total bureaucracy of any government operation. It was the same when I was a Minister, Mr. Chairman. It's the process you have to go through.

What I am saying is, cut the red tape crossways instead of lengthways, Mr. Chairman. I do believe there could have been a more effective use of these funds for those people who are desperately strapped. Now, Mr. Chairman, I am not saying that everyone would necessarily qualify, but if they didn't qualify, tell them next week. Don't tell them six months from now because by then they've gone through months of anguish, Mr. Chairman. They've gone through months of hoping they could save the operation, and with lower initial grain prices and the future the way it's going with higher fuel prices, some of them are not going to be able to be given that kind of encouragement, and shouldn't be given it.

I do believe, Mr. Chairman, the Minister has created a false hope in the farm community. I'm sorry that has happened because there are people who really looked at the Government of Manitoba for some support, particularly in light of their past promises during the election campaign. I would also say, Mr. Chairman, that the individuals he said he has helped, he's helped 700 farmers through the Interest Rate Relief Program, some 700 people. They, first of all, had to have less than \$70,000 as a gross income. That, in today's terms in the farm community, is a very small number. I would ask the Minister how many of those people today that got that Interest Rate Relief Program are still on the verge of going into further economic difficulties, or have further economic difficulties? I would challenge him to say that he has just again tried to let on to the public that he has given them some meaningful program.

Mr. Chairman, the Minister persists on almost being immune from the current difficulties that he refers to a 1,000 in his press release. I think he's far too conservative and I hate to give him the credit for being anywhere near a Conservative, but he's far too conservative with his figures. I think there are greater numbers than that are having economic difficulties, Mr. Chairman . . .

A MEMBER: But you said nobody would join the program.

MR. J. DOWNEY: Well, nobody can qualify, Mr. Chairman. The Minister — (Interjection) — No, this week it's the same as I said last week.

MR. CHAIRMAN: Order please.

MR. J. DOWNEY: I'll quote again the sentence from the press release that eliminates the majority of those farmers who are in trouble. If he'd listen, I'll quote it. I quote from his own press release: "Guarantees will be strictly limited to operating credit and will not be used to cover existing loans in arrears." Well, I ask him again, how many farmers don't have existing loans or arrears that are in financial trouble? How many? I don't think there is one, Mr. Chairman, that will qualify on the basis of this press report and the basis of this program.

I would suggest, Mr. Chairman, that he would have been far wiser to take the money, the credit authority that he's asking for in these Estimates, to establish an emergency credit agency of the Manitoba Agriculture Department and deal with those on a priority basis of individuals who need, in fact, that immediate credit availability and give it to them, those that haven't, in consultation with them through the Emergency Credit Committee of farmers and qualified people, to assist them in trying to ease them out of that operation. There's nothing wrong with that, Mr. Chairman, because in a society with the right to succeed, we have the right to fail, and it's no shame because it's none of their fault in the majority of cases. Who could have entered into a floating loan with a bank at 10 percent and a year later being faced with 20 percent and make it? Not very many people, Mr. Chairman, could do that. Long-time established people who didn't owe money probably could come through it and still maintain the kind of operations that they have, but anyone - and I think these are important years - that started farming or expanded their farm operation in a major way since 1973 when inflation really took off, farmers were the receivers of the inflationary costs and weren't able to pass them on to the rest of society. Anybody that's in that time frame find themselves in a most extremely difficult situation.

Again, Mr. Chairman, that was part of the years in which we were in office and we tried to deal with it and I think to some extent did, because we introduced some programs that did in fact help the cash flow situation. However, that doesn't absolve the Member for Springfield, who took his pay cheque sitting in here and now found himself better in the New Democratic Party, and who should have paid attention to what was going on instead of politicking while he was in this Assembly. — (Interjection) — Well, I could go through hundreds of programs and hundreds of farmers' names that were helped. — (Interjection) — Sure, I can tell you there was \$40 million put into a Greenfeed Program without any limitations put on who or when they got into the program. I can give you the numbers of dollars that went in to support the people who were involved in the drought and the flood problem in the Red River Valley.

How many millions of dollars were spent on hopper cars to move grain out of this country? Who introduced the lending for farmers for Manitoba under the Manitoba Agriculture Credit Corporation and put in, Mr. Chairman, the Debt Consolidation Program? That was under the Sterling Lyon Government. Mr. Chairman, does the Minister want to continue to hear more?

We increased the funding to 4-H, Mr. Chairman. We didn't decrease it and give money to the Marxist group at the university. — (Interjection) — Yes, today's 4-H's are our future farmers. Yeah, that's right — (Interjection) — Of farmers, I said, a list of hundreds of farmers.

Mr. Chairman, I want to not deal with this in a light fashion like the Member for Springfield is trying to drag me into. It is serious. It is so serious, Mr. Chairman

MR. CHAIRMAN: Order please.

MR. J. DOWNEY: . . . that the recent proposal - and I want the Minister to pay attention to this - on debt moratorium legislation could, in fact, endanger the future financial support that the banks have been working with the farmers and the relationship that has been built up over the last few years, because the portfolio that the banks have is something like 2.4 percent of their business in Canada. There is a \$9 billion loan to the farm community from the banks, Mr. Chairman. If the banks pull out of the farm financing, then who has to pick that up, Mr. Chairman? The general taxpayers have to pick up the funding through MACC, and I submit to you, Mr. Chairman, to the Minister, that there isn't enough capability for the public sector to do it and I don't think it's necessary to do it. I think that the relationship can be worked on by this Minister of Agriculture, by the banks and by the Federal Government and the farmer community at large, this problem can be resolved without the kind of debt moratorium legislation that some people in this country would advocate. I don't advocate it, Mr. Chairman, and I don't want to see it happen. However, I don't want to see the banks playing tricks with the farmers or playing games and saying one thing and doing another. I do not want that to happen, Mr. Chairman, and that's why I, again, call for this Minister of Agriculture to employ, to put in place, an emergency financial committee to deal with these hard-pressed people to make sure that there is fair play going on and a judgment can be made without the legislative process.

Mr. Chairman, I think from what I've seen in this press release, from anything I have seen this Minister do, that he has taken away the support from the farm community, not added to it. I would as well, Mr. Chairman, ask the Minister how many farmers were currently involved in the program which he said was already in place - and it was, we're aware of that, it had a cap of some \$60,000 per farm on it - how many farmers were participating in that particular program, the one that he said, all that had to happen to help farmers was to increase it to \$125,000.00. The ceiling was \$60,000. How many farmers were participating in that particular program and why would it be so much better now that it's increased to \$125,000.00? Was it the limitation before that restricted farmers from using

it? I don't think it was, Mr. Chairman, and I ask the Minister precisely how many farmers were using that program that he has expanded.

HON. B. URUSKI: Mr. Chairman, the Honourable Member for Arthur has made a number of statements with respect to assistance or lack of it towards the farmers who are in financial difficulty in the last year.

Mr. Chairman, in terms of his comments, I believe that the honourable member is a year behind. He's a year behind time. We have had the staff of the Department of Agriculture over this past year, devoting their time in trying to assist in the very things that the member says should be in place now. They've been doing that for over a year in terms of trying to assist farmers in difficult times through either counseling, or through mediating, or through completing cash flows and trying to rework the situation. The entire Department of Agriculture of the Province of Manitoba, in terms of their hour extension staff has been doing, in very essence, what the member is suggesting that we should be undertaking now - for approximately a year, Mr. Chairman.

Mr. Chairman, the honourable member is a year behind time. The problem has been here for a number of years and we are now unfortunately seeing some of the difficulties, over the last two years, of the toll that high interest rates have taken. Mr. Chairman, the honourable member spoke about high interest rates. Coming from a government that supported the Federal Government's position on high interest rates — (Interjection) — I know and we viewed the situation very seriously but I can't take the comments of the Honourable Member for Arthur very seriously insofar as some of the programs that he and his colleagues criticized, Mr. Chairman.

The fact of the matter is that they said we couldn't find any farmers in Manitoba that would qualify for the Interest Rate Relief Program. Mr. Chairman, more than half of the farmers on the program come from the areas represented by the Member for Pembina and the Member for Arthur. In terms of the regions involved — (Interjection) —

MR. D. ORCHARD: Prove it, you said it was from Arthur. You prove it.

HON. B. URUSKI: — (Interjection) — and the areas, Mr. Chairman. The southwest region — (Interjection) —

MR. D. ORCHARD: Oh yeah, from Pembina constituency - prove it.

MR. CHAIRMAN: Order please. The Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, the highest region in the province to take part in the Interest Rate Relief Program is in the region that the Honourable Member for Pembina is speaking of. Mr. Chairman, I will look up the Ag Rep District to see whether or not the Ag Rep District that is within — (Interjection) — whether or not — (Interjection) —

MR. J. DOWNEY: What are you proving?

HON. B. URUSKI: Mr. Chairman, the Honourable Member for Arthur says, what am I proving. Mr. Chairman, it was your accusation that there are no farmers in Manitoba who would qualify for assistance under the Interest Rate Relief Program. So there are 700 farmers who qualified who aren't in need. That's what I understand from the Member for Morris. The program dealing with debt consolidation has been one of the major activities of the Manitoba Agricultural Credit Corporation this past year. In fact, in terms of debt consolidation in 1980 - about \$3 million worth of debt consolidation and it has been increased and last year, in 1982, we have had approximately 125 farmers in terms of the Debt Consolidation Program, with funds expended in this area of over \$9 million in terms of the funds used under debt consolidation.

This program has been extensively used to the extent that farmers have been coming forward, being referred in attempts to assist farmers with their financial institutions to bring about some reworking of debt load, to bring about the viability that is so necessary, Mr. Chairman. That program we are continuing with and the Debt Consolidation Program is a major part of the lending program of MACC. Last week, the Honourable Member for Arthur, when he spoke about the Loan Guarantee Program, indicated that very few farmers would take part in this program. Today he has said something completely the opposite in terms of the Loan Guarantee Program, saying that, look, you're really not helping anybody. What we really want you to do is use the mechanism of MACC to take over the existing debt load of farmers and pay off the banks. Is that the Conservative policy, dealing with credit for farmers, to make sure that we put — (Interjection) — the farmers' needs in terms of operating credit, or what, somewhere between \$600 million to \$800 million annually. Mr. Chairman, is that what the Conservative Party is saying, look, put that kind of loan capital into place, pay off the banks and then you can do something in terms of assisting farmers.

Mr. Chairman, I'm amazed at the Honourable Member for Arthur or the Conservative caucus even allowing him . . . I don't think most Conservative members at the back bench would agree to such a policy of saying, spend \$800 million, pay off the banks. Mr. Chairman, the honourable member says he didn't say that. Let him clarify himself.

MR. CHAIRMAN: Order please. The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I did not say that. I told him precisely what it would cost of the banks got out of the farm financing. I did not say that the government should get into it on a full scale; there isn't a possible way of them doing it. What I said was, in those particular difficult situations where farmers do have a chance of making it with a long-term credit arrangement then, in fact, there should be the capability of the MACC to move in, not six months from now but as quickly as possible to bail those individuals out, Mr. Chairman. I don't accept what the Minister has said, trying to put words in my mouth and saying that I think the government should take over all the bank financing and pay them off, no, and I don't think the banks want that either, Mr. Chairman. In fact, I know they don't.

They want to continue with a working relationship with the farm community.

HON. B. URUSKI: Mr. Chairman, the fact of the matter is, the Member for Arthur indicated that we should use that \$100 million to take over some of the existing debts that farmers now have. That was the context of his remarks. Mr. Chairman, the fact is that this program will assist those very farmers because part of the agreement is that lenders have also agreed that where there is an old operating line of credit that is outstanding, the portion secured by inventory will be frozen off and paid out as inventory is sold. The unmarginated portion, if any, will be termed out to improve viability, Mr. Chairman. The lending institutions will do exactly what, under this program, the honourable member seems to be suggesting that we should do - to jump in and make sure that we term out all those old debts in terms of operating credit. That's the part of this agreement, of this new program, Mr. Chairman, that already we have four financial institutions who have signed agreements, Mr. Chairman, the Royal Bank, the Toronto-Dominion, the Canadian Imperial Bank of Commerce and the Bank of Nova Scotia. Mr. Chairman, there is the Bank of Montreal, the Caisses Populaires and the Credit Union Central, there are still resolutions from the boards required and they are in the process of working out their details, Mr. Chairman.

Mr. Chairman, this program is doing precisely what is being recommended in terms of Conservative policy. This program, therefore, really serves two purposes, one being to ensure adequate operating capital for 1983, and the other, to resolve the dilemma that many farmers face of being unable to cover old lines of operating credit, Mr. Chairman. That's the basis of this new program. So we don't intent to take financial institutions off the hook but we are sincerely attempting as much as the province can do to assist farmers in obtaining the necessary operating capital that they will need.

Part of the problem the farmers have been faced with is that where they have been squeezed into a corner, they've had to go to the trades to try and obtain loan capital at far higher interest rates than if they were involved in one lending institution and paying the going rate. Of course, this rate, while it can be argued is maybe not the best rate that might be negotiated by some people but certainly 1 percent plus prime is certainly much more favourable rate than many farmers would be able to receive from their fertilizer dealers, from their fuel dealers, who they have had to turn to because of the pressure in terms of operating credit in the last year or two.

Mr. Chairman, obviously the Province of Manitoba cannot supply enough funds to deal with the credit needs of Manitoba farmers. I think even the honourable members opposite realize that, that it is impossible, that we would not be able to do it, I think they even know that. To suggest that some assistance has not been provided, Mr. Chairman, the entire department in terms of extension work has been doing the very essence of the assistance to farmers that now the honourable members opposite are saying should have been in place. Mr. Chairman, we have been meeting and we are meeting this week again, with the financial

institutions to see whether or not we can convince them to actually set up some kind of a referee process dealing with some of the problems that they have with their own clients, where discussions have broken off, where people can't seem to communicate, to facilitate ongoing discussion to see whether the problems can be worked out, Mr. Chairman. That is what we are hoping to do, notwithstanding the legislation that is being discussed in the Federal Parliament to make sure that if there is a reasonable expectation where farmers can be put in the position of having a viable operation. We will endeavour to do whatever we can to assist Manitoba farmers.

MR. J. DOWNEY: Mr. Chairman, I asked the Minister a while ago for a figure of how many farmers were presently engaged in the Loan Guarantee Program and the report indicates that there are 140 farmers are now in that program. The report indicates, if I have the number correctly, it says guaranteed loan accounts, 140 farmers. What is going to now make it such a magical program to help those other thousands of farmers that he's saying he's going to help? Was it the fact that there was a \$60,000 limit on it? Because a \$70,000 limit, he's trying to tell us now, was adequate to restrict the Interest Rate Relief Program at. Now he says it's going to be wonderful because it goes to \$125,000 and helps 1,000 farmers. Why haven't there been a lot more farmers using this program if it's so effective and such a good program? I'm encouraging the Minister to stop trying to delay some of the decisions that have to be made by farmers and put a mechanism in place that could deal with it right now, Mr. Chairman, not six months from now. Let's get on with it, Mr. Chairman, and deal immediately with the problem at hand.

HON. B. URUSKI: Mr. Chairman, the honourable member should be able to answer his own question. He was the Minister at the time. Mr. Chairman, he should know that the financial institutions didn't understand that previous program. Only one institution took part in that program to a limited degree. We already have four institutions who have signed agreements under this new program. They didn't know and understand the program, Mr. Chairman. The former Minister never talked to the banks in terms of trying to seek their co-operation. Maybe he didn't want to make it work for the farmers of Manitoba, Mr. Chairman, maybe he put a program there and said here's some window dressing farmers, you can do it. Only one institution to a limited degree participated in the program, Mr. Chairman, no other institutions were involved in that program.

Now the honourable member suggests get on with the job, Mr. Chairman, he didn't even understand his own program.

MR. J. DOWNEY: Mr. Chairman, that program has been on the books probably since the introduction of the Manitoba Agricultural Credit Corporation Program in 1958. Now the Minister is trying to say that we didn't explain it to the farmers. Mr. Chairman, the farmers didn't have the severe economic difficulties that they're having under his administration. In fact, the figures show for the first six months of last year there was an increase

of 380 percent in farm bankruptcies in Manitoba, Mr. Chairman, at a time when he said his government wouldn't allow that to happen. Over a nine-month period, 380, those are Statistics Canada figures, Mr. Chairman.

Mr. Chairman, those are facts. The other point has to be made that if he's made such a good deal and the banks are going to be so well protected, why is he paying them 1 percent over prime and charging that on to the farmers if it's such a good deal to the farm community?

MR. CHAIRMAN: Mr. Minister.

HON. B. URUSKI: Mr. Chairman, I challenge the honourable member to produce the figures of 380 percent increase from Statistics Canada of bankruptcies. I want the honourable member to produce those figures that he has alleged are there.

MR. J. DOWNEY: Mr. Chairman, it may take me a while to find those figures, but I do have them available. It was a report about a year ago at this particular time. It was reported on the noon-time farm show; it was taped. It may not have been Statistics Canada, but it was figures. They were figures that were available to the farm community and I have them available, Mr. Chairman. I will provide those numbers for the Minister, but they are accurate, Mr. Chairman.

HON. B. URUSKI: Mr. Chairman, as serious as the situation is in terms of farm bankruptcies, the figures that are provided by Consumer and Corporate Affairs Canada show that there has been an increase from 14 in 1980 to 30 in 1982 of farm bankruptcies in this province. That's the kind of increase that has occurred in the last two years - 14 in 1980, 14 in 1981, and 30 in 1982, Mr. Chairman. I ask the honourable member, as compared to 176 in Ontario in '82 and 143 in the Province of Quebec in '82 as global figures, Mr. Chairman, I wonder where the honourable member gets his figures and I certainly would want a copy of the figures that he has quoted.

MR. J. DOWNEY: Mr. Chairman, I will have to do a little more checking with the radio reporter that reported these figures but I can give it to you. It was a CBC news report by James Feeny on Monday, October 18, 1982, and this is what the report was: "Farm bankruptcies in Manitoba are up 380 percent from last year, the highest increase of any province in Canada. After the first nine months of this year, 24 farms had declared bankruptcy compared to just 5 last year." Mr. Chairman, I will provide the Minister with the source and the numbers for him, if he so desires.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Thank you, Mr. Chairman. Prior to the last election and especially during the last election, the New Democratic Party were able to tell the public and did tell the public frequently and repeatedly that our government favoured high interest rates. The same sort of statement was made in this House last year by some of the members opposite - the Minister of Finance,

the Member for Springfield, for example - until they were challenged by me to essentially put up or shut up. What they chose to do was shut up because they could not find any quotation, any position, where we had said that we favoured high interest rates, Mr. Chairman.

Now, for a while the members were quiet about that. Now, we have the Minister of Agriculture coming back with the same sort of statement again. Mr. Chairman, my request to the Minister of Agriculture is that he either point out to the House where we took that sort of position, or else he should cease to say that we took that sort of position.

MR. CHAIRMAN: The Member for Emerson.

MR. A. DRIEDGER: Mr. Chairman, I would like to take this opportunity to express some concerns and disappointments with the Minister and with the MACC Program. One of the disappointments - the first one I would have to indicate - is last year when the Minister indicated that he would not be borrowing for land anymore through MACC, which I still fail to see the reasoning behind that, and I want to clarify why it was a great disappointment to me. I represent the southeast part of Manitoba where, once we get out of the Red River Valley, there are very few people past the escarpment that really qualify for the FCC loans, the Federal Credit Corporation loans, and many of them were sort of hanging their hat on the possibility of borrowing through MACC. When the Minister announced that they would not be borrowing for purchase of land anymore, that was one disappointment.

However, what I would like to illustrate at this stage of the game is, I wonder if the Minister really realizes how serious the problem is out there among the farm people, and I would like to make reference to the southeast part of the province, the more marginal area where we have a lot of beef operations, where we have marginal grain operations, people that have had a lot of difficulty in the last year, in the last few years, first of all because of high interest rates. Last year, many of them that go for the cash crops, for example, with buckwheat, had an early frost and got wiped out in that. There is a lot of concern out there and this is one of the reasons why just last week the Farm Survival Association had a meeting in the Vita area, and over a hundred people attended. If there was not concern about the dramatic impact and the economic conditions for farmers in that area, there wouldn't have been over a hundred people attending that meeting.

I think this Minister has within his power, under MACC, the authority and the right to take and set up a program that will help alleviate some of these problems for people who are in real dire straits. The Minister has come up with a Beef Stabilization Program which supposedly gave some relief which is now — (Interjection) — you know, a lot of fuss is what we get from this Minister, but the thing that happens out there is that when he talks of giving some assistance and some relief, the hopes of people grabbing a last straw, their expectations come up.

One thing that I would like to know from this Minister, how many applications in the southeast, for example,

or the Steinbach office, have been made and how many have been approved? The other thing that I would like to know somewhere along the line, how many loans were approved in Manitoba, let's say at 18 percent, and how many were approved in the southeast area at 18 percent? What happens though when people are in trouble, they look around, they are in trouble with the banks, they have had some tough sledding and they look around and they are hoping that MACC was finally, with the Minister's announcements, going to help the people in trouble. We have the Interest Rate Relief Program; hardly anybody qualified for that. When we talk of MACC, the other question I would like the Minister to answer, what is the time frame? I raised it in the House the other day. What is the time frame from the time a person makes an application to MACC till he gets approval?

This goes back further than just when this Minister took over. We had some difficulty before that, but one of the problems that farmers have, they go there, they make their application, they get sort of an indication - well, we'll have a look at it, it doesn't look that bad. What happens? Then the red tape starts. It takes two, three, and four months before a person even gets an indication whether he's got it or not.

I can give the Minister so many circumstances of applications if he wants, and if he goes and checks the records of MACC from the time the people have made an application and the time it has taken till they got a denial and in some cases approval, but it's been such a long stretched out thing, and the red tape has been phenomenal. As the Member for Arthur indicated, you could save a lot of money and borrow more money to farmers if you cut a bunch of that red tape. You have capable people within the organization that can make a decision. These people come up, they assess a situation, do the assessment; they can do that relatively fast.

The Minister isn't wanting to listen again. The moment he gets the heat on him, he talks about other things. He doesn't want to listen. The problem is for real. I wish he would get out there and talk to some of the people because they need this kind of help. There are many people that will not be able to put their crops in this year. He uses MACC, and he uses Interest Relief Program as a camouflage to sort of hide behind, and he's helping virtually nobody. That is the fallacy of it all. People get frustrated with government. They get frustrated with me because of this Minister's actions. They phone me up and say what kind of programs is the government running. I tell them I'm just as frustrated as they are.

I plead with this Minister. I realize, and the Member for Arthur indicated there's no way that this government or any government can take and finance the total operation for the prime requirements. I'm talking of giving some relief to the farmers who are in trouble with the banks right now.

The Minister says he will not borrow to cover previous loans. They need a little bit of room to recover from the high interest rates. Interest rates are more manageable now. They need a little bit of room. — (Interjection)—

HON. B. URUSKI: What are you talking about?

MR. A. DRIEDGER: I'm talking about giving them some short-term money; two or three years at relatively low interest rates; low payments - just get them through this tough times.

That is what the expectation would be from MACC; help us through the tough times. The banks are tough at this stage again. The farmers are in trouble. Why not give them a little bit of room so that they can operate this year. Hopefully - and I hope as much as the Minister that we have a reasonable year this year, that they can get a reasonable crop off, that prices will sort of stay with the commodities. They need this elbow room to get by. Give them a few years, in case this isn't a good year, so that they don't get strapped again.

I'll tell you something that happens in small communities. The suppliers, the fuel dealers, the fertilizer dealers, many of them are going down the tubes right now. You know why, because they've borrowed; they've extended credit to farmers to try and operate; they've given them fuel, fertilizer, whatever they need. They've gone down themselves because of that. They can't go and foreclose on a farm. The farmers are tied up with banks. What I'm asking, Mr. Minister, if you are sincere about helping, then get out there and listen to the people.

When over 100 farmers attend a meeting to talk of debt moratorium, it is a desperation call. That's all it is. Hey, they're desperate. They need help and you know that. Why don't you do the people of Manitoba a favour and yourself. Make provision under MACC, not necessarily long-term stuff, provide short-term monies, so they can get over this hump at the present time.

What happens when you make your announcements of interest rate relief like you indicated, or MACC will do this and that, people all storm down there. They're grabbing for straws, many of them; many of them are. Why don't you get out there and announce a program that is something that isn't just political, that is going to really solve the problem with the farmers.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. W. McKENZIE: Well, Mr. Chairman, just very briefly before this item is moved on. I'm really concerned. I've got statistics all over the place that tell me things are tough out there. Listen, read them. I rose in my place the other day and spoke to the Honourable Minister when he opened his Estimates on this problem. He never responded.

Mr. Chairman, Bob Douglas, Executive Director of the Farmers' Bureau says here, "Since statistics don't even come close to depicting the real financial woes facing Manitoba's farmers." He says, "We contend it's much worse than the findings show."

This report that come out in the Grain News this week; 10 percent of the guys haven't got enough money to put their crops in. The Minister says trust me; all's well out there; I'll look after it. What he's telling us tonight, Mr. Chairman, is not satisfying me or the people that are phoning me up and telling me about the problems. Three farmers within two weeks have foreclosure notices on their doors in my constituency. The Minister knows that; I told him the other day. He says, trust me; all's well out there.

Well, Mr. Chairman, I don't understand why the Minister can't respond to these problems.

MR. CHAIRMAN: Order please.

MR. W. McKENZIE: Or why he glosses them over.

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

HON. B. URUSKI: I have not said any such thing to the honourable member. Just in terms of discussing it, if the member has brought three cases to my attention, I want to see those letters that he has brought to my attention.

MR. W. McKENZIE: Mr. Chairman, he's not listening. I rose in my place on the opening of his Estimates. Read my speech. You sat right in your chair, and that's how much attention he's paying to the problems that we have when the farmers have. Now he says he didn't hear me. My gosh, I speak loud enough. I'm sure you know that, Mr. Chairman. Now the Minister says he didn't hear me. I rose in my place and specifically pointed to the problems of three farmers especially in Roblin-Russell constituency who drew their problems to my attention, and asked the Minister if he would be kind enough to deal with it. He never responded.

That's what scares me. I listened to the Minister this evening glossing over these facts and figures as if there are no problems out there, as if everything's all well. It's not all well. I see statistics crossing my desk every day. The problems are real. I certainly support the comments of my colleague, the Member for Arthur, that this MACC Program certainly will help a lot of farmers, but it doesn't help the guys that are in trouble, for the simple reason that the guarantees are strictly limited to operating credit and will not be used to cover existing loans in arrears.

If a farmer has a loan at a bank or arrears at the bank, he's cut off. That's the problem. Surely, there's got to be some solution to this because it's the number one industry of this province. Are you really serious about trying to make the economy of this province tick again? Are you really serious about this job-creation program that you're talking about is going to help rejuvenate the economy in this province? You put those farmers out of business, then you have a real problem. That's the number one industry in this province, Mr. Chairman.

I'm disgusted. I can't understand it at all. The facts and the information that's crossing my desk does not jibe at all with the comments the Honourable Minister is putting in the record. I don't know, this is my second time on my feet about it. I don't know the answer. I guess there is no answer from this Minister and this government.

HON. B. URUSKI: Mr. Chairman, I appreciated the comments of the Honourable Member for Emerson this evening.

I'm indicating that we should be doing something further to assist the credit needs of Manitoba farmers, Mr. Chairman. The fact of the matter is this program is - there's just no doubt about it - a far superior

program than was in place under the previous administration, Mr. Chairman. Previously the lenders were only shown the regulations and told to send in their business, Mr. Chairman. Under the present program, the lending institutions participated in discussions and negotiations in the setting up of this program; they participated in terms of working out and understanding the regulations. That is why, Mr. Chairman, we now have four lending institutions in the program.

Mr. Chairman, I want to quote from an article that I happened to have sent to me from the constituency of the Honourable Member for Pembina; from Carmen, the Valley Leader, dated March 9th. "The Manager of the Agricultural Department of the Canadian Imperial Bank of Commerce has praised the Manitoba Government's plan to extend guarantees on operating loans for farmers this spring. While not all the details have been announced, Brian Kelly said in an interview last week that he expects the lending institutions will welcome the plan, since the industry was asked by the government to assist in developing it. It could be of significant benefit to farmers who are in need of operating money in 1983. We believe there likely will be good response to what Kelly said. It's a program the Provincial Government may well take pride in, in being able to assist the agricultural community."

Mr. Chairman, those are not my words. Those are the words of an agricultural representative of one of the major banks in this province, Mr. Chairman. They were involved in the setting up of this program, Mr. Chairman, and that program came into being.

Mr. Chairman, nothing that I've heard tonight from any of the honourable members, whether it's the Member for Roblin-Russell in terms of assisting the smaller farmers - we have the Interest Rate Relief Program, Mr. Chairman - debt counselling along with it, to try and assist farmers in dealing with their institutions, if there is need. We have been doing that for over a year.

MR. J. DOWNEY: Best kept secret in the province.

HON. B. URUSKI: The honourable member, Mr. Chairman, will want to bring those details of those three farmers to my attention. He said, "three farmers were." I don't know the names, I don't know the circumstances, Mr. Chairman.

Mr. Chairman, we have in place the Guaranteed Operating Loan Program of \$100 million that is made available over two years; we have the Debt Consolidation Program that has been in place and has been used more than ever this past year, Mr. Chairman. I haven't heard of an additional suggestion from the honourable members opposite as to what we should be doing and how much more we should be doing in this area from the Provincial Government.

MR. W. MCKENZIE: Set up a mediator.

HON. B. URUSKI: Mr. Chairman, now we hear, set up a mediator from the seat of the Honourable Member for Roblin-Russell. Mr. Chairman, that's in fact what our staff were doing in terms of assisting many of the farmers in the province, in terms of many of the financial

situations that they were involved in. We are meeting again with the institutions, based on meetings that I've had with groups of farmers around the province, to try and deal with the situation, to see if, in many instances, the situation worsens and we will see whether we can have some agreement in the next while.

But, Mr. Chairman, I want to say I appreciate the comments from the honourable members because, basically, they have agreed with the programs that we have put into place.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, I have a question for the Minister of Agriculture.

I believe the Minister of Agriculture assumed his responsibilities on the 30th of November, 1981. I would like to ask him whether or not any farmers have gone out of business, gone bankrupt, since that period of time as a consequence of high interest rates?

HON. B. URUSKI: Mr. Chairman, the statistics in Manitoba show that in the last three years: 1980, 14 farmers declared bankruptcy; in '81, 14 farmers; in '82, 30. There is no doubt in my mind that a significant part of the problems that many farmers have faced were on account of high interest rates.

MR. B. RANSOM: Mr. Chairman, I am not entirely clear from that answer whether the Minister believes that people did go bankrupt as a consequence of high interest rates during that period of time.

HON. B. URUSKI: That they played a role, that's what I said, the high interest rates played a major role. Mr. Chairman, to make sure that the honourable member understands me, that high interest rates played a major role in some of the bankruptcies that occurred.

MR. B. RANSOM: Mr. Chairman, does the Minister think that there was ever a time when farmers were put out of business as a consequence of high interest rates, be it 1982, 1981, 1980, 1979.

HON. B. URUSKI: Mr. Chairman, in case the honourable member isn't aware, many farmers who got themselves into difficulty the last number of years were operating, receiving operating capital and loan monies on the basis of a line of credit, and they were caught in that dilemma in terms of having major purchases made on short-term borrowings which escalated, and the honourable member knows what the interest rates were like. Those contributed to many of the financial difficulties that farmers were faced with.

MR. B. RANSOM: Mr. Chairman, how does the Minister reconcile what has happened then with farmers going out of business as a consequence of high interest rates; how does he reconcile that with the promise which was made by his leader, and his party, and by him, in the election of 1981 when he said - and I will put it on the record again, Mr. Chairman, because this was a guarantee signed by Howard Pawley, Leader of the Manitoba NDP - he said, "with ManOil and Manitoba Hydro we can develop programs to guarantee that no

Manitobans lose their homes or farms due to high interest rates."

Now, Mr. Chairman, has that guarantee failed? Has the warranty run out on that guarantee now after a period of a few short months? Farmers are going out of business as a consequence of high interest rates, Mr. Chairman, and this Minister and this government have failed. They have failed to carry out this promise because they said to the farmers that they wouldn't allow that to happen. Now, Mr. Chairman, I want to know how the Minister reconciles that? How can he make that kind of promise to the farmers of this province and then fail them in that short period of time? A promise that was guaranteed by his leader. They had the way that they were going to raise the money even; they didn't even have to do it through taxation or borrowing. When we hear the members opposite now, in government, accuse us of, you can't have it both ways. You can't ask for spending programs and still criticize taxation and borrowing.

Well, Mr. Chairman, they didn't say anything in here about having to raise taxes or having to borrow money to do this; they said they would do it through ManOil and through Manitoba Hydro. That was a promise that sounded pretty good to a lot of farmers, I can tell you that, Mr. Chairman. I know you don't have too many farmers in your area, but I have quite a few in mine and they thought this sounded pretty good, to get that sort of a guarantee without any taxation increases, without the deficit going up. It was a guarantee that was signed by the Leader of the Opposition.

How does the Minister—(Interjection)—pardon me? Well they won't the next time. The Member for The Pas says they didn't vote for him. Well, I think a lot of them did, Mr. Chairman, but they're not going to the next time because they've been deceived once. I want to know, from the Minister of Agriculture, how he reconciles the promises that he made to the people and the fact that he has now failed to carry out those promises?

HON. B. URUSKI: Mr. Chairman, when I indicated that high interest rates contributed to the bankruptcies of the farmers that were there that was a contributing factor, Mr. Chairman, there is just no doubt about it. As to whether or not one could have saved the farmers, interest rates played a role in it, they weren't the entire reason for the failures of the bankruptcies, and I said that right at the beginning, Mr. Chairman, I said they played a contributing role. And the debt loads that farmers were faced at the time still are playing a role in terms of the difficulties that farmers are faced. But, the other problem that they are faced with, of course, is the writing down of the value of their assets in terms of today's re-evaluation of much of their assets that they have. There is a paper write-down that is occurring throughout the industry and the honourable members know that that is happening, and that is contributing to the ongoing problems that farmers have with obtaining operating capital and the like.

Mr. Chairman, I didn't say that all the bankruptcies were solely on account of high interest rates; they were a contributing factor to them. Management, markets, a number of items were also factors in terms of the problems that farmers faced.

MR. B. RANSOM: Mr. Chairman, I gather now, from what the Minister is saying, is that he now regards high interest rates as only a contributing factor to the difficulty that farmers have. So, I would then like him to confirm, was there ever a time that high interest rates were the factor that were putting farmers out of business. Was there ever a time that was the case?

HON. B. URUSKI: Mr. Chairman, not totally.

MR. B. RANSOM: Well then, Mr. Chairman, how could the Minister of Agriculture and his colleagues make this kind of promise? Is this a promise, then, that the Minister and his colleagues knew was a false promise, because there was no such set of circumstances, then, as farmers being put out of business as a consequence of high interest rates? Because if he says now that there never was a time when they were put out of business as a consequence of high interest rates, that it was only a contributing factor, then what did this promise mean? What did this promise mean that no Manitoban would lose their farm due to high interest rates? How can they appeal to the electorate of this province on that kind of basis, either knowing that it is a promise to solve a problem which doesn't exist, or else knowing that they were not going to fulfil that promise when they made it; it has to be one or the other. Anyone who reads the Minister's answers will know, it is one or the other, because the one thing that is clear, Mr. Chairman, is that there are still farmers going bankrupt and going out of business, and if you ask them they will say that it was a consequence of high interest rates. They will say that there are other things involved, too, but they'll say, high interest rates put me over the top, it was the straw that broke the camel's back, and this government had promised me that it wouldn't happen. And that is just one more example.

Mr. Chairman, the Minister doesn't seem to want to acknowledge that these promises were made. Perhaps it might be advisable for the Minister and for his colleagues to read the propaganda that they put out during the election because that's the standard that they're going to be judged against, and I think there's only one word to describe the performance of this Minister in carrying out his promises, and that is 'failure'.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Thank you, Mr. Chairman. The Minister made a comment about the writing down of the paper value of assets, and I'd like to ask him specifically what policy MACC follows in cases where net equity, or equity in a farm, is negative and where operating capital is not granted; does MACC write off debt at any point in time?

HON. B. URUSKI: Mr. Chairman, if I understand the member's question correctly, does MACC write off debts, in terms of bad debts? Yes, they do.

MR. C. MANNES: What specific process do they use, do they go through, before they make that decision to write off debts? What do they expect the borrower, who can no longer meet his payments, what do they

expect of him before that corporation makes that decision?

HON. B. URUSKI: Mr. Chairman, there is no writing off of debt while the farmer is still farming. The operation has to have ceased before there is an actual write-off of debt.

MR. C. MANNES: Mr. Chairman, I bring this particular line of questioning up because I have a constituent who finds himself involved in a situation where, in fact, his net equity is now a negative figure. MACC tells him that he cannot farm this year because, in fact, there is nobody that will guarantee the operating loan, and they're asking him not to disperse his assets, and not declare bankruptcy. If he does, against their wishes do so, in effect, they're asking him then to pay the difference, the shortfall, over some period of time. I'm wondering whether, in fact, those set of circumstances, as I have related now, fall anywhere under the policy of MACC.

HON. B. URUSKI: Mr. Chairman, one would have to examine the specific case in point, if the honourable member wishes to bring those details to me. We should actually have the case in point reviewed so that I could supply the information to the honourable member, not through this form would be my preference. I don't think the honourable member wants to deal with it in that way but if he brings the details to my attention we'll certainly look at it.

MR. C. MANNES: Mr. Chairman, now that we have a high ranking official of MACC in our presence I think it's the time to get a direct answer and we can reduce the amount of red tape. Again I ask, are there any situations that exist in the past, or that exist now, whereby an individual, particularly a young individual, in this case 18 years of age, has been asked to, after the dispersal of all the assets, and if there's some \$30,000 owing - and I use that as an example only - has been asked to maintain that debt over some four or five years, a short period of time and pay it off, by whatever means, should he join the workforce outside to pay off that debt to MACC?

HON. B. URUSKI: Mr. Chairman, I will have to check this matter out for the honourable member. When he talks about the individual dealings and the arrangements with the corporation I would want to investigate the full background of that case.

MR. C. MANNES: One final question then, Mr. Chairman. Is the Minister saying that MACC then has no set of rules to deal with this particular situation; in fact, is every case looked at in its own merit?

HON. B. URUSKI: Mr. Chairman, I'm not sure that I know enough from what he has said in order to give him a definitive answer. I'm not sure that I know all the circumstances surrounding the matter in the way that he is raising it, that's why I would want to have the details so that it can be examined. But to make a judgment on the basis of just what the honourable member says, I daresn't make that kind of a judgment.

During these times, Mr. Chairman, there may be all kinds of alternatives looked at, and would have to be looked at, in trying to assist people in financial difficulty. What might, under normal circumstances, not be considered today may be fair ball, in terms of trying to renegotiate and the discussions taking place. I need not tell the honourable member, I'm sure he knows by reading the papers, as to what kind of negotiations and renegotiations and changes are constantly being made and reviewed, whether it be by MACC, whether it be by banks in terms of repayment, rescheduling, all kinds of alternatives are looked at in these times and they are very troubled and difficult times.

MR. C. MANNES: Mr. Chairman, this particular individual has agreed with MACC that he cannot farm this year. There is nobody that will guarantee him operating loan; he cannot farm, his net worth is negative. I'm wondering if there are specific regulations or policies to deal in situations like this where, obviously, there will be an actual debt after the dispersal of assets; are there cases where that debt is written off or, in cases, not in this specific case, but are there circumstances at times which the individual is asked to pay that debt over a period of years. I think the question is actually quite straightforward, Mr. Chairman.

HON. B. URUSKI: Mr. Chairman, very difficult to answer the question because every case is dealt with on its own merits. I know there are circumstances, for example, using the bit of information that the honourable member has put on the record. It's possible that the individual may lease his holdings for one year and cease operation and do something else for a year in the hope of regaining some further capital to come back into farming; that may be an option, Mr. Chairman. I don't know what the honourable member would want us to do if, for example, the client should have sold part of the security that the corporation had and didn't turn in the money. I don't know all the circumstances to the situation and I hesitate to say that this is a black and white policy because, Mr. Chairman, to state that it should be just black and white I would be only misleading the honourable member because every case has to be looked at on its own merits and all kinds of alternatives should be looked at in terms of trying to review and to see whether an operation can be salvaged.

MR. C. MANNES: Just a final comment, Mr. Chairman, let the record show that I asked whether, in fact, every case was looked at under its own merits.

HON. B. URUSKI: Yes, it is.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. W. MCKENZIE: Mr. Chairman, a moment ago, in response to my inquiry about the three farmers having problems, he said, I think, that he had a mediator. I wonder if I could have the name of that mediator and his phone number so I could have these three farmers contact him.

HON. B. URUSKI: Mr. Chairman, I would want the honourable member to provide those farmers names

to me so that we could have our staff in the region, our financial management people, our ag reps, to make sure that they are involved with those farmers, as I mentioned earlier.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman. When the Minister was attempting to come to grips with the farm financing problem did he ask for the Farm Bureau to strike a committee to take a look at the farm financing situation and offer him recommendations as to how to proceed and provide advice to him?

HON. B. URUSKI: Mr. Chairman, in fact, during a meeting last fall, one of our many meetings that I've had with the Farm Bureau, I raised that very issue and, in fact, a committee was struck and has met with staff and they are going to be meeting with MACC staff as well.

MR. D. ORCHARD: Is the Minister indicating that he hasn't received recommendations from this committee, he or the MACC or his staff?

HON. B. URUSKI: Yes, we have, Mr. Chairman.

MR. D. ORCHARD: Mr. Chairman, would any of the recommendations have to do with raising the limit on the Interest Rate Relief Program up to \$150,000 from \$70,000, something that the Minister has failed to do? And would another recommendation be that all assets that the farmer has in his possession be used as collateral and not on a percentage basis as some assets are presently being used? Thirdly, would one of the recommendations have been for MACC to set up a loan guarantee - and that one obviously must be the one he acted upon because he announced a \$100 million Loan Guarantee Program? Can the Minister confirm, out of the \$100 million Loan Guarantee Program, that MACC is only guaranteeing, against failure, 12.5 percent of that \$100 million, in other words, \$12.5 million out of the \$100 million portfolio is the only amount that MACC will guarantee on failed loans issued under that guarantee program?

HON. B. URUSKI: Mr. Chairman, the people of Manitoba would be liable if every loan went sour, failed, we would be liable for \$12.5 million.

MR. D. ORCHARD: Mr. Chairman, once again the Minister is trying to make a great to-do about his program. His announcement came out, Mr. Chairman, as \$100 million, and I want to tell you that I had a number of farmers who are having - I'll put it this way - difficulty arranging operating loans for this coming production year with their banks. I knew the Minister had this program on the back burner and ready for announcement and I told these farmers in my constituency that there may well be hope, and I read to them from the press release that the Minister put out in which he said there was going to be \$100 million worth of guarantees to help troubled farmers in Manitoba.

Mr. Chairman, once again, as with the crop insurance release, the Minister was not totally forthright with the farmers of Manitoba because what those farmers found out, when they went to their bankers and applied for operating credit under his \$100 million scheme, the banks have told them, in the cases that I've been back in touch with, you won't qualify because we've only got - they said 10 percent and I knew it was 12.5 percent - we're only guaranteed 12.5 percent of that program so we're going to be very, very selective in the people we give that money to and you're not one of the ones we're going to take a chance on. That program that was announced as \$100 million of assistance to the farmers of Manitoba is another phony guarantee fund from this government.

The Minister is not going to offer \$100 million worth of operating credit guaranteed by MACC to the banks. It will not happen because what the banks are going to do, and tell me this, they are going to develop a loan guarantee portfolio under this \$100 million guarantee and they are going to pick 87.5 percent of that portfolio in absolutely secure loans, ones they would make without the guarantee, so there's no chance of them losing money on that. Then they're going to distribute the other \$12.5 million, the guaranteed portion from the government, to those who are more in need. But the farmers that are truly in need are completely by-passed by this program; it is of no value. This Minister, once again, has come up with a phony propaganda press release program and no assistance to the farmers that are in need, because those ones who truly need it, who need the guarantee in the farm community for this spring's operating money will not receive it under this program because of the 12.5 percent limit.

I want to tell you, Mr. Chairman, he never mentioned 12.5 percent or \$12.5 million was the maximum draw-down on the guarantee of the \$100 million program, he never mentioned that in his press release. He left the clear impression with farmers and he raised their hopes that there was \$100 million worth of guaranteed assistance to operating loans for this spring. He won't mention all of the truth in his press releases; he'll hide it; he'll fudge it; he'll twist it; anything but be truthful with the farm community. He's done it in the past, and he's done it again with this program.

Mr. Chairman, that is the kind of abject failures that this Minister and his First Minister and this government have given to the farm community. They've broken the promise as my colleague, the MLA for Turtle Mountain, has pointed out, about no farmer going out of business because of high interest rates; they've broken that promise; they've shattered that one. That was one that farmers had hopes of, that this was finally a government, that you could believe, when they said something in election campaign, that they were going to deliver on. Well, they failed on that.

The press release comes out, \$100 million of operating loan guarantees. They've failed on that already. The farmers that really need it will not qualify and the Minister will sit over there smugly smiling, saying, I've heard that tune before. I'll guarantee him that they, the farmers that truly need the loan guarantee, will not qualify for his program because he has restricted the banks to a 12.5 percent guarantee of that \$100 million portfolio. He's offering \$12.5 million of guaranteed operating loans; no more, no less.

Mr. Chairman, I want to point out another flaw in his Guaranteed Loan Program. He has set the interest rate at prime plus one. Do you understand what that means, Mr. Chairman? Prime plus one is what the interest rate on that loan is. I want to tell you that myself and a lot of other farmers who can - I'll eliminate myself from that because I don't want to bring my personal farming - arrange their operating loans at the bank, without the need of a guarantee from the government, are paying a minimum of prime plus 1.25, prime plus 1.5. That's where their margin of interest is.

Along comes the Minister with a loan guarantee program which says that if you are in trouble you're going to get a better interest rate from the bank than the man who has operated his farm successfully and doesn't need a guarantee. He's creating friction in two classes of farmers out there; those that qualify for help get a lower interest rate than the farmer who has successfully operated and paid his operating loans over the last number of years.

Mr. Chairman, that may not mean anything to the Minister, but it causes a certain number of problems amongst the farm community because good, successful, regular-paying farmers cannot qualify for prime plus 1, and the only way they can is if they are part of the 87.5 percent that the bank is automatically going to roll into that guarantee, to qualify for the 87.5 percent security in that loan portfolio they may get prime plus 1.

The Minister has given a preferential interest rate to the people most in trouble, to the disadvantage of those who are not in trouble. It must cause some problems, even to himself, to justify the equity in that, but clearly the program will not assist the farmers that really need assistance. He's failed once more, Mr. Chairman.

HON. B. URUSKI: Mr. Chairman, I will repeat on the record that I've heard that song before from the Honourable Member for Pembina. Mr. Chairman, the honourable member last year said that there were no farmers who would join the Interest Rate Relief Program. Mr. Chairman, it happens to be that right within his own constituency, one of the largest approval rates of farmers in that region, from Carman, that came on the Interest Rate Relief Program. There were no farmers, he told this Legislature, that would join the Interest Rate Relief Program, that would qualify for it. In fact, Mr. Chairman, with the exception of Gladstone, within the region, that has one more farmer approved under that program; Carman happens to be the largest area with approvals in the central region.

Here is the member from that area saying that there will be no farmers who will qualify for the Interest Rate Relief Program and there will be none there.

Mr. Chairman, again, the honourable member talks about equity and ability. On one hand, he says look, help those farmers who really need help, but now you're discriminating against those who can get help because they're not getting as favourable a deal as the others can get.

I'm not sure what his logic is, Mr. Chairman. The program is to assist those who had difficulty in obtaining operating credit. Mr. Chairman, even in his own area, the commentary made by the papers about the response from the lending institutions is very positive.

— (Interjection) — I've quoted from it, Mr. Chairman, the member should read it. Well, Mr. Chairman, I want a copy of it, if I can have a copy. Yes, I'll be pleased to table it, if we can get a copy of it and I'd return the original.

So, Mr. Chairman, I'm not sure what the honourable member is saying. On the one hand he's saying, you're not giving enough to those who are able to get credit, and yet, you're not helping those who are in need of credit. I've put on the record what the program is about and that's where it stands.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, the Minister keeps saying that we, on this side, had said that no farmers would qualify for the Interest Rate Relief Program. That's another of the fallacies that the Minister is putting forward.

What we said to the Minister last year was that there were a great many people who had a gross income of over \$70,000, and would not qualify for this program, would therefore not be helped by it; that there would be great numbers of people who would not be helped by this program. That's what we said.

Now, Mr. Chairman, I have to return to some specific questions to the Minister, if he would care to listen. He earlier said that there really weren't any farmers who had lost their farms as a consequence of high interest rates. Now, Mr. Chairman, there must have been over 700 farmers with gross incomes of less than \$70,000 who were in danger of losing their farms as a consequence of high interest rates because the Manitoba Interest Rate Relief Program for farmers says, among other things, that one of the aims is to provide limited one-time financial assistance to low and middle income farmers who are in danger of losing their farms as a result of high interest rates. Under eligibility, it says, assistance provided must be shown to be integral to the prevention of the forced sale or loss of the farm.

Now, Mr. Chairman, that means that since over 700 people have qualified, that there were, in fact, over 700 farmers who were facing forced sale of their farms as a consequence of high interest rates, or else they would not have been able to qualify for this program.

Now, my question to the Minister, Mr. Chairman, is were there any farmers with gross incomes of over \$70,000 who were in the same position as those 700 who qualified for this program? That is, were there any farmers with gross income of over \$70,000 who were in danger of losing their farms as a result of high interest rates, and that some relief from high interest rates would have been integral to the prevention of the forced sale or loss of the farm?

HON. B. URUSKI: Mr. Chairman, in terms of the applications, and I will go from memory, I'm sure that there would have been applications from farmers whose gross incomes would have exceeded the \$70,000 limit. In terms of whether they were on the verge of losing their enterprises, Mr. Chairman, I don't believe that any were in that position at that point in time. However, those applications would have been reviewed in conjunction with other lending programs that MACC has.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, can the Minister confirm then, that the over 700 farmers who qualified for this program were on the verge of losing their farms as a consequence of high interest rates?

HON. B. URUSKI: Mr. Chairman, those guidelines were followed. They are guidelines. There is no doubt that the farmers who were eligible under the program were having financial difficulties and interest rates played a part in their financial difficulties.

MR. B. RANSOM: Mr. Chairman, a further question to the Minister. Would there be farmers existing in Manitoba who had a gross income of over \$70,000 who were in equally difficult circumstances?

HON. B. URUSKI: Mr. Chairman, I would think there would be.

MR. B. RANSOM: Mr. Chairman, I want to know then, what did the Minister do to help those farmers?

HON. B. URUSKI: Mr. Chairman, there was no financial assistance provided to those kinds of farmers but there certainly is assistance in terms of counseling, looking at alternatives through our financial management people and through our regular lending programs that they may have qualified for.

MR. B. RANSOM: Mr. Chairman, would that counseling have been sufficient to prevent those farmers from being forced into bankruptcy?

HON. B. URUSKI: Mr. Chairman, in some cases it may have been, in trying to evaluate their operations, in trying to assist them in making decisions as to how to deal with some of the financial difficulties they were in, whether they should change the method of operation, reduce their debt load by reducing some of their assets - those kinds of discussions and alternatives, that kind of counseling would have been provided to all farmers.

MR. B. RANSOM: Mr. Chairman, it seems that people with gross incomes of under \$70,000 were entitled to get some financial assistance to help them out, but people with gross incomes of over \$70,000 were only entitled to some counseling from the government. Does that counseling, in the Minister's eyes, fulfill the promise that he and his colleagues made to the farmers of Manitoba in the election of 1981?

HON. B. URUSKI: Mr. Chairman, in terms of the program that is in place, what would have additionally been available to farmers is debt consolidation and the other portions of the MACC lending programs.

Mr. Chairman, there is no doubt that had the program, the Interest Rate Relief Program, been put into place to assist gross incomes above \$70,000, the limits of assistance would have had to be far higher in terms of that program. There is no doubt that when we announced the program, it was not going to cover all the eventual situations in the Province of Manitoba. When we announced the program, Mr. Chairman, in

terms of the statistical information we had, the limits that we set would cover approximately 70 percent of the farming population of Manitoba as by Farm Credit Corporation's statistics for the year, I believe, 1980.

MR. B. RANSOM: Mr. Chairman, does the Minister have a bias against large farm operations that would gross over \$70,000.00? How does he justify the inequitable treatment of an arbitrary dividing line of \$70,000 gross income for farmers who will receive financial assistance, and those who will receive only counseling from the government?

HON. B. URUSKI: Mr. Chairman, as I said, we knew when we announced the program and the honourable members knew and they made their comments, that we could not, we were unable to help every farmer in every situation. The fact of the matter is, that when we announced the program the funds were limited, and the funds were being put to the best use in terms of the criteria.

The honourable member says, have I got anything against farmers in one income group or another. No, Mr. Chairman, I don't. But there is a recognizable limit to the extent to which we were able to assist, and the criteria were established on the basis of certain projections that might have been able to be assisted under this program. In fact, there will be likely more assisted under this program than we had envisaged in terms of the present criteria. The numbers will probably exceed that amount.

Fortunately, in terms of the housing component, the Federal Government came out with a very similar program, so that funds will be available for this component and small business as required. But, Mr. Chairman, there was no magic to the figure that was used. There never is, in terms of trying to draw some criteria and some eligibility that there will be some magic about it. Mr. Chairman, if we thought that within the financial position of the province, we could have assisted the entire farm community regardless of their gross sales, we would have announced a far larger program. We announced a program that we thought as best we could would cover in the main, many of the farm situations and we were unable to help all people out of all of their problems.

MR. B. RANSOM: Mr. Chairman, the Minister says it was evident when the program was announced that they wouldn't be able to help all farmers in difficulty. He says that he couldn't do that within the financial capacity of the government. Was the Minister aware of that during the election of 1981? Was he aware that he would not be able to help all the farmers when the promise was made in 1981?

HON. B. URUSKI: Mr. Chairman, whether I was aware that we were unable to help all farmers in terms of an Interest Rate Relief Program to assist farmers, the program, by and large, has met the expectations that we had when we developed the program in terms of the budgetary amounts that we had put into place.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, it maybe met his expectations, but there are thousands of farmers in rural Manitoba that haven't had their expectations met.

I have one further question in this area, Mr. Chairman. We discussed it last year and my colleague from Gladstone had raised it again with me and that's particularly dealing with the policy of Manitoba Agricultural Credit Corporation where individuals have made the decision to purchase property under the old Land Lease Program or our policy to sell that land or a continuation of their policy, where an individual had a capital gain. There was a point at which they were planning to - let me get this straight. With a capital gain, it was to be paid back to the province at 5 percent a year over a period of 20 years. There was a policy decision being worked on where that calculation of the repayment shouldn't go past the desired time to purchase; that shouldn't carry on for a longer period of time than the decision was made to purchase that property; has there been any policy change in this regard, or what is the current situation?

HON. B. URUSKI: Mr. Chairman, that issue has not been resolved at this point in time but it is now nearing finality in terms of a review and we hope to make a decision very soon on that.

MR. J. DOWNEY: The Minister apparently is not prepared to indicate what that decision will be at this time. I would urge him to make his announcement as quickly as possible because there are many people who are anxious to have that decision so it can clear up some of their frustrations and financial concerns.

HON. B. URUSKI: Mr. Chairman, we recognize that there are some difficulties in that area and there have been discussions at the board level at MACC and we are waiting finality of that to make a decision on that as to which way we will go; whether the situation will remain or whether there will be changes, and we should have that matter dealt with I hope within the not too distant future.

MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, the other day in the question period the Minister was asked about farmers who took out loans in 1981 when the interest rates were very high, somewhere in the neighbourhood of 18 percent, what he intended to do for those farmers that were paying the high interest rates, and the fact that the interest rates were so much lower at the present time, and the Minister gave us a lecture on banking, as I recall. The Minister told us that when loans were taken out at a high interest rate that the loaning authority would have to carry on those interest rates because they had financed the money under those high interest rates. Under those circumstances, and now that the program he had announced for farmers that only have a gross income of \$70,000 or less, the fact that there's been a year go by and he's had a chance to study it, if there is a farmer out there paying the high interest rate, and he has a gross income of more than \$70,000, and should he go bankrupt in the next six months, what does the Minister intend to do about that when they promised that no farmers would go broke because of high interest rates? What will he do

for those farmers, will he just give them another lecture on banking?

HON. B. URUSKI: Mr. Chairman, the honourable member says, what will he do? Mr. Chairman, that matter is under review and will likely, if there is an approval to pick up those interest costs, in other words, a reduction of interest rates for those loans under MACC that have been involved in that high rate of interest. Those individuals are, of course, at this point in time free, as anyone is, to seek a lending institution which has lower interest rates, pay off that debt and reduce their borrowing to the current interest rates. At the time the loans were made, and they were made primarily in the last couple of years, there are some of tens of millions of dollars involved in this and a review is being undertaken and we hope to make a decision on that matter very soon to see whether or not that reduction can be made.

At the present time, and the honourable member knows that rates through, unlike financial institutions, MACC are based on the long-term borrowing rate of the Province of Manitoba, whereas financial institution rates are based on the short-term lending rate of the institutions based on the deposits that are there. The two processes of loaning of funds are completely different, in terms of how the province borrows its money and transfers it to MACC, vis-a-vis a private lending institution.

Mr. Chairman, I just saw something very much of interest when the former Minister of Agriculture spoke about loan guarantees and debt consolidation, programs that he was going to put into place in May of 1981, when he was asked in this Legislature about high interest rates when bank rates were hitting 20 percent, whether or not the government was thinking about debt consolidation plans for farmers, and postponed payments to extend payments. I quote the Honourable Member for Arthur: "Mr. Speaker, I would like to inform the member that I, and members of our caucus who are interested in the agricultural community, plan to meet with the agricultural banking people of Manitoba tomorrow to discuss the affairs of agricultural financing and the point of agricultural debt consolidation. We are proposing to make some changes that would support the farm community in certain areas. I would be able to further explain in more detail when we have a little more information and a little more discussion with the Board of the Manitoba Agricultural Credit Corporation, and I expect to be able to make further announcements later this week, Mr. Chairman."

Those are the kind of comments that were made by the honourable members and talking about — (Interjection) — Mr. Chairman, talking about commitments and announcements, I really appreciate the comments made by honourable members opposite about that great action that was undertaken by that former administration and the matter of non-action by this administration.

MR. F. JOHNSTON: Mr. Chairman, the Minister has said that they are having the Agricultural Credit Corporation investigate or look at the problems of those farmers that are having problems because they borrowed at a high interest rate, as I understand his

statement. I also say that he didn't answer the question, I said, what would he do if one of those went broke; and he said that they were looking at this problem. I would just like to ask the Minister that, because he was the chairman of the committee that came forward with the Interest Rate Program on farming, housing, and small business, if he intends to take a look at the interest rates that people took out when they bought houses at the high interest rate and small businesses that loaned money at the high interest rate, are they going to look at all three areas to see what they can do for all those people that borrowed at that high interest rate?

HON. B. URUSKI: Mr. Chairman, I appreciate the honourable member's comments and I'd like to remind him, during that same debate, he was Minister of Economic Development and he answered — (Interjection) — Oh yes, he got into the same debate with the Minister of Agriculture where he said: "Mr. Speaker, we do not have a plan such as the member has been suggesting, dealing with small business, of the 20 percent high interest rate". Mr. Chairman, the interest rates are down at the present time, that doesn't mean that the liability of MACC, in terms of its relationship to the Department of Finance, isn't still there at those rates and that commitment is still there. If we write down those interest rates, it means that it will add whatever the cost will be - to write those interest rates down to the present rate, would be, I believe, a fairly large sum of money. That matter is being reviewed, not strictly by MACC because it's not a MACC decision; it would have to be a governmental decision whether or not this kind of proposal is accepted.

Mr. Chairman, those people who are finding themselves in difficulty with respect to those interest rates do have the option of borrowing at the current rates, which are lower, and paying off those loans. When I was asked the question, I recognized that as a difficult problem for those people in terms of where we're at, at that point in time, but there is clearly, in terms of MACC policy, the loans have to be repaid on the basis of the money that was advanced by Finance to the corporation at the rate at that time.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Well, Mr. Chairman, when he brings up the statement that was made in the House by the honourable members on this side, saying that we didn't have a program for the high interest rates for small business, that's true, we didn't. The members of the government obviously only had a program, in the case of farmers, for those who had a gross of \$70,000 or less.

We are asking, because of the promises that were made, are you going to review those other ones to make sure there are no bankruptcies in the farm community as you promised? The Honourable Minister gives us a lecture on banking that he obviously learned since he was Minister. He didn't know them when he made these promises.

HON. B. URUSKI: Mr. Chairman, there are loans that are being reviewed, the five year loans as their terms come up, those loans are under review. There are a number of loans at that higher rate, which a formal governmental decision has yet to be reached, but those loans on a five-year basis are being retired and renewed at current rates. That is the process at the present time.

MR. F. JOHNSTON: Mr. Chairman, we'll forget small business for the present time. Did I understand the Minister to say that as the chairman of the committee that developed the Interest Rate Relief Program, that he will be looking at the people that have high interest rates on homes?

HON. B. URUSKI: Mr. Chairman, the Interest Rate Relief Program dealing with the housing component is under the Department of the Minister of Housing. This item does not fall under MACC, so that can be answered at that time.

MR. CHAIRMAN: Item 3. Manitoba Agricultural Credit Corporation—pass.

Resolution No. 10 - RESOLVE that there be granted to Her Majesty a sum not exceeding \$6,571,000 for Agriculture, Manitoba Agricultural Credit Corporation, for the fiscal year ending the 31st day of March, 1984.
Committee rise.

821