



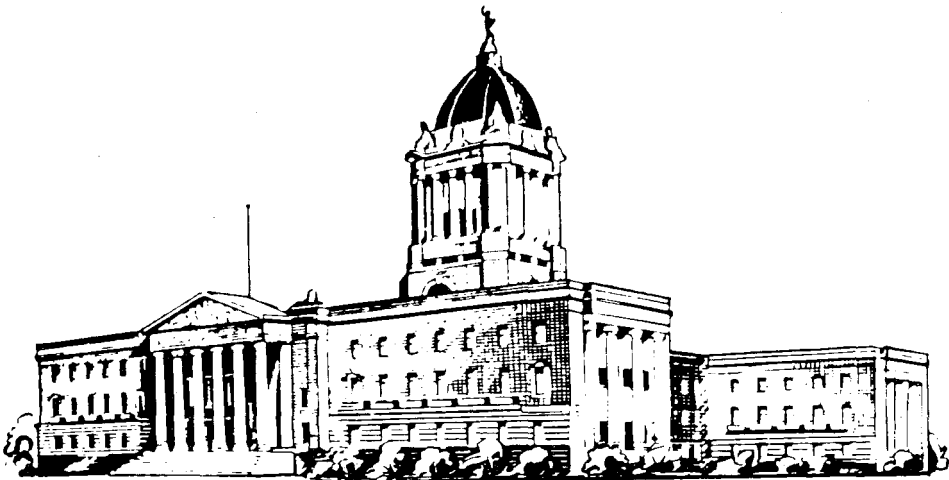
Legislative Assembly of Manitoba

HEARINGS OF THE SPECIAL COMMITTEE

ON

LAND OWNERSHIP

Chairman
Mr. Harry Shafransky, M.L.A.
Constituency of Radisson



Winnipeg — Monday, February 17, 1975.

THE LEGISLATIVE ASSEMBLY OF MANITOBA
SEVENTH MEETING OF SPECIAL COMMITTEE ON LAND OWNERSHIP
WINNIPEG, MANITOBA, FEBRUARY 17, 1975

Chairman: Mr. Shafransky.

MR. CHAIRMAN: We have a quorum. We shall proceed. Mr. Don Gibb, Manitoba Institute of Agrologists.

MR. GIBB: Mr. Chairman, Committee members, ladies and gentlemen, good morning.

A policy affecting rural and urban land in the Province affects all Manitobans and many non-Manitoba residents in Canada. The Manitoba Institute of Agrologists wishes to commend the Government of Manitoba on its decision to establish the Special Committee of the Legislature to inquire into matters relating to property rights in lands within the province. The Manitoba Institute of Agrologists also welcomes the opportunity to appear before the Committee to discuss the views of agrologists in Manitoba relating to land policy.

The Institute is a provincial organization of professional people in agriculture and the related sciences. It comprises agrologists in various occupations including agri-business, some farm operators, Manitoba and Canada Departments of Agriculture employees and University of Manitoba personnel. In the main, the Institute speaks for this group. Agrologists are involved in the whole system of agricultural development. Members of the Manitoba Institute are in a prime position to appraise farmer's needs, contribute towards policy formulation, conduct research to meet these needs and become actively involved in the implementation of programs.

The Manitoba Institute of Agrologists has a Committee on Land Use. The committee has made a careful study of issues relating to this subject and was pleased to have an opportunity to comment on the Working Paper entitled "In Search of a Land Policy for Manitoba" prepared by the Manitoba Department of Agriculture.

The issue of foreign ownership of Manitoba farmland raised in the report mentioned above is commented upon in our Brief as an important aspect of the broader subject of land use.

Current production practices result in an under utilization of our land resources. Constrained primarily by the uncertainty of markets, farm operators have under-utilized the land base caused unnecessary rural social problems and depopulation and possible permanent deterioration of the land base.

Appropriate land utilization requires long-term programs relative to crop and livestock production, marketing and a general stabilization of agriculture to provide the incentive. Related government programs must not, however, detract from economical land use patterns within agriculture.

Agrologists are concerned about and can contribute toward appropriate zoning plans for land utilization in agriculture and non-agricultural uses. Land use or zoning laws designed specifically to deal with non-agricultural uses, such as recreation, can have a major impact upon farmers.

On May 30th, 1974, the Honourable Samuel Uskiw, Minister of Agriculture, has stated his Department would be "providing for the committee and public discussion some time later this year before the committee is convened, or when the committee is convened, a White Paper on the subject matter (property rights) which will serve as a basis for discussion and on which people may make representations and perhaps proposals to vary from the paper itself."

Subsequent to this, copies of the Manitoba Department of Agriculture document entitled "In Search of a Land Policy for Manitoba" were circulated. This Working Paper is perhaps a starting point for discussion but falls far short of what is normally contained in a White Paper. The Manitoba Institute of Agrologists takes issue with many of the observations made in the Department of Agriculture study. This has been included as an Appendix to our brief.

In order to be as positive and constructive as possible the Institute is proposing changes which, if implemented, would help reduce the future threat of foreign ownership of Manitoba farmland.

To facilitate credible research on the subject of foreign land ownership, the Manitoba Institute of Agrologists recommends necessary legislative amendments be adopted during the coming sessions of the Legislative Assembly to provide for more comprehensive information on who owns land in Manitoba.

(MR. GIBB cont'd)

The Manitoba Institute of Agrologists recommends the Special Committee on Land Use recommend the establishment of a Land Use Council. Membership on the Council should include representation from the broad spectrum of people concerned with land use and ownership.

The Council should be given a period of 1-2 years to:

1. assemble all pertinent background information on the subject of land use and the extent of foreign ownership in Manitoba.
2. present this information to the people of Manitoba through extensive public meetings.
3. hold public hearings on the relating issues.

The Institute recommends the Council consider the establishment of effective land use plans and zoning by-laws to correct any future excesses of uncontrolled land development.

Future land speculation could be significantly reduced if the future use of all Manitoba land was planned by such a Council. It would seem the sooner land in the Province is zoned residential, industrial, recreational and/or permanent agricultural, the lower will be the public's compensation bill to reimburse owners for loss of development rights.

Zoning would eliminate much "urban speculation" wherein foresighted individuals purchase land adjacent to cities and growing rural towns in the hope that, some day, the land will be cut up and "developed". Appropriate zoning would put to an end uncontrolled residential and industrial development on prime farm land.

Zoning and/or the creation of agricultural land reserves would eliminate speculation in farmland in anticipation of eventual urbanization. Future increases in the value of farmland would then have to result from the capitalization of increases in the value of production produced from the land.

The Institute recommends the Provincial Government take immediate steps to remove existing impediments to private ownership of Manitoba farm land by citizens residing in the province. And I list some of the possible measures for consideration by the Provincial Government.

(a) Exempt assets in the form of farm land from provisions of the Provincial Gift Tax Act.

(b) Make representation to the Federal Government to request the "tax free rollover" provision be provided to farmland owned by family farm corporations. (The majority of controlling shares in these private corporations to be owned by persons principally occupied in farming.) This provision is currently provided only to sole proprietors engaged in farming.

(c) Make representation to the Federal Government to introduce a system of public mortgage insurance to facilitate the extension of long-term mortgage financing to agriculture by private lenders.

This is a service currently provided by the Federal Government to urban home buyers.

Alternatively the Provincial Government might wish to take the initiative and develop such a program itself. The Province of Alberta is currently studying such a plan.

(d) The Provincial Government re-enter the field providing direct long-term mortgage financing to farmers through the Manitoba Agricultural Credit Corporation.

The Manitoba Institute of Agrologists, in reviewing the working paper "In Search of a Land Policy for Manitoba", notes the following assumptions or hypothesis directly or indirectly stated in the document.

(a) Efficiency of production decreases with increase in farm size: In other words as farms get larger their efficiency decreases.

Tables I and II, Appendix I indicate the average Manitoba farm is still well below the optimum size. Further, smaller farm operations are less efficient than larger size operations.

Table I indicates the average Manitoba farm in 1971 consisted of 366 improved acres. Table II indicates efficiency, as measured by average value of product sold per acre is greatest where farm size exceeds 1,600 acres.

In any event the basis of efficiency is related to the management capability of the individual operator. Realistically, there are only, as far as I can see, three basic ways (or some combination thereof) by which a farmer can maintain or increase his over-all net returns. First, he can expand his over-all production through either increasing his acreage and/or his livestock production. Second, he can increase his production from a given size unit by more intensive farming methods such as fertilizer use, feeding properly balanced livestock rations,

(MR. GIBB cont'd) etc. Finally, he can attempt to become more efficient in terms of his actual cost of production. Most farmers have probably used some combination of all three methods at some time or other. But in the final analysis, the farmer must eventually look to expansion either through acreage and/or livestock production, since increased efficiency of operation and expanded output per unit of production has very definite and obvious limitations.

A move towards reduction in average farm size through whatever means would reduce the volume of farm production and related levels of efficiency.

Another contention made in the report:

(b) Young and/or beginning farmers can no longer hope to attain ownership of farmland.

Chart A, Appendix I indicates the proportion of beginning farmers entering agriculture has not changed appreciably over the 10-year period 1961-1971. In 1971, about 38 percent of our farmers were under age 45, a situation largely unchanged from the 42.6 percent indicated during the previous census period.

Increasing farm capitalization does not appear to be placing undue pressure on farm ownership. Adoption of the Institute's recommendations under Section 9 a)-d) would do much to provide a favorable environment which would allow beginning farmers to own land.

The Institute challenges all levels of government to encourage farm businesses to adopt alternative organizational structures to the sole proprietorship, e.g. partnerships, co-operatives and corporations. These forms of business organization have been used by most non-farm businesses for centuries. Government policies should not discriminate against family owned farm corporations.

The Institute encourages government and/or the private sector to design programs to bring new capital into the agricultural industry.

The third assumption or hypothesis in the Report for conclusion:

The Landlord-Tenant relationship represents a growing and undesirable situation in Manitoba.

Tables III and IIIA, Appendix I, indicate the relationship in 1971 between owned and rented land in Manitoba is compatible with historical patterns. There is no evidence to support the author's view of a growing deterioration in " the mix of ownership and renting of farmland".

It is the contention of the Manitoba Institute of Agrologists the existence of privately owned rented land represents a very important mechanism whereby land may be transferred from one generation to another.

The majority of this land represents a transitional stage between generations, with the son often renting land from his father or members of his family who have chosen to live in cities and towns.

The minority of rented land that is rented from non-family members would, in the Institute's view, be better left in private hands vis-a-vis public ownership as farmers are in a better position to cope with other individuals or groups than the state.

Farmers can be justifiably concerned when they see their own money, in the form of tax dollars, being used to deprive them of the privilege of owning land.

The Provincial Government through the Manitoba Agricultural Credit Corporation is encouraging new people to enter farming, with the justification being primarily the attainment of social objectives. It is not surprising that creditable farm businessmen find the subsidized 5 percent rental payment for MACC tenant farmers highly repugnant. It is the tax money paid by themselves and other Manitoba taxpayers which constitutes a source of funding for the government's land-lease program.

It is unfair, illogical and wrong for government funds to be utilized to establish a farm business directly competitive to an existing successful farmer, when the new firm is given a competitive advantage through a government subsidy. The direct consequence of this subsidy is to enable the subsidized farmer to gain a competitive advantage in cost. The farms being competed against are taxpayers whose profits are being used to create a competitor. Very often the consequence of this type of policy is to make all firms in an industry economically unviable.

In the Institute's view, agricultural policy should be to strengthen the industry to better equip it to compete in the world market. A policy, encompassing a subsidy to one segment of agriculture at the expense of the other tends to weaken the over-all strength of the industry and

(MR. GIBB cont'd) is not a policy in the long-run interest of the people of Manitoba.

(d) Rising land values are due to land purchased by non-residents.

The Institute respectfully suggests rising land values between 1972 and 1974 were due primarily to the remarkable recovery in the profitability of agriculture over this period and were only marginally due to foreign purchases of Manitoba farm land. This conclusion is supported by Tables IV and V, Appendix I.

Farm cash receipts and net farm income in Manitoba increased by 68 percent and 90 percent respectively over this period. Farm cash receipts as at December 31, 1974 were \$818 million compared to total farm cash receipts of \$351 million recorded as at December 31, 1969, an increase of 133 percent.

To single out foreign ownership in farm land as a major contributor to rising land values is, to say the least, a very simplistic approach.

Individuals residing outside of Canada are reported to own 172,726 acres of Manitoba's 19,000,000 acres of farmland or .82 percent. While pointing this out, the report chose not to consider the impact of the purchase of 38,000 acres of farmland by the Manitoba Agricultural Credit Corporation subsequent to last September, bringing its total holdings to more than 63,000 acres. And I think 66,000 is a little more accurate in that regard.

Government ownership of farmland means government control of who may or may not farm, the scale on which he may do so, the characteristics and qualifications of farmers who are allowed to farm. MACC tightly defines the kind of individual who is allowed to lease land under its Land-Lease program and, in the process, specifically discriminates against farmers who have managed to assemble successful farm operations. And just as an example, MACC insists that these farmers to qualify they must be full-time, whose net farm income over the last three years has not averaged more than \$16,000 a year, and whose assets do not exceed \$60,000.00 I think there's some very definite characteristics of individuals that emerge from this type of criteria; it would indicate that perhaps traditionally they've been vastly under-employed.

The Institute believes rising farm land prices to be the result of dramatically rising commodity prices during the period May 1973 to October 1974. The rapid increase in prices being due to a phenomenon of temporary disequilibrium between the value of commodities and the price of land, i.e. land priced at \$60 to \$80 an acre as it was in the east-centrl region of Manitoba in the spring of 1972, proved to be quite attractive when wheat suddenly rose from \$1.75 a bushel to the five to six dollar range.

(e) Rising land values are bad in an economic sense.

The reference to "good" and "bad" in the report are relative terms and have no relevance in an economic sense. Current land values reflect the present economics of crop production. Land prices were quick to reflect the increase in commodity prices, an economic phenomenon to be expected from Agriculture, which I think in this province can be defined as a dynamic industry and one that is closely attuned to the marketplace.

In conclusion, the Manitoba Institute of Agrologists wishes to go on the record as strongly in favour of private land tenure. This land system has been fundamental to the successful development of Canada's agricultural industry.

A government policy of public ownership of farmland designed to prevent a decline in farm numbers, means also control of farm size. If this is carried to its natural conclusion it will mean the prevention, by deliberate government action, of the normal and essential process of farm enlargement and rationalization.

Thanks very much.

MR. CHAIRMAN: Thank you, Mr. Gibb. Are there any questions? Mr. Uskiw.

MR. USKIW: Yes. Mr. Gibb, your presentation here is on behalf of the Institute of Agrologists. What is the basis of the brief? Is it an executive document or is it based on the opinion of a conference wherein the Manitoba Agrologists have had participation. How do you arrive at your position?

MR. GIBB: As I indicated in the paper, we have a committee on land use and we've had this committee for a number of years.

MR. USKIW: Could you tell me who they are, sir?

MR. GIBB: The Chairman of the committee is George Bonnefoy.

MR. USKIW: Who else is on your committee?

MR. GIBB: We'll send you a list, Mr. Uskiw, if you like.

MR. USKIW: Okay, that's fine.

MR. GIBB: I speak as president of the Manitoba Institute of Agrologists and the brief was put together by a policy committee of the Institute comprising of myself, Ed Baskier and Dr. Bill Craddock.

MR. USKIW: You would then be prepared to supply us with the names of the committee that decided on this presentation.

MR. GIBB: Yes, absolutely.

MR. USKIW: Okay. You indicate, sir, that your position is, your final statement is that you would prefer the private land tenure system, and that of course is in keeping with the policy of the government so I don't see any problem there. The only conflict I see in your submission is that you argue that there shouldn't be a discriminatory policy on the part of MACC in favour of what you referred to as the "under-employed farmer". Wouldn't it be an advantage to bring the under-employed farmer who had a small holding into full employment through the provision of a larger holding through the land-lease program, if that is his only way of getting there?

MR. GIBB: Right. I think personally that, you know, we have to separate the economic from the social issues involved here, and I would think that personally I would probably agree as long as we didn't have to take away from the commercial farmers to subsidize the non-commercial segment.

MR. USKIW: Did your land-use committee approve your document?

MR. GIBB: Not specifically. The document was discussed at the provincial council meeting, a full meeting of the council held last Monday, I believe, Mr. Uskiw.

MR. USKIW: So you suggest, then, that there's nothing wrong with a policy where land lease serves as a mechanism to make someone full-employed then that was under-employed prior to the acquisition of a larger land holding.

MR. GIBB: I think the major consideration is at whose expense is this made. It seems to me that, you know, the significant points relative to the Land Lease Program are the nature of the Land Lease Program itself, the subsidized nature of the lease being a case in point and the eligibility criteria. I think personally, you know, a land lease program might not be that bad as long as it didn't discriminate against the commercial farmers, which . . .

MR. USKIW: Here again I have a problem. You know, in our view the reason the restrictions are on there is because we don't want everyone to get into the Land Lease Program. You're the second person representing an organized group that has come to me asking that those restrictions be lifted so that the larger farmers can get into the program, and if that were the case I can see almost every farmer wanting to get into the program - which is not what we want. Our position here is simply to facilitate a percentage of our farm community who can't get mortgage financing. We don't want to get into a wholesale land lease system in the Province of Manitoba, we would much prefer that as much private ownership as is possible be retained but that those that are unable to get mortgage financing have another way of getting control of land.

MR. GIBB: Right. I think that, you know, the real question is, and administratively it's perhaps impossible, but if such a subsidized program could be set up that would not discriminate against the more commercial farmers, I think it would be fine; in other words, if you could find a mechanism whereby the subsidy in the commercial farmers' taxes that they're paying, if this could somehow be diverted away from the commercial farmers and paid truly by the non-farming, tax-paying public of Manitoba.

MR. USKIW: To follow through with your philosophy then, Mr. Gibb, would I be accurate in assuming that you would prefer that all levels of government got completely out of subsidizing agriculture in any way, shape or form?

MR. GIBB: Strictly - and again, there's the economics and the social criteria - that certainly strictly from an economic standpoint, yes.

MR. USKIW: You'd like to see government completely out.

MR. GIBB: Right. In terms of the social obligation of government, which is part of the need for the presence of government, there may be reasonable justification for this happening, but I think it should be clearly indicated as to the basis upon which the participation of government is required. I think strictly from an economic sense the answer to your question would be yes.

MR. USKIW: Well then why is it, sir, that you would want to insist, however, that there

(MR. USKIW cont'd) be some form of government insurance or guarantees to the private lending institutions so that they might be involved in the business of financing agriculture? That is a subsidy in itself. You know, it's a public guarantee.

MR. GIBB: Right. I think that what the Institute is looking for is a form of equity in our society and I believe that it is difficult for me to justify the Federal Government in this country providing mortgage insurance for urban home dwellers and not extending the same benefit to rural people.

MR. USKIW: With respect to the building of a rural home; in that context, you mean?

MR. GIBB: That would be a help, yes.

MR. USKIW: Because when you go beyond that, you're into the commercial area.

MR. GIBB: Right.

MR. USKIW: Well then obviously I would have to assume that you would also oppose the DREE Program that helps to establish industry and so on, in the same light, on the same principle.

MR. GIBB: Yes.

MR. USKIW: Thank you very much.

MR. CHAIRMAN: Thank you, Mr. Gibb. Mr. Lane, President, Manitoba Real Estate Association, and Mr. Haig will be assisting. Mr. Lane.

MR. GRAEME HAIG: Mr. Chairman, Mr. Lane is unfortunately incapacitated as a result of an attack of the flu and therefore, with your consent and the members of your committee, I would speak on his behalf as well as giving both portions of the presentation of the Manitoba Real Estate Association.

MR. CHAIRMAN: Proceed, Mr. Haig.

MR. HAIG: Thank you, Mr. Chairman. The first portion, Mr. Chairman, of the paper which I am proposing to present to you is a general presentation and raises certain specific questions which it believes that the committee should concern itself with.

The Manitoba Real Estate Association, in co-operation with the Winnipeg and Brandon Real Estate Boards, appreciates this opportunity of making known their combined views on the working paper entitled "In Search of a Land Policy for Manitoba". These three associations represent some 1,700 practicing Real Estate Brokers and Salesmen from all parts of the Province, who are vitally interested in any land policy proposed for Manitobans.

Among the objects of the Manitoba Real Estate Association, and subscribed to by the local Boards are the following:

to assist generally in the development of Manitoba along lines best calculated to promote the well-being and prosperity of its inhabitants;

to advocate and promote the enactment of just, desirable and uniform legislation affecting real estate throughout the Province;

to encourage and protect the rights of private ownership of real property; and on many occasions since the beginning of this century (when the Winnipeg Real Estate Board was incorporated) meaningful briefs and representations have been made to various levels of government on matters affecting real estate.

Without intending to be critical of the Committee's actions in any way, we wish to express our concern about the manner in which this extremely important subject has been presented to the public. As indicated in the Department of Agriculture's working paper submitted to the Committee, Mr. Uskiw's Motion was introduced to the Legislature on May 30th, 1974, and the working paper prepared by the Manitoba Department of Agriculture was made public in early January of 1975 (a period of some seven months). Incidentally, we recognize that the working paper is a submission by the Department of Agriculture. We hope the Committee will not use this as its total resources. Public response to the resolution has been solicited by your Committee, but less than one month has been allowed for preparation and submission of comments by interested individuals and organizations.

We were very pleased to note Mr. Uskiw's comments as reported in the Winnipeg Tribune of Thursday, February 6th, to the effect that legislation relating to this subject is not immediately forthcoming. In order for the public and industry to be fully aware of the "merits" of the government's intentions with respect to "a Land Policy for Manitoba", we strongly suggest that the matter receive the widest possible expression of opinion, over whatever period of time is necessary to ensure total awareness. The matter is much too serious and far-reaching to be determined through a brief and cursory consideration.

(MR. HAIG cont'd)

It appears to us that, whereas the resolution as presented to the House in May of 1974 requested an "inquiry into matters relating to property rights in lands within the province", the working paper as prepared by the Department of Agriculture and submitted to the Committee for its consideration deals almost exclusively with farm lands, to the virtual exclusion of urban land and non-arable property. We strongly believe that any land policy adopted for Manitoba should encompass all lands within the province.

Without substantially more time than has been granted to us to study the possible implications of the resolution, we do not intend at this time to make a critical assessment of the issue, but we would like to pose some additional questions to the Committee which we do feel should be considered before any land policy is established.

In the Introduction to the working paper the following quotations from the resolution presented to the House are, in our view, of particular significance:

"AND WHEREAS it is the constitutional responsibility of the Government of Manitoba to regulate property rights within the Province."

"AND WHEREAS the Government of Manitoba wishes to hear the views of citizens with respect to the regulation of property rights in lands within the Province."

"AND IT BE FURTHER RESOLVED that the Special Committee be authorized: to enquire into matters relating to property rights in lands within the Province."

Rights of ownership, or the Bundle of Rights, are the very essence of whatever value is attributable to land. Any action which restricts the rights of ownership, restricts the value of land. Land without use - that is to say without rights - is land without value.

Perhaps the most unfortunate aspect of the wording of the Resolution is that part which states "to hear the views of citizens with respect to the regulation of property rights." The danger is that the layman may well not recognize the significance of the term "property rights" and may simply interpret them as meaning "sale rights". Since the public generally is not too well and accurately informed on the subject it may not be too sympathetic to the foreign ownership of Manitoba land; they may well support the resolution without clearly understanding the total implications of their support.

The whole question of land ownership requires a full understanding of the government's concerns and objectives in raising the entire question of property rights.

While the major reaction and response to the resolution has come from the agricultural community, and the public may therefore interpret the intent of the motion as being solely concerned with agricultural land, the motion itself makes no such distinction. In the preamble to the motion it states:

"AND WHEREAS Manitoba citizens have expressed concern over reports of speculation in land, land transactions involving non-residents, and absentee ownership of land."

Land speculation is primarily an urban problem, and rarely a significant factor in agricultural areas.

"Land transactions involving non-residents" can be applied to virtually every corporation doing business in Manitoba which is not in fact a Manitoba Corporation. The term "non-resident" requires better definition.

"Absentee ownership of land" applies to virtually every owner of an investment property in Manitoba and to many active farmers.

The resolution clearly encompasses all land and real property in Manitoba, both urban and rural.

Before any land policy is formulated we must ask then, the following questions:

1. What is the specific intent of the resolution? Is it to seek ways and means of controlling ownership? Domestic and foreign. If so, why is the resolution not more specific in its wording to this effect? (The words "foreign ownership" do not appear anywhere in the resolution, but are dealt with extensively in the Department's working paper.)

2. If the concern is for ownership by "non-residents" or "absentee" owners, what definition does the Committee ascribe to these terms?

3. Is the Committee solely concerned with the ownership of agricultural land, or, as is clear from the wording of the resolution, is it concerned with all land and real property in Manitoba, both urban and rural?

4. If the intention of the resolution is to develop a policy to control or restrict the right of an individual to sell his property to whomever he wishes, has the government considered the probably depreciating effect of this policy on property values?

(MR. HAIG cont'd)

5. What is the government's intention with respect to public ownership of lands? If the government intends to purchase all agricultural land in the Province as it becomes available, on what basis do they propose to establish the purchase price? (If all sales are to the government, where then is the market data?

6. If the government intends in effect to have "first refusal" on all available land, will this not discourage prospective private purchasers, reduce free market demand, and thereby reduce property values?

7. What effect will the proposed policy have on the availability of debt financing? If the effect will be to reduce or eliminate the acceptability of land as security for a loan, what effect will this have on the availability of working capital to the owner, or of investment capital to a prospective purchaser? And what will these matters, what effect will they have on property values?

These are only a very few of the many questions which require answers, if the citizens and legislators of Manitoba are to be in a position to intelligently judge the merits of any proposed policy or legislation intended to "regulate property rights within the Province."

For a majority of our citizens, both urban and rural, the ownership of real estate is their largest single asset. Any policy which alters, or regulates, or restricts their rights of ownership, automatically restricts or depreciates the value of their assets.

Manitobans may well be prepared to accept further regulation of their property rights. In making this decision, however, it is absolutely essential that they be totally aware of all aspects of such a policy, and full aware of the probable effects of this policy on their property values.

While the real estate industry is firmly committed to the merits of a free market system, it is equally committed to the merits of intelligent and progressive land use planning, where such planning and regulation enhances the security of real property values to the advantage of all present and future Manitobans.

In order for the public and the industry to be fully aware of the "merits" of the government's intentions with respect to the regulation of property rights in Manitoba, we strongly suggest that the matter receive the widest possible expression of opinion, over whatever period of time is necessary to ensure total awareness. The matter is much too serious and far reaching to be determined through a very brief and cursory consideration.

Again, we appreciate having an opportunity to appear before you today and make you aware of some of our concerns over the proposed land use policy for Manitoba. The Association is not only willing, but is anxious to have further opportunity to express in far greater detail its thoughts in this important matter. We would appreciate knowing, Mr. Chairman and Gentlemen, if it will be possible to hold further public hearings, and if so the time and place of such hearings. Conversely if legislation is to be drafted imminently and if so, when it may be tabled for consideration in the House?

The answers to these questions will enable us to prepare adequately and submit more meaningful briefs to the Committee and to the Legislature.

All of which, Gentlemen, is respectfully submitted on behalf of the Manitoba Real Estate Association, the Winnipeg Real Estate Board and the Brandon Real Estate Board.

In addition, Mr. Chairman, and gentlemen, there was prepared for your consideration a commentary on land policy in Manitoba which I would like to add to the submission prepared by that Committee and which has the approval of this Committee, and it states as follows:

The Provinces of Canada are under the British North America Act, given the following mandate: "In each Province, the Legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated;" that is to say, - 13, - Property and Civil Rights in the Province.

Regard must be had to the terms of reference of the Special Legislative Committee appointed at the last Session of the Legislature, "to inquire into matters relating to property rights in land within the Province."

As a preliminary, it may be desirable to enunciate a few of the basic rights relating to property in Manitoba which are in existence at the present time. And this list is by no means, Mr. Chairman, exhaustive. They are as follows:

1. Anyone may own land;
2. An owner may lease, encumber, sell, cultivate, mine, develop or improve land or may neglect, damage or destroy it;

(MR. HAIG cont'd)

3. An owner may, within reasonable limitations, subdivide land, assemble land, place restrictions on its use, grant easements over the land, and may by testamentary disposition or gift, give land freely to any person or persons of his or her choice.

These few are not intended to be exhaustive of course but are but illustrative.

We must also examine, in this context, the limitations on land use in Manitoba, by an owner, that is to say, the direct or indirect controls. Again without attempting to be exhausting, these controls include:

- (a) Municipal taxation;
- (b) Municipal zoning and similar land use control;
- (c) Town or Municipal Planning;
- (d) The Real Property Act;
- (e) The Law of Property Act;
- (f) Rivers and Streams Authority;
- (g) Clean Environment Authority;
- (h) The Expropriations Act (and other Acts which have Land Acquisition Powers which are referred to by that Act);
- (i) The Mines Act;
- (j) The Sand and Gravel Act;
- (k) The Noxious Weeds Act;
- (l) The Municipal Act;

There are I believe altogether, Mr. Chairman, some 46 existing Statutes and I am advised that the Legislature proposes to consider at its next Session a Planning Act which may be of very considerable value to the people of Manitoba after it has received your deliberations and may answer many of the problems that can be raised by land use committee.

There are other Provincial Statutes with broad application affecting the owners' rights. In addition, Cities, Towns, Villages and Municipalities by By-Law may enact restrictions and controls on the owners of land, and without exception have done so. Certain Federal Statutes such as The Railway Act, and like statutes have an indirect application.

Other limitations on the rights of owners of property in land, many of which are indirect but which are controlled or influenced by Government include control of ingress and egress, control of the provision of services, control of the installation of improvements, control over the construction of highways, bridges, drainage systems etc. As can be seen, the number of methods by which broad rights arising from the ownership of land are in fact limited is already substantial.

For most Canadians, ownership of land, whether urban or rural, represents the most substantial investment in capital property made by them during their lifetimes. In every instance, land originally has been acquired from the Crown, and compensation in money, work, or service, paid to the Crown for the right of ownership. In addition, the Crown, as a condition of the private ownership of land, has reserved to itself, the right to impose taxes running with the land, whose payment is a condition precedent to continuing ownership. As can be seen, the existing restrictions are many, and varied.

In the terms of reference for the Special Legislative Committee, a number of concerns are specifically expressed, and these include, speculations in land, land transactions involving non-resident and absentee ownership. Other concerns not stated in the reference terms, which have public currency, include, communal farms, corporate ownership, government acquisition and land banking, financing of ownership and the rights of disposition in the owner's lifetime and after his death.

Individuals in modern times have directly and through their governments, accepted substantial limitations or loss of personal freedoms in pursuit of the common welfare of their respective communities, provinces, states or nations. Many of the present restrictions and limitations of the rights attributable to the ownership of property rights in land have been enacted to the same purported end, the common welfare. As such, and where they have been effective to that end, property owners have generally come to accept these restrictions and limitations on their absolute right of ownership as being worthwhile.

Before any substantial extension of these limitations already in existence upon the private ownership of property and land are introduced, it is most desirable that their need or necessity be demonstrated beyond any reasonable doubt; their effect be limited to deal with the problems which are appreciated or apprehended, and that the long term consequences of such

(MR. HAIG cont'd) additional restrictions be carefully examined, and projected. Governments should ensure that before additional laws are passed, they have exhausted the capacity of existing legislation to meet existing or emerging problems arising from private ownership of property in lands.

Long, detailed and acute observation of land ownership, both urban and rural, has given to the Manitoba Real Estate Association, and to the Real Estate Boards in the Cities of the Province of Manitoba, insight, understanding, and perspectives on real as opposed to perceived problems arising from land ownership and use.

Considerations respecting the ownership and use of rural land must take into account, not only the available supply and the extent to which it is brought under cultivation, but also the various types of farming presently carried on in the Province, soil types and their suitability for certain use, climate, farm technology. Broad generalizations respecting farm use including comments respecting intensive, as opposed to extensive farm land use are meaningless except after these factors have been very carefully considered.

It is the opinion of the Manitoba Real Estate Association that the majority of farm lands in the Province presently under cultivation are being used by the owners of those lands in the most productive manner possible, wherever the decisions and choice of farmers are made free of artificial restrictions.

The discipline of the world market, for Agricultural Products, including the domestic market tends to ensure the highest possible productivity and the preservation of fertility. These are the products of good stewardship of land. The farmer who is the owner of land cultivated by him has a continuing vested interest in the maintenance of his lands in condition for long term productivity and therefore owners, as opposed to renters, tend to bring higher degrees of both skill and concern to the utilization of land.

Foreign ownership of land in Manitoba, outside of urban areas divides itself into two categories, recreational lands and agricultural lands. There has been, so far as the Manitoba Real Estate Association and the Boards are aware, little public concern or outcry respecting the acquisition of recreational lands within the Province by persons not resident of Canada. The privilege of ownership by foreigners has apparently not been abused, and the substantial resources in Manitoba, of recreational lands, combined with the substantial distances from foreign owners likely to wish the use of such recreational lands, would seem to protect the Province against any abuse arising from a preponderance of foreign ownership in this regard.

To the extent that the Department of Agriculture' position paper to the committee can be relied upon for its accuracy, the actual amount of ownership of Manitoba farmlands by non-Canadians or by large diversified corporations not primarily engaged in farming is at the present time small. Manitobans, through their Government, are undoubtedly and properly concerned that the extent of such foreign ownership should not become excessive, nor should it be in such form as to disrupt the effective organization of Municipal services, particularly including schools. If it should be determined that foreign ownership of agricultural lands is contra-productive for Manitoba and its citizens, either absolutely or beyond a certain percentage of ownership of the usable whole of agricultural lands, then by legislation the total amount of land which may be owned by foreign owners or by non-farm corporations, should be determined, as should the extent of contiguous parcels under single ownership of such an owner. The decisions relating to such restrictions, Mr. Chairman, should be arrived at only after very careful review and study, and on the basis of hard evidence as to abuse and to adverse results from such ownership.

To distinguish between various types of ownership by Canadian persons or corporations may be in our view a dangerous step. Any act of a Province which tends to divide or classify the citizens of Canada or one of its Provinces into groups having opposing interests is, in the view of the Real Estate Industry, contrary to the best interests of Canada

Modern farming, whether intensive or extensive, is generally carried on on a larger scale than was the case, even a few decades ago. Modern transportation and the decline of mixed farming has made it less compelling that the farmer actually live upon or immediately adjacent to the lands cultivated by him or her. To create or endeavour to create distinctions between farmers who live on or immediately adjacent to the land cultivated by them, and farmers who actively cultivate land and reside some distance away, would seem an unworthy and unnecessarily difficult task.

In like fashion to distinguish favourably or unfavourably between the farming carried on

(MR. HAIG cont'd)by a farmer as a proprietor or partner, and farming carried on by a farm family or group of families under a small agricultural corporation is equally unfair, and essentially devisive.

Inactive ownership of farmland, that is to say ownership by persons not actively engaged in its cultivation cannot necessarily be classified as harmful. Farmlands are customarily rented on one of two bases, either crop sharing or at a fixed rental price per acre. The first gives to both owner and the producer, some protection against, and some benefit from deteriorating or improving agricultural conditions and market; the second alternative provides to farm owners, an opportunity to expand the amount of land under their cultivation in times of growing market, and correspondingly a reduction in their fixed capital and operating costs during a shrinking economy. The rentals of such land are a subject of negotiation between the owner and the farmer, and no farmer is compelled to enter into a rental transaction, disadvantageous to his own interest. It is the view of the Manitoba Real Estate Association and the Urban Real Estate Board that with respect to agricultural and recreational lands, the existing systems of control are more than sufficient to meet every subsisting public need with the possible exception only of non-resident, non-Canadian ownership. The legislature should seriously ascertain the nature and scope of the problem, and legislate against it to the extent absolutely necessary, and no further.

Before leaving the question of agricultural and recreational lands and returning to urban land use, certain problems common to property rights in land throughout the Province deserve comment amongst others, they are as follows:

1. The impact of Provincial and Federal tax policies upon land ownership by individuals, small proprietorships and small corporations;
2. The impact of Federal and Provincial tax and other legislation upon succession to property following the death of an owner.

I would comment on those somewhat further, Mr. Chairman, but it's my understanding that you're to receive a brief which will deal with those matters in detail and I would not pursue them further at this moment.

3. Great limitations on financial resources available to assist land ownership by private citizens will result, if restrictions are imposed on such ownership which limit or prevent in any way protection of the lender, as will inappropriate restrictions on the right of an owner to dispose of land by gift or testamentary disposition to the heirs and beneficiaries of his or her choice.

Land cost, whether for urban or rural use is not a function of Government decision so long as any of the significant rights of free citizens in a democracy are preserved. Price is and will remain the function of market, of utility, of borrowing cost and of demand, notwithstanding the nature of ownership. Manitoba Agricultural Credit Corporation leases and agreements for sale relate the lessees' ultimate interest cost in the event of purchase to the Government's borrowing cost in world financial markets, and so it would seem that whether the financial institution providing financing on the purchase of land is a Government or a conventional financial agency, financial conditions beyond the control of Governments will determine the ultimate cost, not only in terms of principal, but in terms of the interest costs to the purchaser.

Urban land use is subject to each and every one of the controls outlined at the commencement of this memorandum, but generally urban controls tend to be more complex and more detailed than those subsisting in rural areas. Foreign ownership of land in an urban community has never excited adverse public interest, and indeed some of the most important and useful land assembly and developments for urban use have been undertaken by foreign owners and developers during Manitoba's history. Why in the public mind or the Government mind, any distinction should be drawn between foreign ownership of urban lands and foreign ownership of rural lands is difficult to understand on any terms except that from a purely agricultural point of view, land is a productive resource intrinsically. The concerns expressed in Canadian and foreign urban centres about uncontrolled and unstructured urban development are not in fact generally valid in Manitoba. Cities have through the orderly distribution of urban services, and by control of planning and zoning, effectively directed growth in desirable areas and restricted it in undesirable areas. The process of such control and the method by which it is achieved has been the subject of some criticism, primarily arising when Municipal Governments have arbitrarily substantially changed the available utility of land by planning changes or re-zoning. Losses in value from such planning and zoning changes are not compensable to the

(MR. HAIG cont'd) owner and it would seem inappropriate that any enhancement resulting from similar causes should be taken into consideration or attributed to Municipal or City Government actions.

Urban dwellers, because of the nature of urban communities, whether village, town or city, have come to recognize and accept the necessity for the majority of the controls imposed upon land use within urban communities. Urban and rural property owners, equally have accepted the necessity for some control over land use in the transitional zones between cities and towns and the surrounding rural communities, particularly in the case where the cities are larger in size, and require agricultural services from land under intensive cultivation.

City and town governments with their limited tax base have been unaware of or have been compelled to ignore the importance in urban communities of certain special land uses, primarily of a recreational nature. The maintenance of substantial park areas, golf courses and facilities for entertainment and recreation, add, not merely to the diversity of urban living, but affect life style, and in the case of parks, golf courses etc., they affect the environmental qualities of urban communities. Such resources in urban communities require careful planning and protection against tax responsibilities which threaten their continuing use and development. The restorative capacity for air purity resulting from substantial green areas such as occur in golf courses and parks is apparently not well appreciated by urban authorities.

Urban communities would appear to have certain optimum sizes beyond which their existence creates more problem than they solve. Land use controls, direct and indirect, designed to limit the growth of cities are generally ineffective, and create artificial shortages and increased prices for citizens. Attractive alternative living communities, whose development and growth Government can in fact sponsor and assist are more likely to relieve population pressure.

Much popular outcry, particularly in urban areas is related to land speculation. It is the view of The Manitoba Real Estate Association and the urban Real Estate Boards, that much of such criticism is made in good faith, but without knowledge or insight into the problems, difficulties and expenses involved in land ownership and development for residential or industrial use. The profits or apparent profits realized by persons, firms and corporations who incur very substantial risks in land assembly and development are always well publicized, the losses go unnoticed, except for those who must bear them. Land assembly where success has invariably involved an acceptance of substantial risk, long delays while the requirements of Governmental agencies are met, extensive, costly and risky planning, substantial outlay of capital, substantial payment of interest cost for capital, and substantial cost and risk in providing necessary utilities and services before the land is available for sale.

The provision of services and utilities by Municipal Government seldom has kept pace with land demand, and much of the risk and cost of so doing has therefore been borne by private developers. When all of such risks and costs are added together, the land speculator or assembler is faced with the ultimate risk, the willingness or otherwise of the public to purchase the lands which have been acquired and developed. The acceptance of such risk and the incurring of such costs in the face of so many uncertainties creates a risk which demands and receives high compensation in the event of success. It goes by analogy of course, Mr. Chairman, that it imposes very heavy penalties in the event of failure.

Some criticism is aimed at those who simply acquire and hold land in anticipation of an increment in value. In no city in Canada and possibly in North America can the nature and extent of the risk involved in such investment be more readily demonstrated than in the City of Winnipeg. The immense financial losses of land speculators in this City in the first half of the 20th Century are or ought to be so well known and are so well documented that they require only comment here, and not detailed explanation.

Every cost and every expense and every risk which the private land assembler and developer must incur is a cost and risk which Governments must also incur should they enter land banking on a large or small scale. The significant difference between private and public development lies in the fact that where by Government action land prices are kept at an abnormally low level, then the purchase of such lands is being subsidized by the community or the province at large, rather than bearing the cost of meeting his own needs. Observations by experienced and knowledgeable realtors in Manitoba during the various large and small land banking undertaking and Government Land Development Programs, has shown that the ultimate

(MR. HAIG cont'd) land cost in such projects is as great if not greater than the ultimate land cost of such lands purchased directly from private owners. Governments in selling demonstrate a conspicuous awareness of market value, but Governments in buying land have not demonstrated any special or unique techniques and skills which lower the cost of land acquisition.

In summary, it is the suggestion of The Manitoba Real Estate Association and its associated Real Estate Board, that the tools and techniques for effective land control use within the province are almost without exception, already in existence, and that the need for additional or novel legislation, if any, is in all probability restricted to the question of non-resident, non-Canadian ownership. Any greater restriction on ownership of land in the Province of Manitoba would, in the view of the association and boards, create for the citizens of Manitoba, greater problems, greater loss of freedom, and greater cost without offsetting benefits individually or collectively. It is recommended that the Government of Manitoba consider the experience of neighboring state governments in the United States, and of other Canadian provinces in the restriction of property rights in land, before any action of a legislative nature is taken in this Province. Special concern and consideration must be given to the situation now in existence or anticipated to come into existence in the Province of Manitoba. It is the strongly held belief of the Real Estate Industry in this Province that those few problems which are beyond control by existing legislation are by their nature unique and special to Manitoba, and require unique and special solutions adapted to meet our peculiar needs, and not imposed indiscriminately.

The Manitoba Real Estate Association and the Real Estate Boards of Winnipeg and Brandon, Manitoba, have, Mr. Chairman, within their memberships substantial knowledge and experience relating to the ownership and use of land in Manitoba. That fund of knowledge is available to the people of Manitoba, and to their Legislature at any time and willingly. The concerns of the Real Estate Industry of Manitoba, are not merely those of short term enlightened self interest, but also for the future life environment of Manitobans now young or as yet unborn.

All of which, Mr. Chairman, is respectfully submitted.

MR. CHAIRMAN: Thank you, Mr. Haig. Mr. Dillen.

MR. DILLEN: I would like to move that Les Osland be added to the committee to replace the Honourable Sid Green.

MR. CHAIRMAN: It has been moved that the name of Mr. Osland be placed in substitution for that of Mr. Green.

MR. JORGENSON: Mr. Chairman, I have no objection to that. Are we to assume now that Mr. Green will not be returning to this committee?

MR. CHAIRMAN: That is my understanding, that Mr. Green will be away.

MR. JORGENSON: Because it seems to me that our restrictions on our rules indicate that you just can't change people on the short-term basis. If Mr. Osland goes on this committee, he stays on it till the end then?

MR. CHAIRMAN: That is correct. Is it agreed? (Agreed) Let's proceed. Mr. Uskiw.

MR. USKIW: Yes. Mr. Haig, you made the observation that the resolution dealt with a much broader area and that the paper so far produced is mainly zeroing in on the rural question, and that is true. I just wanted to inform you, and I thought it was well known, that we see the land policy in Manitoba developing in stages. We don't think we should attempt to try to deal with all of the questions, urban and rural and recreational, at one time and therefore this simply is a phase of our considerations.

The other point is that your suggestion is valid that any legislation forthcoming out of these hearings should not be rushed and we agree with that, it is not our intention, at least from our point of view, the government's point of view, to try to rush into any legislation.

I should like to indicate to you that the basis of these hearings really emanate from the fact that people not necessarily on the government's side raised this matter in the Legislature and that it is because government had no policy in this area that it was decided to hold the hearings. So it should be viewed in that context.

MR. HAIG: We tried to do that, Mr. Chairman, and also we have for example, and I'm instructed so by the Manitoba Association, that they considered the Department of Agriculture's paper a departmental paper, not a paper of government policy and that it should not be construed as government policy, no policy having at this time been established which was in fact government policy.

MR. USKIW: I then want to take you to Page 6 of your appended submission, you talk about the marketplace determining the value of property and I'm talking now on the urban context, it is not true in your opinion that a lot of the value that attach to urban properties are a direct result of public decision-making, for example, the zoning of the area, the street structure, all sorts of considerations really add up to the value of a parcel of land in Winnipeg.

MR. HAIG: Mr. Uskiw, Mr. Chairman, if I may speak to him directly, you're quite correct; it's a two-way street however. Zoning can destroy land value every bit as quickly as it enhances it, and I need give you no better example that is well known across Canada than the establishment of the green belt in the City of Toronto which immediately totally destroyed the values of a great many parcels of land without any compensation whatsoever, and it's the worst kind of consequence of inappropriate government action which is a destruction of value without compensation or hope of compensation. In like circumstances and if that is to be government policy by any government, any enhancement of the value of land should not be considered as a consequence of government action and should not be deemed an unearned increment to value.

MR. USKIW: But if government does not compensate for the cause in the reduction of values by zoning or regulation, then should government also compensate - or should the private sector rather gain the new values because of government decision or City of Winnipeg decision, for example?

MR. HAIG: Well in the City of Winnipeg if you suffer a loss, you suffer it privately.

MR. USKIW: Right.

MR. HAIG: If you suffer a gain, you should enjoy it privately.

MR. USKIW: I see, that's your point.

MR. HAIG: It's a two-way street.

MR. USKIW: All right. Now let me then ask you the broader question. Manitoba is largely underpopulated, I think that's a reasonable statement; we have an overabundance of land as compared to the numbers of people that live in Manitoba. Does it seem reasonable that land prices for urban needs should be a very substantial cost or input on the part of the urban dweller or even the business property owner. I mean since we have so much land why is it so expensive other than the development cost, why should it be?

MR. HAIG: Well urban land and rural land are inseparable in this context, Mr. Chairman. The land by itself with nothing done to it by human input has a very low intrinsic value. It's only after certain steps are taken, generally by people, individually or collectively that land begins to acquire value relating to its productivity or use. When you get into an urban community you have a number of very special problems which tend to deal with value; there are factors that are remote such as transportation and there are immediate factors such as the cost of servicing land, unique and special costs created in part by our climate, in part by our location on the confluence of two rivers, in part by the availability of capital for the provision of services.

As you are, I'm sure, very well aware, many of the municipalities which are now part of the City of Winnipeg found themselves in the years following, well let's say 1939, in a condition where they were incapable of maintaining the existing services and utilities within the municipalities without regard to the need for adding to them. Consequently there's been an important and significant role of private ownership and private development and I think the city has been the beneficiary of it, the city as a whole and the people in it. In the final analysis the thing that has most affected land prices in the city in the last while is the limited availability of it, and that's not merely a function of private ownership but of the length of time in which it must be held before it can be converted to its ultimate use.

MR. USKIW: So then you're suggesting that the restriction necessarily is a public one and that the restrictions themselves militate in favour of higher land costs to the homeowner of Winnipeg. And therefore I put the question to you, if that is the case then should there not be a mechanism that would have the reverse effect. I mean the public decision-making process in essence is deciding the value of land in favour of the land owner or speculator. Should there not be some other means to prevent that kind of accrual of value; should there not be some regulatory system to make sure that, for example, every city lot or a home should not have a greater value than so much since all of the values are really bases public decisions in the first place.

MR. HAIG: I think it's always a question of balancing public decisions and the impact of public decisions against the cost of providing those decisions.

MR. USKIW: Let me pursue this. If there were no regulations that restricted the use of land, then land values in the urban context would go down. The fact that they go up results mainly from zoning regulations' restriction on the amount of land available at any given time for housing or whatever. That is really the basis of the value, the restrictive nature of land.

MR. HAIG: No, I would say, Mr. Uskiw, that's one of the basis of value but to allocate all value to that very narrow use . . .

MR. USKIW: Oh, I appreciate that.

MR. HAIG: . . . would be a mistake, but I think it is quite true that where land is created or restricted to certain special uses within an urban community it's created that way by the community at large and on the presumption that that's for the community's benefit. Unfortunately that the processes that make it possible to allocate land in that fashion, the cost of those processes is ultimately in large measure borne by the purchaser of the land and if there's an inequity in that, you know, then we have to decide whether that inequity is one which is overbalanced by the ultimate public good of exercising reasonable control over land development. But you're either going to have that cost paid out of one pocket or another, Mr. Chairman, and you have to decide where it's going to be borne.

MR. USKIW: Which just brings me to the next point, sir, if you don't mind. Since we allow land values to find their own level, we find that many people can't afford housing accommodation in the City of Winnipeg because of their level of income, certainly doesn't provide sufficient resources for home ownership or even sufficient resources to pay reasonable rental value for the use of an apartment or whatever. But we find that the public is really ending up paying these values through low rental housing programs. Now somehow, someone has been able to make a significant profit on the original value of the land which the public purse ends up having to pay for through the introduction of low rental housing programs and things of that nature. Isn't it really milking the public purse in the long run? Isn't that what we're doing?

MR. HAIG: No, I wouldn't be able to agree with that particular construction on the process that you describe, Mr. Uskiw, because in the final analysis, what you're talking about is using the public revenues which are placed in government hands for whatever purposes you in your wisdom as the government of the province think fit, for meeting a social need that arises not as a function of land costs but as a function of the society in which we live, in which there are going to be some people who unfortunately either through endowment of birth or through some accident of life are incapable either through those personal things or through economic circumstance at any time within the province, incapable of providing the kind of accommodation that they would like to have and they need, and it's a political and social decision made by government that they will be given better housing on better quality land than they can afford to provide for themselves. I'm not suggesting that it's a bad decision, but I am suggesting that it's not a function of land value.

MR. USKIW: Well let me take you to your own paper. On Page 8, and I want to quote now: "The significant difference between private and public development lies in the fact that where government action land prices are kept at an abnormally low level then the purchaser of such land is being subsidized by the community or province-at-large rather than bearing the cost of meeting his own needs." I agree with that observation - but is it also not true that the province-at-large is subsidizing the low rental units? So it's really irrelevant as to whether you place the subsidy dollars on the land side or the control on the land side or the control or subsidy dollars on the housing side. What's the difference?

MR. HAIG: Except that you're dealing, Mr. Uskiw, with a very very broad problem, a very broad problem, and trying to allocate the cost of it to a very narrow base.

MR. USKIW: It's one of the costs.

MR. HAIG: To attribute the costs or allocate most of the costs of a program like that to the value of privately held land in the province would be, I think, to distort the figures of the cost of providing the services you're talking about.

MR. USKIW: Let me now illustrate. I am led to believe by MHRC that land that is selling at \$6,000 an acre is transferred to the general public through home ownership at about \$14,000 an acre, that there is an \$8,000 gain in certain sections of Winnipeg between the purchase of land and the resale of that same land; and if that is the profit position of the land developer or a large portion of that you know then is it realistic that in a province where we have so many millions of acres of land that land should be at a premium and that thousands of

(MR. USKIW cont'd) Manitoba families cannot afford home ownership because of that substantial profit that is made through the ownership and the transfer of land.

MR. HAIG: Well there are two points on that, Mr. Uskiw. Firstly you haven't indicated the span of time over which this increase in value occurs and you must keep in mind that (a) there is the cost of capital of the original acquisition and there are very expensive realty taxes in this community that have to be paid by the owner whether the land is in use or not. He can very readily end up selling it at \$14,000 an acre and losing money. So the difference between the acquisition cost and the selling cost based on that information provided by Housing and Renewal Corporation doesn't give me anything that I can assist you with.

MR. USKIW: Well let me then put the question that I really am trying to get at, and that is should there be a regulatory system that denies profits beyond a certain level so that more people in this province could afford the right to land and home ownership in the urban system. I mean if there is a problem should it be by regulation or should it be by . . .

MR. HAIG: Why go at it indirectly. If you were to utilize the financial resources that you have in the control over some lands that you have, to make available serviced lands within the periphery of the urban community you would solve that problem without the necessity of any such restriction.

MR. USKIW: So you are saying then that the MHRC program in essence is a good thrust, a good competitor, and you would agree with the status quo that that suffices in dealing with that problem?

MR. HAIG: MHRC is dealing with a specific problem and they are buying land for specific purposes and they're using it in a specific way. They pick their locations, they go into the market - there's only one difference between MHRC and any other purchaser and that is that they have far more extensive resources with which to negotiate.

MR. USKIW: I believe that what you're telling me is that that sort of balances off our situation to a relatively satisfactory position, or am I not reading you correctly?

MR. HAIG: Well I'm saying this - it's your responsibility to make the decision how you cope with an over-all social problem and you have made one and it's working.

MR. USKIW: I see.

MR. HAIG: I'm not suggesting it's the only answer at all, I'm simply saying that we're the beneficiaries in the community of this answer.

MR. USKIW: Thank you.

MR. CHAIRMAN: Are there any other questions? Mr. Jorgenson.

MR. JORGENSEN: Mr. Haig, you in your remarks make some comment about land use. There have been several suggestions made to this Committee by various people that what is important at the moment is a land-use commission or council or whatever you want to call it to determine what lands will be set aside essentially for agricultural purposes and what areas will then be used for development. Would you be in favour of that sort of council or commission?

MR. HAIG: I think that a commission which would include that amongst its terms of reference would be a desirable thing. I really feel, and I'm speaking, Mr. Chairman, not for myself but I'm speaking as the spokesman for the Association whom I represent here, that it is a worthwhile enterprise for the Legislature of the Province of Manitoba to make an in-depth study of land use including the desirability of reserving certain lands for agricultural purposes. Obviously the sure economics of urban communities makes it highly desirable that a certain amount of intensively cultivated agricultural land around their perimeters always be kept available, otherwise the urban community itself comes under very considerable stress.

I think for example, that the legislation which was taken in British Columbia for the protection of the lower Fraser valley was absolutely critical to be done, otherwise the urban community became dependent entirely on imported foods. I think that those decisions have to be made after very careful investigation and an examination of what the true facts are here. This is not the Fraser Valley.

MR. JORGENSEN: No. But if the criteria, and you have indicated in your brief that there must be a need established before any of these measures be taken, I don't think there's any question, this is a personal opinion, I don't think there's any question of the need now for not only this country, not only Manitoba but I think this entire country and the world to look at its available land resources to ensure that we do not destroy all available productive land and build cities on it.

That will imply of necessity because of the nature of the land that surrounds the City of

(MR. JORGENSEN cont'd) Winnipeg, a limitation on the size of this city. Do you see any serious problems resulting from the imposition of those restrictions in the expansion of this city?

MR. HAIG: No.

MR. JORGENSEN: Let me put it another way then. In principle are you in favour or would you be opposed to the imposition of those restrictions curbing the size of this city?

MR. HAIG: Well I think our brief makes it quite clear, Mr. Jorgenson that it is desirable to limit urban growth to a certain manageable proportion, but it's equally clear in the brief, I think, that it's the view of the Association that restrictions arbitrarily imposed and made in the light of circumstances at any particular time seldom work. That the alternative and a much more sensible and attractive one is for the Government to select alternative locations for urban development and to provide inducement of a high quality to persuade people that that is a good place to live and a good place to carry on business. In other words, satellite communities if necessary or the emergence of other large communities within the province.

MR. JORGENSEN: Yes. You've already answered the second question that I was going to ask in this connection but I'll ask it in any case, you may want to elaborate on it. That if Government owns a considerable portion of the land in this province and Crown land, much of it not too far from the City of Winnipeg, and much of it very close to our best recreational areas, do you see any serious problem in developing cities on land which the Government now owns and where Mr. Uskiw's problem about speculation could possibly become a factor in developing those cities in those areas?

MR. HAIG: Well I think that if the Crown land were to be set aside and dedicated for the development of a new urban community designed to funnel off some of the growth from a city like Winnipeg it would be a function of the amenities in that community not particularly a function of who owned the land for which it was put together. The whole question of Crown lands is I think one that deserves very careful investigation; the use to which they're presently put, the proposed future uses, the leasing policy and the sales policy.

We haven't gone into them in our brief because they are part of what we feel is the subject of a much larger and broader inquiry which should be undertaken by you. If you set out to create a satellite community which you in the final analysis do, if you go to the Crown lands area on the presumption that those Crown lands will not be good agricultural land and that they can be safely converted to urban use that's a decision you make in the light of today's circumstances. Twenty years from now the fast, and a very very fast development of agricultural technology may make that valuable land very suitable for cropping. Our own experience in our own lifetime in the 100 years that agriculture in the Province of Manitoba has immensely changed the character and quality of agriculture here mostly because of the development of new cereal grains and new types and that's an on-going process. So to pick any piece of land, other than to go right into the Lurentian Shield, and say it's got no agricultural use would be a dangerous decision to make.

MR. JORGENSEN: All right. The limitation of the size of this city by the imposition of some restrictions relative to land-use would of necessity imply the development of satellite communities.

MR. HAIG: Right.

MR. JORGENSEN: So would you not think that in considering the limitation of the size of this city you have also got to look at all the areas that could be developed as satellite communities.

MR. HAIG: I think you do.

MR. JORGENSEN: And you've got to come up with a complete package rather than a piecemeal one.

MR. HAIG: Yes, you have to plan it in its entirety and I think there is great benefit to be gained by the experience that they're undertaking in other countries where they're trying to do this. One of the consequences that immediately emerges from the limitation of the size of a community like this however is a growing intensity in the population, because if you can't expand geographically you're going to expand in every direction available to you and in the intensity of population. Whether sociologically that's a wise and desirable thing to do is a very difficult question to determine. You end up ultimately with a situation where people are going to decide if they're going to live in this kind of a community because they want what's

(MR. HAIG cont'd) here and the only thing that will persuade them to go somewhere else is if they can find the things that they're seeking here in another place and within the province.

MR. JORGENSEN: Now you mentioned that when land value change as a result of Government zoning or municipal zoning that there should be no compensation for the change in land values in case it should decrease. And I'm inclined to agree with that philosophy with perhaps one exception. In the areas adjacent to the City of Winnipeg at the present time, they're called at the moment I think the additional zone, there is a great deal of farmland and the people living on those lands have no intention of selling that land or don't ever want to sell that land for urban development, they prefer to farm it, but they're being penalized at the present time because of the very possibility of urban development and they've been paying heavy taxes for the privilege of farming in those areas. Do you think that these people if a zone has been established that permanently declares that particular area agricultural land, that they should not be compensated for the additional taxes that they've been paying through a period of years for the use of that land, for the right to farm it?

MR. HAIG: Well that's a function of what kind of land-use that they have. In many cases those have been divided into five acre parcels which are used basically as residential units, but there are as you suggest a great many small farm units and they may have some capacity to bear a larger cost of taxation because they're usually intensively cultivated. But I don't think that personally, and I think the Association that I represent would share this view, I don't think that a tax burden disproportioned to the use to which the land is being put should be imposed on anybody who's farming in an area where the land use has been dictated by a decision of the Municipal Government. Probably the problem arises as a consequence of the very narrow tax base that the municipal governments have and the solution may lie in that rather than in an unreasonable burden in relation to land use that small farm units have within the additional zone.

MR. JORGENSEN: I'm not necessarily speaking of small farm units, I'm speaking of normal sized farming operations within the area that comes under the zoning restrictions of the City of Winnipeg, and I think they're commonly referred to as the Additional Zone area, so you're not engaged in any specific type of agriculture other than what is carried on in the municipality in which they're located. But they do pay an additional tax because of the threat of being absorbed by the City of Winnipeg and because they come under their zoning restrictions.

MR. HAIG: Well I think that that creates an unfair burden for the farmer who is carrying on a normal farming operation.

MR. JORGENSEN: You think then that there is an argument that can be made for some kind of compensation there?

MR. HAIG: I would think so.

MR. JORGENSEN: Thank you.

MR. HAIG: That's a function not merely of zoning, that's a function of making a decision to preserve a green belt area or a buffer zone and when the decision is made for the collective benefit of the community as a whole they should bear the cost of it and not individual owners.

MR. JORGENSEN: Thank you, Mr. Haig.

MR. CHAIRMAN: Mr. Walding.

MR. WALDING: Mr. Haig are you the same Graeme Haig who is the President of the Manitoba Chambers of Commerce.

MR. HAIG: I am indeed, Mr. Walding.

MR. WALDING: I take it then that you are appearing this morning for the Real Estate Association in your capacity as their lawyer.

MR. HAIG: I'm appearing as their lawyer, yes.

MR. WALDING: I see. So the views that you're giving are their views and not your own? I wanted to ask you a few questions about a report in the newspaper . . .

MR. HAIG: By all means.

MR. WALDING: . . . which suggests that the Manitoba Chambers of Commerce will be presenting us with a brief. It would be more appropriate at that time. Can you tell me if the Chambers of Commerce will be presenting us with a brief?

MR. HAIG: Those are the instructions from the Directors of the Chamber and they're doing their best to prepare it. As you are aware, the meeting was held only a week ago and

(MR. HAIG cont'd) to do justice to the responsibility will take some time. I'm hoping that they will before this Committee finally reports have an opportunity of making a submission to you.

MR. WALDING: Will you be a member of that delegation?

MR. HAIG: I would anticipate it, God willing. I hope to survive that long, Mr. Walding, to do that, that's my job.

MR. WALDING: Thank you. I have just one other question too. You mention on Page 5 that the Association does not see any need for legislation against absentee ownership but with the, and I quote: "The possible exception only of non-resident, non-Canadian owners."

MR. HAIG: And that is a single qualification. Non-resident and non-Canadian.

MR. WALDING: If that should be necessary to do, does the Association see that a non-resident, non-Canadian owner would be worse than say a non-resident Canadian owner?

MR. HAIG: I don't think necessarily that the Association would see that. However, I think that what the view of the Association is, that if you are going to start restricting ownership of land the first and most obvious place is if you can demonstrate some harm as a result of non-Canadian, non-resident ownership, start there. If your subsequent experience demonstrates that greater legislative control becomes imperative then you have taken the first step, but you react as the demand or the need is arising.

MR. WALDING: Does the Association see that the nationality is the criteria in here or is it the residency?

MR. HAIG: Well nationality is a very delicate and dangerous situation to get into because residents - in the final analysis what we were very careful to do was to demonstrate that nationality coupled with residence had to be the criteria. If nationality and residence were coupled together and had been for very long none of us would be here. I don't think nationality is nearly as significant if you are starting to apply criteria and the fact that you live in Canada and work here and make a contribution towards the country and the province in which you live.

MR. WALDING: I'm inclined to agree with you. How would the Association then see resident, non-Canadian ownership?

MR. HAIG: A man who is a resident here who is non-Canadian, I think the non-Canadian aspect of that is insignificant. If he is a resident here he's here by his own choice, he has elected to become a part of our life and the work here, he should have every right of ownership that there is.

MR. WALDING: Thank you.

MR. CHAIRMAN: Mr. Henderson.

MR. HENDERSON: Mr. Haig, I'm asking you this question because of your knowledge of law and regulations of the country. Do not non-residents if they have money coming out of this country, is there not a withholding tax on the money they make now?

MR. HAIG: On income yes at the present time, depending upon the ultimate destination of the money the holdback range is from 15 to 25 percent and it's based on income. The outflow of capital, if it is non-Canadian capital leaving the country that has been here it's not subject to any tax withholding. But all of the income is. The range of holdback is 15 to 25 percent and that is held back until the individual or the business or the corporation or the partnership files a Canadian tax return which they have the right to do. They equally have the right not to do. If they fail to file a tax return then the 15 percent to the United States, or the 25 percent as the case may be, is the tax they pay.

MR. WALDING: So then if a person was a resident of the United States and was a non-resident landowner up here there's a 15 percent withholding tax on him already in addition to taxes that he pays?

MR. HAIG: That's right. Any income, and it's against the gross income from the farm I might point out, not from the net income and as a result it isn't the consequence of whether or not there's a profit been realized from the ownership of the land.

MR. WALDING: In other words, he pays a 15 percent tax regardless of that in that case? So he's already got an additional penalty for being a non-resident owner.

MR. HAIG: Usually, yes.

MR. WALDING: Thank you.

MR. CHAIRMAN: Thank you, Mr. Haig. There are no more questions?

MR. HAIG: Thank you Mr. Chairman, gentlemen.

MR. CHAIRMAN: Mr. Anhang, Agricultural Department, Bank of Montreal.

MR. A. ANHANG: Mr. Chairman, members of the committee, I represent the Agricultural Department of the Bank of Montreal and I have a written submission which is, I believe, being handed out.

Mr. Chairman. Let me say at the outset, gentlemen, that the impetus for this submission comes from an observation which was made in the Working Paper. It's found at Page 56, top of the Page, No. 3, and I quote, Mr. Chairman: "High land prices make the transfer of a farm from one generation to the next extremely difficult. Either the parent must forego a good proportion of the full market value of the farm or the son must assume an impossible debt load."

Now, Mr. Chairman, my brief is directed primarily at the problem that's set out in that quotation. The Bank of Montreal in particular is concerned about a number of aspects of our present provincial taxation, the provincial taxation being the Gift Tax Act and the Succession Duty Act, and the thrust of the paper will be that these two Acts in combination militate against - militate against - the transfer of family farms today in Manitoba from one generation to the next.

Mr. Chairman, at Page 66 of the same Working Paper, there's a table, Table 23, it's titled Total Acreage of Farmland by Size of Farm, it's comparison in Manitoba - it's a DBS statistic and it's 1961 and 1971. I would direct your attention, Mr. Chairman and gentlemen, to the "size of the farms" column on the left side. We have 70-acre farms and then 70- to 239-acre farms and so on, all the way up the spectrum to 2,880 and over. On the right side of the table, the 1971 column, the number of farms. When one looks at that, one sees that the number of farms beyond the 400 acres, 400 acres up to 2,880 and over, represents 20,000 of the 35,000 farms which were being sampled. In other words, a very large percentage of the farms presently in Manitoba, at least in 1971, were 400 acres and over.

Now, Mr. Chairman, the price of farmland I am sure is known to many of you, particularly the members from the rural constituencies, and I don't think one would be far wrong in taking an estimate of \$300.00 an acre as being perhaps a current value in southern Manitoba for good farmland. If one then takes the cost of land alone - we're just talking about the cost of land alone without the farm buildings, without the implements, without the inventories, without the working capital and without the stock for that type of farm - the bulk of the farms in this province would be worth more, the land alone would be worth more than \$120,000 if one doesn't take into account of course the debt load. I appreciate that there's a debt load in many cases.

Back in 1971 in the submission by the Minister of Finance, Mr. Cherniack, in his release of December 30th, he stated at that time that based on the figures available to him then, which I suggest to you, Mr. Chairman, would have been figures that were likely 1966 and 1967, that a very small percentage of farms in Manitoba would ever be subject to tax on a succession duty basis. I'm suggesting to you, Mr. Chairman, that as the result of the consolidation of farms since then and, more importantly, as the result of exploding land values, that a significant number of farms today in this province, perhaps as high as 25 or 30 percent, would be subject to tax on a succession duty basis even after one deducts the debt load. In other words, the aggregate net value would be in excess of \$150,000 in the case of a transfer down to a son, or \$200,000 perhaps in the case of a spouse with the children being included.

Mr. Chairman, now to the written brief. I don't propose to follow it precisely. It has - and I apologize for it in advance - it has by its very nature some technical matters dealing with the comparison of gift tax in the Province of Manitoba and Succession Duty Act in this province with the corresponding acts, or non-acts where there is none, in the other provinces of Canada, and we also make passing reference to the juxtaposition of the Income Tax Act of Canada as it relates to the Succession Duty and Gift Tax Acts.

The question, Mr. Chairman, which we wish to pose is, why would a farmer wish to sell his land if he has children on the farm who wish to continue on?

On approaching retirement such a farmer really has very few alternatives. First, assuming that he wishes to retire off the farm, his major problem is obtaining cash or an equivalent annuity from a purchaser willing and able to give him top dollar for his land. Here the likely purchasers are either members of his own family or adjoining landowners in the area who wish to consolidate their own holdings.

For the first situation, namely the family farm that he wishes to transfer to other members of his family, what is the provincial tax legislation? i.e. Do the present provincial tax

(MR. A. ANHANG cont'd) laws relating to gift tax, act as an incentive or do they act as a hindrance to such a transfer? It is submitted that the present gift tax law in Manitoba is discriminatory in that regard, in fact is one of the few provinces of Canada where there is no special gift tax consideration or exemption for the transfer of that farm. Mr. Chairman, whether or not this is an oversight is not the subject of this paper or this submission. The point is that the present gift tax law in Manitoba militates against such an orderly transfer.

To elaborate: under Section 70 of the Income Tax Act of Canada brought in - and this was an amendment brought in by Bill C-170 in 1973 - the Federal Government provided for a tax-free rollover of a farm property on a taxpayer's death, of land used by the taxpayer in the business of farming immediately prior to his death and being transferred to his spouse or to any of his children. The land and the depreciable property for buildings must be transferred or distributed to the taxpayer's children who are resident in Canada immediately before the taxpayer's death, and must be indefeasibly vested in that child within six months after his death. If left to the spouse, to the widow, she could in turn, pursuant to the same Section, roll it over to the children on her death, tax free (subject to the restrictions already mentioned relating to the requirement that the son remain on the farm.)

If the conditions precedent to the rollover are met, and the deceased is deemed to dispose of the land and the buildings at their undepreciated capital cost (for the buildings) or at their adjusted cost base for the land. Similarly, the child is deemed to have acquired the land and the buildings at these figures. There is, therefore, Mr. Chairman, no federal capital gain or recapture realized by the deceased. Of course, when the child disposes of the assets he will have his father's tax cost and he will have to pay his own tax accordingly on disposition, depending on the valuation at the date of such disposition.

Under the same Bill C-170 passed in 1973, Section 70(9) of the Federal Income Tax Act provides that inter vivos transfers of family farms, the words "transfers during the lifetime", could also be effected on terms almost identical to those for rollovers on death. In other words, it would go on to the next generation without attracting any capital gains or recapture.

Section 73 (3) begins by providing that the transfer - and this is where you have an inter vivos transfer - takes place at the price "otherwise determined", that is presumably the price set out in the agreement of purchase and sale. The price for the land, however, cannot be greater than the greater of

- (A) its fair market value, and
- (B) its adjusted cost base, which essentially is its cost.

The price for the land may not be less than the lesser of either one or the other. Thus, the price for land must be somewhere between the adjusted cost base and the fair market value. Similarly, the price for the depreciables, for the buildings, must be between the undepreciated capital cost to the transferor and the fair market value. The parent is deemed to have sold at this price and the child is deemed to have bought at this price.

Now, Mr. Chairman, the problem - and again I apologize; it's very technical, but I propose to give an example which will I hope clarify the difficulty.

A serious problem arises, Mr. Chairman, when the provincial gift tax statutes are applied along with Section 73 of the Federal Act. When setting their price, the parent and child will want to set their price at a figure which will avoid any taxable gift. If they do choose fair market value, Section 73 (3) states that this is the parent's proceeds of disposition for income tax purposes with the result that he realizes and is taxed on his accrued gains.

Consider, for example, farm land on the edge of an urban area whose value on V-day was \$75,000 but whose value at the date the farmer wishes to transfer it to his son is \$200,000.00. If the father transfers the land to his son at his cost, the cost base of \$75,000, he has made a taxable gift of \$125,000.00. If, however, the father transfers the land to his son at \$200,000, he has realized a capital gain of \$125,000.00. In other words, it's a dilemma which can't be solved where there is a Gift Tax Act.

In those provinces that impose no gift tax there is no problem. The transfer will take place at whatever figure will give the father and the son the best income tax advantage. Similarly, in gift taxing provinces there will be no problem if the difference between the father's tax cost and the fair market value is less than the exemption for farm gifts provided in The Gift Tax Act, in other words, a special consideration for the transfer of a family farm, a special consideration that would be found in The Gift Tax Act and is indeed found in most of the Gift Tax Acts of this country. These exemptions that are referred to vary widely from

(MR. A. ANHANG cont'd) province to province, going from \$75,000 in Quebec to \$50,000 in Ontario to nil in Manitoba. Nil. Unless the province has a generous exemption, I can see no way that a farm can be transferred from a father to a son without a tax cost, either capital gains tax or a gift tax.

Now just going to the other provinces on a comparison basis for a moment, Mr. Chairman. I hope you'll bear with me; the treatment is quite short.

The gift tax treatment of farm transfers varies almost from province to province. On the one hand, Alberta, Prince Edward Island, New Brunswick, Nova Scotia and Newfoundland (five provinces) levy no gift taxes at all. On the other hand, Manitoba levies gift taxes and gives no special treatment to farmers.

Saskatchewan permits a "once-in-a-lifetime" exemption of the lesser of the value of the gift and \$10,000 where the gift is an interest in real property to a child of the donor to be used by the child in farming operations. British Columbia permits a similar "once-in-a-lifetime" exemption of \$10,000.00.

Quebec permits a person whose principal occupation is farming to deduct from the taxable value of his gifts in a year, once in his lifetime, up to \$75,000 in respect of a gift to his children of land or other farm property (including implements and livestock) intended to be used by his children for farm purposes.

In Ontario, The Gift Tax Act, 1972, was amended November 30, 1973 by adding to the list of exempt gifts, absolute gifts of farming assets. Their Succession Duty Act has also been amended to allow a complete exemption over a 25-year period where the farming operation is continued.

Under The Succession Duty Act of Manitoba, farmers, unlike every other Province in Canada with the exception of Saskatchewan - and I'll speak about Saskatchewan again in a moment because their exemptions on the basic level have now been increased and they're greater than ours - with the exception of Saskatchewan, then,our Succession Duty Act gives no special treatment to farmers.

If the aggregate net value of a farmer's assets on death exceed the basic exemption, the property is taxable whether or not the property happened to be a family farm.

What conclusion therefore is to be drawn from the present situation in Manitoba as it relates to The Gift Tax Act and The Succession Duty Act? Mr. Chairman, I am sorry to say that our province has the worst treatment for farmers of any province of Canada when it comes to looking at the exemptions.

It is submitted that farmers in anticipation of their estate being forced to sell the farm in order to pay succession duty, often elect to sell to the highest bidder during their lifetime.

The present Gift Tax Act only allows the transfer of \$2,000 per year to any child to a maximum of \$10,000, plus \$5,000 to the spouse. For a farm of any value one can readily see that it would take more than a lifetime to divest oneself of any sizeable farm and still avoid paying the taxes.

For the farmer to transfer the family farm and pay the gift tax is counter productive since it presents him with the same problem, namely that of an immediate cash payment of tax.

It is submitted, Mr. Chairman, that one of the prime reasons now causing farmers to sell their farms to non-residents or the Provincial Government is their desire to avoid the estate being forced to sell the farm under distress conditions.

Finally, the present law would appear to be inconsistent with the present stated policy of the Government to keep resident farmers on the land. If the Government in fact wishes to discourage the sale of Manitoba farm land to non-residents, or even to itself, it should take the positive steps required to encourage the orderly transfer of the family farm from one generation to the next, avoiding the incidence of tax. Presently, Mr. Chairman, this is not the case. All of which is respectfully submitted.

MR. CHAIRMAN: Thank you, Mr. Anhang. Mr. Uskiw.

MR. USKIW: Yes. You made your very strong point on the question of taxation penalties in the transfer of land. Would I take it from you that you believe that there should be a discriminatory attitude on the part of the Government of Canada as between someone transferring assets, who is a farmer, and someone who happens to own a garage or a store and who wants to transfer those assets?

MR. ANHANG: Mr. Chairman, through you, that indeed is the present stated policy of the Minister of Finance.

MR. USKIW: No, I'm saying are you saying that you would prefer that there'd be a discriminatory policy?

MR. ANHANG: It's in fact the present law of this country. Farmers are allowed into the federal Income Tax Act to transfer the farms, tax free, from one generation to the next.

MR. USKIW: No, I'm talking about Manitoba law.

MR. ANHANG: Oh, Manitoba law. I'm sorry.

MR. USKIW: I'm saying to you, you imply that there should be a discriminatory policy that where there are gifts given from a farmer to their descendants that there be no tax applied, or some provision favourable to them. Would you apply that same principle to the owner of a business, a store, a garage or a theatre or whatever else? I mean, why can't I give my business away to my immediate family without Gift Tax provisions? What's the difference between the two, is what I'm trying to get from you.

MR. ANHANG: First of all, Mr. Chairman, the parameters of this particular committee, I believe is to discuss the problems relating to the sale of farm land to non-residents and, in preparing for this committee the paper which has been put forward by the government department, they have suggested that farmers should be given this special treatment. In other words, the present problem at hand is, how do we keep the farmers from being required to sell the land perhaps to non-residents? If you, Mr. Chairman, wished to have observations on whether or not there should be larger exemptions, or special exemptions for family businesses, perhaps we could go into that, but I didn't understand this particular committee to have those parameters.

MR. USKIW: No, but my point is, sir, that if you believe in a discriminatory tax policy, aren't you really promoting the idea that we've got to get our toe in the door so that we open up the door ever wider from here on in? Isn't that really what you are saying? Because how can society justify a discriminatory tax policy wherein the situation is identical - that is the giving of gifts to one's family or descendants? How can one distinguish between two people living in Winnipeg, one giving the gift, the other one receiving it, as against two people living in Morden or on the outskirts of Morden? How can we treat the citizens of Manitoba in that way, or two groupings in different ways?

MR. ANHANG: Again, Mr. Chairman, I didn't understand this to be the subject of these deliberations but nevertheless I'd be pleased to answer. I do think, Mr. Chairman, that when it comes to family farms they are the equivalent of family businesses in urban areas.

MR. USKIW: That's right, and that's my point.

MR. ANHANG: And if you had a committee that was sitting on the question of how do you transfer the family business from one generation to the next, I believe our position would be the same . . .

MR. USKIW: No, but my point is, sir . . .

MR. ANHANG: . . . special provisions for that.

MR. USKIW: My point is that, in your opinion, should there be a discrimination as between one class of people and the other class of people? That's what I want to get from you. Do you believe in a discriminatory policy on taxation?

MR. ANHANG: Ideally, Mr. Minister, there shouldn't be any discrimination but, as we understand it, in particular situations where you're attempting to fulfill a social need by keeping people on the farm, perhaps you have to give tax concessions. Similarly in family businesses, in order to avoid them having to be bought out by larger concerns you may have to give larger exemptions to those situations.

MR. USKIW: That's fine.

MR. CHAIRMAN: Mr. Dillen.

MR. DILLEN: You make some reference in your submission on the transfer of land from a father to a son, and that the reason for this - I don't know just exactly what page it is - but the father wants to use the cash that he accumulates for the purpose of an annuity or some investment which will act as a pension fund for him in his old age. What would happen if in the case of my father, now, wanting to do that, wanting to accumulate this amount of money, and me approaching your bank for those funds to transfer to my father and I don't have any accumulated assets to place with your bank as security, what is the position of your bank with regard to me as an individual?

MR. ANHANG: Well first of all, of course, Mr. Dillen, the land itself is the security. The difficulty with the succession duty is that if the farm were to be given or sold to you

(MR. ANHANG cont'd)pursuant to a death, after death, the amount of money you would require wouldn't just be the value of the land, it would be the value of the land plus the tax. That's the difficulty. It would take you longer to buy the farm. It would take you longer to buy the farm because of the tax element.

MR. DILLEN: I see. Has it been the policy of the bank to provide loans for persons who wish to purchase land without any equity?

MR. ANHANG: Well again, Mr. Dillen, the very fact that you are purchasing the land would provide you with the security that you can give to the bank. You would likely lodge title, you see. You would have an equity of some type when you first started, of course, but if you're buying it with the bank's money, then the bank would get to hold the title. Just a simply question of whether the bank felt that you could make a go of that farm and pay back the loan.

MR. DILLEN: What is the difference between the bank holding the title and the Province of Manitoba holding the title?

MR. ANHANG: Well of course there is provision -- (Interjection) -- Well, Mr. Chairman, under what circumstances, if I may through you, would the Province of Manitoba be holding the title? As security for the taxes, or for what reason? Is it the Government of Manitoba that you're thinking of that would be buying this land and selling it to you or . . .

MR. DILLEN: Well, I'm trying to establish whether or not by holding the title that you have some -- in effect are really holding the land until such time as the amount of mortgage is paid off.

MR. ANHANG: Well the holding of the title is a recognized form of security in law; it's called an equitable mortgage, just as effective as a mortgage.

MR. DILLEN: And what is the difference then between you holding the mortgage and the province holding the mortgage?

MR. ANHANG: Are you buying from the province, or is the province lending you money to buy?

MR. DILLEN: The province is purchasing and then reselling.

MR. ANHANG: Oh, I see. Okay. Well, let's take an example if we may. Let's say the land is worth \$300,000, which isn't unreasonable considering the small number of acreage you now need to get \$300,000.00. The tax on \$300,000 would likely be in the range of \$20,000 approximately. In other words, to get that title to that land clear, it will cost you \$320,000, not \$300,000. Now, if the province wishes to lend you \$320,000 against security of 300,000, then I'm suggesting that the province is being very careful. But the basic underlying difficulty is that you've increased the cost of purchasing by the additional amount of taxes that the province has levied on that land.

MR. DILLEN: I don't quite follow you. Could you elaborate?

MR. ANHANG: Okay, let's just continue that same example. The land should only cost you \$300,000. Right? That's the fair market value, taking that as an example, and you're getting it through an estate. Correct? And there's succession duty levied on that last \$100,000 and it's approximately \$20,000 - it's 22,000, in that range. To get that land into your name, eventually, you'll have to pay \$322,000 for it. Okay? Now, you're suggesting that the Province of Manitoba should finance the cost of the land. Is that correct? I mean, is that what you're suggesting?

MR. DILLEN: We're using a hypothetical situation. I am a young farmer. Right? I have the knowledge and the expertise with which to farm land. But the farm land has never been productive enough with which to support both myself and my father. Now, my father wishes to remove himself from the land but he needs the money, okay, with which to retire on and live comfortably off the land, or away from the land. How can you suggest that the bank could be of assistance in helping me acquire that land?

MR. ANHANG: Well in that case -- you've changed the facts slightly and I understand what you're saying now -- in that case, of course, it would depend on whether your father would be willing to take a mortgage back from you and you would then, from the income each year, pay off the mortgage and eventually own the land. He could do it that way and you wouldn't need the bank financing.

MR. DILLEN: But that doesn't provide my father with a lump sum.

MR. ANHANG: If you wanted a lump sum you would have to get a bank or some other outside lending agency to give you long term financing, and then you, instead of paying your

(MR. ANHANG cont'd)father the monthly amount, you would pay the monthly amount to the person who lent you the money. Now the difficulty with what you're talking about there is an inter vivos sale. The difficulty there is that your father, in selling that farmland to you at fair market value, would have to get additional funds to pay the tax and there would be less money available to him to provide that annuity.

MR. DILLEN: All right. I am now in possession of the land through a mortgage from your bank, and you hold the mortgage. If I came back to you again and said, "I have the land and now I need to purchase the machinery", what would the position of the bank be in that case?

MR. ANHANG: Again, there are different types of loans. One loan that you referred to a moment ago was a long term financing against the title. There's a different type of loan that you can get for equipment and one takes back either a conditional sales contract or a chattel mortgage. In addition, you could give security on the growing crops and any other items of value that you might have, like accounts receivable; and money is often lent against those particular assets in this province by banks. And many many farmers, by the way, deal on that basis.

MR. DILLEN: With banks?

MR. ANHANG: Oh, yes, sure.

MR. DILLEN: To what extent are bank loans for agricultural purposes guaranteed by the Federal Government?

MR. ANHANG: I'm told by Mr. Gibb, who's the representative in the province of the Agriculture Department of the Bank of Montreal, there is no special guarantees by the government for this type of a loan.

MR. DILLEN: Thank you.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Mr. Anhang, it just so happens that my father owns a farm and I am the eldest son in the family, but I'm not a farmer by occupation and I didn't do a single thing to increase the value of that farm to help my father work it. Now, are you suggesting that I deserve to get that land when my father passes away without the Province of Manitoba getting any inheritance tax or succession duty on it?

MR. ANHANG: Mr. Chairman, in reply to that, in every province that does have a special exemption, in fact even the federal legislation that has that exemption, they have strict rules on transfer and they do not allow it to be transferred where it can be demonstrated that it will not be used for farming purposes.

MR. JOHANNSON: Well, supposing that I were to then lease the land to a local farmer, it would then be used for agricultural purposes.

MR. ANHANG: No, the transfer is being made to you and you personally wouldn't be using it for the farming that it's intended to be used for.

MR. JOHANNSON: Okay. Supposing that I lived out in the town and that I intended to farm but that I had done nothing personally to help my father work that land, nothing to help him. Now are you saying that just because I want to farm, that I might have some capacity to farm, that I deserve to get that land even though I did nothing to help my father work it, I did nothing to contribute to that land? -- (Interjection) --

MR. ANHANG: Well what you're presenting me with, if I may say, Mr. Johannson, is a theoretical situation where a son in order to take advantage of an exemption set out in a tax law would go out and change his occupation, and Mr. Morgenson said, "I would doubt that one could suddenly change the occupation and make a success of it", but if he did I can see no objection to it.

MR. JOHANNSON: You don't?

MR. ANHANG: If he couldn't, then of course - I'm assuming we're talking a bona fide transfer to a bona fide person who intends to do some bona fide farming.

MR. JOHANNSON: You know, I, in this area, I don't happen to agree that one should simply transfer assets to someone who had done nothing to deserve them. I happen to be more of a free enterpriser in this area than the opposition members seem to be.

MR. ANHANG: I mean surely, Mr. Chairman, this would depend on the desires of the person who owns the property, if he wishes to transfer it. I would suggest to you, Mr. Chairman, that the Honourable Member from Wellington . . .

MR. JOHANNSON: No, St. Matthews.

MR. ANHANG: St. Matthews, wouldn't forego the gift if it was made to him.

MR. JOHANNSSON: I might not forego it but that wouldn't mean that I in any way deserved it or that the people of the province should not get tax revenue from it.

MR. ANHANG: Well I think, with respect, you're talking about a situation which is unusually rare. The regulations under which these exemptions are allowed are quite severe. They provide that it's only for bona fide farmers who intend to stay on the land and where you have lease concoctions and this type of thing I believe that your administrative people in the tax department across the way would very quickly spot that.

MR. JOHANNSSON: Let me bring up another question that's related to this. I happen to represent a city constituency, I come from a rural area originally, I now live in the city, I represent a city riding. People in my constituency in most cases do not farm, they are subject to the succession duty, if they happen to have properties - or their estates are subject, the person inheriting is subject to the succession duty if they happen to die. Do you feel that your suggestion that farmers should be exempt from this is fair to my constituents who are subject to it? And would you be willing to tell my constituents that? Come out and explain to them that you think that they should be subject to this succession duty but that farmers should not?

MR. ANHANG: Mr. Chairman, two observations. First of all, the question of the ownership of Manitoba land by non-residents in the rural areas is the subject of this committee as I understand it. If it was also including the question of the ownership of urban land by non-residents I would be delighted to go into that particular aspect with you. But, in reply . . .

MR. JOHANNSSON: Please.

MR. ANHANG: . . . if the same tax statement were given to family businesses I think that the people, even in your urban constituency, would be in favour of that.

But rather than deal with exemptions, Mr. Chairman, let me tell you that this province has the lowest exemptions, it's even lower than Saskatchewan. When the first two acts came into effect, Saskatchewan and Manitoba, back on January 1st, 1972, the basic exemptions of \$150,000 and \$200,000 were the same. Since then, Saskatchewan has seen fit to increase the exemptions by \$75,000 across-the-board, in addition to having these special exemptions under gift tax act and succession duty act for farmers. All I am suggesting to you, Mr. Chairman, is that in the last two or three years, because of the explosion of values in general, not only in the rural areas, that perhaps the government should consider increasing the exemptions across-the-board, from that \$200,000 perhaps up to \$300,000.00. The exemption in Ontario is \$500,000 and inter vivos gifts between husband and wife are tax free entirely. You can give your wife any amount of funds without being taxed in Ontario.

MR. JOHANNSSON: You were the one, Mr. Anhang, who brought in the succession duty and the gift tax as a matter to be discussed before this committee. Where would the province recapture this revenue that would be supposedly lost if you increased the exemptions? We are assuming that services must remain . . .

MR. CHAIRMAN: Order please.

MR. ANHANG: Mr. Chairman, I am very pleased that that question has been asked because actually in preparing this paper I was wondering how I was going to get the information in and still remain relevant. But I'm delighted it has been asked.

MR. JOHANNSSON: I was wondering about that too.

MR. ANHANG: The question has been asked and with your indulgence I would like to answer, Mr. Chairman. Mr. Johannsson, do you know the amount of tax that has been collected on an annual basis from these two acts?

MR. JOHANNSSON: Very low, but . . .

MR. ANHANG: . . . roughly five million dollars, out of a budget of what? - close to a billion dollars this year. And what's the cost of collection and all the number of people that have to go to tremendous expense just to comply with these acts.

MR. JOHANNSSON: But regardless of how much is lost we must assume that the level of services isn't going to decrease. Where do you recapture that revenue?

MR. ANHANG: Forty-five million dollars?

MR. JOHANNSSON: Even if it's half a million dollars that you are talking about.

MR. ANHANG: I would like to know what it has been costing us to collect that money.

MR. JOHANNSSON: Okay, I'm not going to go into that. You say that very little has been collected and yet you imply that there is a big problem in this area, because of the collection . . .

MR. ANHANG: On an individual basis . . .

MR. JOHANNSSON: Now just a minute let me proceed - because of the collection of this. And you have implied that significant number of farms, probably 25 or 30 percent of the farms, would be subject to succession duty and the implication is that a fair amount of tax would be collected and therefore this would be a burden on sons who will be starting up farming after their fathers have died and they have inherited the farm. Would you be willing to provide concrete cases to this committee of hardship being caused to a son who has inherited a farm under the present succession duty, would you give us concrete cases? The information is available, I would assume.

MR. ANHANG: Let me just indicate, Mr. Chairman, first of all the major difficulty in dealing with this type of material is that the statistics one deals with are always two and three years old, so one has to come down to the basic situations of individuals. Now I appreciate . . .

MR. JOHANNSSON: That is what I am asking you for.

MR. ANHANG: . . . that under the succession duty act there is a saving feature that says that if there is a difficulty in paying your tax you can ask the government's department, across the way there, for five years in which to pay it.

MR. JOHANNSSON: Right.

MR. ANHANG: I appreciate that, but that still doesn't detract from the fact that it is going to cost you more to buy that land and you are going to have to put up more money in order to get the same land.

MR. JOHANNSSON: But if you've inherited it you don't pay the capital cost of the land that you get through inheritance. All you pay is the tax.

MR. ANHANG: Take the situation, if we may, of a son inheriting a farm and it is debt free at the time of inheritance, and let's say the tax is \$25,000 and there isn't sufficient capital in the estate to pay the \$25,000. The son has the alternative either of making a deal with the succession duty department taking five years and lodging some form of security, or going to the bank, or some other credit institute, and borrowing that \$25,000. My question is, why the \$25,000 in the first place?

MR. JOHANNSSON: Because he has inherited a capital asset that is worth a great deal of money.

MR. ANHANG: I think it is a question of philosophy as to whether you should allow a farmer or any other person to inherit something, but as I said earlier, every other province in this country has seen fit, either by not levying succession duty or gift tax in the first place or where they have levied it they have made special exemptions for farmers. It's simply a question of whether you believe farmers should be given this added incentive to stay on the farm.

MR. JOHANNSSON: But Mr. Anhang you haven't answered my question. I asked you to give me concrete cases where hardship has been caused by the succession duty. Now you have avoided that . . .

MR. ANHANG: Mr. Johannson . . .

MR. JOHANNSSON: . . . would you please give us that information. Mr. Chairman, Mr. Chairman . . .

MR. CHAIRMAN: Order please.

MR. ANHANG: Mr. Chairman, I think it is a fair question but I am unfortunately not free to answer it because of the hardship cases that I know of, they are my clients, some of them, and I regret to say that I am not at liberty to tell you who they are or the exact causes. But, if the gentleman from the urban constituency wishes to go across the street to the Surrogate Court of the Eastern Judicial District, and also in St. Boniface, and search out some of the applications for probate and applications for administration over the last couple of years I think he'll find some of the examples that he is asking me for. Some of them are signed by me. And those are public records . . .

MR. JOHANNSSON: Mr. Chairman, then you have made a statement that hardship is being caused, or you have implied that hardship is being caused and yet you are unwilling to give us any concrete examples on the basis of confidentiality being owed to your clients.

MR. ANHANG: Solicitor-client privilege. Yes.

MR. JOHANNSSON: And yet you're willing to make public statements based on information that you say must be kept confidential? -- (Interjection) -- Okay if we can't get down to a specific . . .

MR. ANHANG: I gave you . . . where you can find the information . . .

MR. JOHANNSSON: If you can't get down to a specific bit of proof, will you tell me how much of the four or five million dollars that was collected was collected from farmers?

MR. ANHANG: Mr. Johannsson, you are a member of this government, I suspect that you have better access to that information than I have.

MR. JOHANNSSON: Yes, I have. My information was that the last I knew, roughly one percent of farms that were involved in succession, had to pay the succession duty - one percent.

MR. ANHANG: Well in Mr. Cherniack's paper of December 30th, 1971, based on statistics going back probably three or four years prior to that, he said two percent.

MR. JOHANNSSON: No, this is based on later statistics than that.

MR. ANHANG: I would doubt it, I looked at the release this morning.

MR. JOHANNSSON: Mr. Anhang, through any member of this Legislature you can get pretty up-to-date figures from the Department of Finance on collections and breakdowns of collections of succession duty. I would assume that you could now quite easily get the figures for 1973-1974, through any member of this Legislature. Now I haven't made the case. You have made the case that the succession duty and the gift tax are a hardship on young farmers who inherit farms. You won't give me a specific case on the basis of confidentiality that your clients have to get from you. Now will you give me then some figures. You're the person who's making the case.

MR. ANHANG: I am looking at your Table 23 in your very own booklet, Page 66, -- one doesn't have to be a mathematical whiz to multiply 400 acres times \$300.00 an acre. It's \$120,000.

MR. JOHANNSSON: That's theoretical. You say that there is hardship . . .

MR. ANHANG: Are you suggesting that . . .

MR. JOHANNSSON: I don't want theories, I want proof, I want figures, evidence. A lawyer is supposed to deal with evidence.

MR. ANHANG: You sound like Mr. Green from the other day.

MR. JOHANNSSON: You're a lawyer. Pardon?

MR. ANHANG: You sound like Mr. Green the other day.

MR. JOHANNSSON: Well if I do, I'm complimented. But, I don't presume to have Mr. Green's ability. Will you give me some figures please?

MR. ANHANG: Well, Mr. Johannsson, question of hardship is relative isn't it? If a man suddenly needs to come into a large amount of cash in order to pay tax, it could be a hardship, he could be very rich asset wise, but very, very poor from the point of view of cash, which is the case with very many, many farmers in this province today. Isn't that right?

MR. JOHANNSSON: So you don't have any proof, no figures?

MR. ANHANG: I would suggest to you, Mr. Chairman, that Mr. Johannsson be invited to walk across the street and look in at the Surrogate Court and after he has done that, go over to the administration section of the succession duty and he can get the figures even better than I.

MR. JOHANNSSON: But, Mr. Chairman, I wasn't the one who was trying to make a case, and when someone is trying to make a case they have an obligation to provide evidence to support that case. Now, all I'm asking for is that evidence. I want the figures. Now give them to us.

MR. CHAIRMAN: Order please.

MR. ANHANG: If we just presented the committee with the amount that's been paid by the farmers, is this what Mr. Johannsson wants? I'm beginning to misunderstand.

MR. JOHANNSSON: No, I want more than that, I want that, I want concrete evidence that hardship is being produced. Now give us those figures please.

MR. ANHANG: Are you suggesting, Mr. Johannsson, we bring in an individual and he swear a statutory declaration before the Legislature saying that your tax has caused hardship, is that what you are suggesting?

MR. JOHANNSSON: No, I don't, I don't expect him to agree, I don't expect the opposition members to agree with our programs, but I do expect that when someone makes an argument they present evidence to back it up.

MR. ANHANG: The very fact that the people have to pay the tax quite often at an inopportune time, namely when the farm is passing because of a death, and suddenly the son has to go over and get cash from whatever lender, when he perhaps doesn't have his own credit reputation, he has to get additional cash to pay the tax, I think that in itself indicates a hardship.

MR. JOHANNSON: That's all, Mr. Chairman.

MR. CHAIRMAN: Order please. We have now gone past 12:30, is it the wish of the committee that -- Would you be able to come back, Mr. Anhang?

MR. ANHANG: Yes, at three.

MR. CHAIRMAN: . . . we adjourn now. We adjourn until 2:30. Thank you, Mr. Anhang, we will see you back.

* * * * *

2:30 p. m.

MR. CHAIRMAN: Order please. Proceed. Before we proceed, is there anyone else present who would like to present a brief this afternoon? I have a number of people listed here. There might be someone - - I had two people this morning who wished to present a brief. Is there anyone else?

A MEMBER: Mr. Chairman, could you read out the names please?

MR. CHAIRMAN: All right. We have Mr. Anhang still, not completed; Mr. Alfred Gevaga; Mr. Walter Seneshen; Mr. Jerry Ackerman; Mr. Harold Proven; R. S. Baptie; and R. A. Cassells.

MR. SAUNDERS: Mr. Chairman, I had my name put on at 10 o'clock the morning of the hearing last week.

MR. CHAIRMAN: Your name, sir?

MR. SAUNDERS: Roger Saunders.

MR. CHAIRMAN: Yes, I'm sorry. You're right after Mr. Anhang. Mr. Yarema, did you . . . ?

MR. YAREMA: I wish to present a short verbal presentation to the Committee on some things that the Committee may or may not be aware of that's in the offing today. It applies to foreign landownership.

MR. CHAIRMAN: Okay, Mr. Yarema. I'll put your name down.

MR. YAREMA: Thank you.

MR. CHAIRMAN: Mr. Anhang.

MR. ANHANG: Mr. Chairman, before I'm asked the next question I'm wondering whether I could give the reply to Mr. Johannson's question just prior to the lunch hour break. If I may, with your indulgence . . .

MR. CHAIRMAN: Proceed.

MR. ANHANG: During the lunch hour I went to visit the Director of Succession Duties for the Province of Manitoba, a gentleman who resides during the day at 409 Norquay Building, and I got the facts. (Interjection)--Well, I have them.

MR. CHAIRMAN: Proceed.

MR. ANHANG: Out of 7,000 estates, during the past year, 120 were in a taxable position in this province, and out of 120 approximately 20 percent - 20 percent - were from farmers. Were from farmers. Not one percent, not two percent, but 20 percent.

MR. CHAIRMAN: Out of the 100 . . .

MR. ANHANG: Out of the 120.

MR. CHAIRMAN: Fine. Mr. Walding.

MR. WALDING: Mr. Chairman, Mr. Anhang. You discussed at some length in your brief this morning the Gift Tax and the Succession Duty Tax and you are obviously somewhat of an expert in this area. Tell me, is it not true that the only reason for, or the chief reason for bringing in that Gift Tax was to prevent abuse of the Succession Duty?

MR. ANHANG: That's quite right. Generally speaking, Mr. Chairman, succession duties and gift tax laws are brought in together; they're integrated, because one could obviously completely circumvent the operation of the Succession Duty Act by gifting.

MR. WALDING: Yes, thank you. I wanted to follow up too the point that Mr. Johannson was getting at this morning, and using the figures that you mentioned of a farm of some \$300,000, that the Succession Duty payable would be in the order of \$25,000.

MR. ANHANG: Roughly, yes.

MR. WALDING: Roughly. And a person being assessed that much would have five years to pay it off.

MR. ANHANG: Under Succession Duty that's quite correct.

MR. WALDING: Yes. Which means that he could pay off that amount at the rate of \$5,000 a year at the time that he was farming.

MR. ANHANG: Yes. He could make his deal for the repayment with the Succession Duty Tax Department and if they accepted \$5,000 a year that's what it would be.

MR. WALDING: Yes. If, on the other hand, another farmer wishing to start off farming was to purchase a similar farm, taking out a loan of \$300,000 to build up this farm through his initiative and enterprise, if he were to borrow this \$300,000 from your bank at 10 percent. . .

MR. ANHANG: It's not my bank, although the Bank of Montreal is my bank, but . . .

MR. WALDING: Your clients.

MR. ANHANG: That's right.

MR. WALDING: At, say, 10 percent, and I'm told that that's not an unreasonable amount. That would then cost that farmer \$30,000 in interest payments per year alone. That's without any capital repayment.

MR. ANHANG: That's right.

MR. WALDING: So on the one hand we have a farmer who is paying \$5,000 a year for five years, and another young farmer paying \$30,000 a year for the time that he owes that amount of money. That's in interest alone without any capital repayment. Now what you're suggesting to us, then, is that the man who receives the farm as a gift, paying his \$5,000, should be given some special break, some reduction on that \$5,000, or be excused it altogether, but the man who's working for his farm should have to pay \$30,000 a year. Now does that seem fair to you?

MR. ANHANG: I'm suggesting to you that if one looks at it from the other point of view, namely the father who has worked his entire life to get the value of that farm up usually from very little to a \$300,000 level, that he be entitled to pass it on to the next generation without having to pay for the farm again by way of a second tax, because he's paid income tax all the way along. That's what I'm saying.

MR. WALDING: Then how would the farmer pay this Succession Duty?

MR. ANHANG: I'm sorry?

MR. WALDING: I don't understand how you're saying that the farmer who sells his farm is paying the Succession Duty.

MR. ANHANG: Well, if he sells it during his lifetime he then doesn't pay any provincial tax, he pays Federal Income Tax, be it recapture or capital gains depending on the position of that farm. The only time that he starts attracting tax is when he proposes to transfer it into the next generation, his son. Now the federal legislation presently provides that he can do that tax free. The difficulty, though, is that provincially the Government here has seen fit not to allow that to occur without taking a second tax bite in the form of Gift Tax if it's given during the lifetime or in the form of Succession Duty if it's given by way of a Will.

MR. WALDING: I'm not concerned with the farmer disposing of this capital asset, because it's a lot of money that he's getting anyway even if he has to pay tax on it. I'm more concerned with the person that he leaves it to, the young farmer starting off. And in these two instances that I've quoted to you, one who gets the farm as a gift and the other one who has to work for it, the one who gets it as a gift is paying \$5,000 a year for five years only, the other one is paying \$30,000 a year, and I'm asking you if that offends your sense of equity.

MR. ANHANG: No it doesn't. Because the father has worked for it, and what you're doing is interfering with the orderly passing of that property into the hands of the son. If it were a gift outright from some charitable institution or a lottery or something else, maybe that kind of a position should offend me, but where a father is transferring it to the next generation I can see no reason why it should offend anyone.

MR. JORGENSEN: In most cases the son's spent a lot of time too.

MR. CHAIRMAN: Order please.

MR. WALDING: Well, Mr. Anhang, it offends my sense of equity.

MR. ANHANG: I suspect, Mr. Chairman, the difficulty here is that there is a basic difference in philosophy. I suspect also that in setting in a new tax, an additional tax for Succession Duty, you probably create a disincentive for the father to create a farm for the son, and I think you'll do damage to the amount of property being passed on in that way as well.

MR. WALDING: But it's not a disincentive for the second farmer to be paying \$30,000 a year in interest alone.

MR. ANHANG: Oh I think in general if one goes across southern Manitoba you'll not find any farmer's position or circumstance exactly the same as neighbours'. One man may be getting a subsidy from the Government in the form of a 5 percent lease, you know, completely below the market. The man next door might be paying 10 percent; the man next door might have indeed received the asset as a gift from his grandfather. Now those are three situations which are probably quite current, and unless you want to make everybody start on the very same situation and say that in 1975 everyone must start to buy their own land again for nothing, - you know, start at zero, unless you're going to do that I think you're always going to find discrepancies in the amount of payments between farmers on adjoining properties.

MR. WALDING: No, I'm not suggesting that everyone start equal. What I'm suggesting is that the man who already has the advantage should not be given a further advantage at the expense of someone else.

MR. ANHANG: Well, why start at \$200,000? Why not make the exemption 50,000 or 25,000? You are already accepting the principle that the man should be allowed to take his father's farm but \$200,000 is when he starts to pay tax. All I'm saying is, complete the advantage to him. Give him a further incentive. Increase it to \$300,000 or perhaps make the farms free of all gift tax. If it's the principle you're arguing about I suspect that the difficulty is that you've already granted him something, it's just a question of how much are you going to grant him.

MR. WALDING: You're suggesting that we have not granted him enough, are you?

MR. ANHANG: That's right. And I'm saying that in terms of current property values in Manitoba \$200,000 is not any more realistic. Between May 1973 and October '74 there's been an incredibly large increase in land values. I'm saying to you that that has not been recognized by the amount of the exemptions that you've allowed, and it's time now to overhaul or perhaps look at a larger exemption like every other province, including Quebec, including Saskatchewan, including Ontario. We're the only province that hasn't revamped it.

MR. WALDING: I'd like to move on now to another point. Could you expand a little on the first paragraph on Page 7, please? I want to be sure that I understand just what you're saying on that.

MR. ANHANG: Would you like to read it or . . . ?

MR. WALDING: If you wish. It says, "It is submitted that one of the prime reasons now causing farmers to sell their farms to non-residents or the Provincial Government is their desire to avoid the estate being forced to sell the farm under distressed conditions."

MR. ANHANG: Right.

MR. JORGENSON: . . .

MR. WALDING: Well, if Mr. Jorgenson would like to take the stand I'll direct the question to him, Mr. Chairman. I was asking Mr. Anhang.

MR. CHAIRMAN: Order please. I believe Mr. Anhang will be able to deal with the question without the assistance of members.

MR. ANHANG: Mr. Chairman, the difficulty with this type of a question is that in the answer I can't give you the exact case, but I will talk about what happens in general when a man dies and hasn't made proper provision for passing his assets on to the next generation. Quite often the son is suddenly thrust to the forefront and has to deal with a bank, with other people, and quite often he's not known to those creditors. Sometimes he's forced into the position where, in order to pay some of those debts, including tax I might add, he has to go out and sell all or part of the farm. The willing buyer quite often knows of the distress situation and of course is not willing to pay the top dollar.

MR. WALDING: So we're talking here, then, about a sale that would occur after the death of the farmer and not a sale which would occur previous to his death to avoid this situation. Am I correct?

MR. ANHANG: That's one situation. The second situation is where the farmer sees that there's going to be a very large cash demand for Succession Duty, he decides to sell during his lifetime and to put that cash into a different form of an asset in order to avoid having to burden his executors with that forced sale that I just spoke about.

MR. WALDING: Now which of those two situations do you refer to in this paragraph, or both of them?

MR. ANHANG: Both of them.

MR. WALDING: Would that situation then not arise if the farmer sold his land to another private buyer?

MR. ANHANG: He could sell to anyone he wishes, of course. The difficulty though is that the larger farms have a smaller market. You'll get less if you split your farm down into small portions. Consolidated farms generally bring a higher price. Now, who are the buyers of large landholdings in this province today? They're either other large landholding owners, or the Provincial Government, or non-residents.

MR. WALDING: This paragraph says that they would avoid the estate selling . . .

MR. ANHANG: Being forced to sell.

MR. WALDING: . . . being forced to sell . . .

MR. ANHANG: Under distressed conditions.

MR. WALDING: . . . by selling to non-residents or the Provincial Government, and I'm asking you if that condition would not arise then if they were to sell it to another private buyer, or would that also be included?

MR. ANHANG: It would be included.

MR. WALDING: Hm-mm.

MR. ANHANG: They would be forced to sell under distressed conditions to a buyer who knew that the seller was vulnerable.

MR. WALDING: To another buyer, whether it is a private buyer, the Provincial Government or a non-resident.

MR. ANHANG: Yes. Quite so.

MR. WALDING: Then if there are those three conditions, why did you pick out the Provincial Government and non-residents to mention in this paragraph?

MR. ANHANG: You mean I should have included the third possible option, the man who can buy the consolidated?

MR. WALDING: Well wouldn't the expression "another buyer" have included all the possibilities?

MR. ANHANG: If you'll refer to Page 1 of the brief, we say here the likely purchasers are either immediate members of his family who may wish to carry on the family farm, or adjoining property owners in a position to consolidate their own holdings. I just didn't wish to repeat again and again the same thing which I've already said.

MR. WALDING: No further questions, Mr. Chairman.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes. We established this morning, sir, through your statements, that you would prefer that farmers be exempt from succession duties and that family businesses should also be exempt. Why would you restrict an exemption to those two categories alone? I mean, why shouldn't anyone who happens to have a lot of money or assets, living in the City of Winnipeg, who neither owns a farm or a business, why shouldn't anyone have that exemption? Why are you restricting the exemption to entrepreneurship?

MR. ANHANG: In fact, Mr. Chairman, in reply, our position is that you can probably do without the Succession Duty Act in its entirety.

MR. USKIW: That's what I thought.

MR. ANHANG: But if you're looking at exemptions, then these are the two likely ones that you should probably look at.

MR. USKIW: Well I would think that the reverse would be true. But apart from that. . .

MR. ANHANG: Are you suggesting, Mr. Minister, that farmers should not be encouraged to stay on the farms?

MR. USKIW: No, I'm saying that the individual rather than the business is something that one would want to look at, and you're saying let's look at the business.

MR. ANHANG: That's one example. What about the farmer?

MR. USKIW: All right, but let's now pursue that. Assuming that we were to adopt that policy and we wiped out the succession duties, we then have a shortfall of revenue to the province amounting to between four or five million dollars. I believe that's the figure you used.

MR. ANHANG: That's the correct figure. I got it this afternoon again.

MR. USKIW: All right. Now, who should we apply additional tax burdens against in order that the province's books balance?

MR. ANHANG: Mr. Minister, that five million dollars was the gross amount. You haven't subtracted the amount, the cost of collection.

MR. USKIW: I don't care if it's a dollar. Let's assume it was a dollar. There has to be a transfer of taxation and I'm saying to which sector in society do you want the province to transfer that tax burden? To which sector would you recommend?

MR. ANHANG: I would suggest to you, Mr. Minister, that perhaps there wouldn't be any loss, because the amount of money that you're collecting in tax would still stay in the private hands. It would likely be invested in some form of property or investment which would give you the tax back in any event.

MR. USKIW: Would it be fair to ask you if we were to transfer that loss of revenues, or the possibility of taxation, from where it is now - and I want you to take this in its proper context; it's merely a hypothetical thing - that we would assess every one of your banks enough

(MR. USKIW cont'd) to recover the \$5 million, would you say that was an equitable transfer of taxation?

MR. ANHANG: Would you include all of the credit unions and the MACC?

MR. USKIW: Oh, absolutely, absolutely. Absolutely.

MR. ANHANG: And the treasury branches?

MR. USKIW: Absolutely. Do you think that we should transfer the burden of taxation from where it is now on to your business, is what I'm asking.

MR. ANHANG: Mr. Minister, if I can just answer that in the same vein in which it's been given. Over the last couple of years, the government has not lacked in the creative number of ways in which to tax and I am sure it could find another five million bucks in a lot of different ways.

MR. USKIW: I appreciate that we have that flexibility. What I am trying to say to you, sir, is that somewhere you must find an alternative, and every time you reduce a tax in one field, you have to find another field in which to impose it, and do you think that it would be right, do you think it would be right, as a matter of principle - as a matter of principle - to reduce the taxes on gifts and apply those taxes on those individuals who have to pay a tax after they earn \$2,000.00? Do you think we should shift it to income tax? Because people pay taxes now after they earn about \$1,800 if they're single. Do you think that that is where the tax burden should be increased to make up that difference?

MR. ANHANG: Mr. Minister, I would not presume to tell the Government where to put that tax. I mean, for Autopac when you were short of money you put the tax on the gas. I am sure you'll find some way.

MR. USKIW: That is not the point. The point is, is it not your position that you would rather the tax be placed elsewhere other than on yourself?

MR. ANHANG: I'm not convinced that the money wouldn't come out of those same people in some other way.

MR. USKIW: Well, that may be what I'm talking about, sir.

MR. ANHANG: Well then I would leave it to you, Mr. Minister, to determine the way in which you would want to tax.

MR. USKIW: So you're saying we should exempt people on estate taxes and in turn then place the tax back on those same people in some other form, that that would be all right.

MR. ANHANG: Well you're doing it in any event. All you're talking about is perhaps \$3 million, perhaps \$3 million out of a budget of a billion dollars . . .

MR. USKIW: Then why are we in dispute? If we're going to remove taxes from the rich and impose them back on the rich only, the same clientele . . .

MR. ANHANG: I didn't say "only".

MR. USKIW: . . . then what are we exercising ourselves about?

MR. ANHANG: I didn't say only. The examples you were giving, you were going to spread them across the board.

MR. USKIW: You then want the poor to pick up some of that?

MR. ANHANG: It depends on how you propose to put the tax on.

MR. USKIW: Well of course.

MR. ANHANG: The gas tax is paid by the poor as well as the rich.

MR. USKIW: Now, you made the point, sir, you made the point, sir, that it's an onerous thing for someone to receive \$300,000 through inheritance to have to pay back \$20,000 to the state in taxation, in a form of taxation. If I was to donate to you \$300,000 every month, would you be glad to pay \$20,000 in order to receive \$300,000? --(Interjection)-- No, I'm very serious. That's the principle.

MR. CHAIRMAN: Order please.

MR. USKIW: I'm very serious. Do you think that you would find it very difficult to pay \$20,000 for every \$300,000 that someone gave you?

MR. ANHANG: I think it's a proper question in this sense, Mr. Chairman, but the difficulty with the question is that it doesn't tell me what form the asset comes. If it was cash, I'd be delighted to give you \$100,000 of that \$300,000. But if you gave me \$300,000 worth of an asset that didn't have a ready market, or if I had to sell it I would take a loss on in order to give the cash to the government to pay the tax on, that's a different story, which is really the situation that farmers are in in this province. They own land and land has to either be sold or mortgaged or their title has to be pledged so the succession duty can be paid, and it ties their hands.

MR. USKIW: Who, sir, pays the tax in the case of an inheritance, the one that gives or the one that takes?

MR. ANHANG: The asset pays the tax.

MR. USKIW: The asset pays the tax. So then why did you say, sir, that the farmer, the deceased, has to pay it the second time, because I always thought once you're dead you don't pay taxes.

MR. ANHANG: We were talking of gift tax at that time.

MR. USKIW: No, we were talking about the inheritance portion, and you said the farmer worked all his life . . .

MR. ANHANG: The successor is the person that pays the tax and he pays it out of the asset that he gets.

MR. USKIW: That's correct, and the asset presumably brings forward earnings.

MR. ANHANG: That's right. I would hope so.

MR. USKIW: That's right. So it is not the person that gives it pays it, it's the person that receives.

MR. ANHANG: Not in the gift tax.

MR. USKIW: Pardon me?

MR. ANHANG: Not in the gift tax.

MR. USKIW: Oh, not during the lifetime of the individual but . . .

MR. ANHANG: That's right.

MR. USKIW: . . . in terms of inheritance, yes, in terms of inheritance my statement would be correct.

MR. ANHANG: It comes out of the asset and the person who pays it is the person who gets the asset.

MR. USKIW: I think, Mr. Chairman, that's all for the moment.

MR. CHAIRMAN: Mr. Jorgenson.

MR. JORGENSEN: Mr. Chairman, Mr. Anhang, when you decided to present a brief before this committee you were aware of the terms of reference of this particular committee, were you not?

MR. ANHANG: I certainly was.

MR. JORGENSEN: The terms of reference which to a large extent state that the government was wishing or desirous of hearing the views and the opinions of the citizens of the Province of Manitoba. You will now have learned that any opinion that you may have expressed, unless it agrees with what the government intends to do, is one that is seriously questioned.

MR. ANHANG: It's very unfortunate.

MR. JORGENSEN: Mr. Chairman, the government has, from time to time, in press releases and during the course of the committee hearings, stated on frequent occasions the problem that is associated with encouraging young people to stay on the farm. I daresay you have got that impression, that they're concerned about that, and we assume they are. When you presented your brief you were not obsessed with the one means whereby this can be achieved, and I presume that your intention of presenting a brief was to provide to the government one other alternative, one other way in which transfer of property can be effected in which young farmers could get started farming.

MR. ANHANG: That's exactly the intent of the brief.

MR. JORGENSEN: Well then, it must be a source of some disillusionment to you to come here and find out that that suggestion is unacceptable to the government.

MR. ANHANG: They would have to live with it.

MR. JORGENSEN: Well, Mr. Chairman, you've indicated that there are all sorts of varying circumstances in the farming community where different arrangements are made to encourage and to help young people get started on their farms. Some of them are done through a corporate structure. That is, a lot of the farms today, family farms today, are incorporating because of the ease with which equity can be transferred from one person to another, where the father can withdraw equity or transfer equity and to encourage and increase the equity of the son, so that gradually over a period of years there is a transfer of that asset from one person to the other or to several other persons. Do you know of any instances where - and I am going to refer particularly now to the statement that you made on Page 7: "It is submitted that one of the prime reasons now causing farmers to sell their farms to non-residents or the Provincial Government is their desire to avoid the estate being forced to sell under

distress conditions." There are other distress conditions under which a farm can be sold. Do you not agree that one other distress condition would be that a good many farmers reaching retirement age now see an opportunity to dispose of that asset at a price that in their opinion is very reasonable? What would happen to those people if, in the light of what seems to be transpiring now, there's going to be a decline in grain prices, that land will depreciate in value and those people will now be forced to sell at a very low price? Do you see that that is a stark possibility in the next couple of years?

MR. ANHANG: Well, Mr. Chairman, I don't think I'm the person qualified to give the answers to what's going to happen to land values in the next two or three years, but it is a distress situation where the land prices go down and the man has obviously planned on retiring with the amount which he thought the land should be worth, and then of course he gets less than what he thought he was going to get. I don't know that anyone could give us the answer on what's going to happen to the price of land.

MR. JORGENSEN: You have heard of the government's proposal for stay option. Do you understand what that means and what it implies?

MR. ANHANG: I certainly do. Yes.

MR. JORGENSEN: Do you think that the only way that that stay option principle can be effected is for the government to buy the land and rent it to young people who wish to go into farming?

MR. ANHANG: Well, the only major thing about that stay option is whether or not it is indeed a stay option. Looking at the legal documentation that's being used, everyone is assuming - and I, as a lawyer, tell you it's a wrong assumption - that after that three-year period everyone assumes that they have the absolute right, providing they have lived up to the lease in the first three years, to buy the land. And I can tell you, as a lawyer, that that document doesn't necessarily say that. It's not a true stay option, no.

MR. JORGENSEN: But there are other ways in which the farm population can be maintained and to stop the flow of people from our rural areas into the cities.

MR. ANHANG: Yes.

MR. JORGENSEN: You're a lawyer and you're also associated with the Bank of Montreal, or are you just . . .

MR. ANHANG: I'm representing them here today.

MR. JORGENSEN: You're representing them here today.

MR. ANHANG: Right.

MR. JORGENSEN: You've had some dealings with farm transfers, I presume.

MR. ANHANG: Yes, I have.

MR. JORGENSEN: Do you know of many instances where farmers would be very anxious to stay on the farm if there was an opportunity provided for them other than through the government program, if that opportunity was available to them? For example, in industrial development in a rural community, where they could start farming by doing both, operating on a farm and working in a factory or working in a business of some kind, are there many farmers who farm today on that basis?

MR. ANHANG: I'm sure there are, Mr. Jorgenson. The difficulty I find in answering that question is that I haven't taken any kind of a survey or a census, but I do know that a lot of people are presently living that way. I know of some in the Morden and Winkler area who farm in different parts of the year, and live and work on the farm, and then they go into the city in other months of the year and work in a plant.

MR. JORGENSEN: Do you find that their farming operations or capacity to produce, their effectiveness as farmers, is in any way inhibited by that type of an operation?

MR. ANHANG: Again, I haven't taken any consensus or any data on that although I've never heard any of them tell me that it's been inhibited. That's about all I can tell you.

MR. JORGENSEN: You don't see anything wrong with that kind of arrangement? I would conclude from that then, that it is, in your opinion, not necessary for every farm in the Province of Manitoba to be a commercial operation in which all of the income that that farmer has, comes from farming itself.

MR. ANHANG: I'm sure many of them are not.

MR. JORGENSEN: And never will be.

MR. ANHANG: Perhaps never will be.

MR. JORGENSEN: That's all.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Mr. Chairman, through you to Mr. Anhang, I was asking you some questions prior to the lunch break, Mr. Anhang, and I was out but I understand you brought back some figures, and I don't know what year your figures are covering.

MR. ANHANG: Current.

MR. JOHANNSON: Well, are these from the 1973-1974 fiscal year?

MR. ANHANG: 1974 into '75.

MR. JOHANNSON: 1974 into '75!

MR. ANHANG: These are from the Director of the Succession Duty in the Norquay Building, Room 409.

MR. JOHANNSON: But the 1974-75 year hasn't been completed yet.

MR. ANHANG: I'm saying all of 1974 into '75, current up-to-date.

MR. JOHANNSON: Okay. Your figures indicate that 7,000 estates . . .

MR. ANHANG: In one year.

MR. JOHANNSON: In one year, were approximately . . .

MR. ANHANG: In the Province of Manitoba.

MR. JOHANNSON: Yes, there were 7,000 estates, 120 taxable, 20 percent of that were farmers . . .

MR. ANHANG: Approximately 20 percent.

MR. JOHANNSON: In other words, 24 farms . . .

MR. ANHANG: Approximately 24; I think it's 22 to be exact.

MR. JOHANNSON: \$2. So, in other words, the present limits, exemptions, of \$200,000 for the spouse, \$150,000 for a son or a daughter, have eliminated from a succession duty all but 120 estates . . .

MR. ANHANG: In the province.

MR. JOHANNSON: And all but 22 farms?

MR. ANHANG: Approximately, yes.

MR. JOHANNSON: Well that's remarkable. That's just . . .

MR. ANHANG: It's still 20 percent of the estates in a taxable position, Mr. Johannson.

MR. JOHANNSON: No, no. The 120 taxable would leave between one and two percent of estates taxable.

MR. ANHANG: . . .

MR. JOHANNSON: And you're saying that 20 percent of that, those that did pay tax . . .

MR. ANHANG: 20 percent of those taxable are farmers.

MR. JOHANNSON: 20 percent of those that paid tax, the succession duty on estates were farmers.

MR. ANHANG: That's right.

MR. JOHANNSON: Okay. I still think that's quite remarkable and it's much in line with what the Minister of Finance predicted when he introduced the legislation. You're saying that 22 farms paid a succession duty.

MR. ANHANG: That's right.

MR. JOHANNSON: There is roughly a turnover of 2,000 farms a year in the province according to the figures I have seen. That's a rough figure. In other words, of those 2,000 turnovers, one percent roughly involved the payment of succession duty. 22 farms . . .

MR. ANHANG: Those are the figures. Figures don't lie and I have indicated to you that 20 percent of all estates in a taxable position would be farmers.

MR. JOHANNSON: That's right, but the thing is that actually of all turnovers of farms in a given year, about one percent roughly, involved the payment of a succession duty, and you think that this one percent is a fundamental deterrent to sons taking over the farms of their fathers.

MR. ANHANG: This of course, Mr. Johannson, doesn't include the number of farms that were sold prior to the man's death in order to avoid paying the tax.

MR. JOHANNSON: That's true. But can you give the figures then of the number of farms that were involved in estates? You don't have that in the figures you gave.

MR. ANHANG: Well, one second now. You were saying we want the facts. That is one fact that I don't think is possible to obtain because, short of going to each farmer and asking him is the reason that you're selling in order to avoid the problems on death, short of asking him that question there's no way of getting the answer by going to public records or by going

(MR. ANHANG cont'd) to the lawyer and asking him, and I suggest to you the lawyer wouldn't give the answer.

MR. JOHANNSON: So you're telling me that because 22 farms paid some succession duty, a large percentage of those 2,000 sales were distress sales or . . . ?

MR. ANHANG: I didn't say they were distress, Mr. Johannson. I said a number of them were selling in order to avoid the succession duty eventually.

MR. JOHANNSON: Some of them may be selling, granted, to avoid it, but only 22 were subject to succession duty. Could you tell me, of these 22 farms that did pay succession duty, or 22 farmers who did, how much was collected from them?

MR. ANHANG: No, this is a fact, I asked the director and he said that he doesn't have that information and he hasn't done any study statistically on it, but if someone from the Legislature asked him to do it, he might do it.

MR. JOHANNSON: Well I'll tell you this, I'll ask him.

MR. ANHANG: Well, that's fine.

MR. JOHANNSON: And I will.

MR. ANHANG: I wasn't in a position to request it.

MR. JOHANNSON: Well you have a number of gentlemen opposite me here who, I am sure, would be willing to ask for you and get that information for you, because I am sure they're also interested in getting that information, because this is a concern.

One further and final point. I asked you before the lunch hour to give us individual cases and because you couldn't give me any . . .

MR. ANHANG: It's not that I couldn't give you any, Mr. Johannson, please don't put the wrong color on it.

MR. JOHANNSON: Could I complete my statement. Well you said you couldn't because of confidentiality requirements.

MR. ANHANG: Solicitor-client privilege, yes.

MR. JOHANNSON: Okay, but you couldn't because of that particular reason. Well because you couldn't give me, because of the peculiar conditions affecting you as a lawyer, I checked into it myself over the noon hour and I am told, and I'm going to go back to the Finance Department because I want this information too.

MR. ANHANG: I didn't see you at the lunch hour. I was there.

MR. JOHANNSON: I would like to get that information too. But I checked with the Finance Department and since the succession duty came into effect they have only had one letter of complaint, and that wasn't about the hardship of paying the succession duty, it involved a dispute over the valuation of the land. Can you give me some other cases?

MR. ANHANG: Are you aware, Mr. Johannson, that it's either next week or the week after there's going to be a symposium in southern Manitoba on this very question, where farmers apparently have expressed the concern about the lack of integration between the Federal Income Tax Act and our Provincial Succession Duty and Gift Tax Act. I would suggest that if you want to hear about the concern, you don't wait for the letters to come in, that you go to that symposium. The Director of Succession Duty Acts I'm sure would be delighted to take you along with him because he's one of the speakers.

MR. JOHANNSON: But Mr. Anhang even though you can't give us any concrete examples . . .

MR. ANHANG: I work in the industry and I do know of people who are concerned and who have been harmed and just because you didn't get any letters doesn't mean the people are not upset.

MR. JOHANNSON: Well, I'm a little puzzled because ordinarily when people are hurt by something they are not reluctant to express their distress or their anger, and the opposition are not reluctant to press their case for them. So I'm a little puzzled as to why the Department of Finance hasn't been getting these letters of protest.

MR. ANHANG: Sometimes of course, Mr. Johannson, people simply sell their land, take their money and leave; you never hear from them again.

MR. JORGENSON: Partly because it's ridiculous to ask the Government to investigate them further and . . .

MR. JOHANNSON: Mr. Chairman, Mr. Chairman.

MR. CHAIRMAN: Mr. Jorgenson, I thank you for your solicitations.

MR. JOHANNSON: Mr. Anhang, even though you can't give us any concrete examples

(MR. JOHANNSON cont'd) of distress today the Committee members would appreciate it if you could dig up some in the time to come.

MR. ANHANG: Could I suggest, Mr. Chairman, just to bring this particular exchange to an end, that Mr. Johansson, he or someone be delegated by him to go to this particular Seminar that I've referred to - the Director of Succession Duty can probably tell you the date and place and probably take you with him - and go to listen to the farmers because this is the reason that particular symposium has been set up, to discuss the problem about the lack of integration between the gift tax, succession duty and federal income tax. The Federal Income Tax Act allows this yet the provincial acts deny it.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes, I'm rather intrigued, sir, that you would suggest to us that there were 7,000 estates transferred out of which 120 were taxable, which amounts to 17 percent, and out of those 22 were farms, and out of the totality --(Interjection)-- - I'm sorry that's 1.7 percent, that's right. I didn't put my decimal point in. And out of those 22 were farms and one-third of one percent are actually being affected - out of the 7,000 one-third, or less than one-third of one percent are in a farm category. Now I'm intrigued that you should suggest that we need corrective legislation when we're dealing with such a very minute situation or problem; if it is a problem. I don't believe it is, because the exemptions are very substantial.

Now I want to close by asking you the final question: What is the bank's interest? You represent the Bank of Montreal, I gather, at this meeting.

MR. ANHANG: That's right.

MR. USKIW: What is a bank's interest on this question? Why are they even involved here on this question? I mean what is their particular interest?

MR. JORGENSEN: They want to own all the land.

MR. USKIW: Why would a bank want to appear here promoting this cause? What's the urgency as far as a bank is concerned?

MR. ANHANG: The bank has taken the Government at it's word. The word is that you want to keep farmers on the farm, yet here's an anomaly in the legislation and we thought we should bring it to your attention. As Mr. Jorgenson points out, it doesn't look like you're looking for submissions, you're looking for policy exchanges, which is fine.

MR. USKIW: No, but in your submission you build your case on something that affects less than one-third of one percent of all the transactions.

MR. ANHANG: They happen to represent a large number of very important farms, first of all. --(Interjection)-- One second. Important farms. And secondly, it's a question of the orderly transfer and the allowing of the transfer to go without any difficulties. We have the lowest exemptions in Canada in this province.

MR. USKIW: Are you saying that all the farms that don't find themselves in the category of being subject to estate taxes, by definition as to value, are not important farms?

MR. ANHANG: No, they're all important but I think you're overlooking one point. That is, your own Table 23. Your own Table 23 tells us

MR. USKIW: He said all the important ones.

MR. ANHANG: . . . tells us that more and more farmers have 400 acres and more.

MR. USKIW: Incredible.

MR. ANHANG: With the land values as they are, and they've just gone up in the last year or two, the ordinary little farmer, the man you're talking about is now in a taxable position. The little guy doesn't even know he's going to be taxed, his widow will find out, and we feel it our responsibility to point that out to the guy.

MR. USKIW: Out of 7,000, 22 people are considered in your view as being the important ones that we should legislate for.

MR. ANHANG: No. Those are the people who died in '72, '73 and '74. Those don't necessarily reflect the current land values. The current land values are going to be reflected in the estates that are going to be filed from here on in. Those are the estates that we are talking about.

MR. USKIW: What do you envisage

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

MR. CHAIRMAN: Yes, Mr. Henderson, on a point of order.

MR. HENDERSON: Possibly I'll be ruled out of order, but I feel there's so many people

(MR. HENDERSON cont'd) here that want to present briefs, we've only got about two hours left and if we continue this exchange down to this detail we aren't going to get through these people today and it won't be long until the Session's on. I think this could be eliminated to quite an extent.

MR. CHAIRMAN: That is not a point of order. I believe as long as the people are asking questions I have no alternative but to continue. I don't believe that this has been an issue at any time it has ever been raised. I'm surprised because I have Mr. Watt and Mr. Graham next on the list.

MR. HENDERSON: Well, I'd suggest that we've covered this man's . . .

MR. CHAIRMAN: You want me to cut the people off just without giving them an opportunity to ask question?

MR. HENDERSON: I wouldn't say it in that words, but I think it should be terminated fairly soon on this speaker.

MR. USKIW: My last question Mr. Anhang. If what you are telling us is true, if there is a massive change in value and therefore if we were to talk in the context of today, the current situation, that there would be more people fall into the estate taxable category . . .

MR. ANHANG: That's right.

MR. USKIW: . . . would that percentage point move from less than one-third to one percent or do you think it'll go beyond that. How will you project it?

MR. ANHANG: According to your very own figures I think they would increase dramatically.

MR. USKIW: Well what is a dramatic increase, if you double it it'll only be two-thirds of one percent.

MR. ANHANG: I would suggest it go up 15 or 20 percent.

MR. USKIW: A 15 or 20 percent increase?

MR. ANHANG: No up to 15 or 20 percent.

MR. USKIW: Of the total transactions?

MR. ANHANG: Up to 15 to 20 percent, that's right.

MR. USKIW: I see. Okay.

MR. CHAIRMAN: Mr. Watt.

MR. WATT: Mr. Chairman, I'll be very brief. I just want to ask Mr. Anhang one question. Mr. Anhang you represent the Bank of Montreal; your bank has actually been involved in financing in the agricultural community of the Province of Manitoba for many many years. I want to ask you this question: Do you think the Government of the day have more understanding of what is a viable farmer than the Bank of Montreal?

MR. ANHANG: To answer that question I think I'd have to get some further instructions, Mr. Chairman. I don't know that there is an answer.

MR. CHAIRMAN: Mr. Graham.

MR. GRAHAM: Mr. Chairman, in the interests of speeding up these hearings I'll forego any questioning.

MR. CHAIRMAN: Thank you, Mr. Anhang. That is all. I've had a request from Mr. Seneshen who states he has to go to work at 4 o'clock. If it would be agreeable to Mr. Saunders that Mr. . . .

MR. SAUNDERS: Yes, okay, as long as I don't have to get delayed any more because this is the second day I've spent here.

MR. CHAIRMAN: All right. Agreeable, Mr. Seneshen?

MR. SENESHEN: I'll try to be very brief with my statement. My name is Walter Seneshen, I live at 706 Buckingham Road. I won't answer any questions after this because I have to run along to work, but if you people want to write to me and ask me questions, my opinion . . .

I didn't have any time to write a brief or anything, I just picked out something that was kind of interesting from the Free Press. It wasn't on politics at all. It said, "The Scripture today. Jesus said unto them a prophet is not without honour in his own country and among his own kind and in his own house." Now I think this foreign ownership is wrong for Canadians. I'd like to see the Government buy out all the foreign ownership and sell it back to university students. Those are the best farmers we've got. The educated farmers. Not necessarily the farmer's son. They can be helped along through education but it's not necessary that they are the best farmers. I'd like to see the Government put more education efforts into farming than

(MR. SENESHEN cont'd) trying to sell to big corporations from other countries. I don't think it would be to the benefit of Canadians to have other countries buy up our land. It makes me feel less of a Canadian when we have foreign investors in Manitoba. I'd like to see something done through the University of Manitoba for the farmers which they could be educated and prove that they are farmers and have their land sold to them and I think this would be our best farmers. And if we need more educated farmers we've certainly got the facilities to do so without going to any foreign countries.

I further want to say something on the way these meetings are conducted. I'm happy to come down here and speak on a meeting. This is the first time I've had an opportunity to do so. I'd like to hear the opinion of Canadian people that are not in business or in the minority, have a few words to say and see what they want. Because they are the majority of electorates. When the election is held most of your members say what are you going to do for Canadian people, but I was here in one meeting here and it was like United Nations, everybody was a foreign agent for some country, and this in my opinion is very bad for Canada. I don't like to see any foreign agents. I think Canadians should own their own land, to be Canadians, and not to be 99 percent Canadians like we are right now in Manitoba.

I won't say too much more on this brief but I'll repeat my address again and anyone who wants to get my opinions on it . . . I hope there is some that would want some opinions on it on what the non-business community wants. It's 706 Buckingham Road, and my phone number is 832-6534 if you want to talk about anything and see what opinions the non-business world has for you. I'd be just too happy to discuss it with you. Thank you very much and I have to run along now. Too bad I didn't have more time, I could have talked on this subject for a lot longer.

MR. CHAIRMAN: Thank you, Mr. Seneshen. Thank you. Mr. Saunders, farmer, East Selkirk.

MR. WALDING: Mr. Chairman, just on a point of order. Mr. Seneshen does know that he can write to this Committee, and at length if he wishes to, presenting his views to us?

MR. CHAIRMAN: Yes, it is always open to any person to write, if they do not wish to present a brief, they may still write in to the Committee and those people who have written we do include it in the transcripts, and there have been a number to date.

MR. SENESHEN: Could I have another word? Maybe it would be a good idea for the Government to advertise a little better and notify the people that they can do such things, and even about these meetings, they are down in the corner somewhere where you can't see them in about the fourteen or fifteenth page . . .

MR. CHAIRMAN: Thank you, Mr. Seneshen.

MR. SENESHEN: It should be right on the front page for this Government.

MR. CHAIRMAN: Thank you, Mr. Seneshen, that is something that is not in the control nor hands of the Committee, where the ads are placed. Proceed, Mr. Saunders.

MR. SAUNDERS: Mr. Chairman, Members of the Committee, Ladies and Gentlemen. I'd like to thank the Committee for allowing me the privilege of saying my piece, short as it is.

This is the seventh public meeting of this Committee. It is implied in the Working Paper that the Government of Manitoba wishes to promote public discussion and receive the constructive views of Manitoba citizens with respect to property rights within the province.

Excuse me if I am critical of your methods in this regard. The meetings have been held without allowing adequate time for many people to obtain, study and analyze the Working Paper. There has been a definite lack of publicity and advance notice as to the times and places where the meetings were to be held. These actions are insulting to concerned Manitobans and can only lead people to be suspicious and skeptical about the Government's intentions. The Working Paper is unsuitable to serve as such, notable for its omissions, biased and questionable assumptions. It appears as if written with the objective of substantiating a preconceived point of view.

I will not attempt to discuss the Working Paper in detail. This has been adequately performed by others at the previous meetings. I just want to express my viewpoint to you for the simple reason that any forthcoming policy may affect me, my family, and my farm business. I respectfully suggest, as others before me have, that land use - and I underline that land use - is the critical issue that needs to be dealt with, as opposed to the Paper's accent on land ownership. Most farmers can get quite upset when they see Canada's best farm land disappear under urban sprawl. Most farmers already live under some municipal or environmental

(MR. SAUNDERS cont'd) zoning regulations and probably will accept the necessity of more definite zoning regulations at a provincial level to help retain our most valuable resource for food production.

Even as I endorse a need for land use regulations, it is only in a narrow sense, namely that of protecting valuable agricultural land. It should not go so far as to dictate the types of agricultural enterprise that may be permitted on the various types of agricultural land. Farmers generally are intelligent enough to put their land to its best use. Farming in this country has evolved to its present highly productive state under a system of private land ownership. I fail to see any reason to make, or promote, radical change from this system.

We still have the freedom in this country to choose our life style and our work. If a person chooses to be a lawyer, he can work hard, apply himself, and if he proves to have the ability, he will obtain the requirements for a law degree. In other words, he had to earn the right to be a lawyer. The same principle applies to all endeavours. Generally speaking, the higher we set our goals the harder we must work to attain them. Likewise for the person who wishes to farm, he must earn the right. It is not easy, it never was easy, and it never should be easy.

The homesteader of yesteryear faced problems of equal or greater magnitude than does the aspiring farmer of today, even though then the land was cheap in comparison to today's prices. Neither the system of private land ownership that we have today, nor the price of land today, is preventing people from farming if they really want to. It's tough; it takes sacrifice, hard work and dedication, and it always did. I know people who had sizeable pieces of land available to them at very modest prices and in one case I know a fellow who had it offered to him for nothing, and they walk away from it. I know former farmers who were not prepared to work hard enough, or not prepared to risk, entail a risk concern, and sold out. Nothing is wrong with this; not everyone wants to farm. But I also know many people who, with nothing but desire to farm, are now successful, well-established farmers.

The only way to secure a prosperous and expanding rural economy is to have a prosperous farming industry. This will attract new people into farming and create new industries and jobs in rural areas. However, a prosperous farm industry depends on food prices being considerably higher than they have been in the past years of great surpluses. Higher food prices lead to urban consumers becoming quite restless. Urban consumers have the right to vote at election times and this poses quite a dilemma for any government who would like to see both a prosperous farm economy and low prices, low food prices, for urban people.

Gentlemen, I respectfully suggest that government ownership and control of land will not lead to greater prosperity in the farm industry or to lower food prices for Manitobans. It would create a bureaucratic jungle and tend to lower the now high productivity of our agricultural industry.

Recently, the Federal Farm Credit Corporation has made modifications to its program of lending funds to prospective farmers. These modifications make it easier for young farmers to become established by loaning up to 90% of capital required for land. I would like to see the MACC revert back to this form of assistance to young farmers, rather than continuing the present program of acquiring farm land with public funds and leasing it back to certain farmers at subsidized rents. Thank you very much.

MR. CHAIRMAN: Thank you, Mr. Saunders. Are there any questions? Mr. Walding.

MR. WALDING: Mr. Chairman, through you to Mr. Saunders. You made the point fairly forcibly there that a farmer had to earn the right, I believe was the word you used, to farm, and that it was not easy and never was easy. I believe you said something like that. Mr. Anhang, who spoke to us today, gave us an example of a farmer being left a \$300,000 farm. Would you consider that he had received that in a fairly easy manner?

MR. SAUNDERS: Well, I guess I would have to say yes, easier than I acquired mine. But it doesn't bother me.

MR. WALDING: Can I, then, ask you the question that I was posing to Mr. Anhang, that a man who received a farm as a gift and paid \$5,000 a year to pay off the tax, as against a man who was working like yourself to buy a farm, who was paying \$30,000 in interest alone - do you see any inequity there?

MR. SAUNDERS: No, because I suppose I disagree with the inheritance tax anyway. I have to agree with the previous speaker. I believe myself, and I always try to put myself into the positions in question and I visualize anyone here, or myself, over my lifetime acquiring

(MR. SAUNDERS cont'd) cattle. I started out with nothing. Whatever I have managed to save and get myself established, I paid income tax on. I hope I have to pay a lot of income tax through my life because, obviously, if I don't pay much tax I likely won't be getting very much money. But I also feel that, as I near the end of my life, whatever I have left I should be able to dispose of any way I wish, without myself or the people I leave it to having to pay tax on that.

MR. WALDING: But supposing that this particular farm had been left to you, a \$300,000 farm, and that you are having to pay \$5,000 a year to pay off the tax on it as against starting from scratch and buying a farm and paying \$30,000 a year in interest alone. Now do you think that the farmer paying \$5,000 a year should get a special break and the farmer paying \$30,000 should not?

MR. SAUNDERS: Well he did get a break because he got the land given to him.

MR. WALDING: Yes, but he's really got a break on top of that.

MR. SAUNDERS: Well, no, I can't agree with the point you're pursuing here because, as I said before, it doesn't worry me. I know in my own mind, and I could go bust too, but I am confident enough of my abilities as a farmer. To be quite sure, maybe there is someone else in this province who has had some land given to him. As in regards to my case, I know where I started off and bought my own. It is quite likely I will end up having a bigger farm or a better farm or making more money than he would, regardless of the tax. So, as I said before, it doesn't bother me. I'm against that kind of tax and I'd much rather see that money go to wherever the dead man wishes to see it go, and let that money be put to use; it should generate taxes and so on.

MR. WALDING: I see. If I can get on to another point that you made about wanting the MACC to get back into financing. Would you want to see - well, first of all, why would you want the MACC to do that when the banks are in the lending business?

MR. SAUNDERS: Well, the MACC have been in the longer term loan business as compared to the banks, who are in the short to medium term loan business. I felt that the MACC program was beneficial as well as this FCC program is, and in effect that it gives loans of up to thirty years, you know, which is the kind of thing you can't get at the bank, generally speaking.

MR. WALDING: Would you expect there to be a subsidy involved in any MACC advances to farmers?

MR. SAUNDERS: No, I'm glad you mentioned that because it was brought up the other day and I didn't think it was answered properly. I got the opinion that quite a few speakers wanted to have their cake and eat it too. I'm quite prepared to pay for what I get. In other words, I'm not asking to be subsidized by anyone. But I would point out that farmers currently, wheat farmers I should say, are currently subsidizing the consumer in the price of wheat used within Canada, and I would also point out, for years, in fact probably for the greater part of the century, farmers have been carrying more than their fair share of the school tax burden. So, you know, on one hand where you might criticize farmers for, you know, saying they want loans and they maybe want them at a subsidized interest rate, we mustn't forget that farmers over the long term have, you know, done their part about subsidizing Canadians too.

MR. WALDING: So then you would not be in favour of the government guaranteeing bank loans to farmers?

MR. SAUNDERS: No, I didn't say that. I said I didn't want - I'm not a person that says I want something for nothing. I am quite prepared to pay for what I get. But there is nothing wrong in the government's backing land owners. Someone's going to come - there is security there. You don't get something, a loan, without security. In fact, I never have yet. When I borrow money - and I've borrowed lots of it - there is security involved there somewhere. So I would be the one that loses because the stake that I put into my business is going to be the first stake that disappears.

MR. WALDING: Do I understand then that you are not opposed to the government guaranteeing bank loans?

MR. SAUNDERS: Not necessarily, no. You are asking me a question in a narrow sense. I . . .

MR. WALDING: Well, I understand it was the policy of the MACC for two or three years to do just that.

MR. SAUNDERS: Well, as far as I'm concerned, right now I am quite happy to see, if

(MR. SAUNDERS cont'd) the Farm Credit Corporation, either provincially or federally, wants to loan money to buy land or anything else, they can take security on that, you know, on the property that's buying. Likewise, I presume if the banks are going to loan money they are going to take security on something. Now, I guess maybe where the question arises that you're asking, is that today we see such large sums of money being involved in buying some of these farms and operating some of these farms over what we thought was normal five years ago, that possibly a farmer today can't borrow all he can from one source. In other words, maybe the federal Farm Credit Corporation will not loan enough money to finance that business. You know, 90 percent, which is the rule in effect now. So therefore the farmer would have to go maybe to a bank to get the rest. Now, the bank obviously then is going to be the second mortgage holder, which is really not a very safe position, and this might be an instance where government guaranteeing of a loan is necessary, or desirable.

MR. WALDING: Desirable. With a second mortgage, then, being a more risky item, presumably the bank would want to charge a higher interest rate.

MR. SAUNDERS: Quite likely.

MR. WALDING: Because of the risk involved. If the government then were to guarantee that, that would then take away that risk.

MR. SAUNDERS: Well, the thing is I don't know what form the guarantee is going to take; this is between the bank and the government, of course. As a farmer, if I'm obtaining that loan, you know, I undertake to pay the interest, and if it's higher and I'm still prepared to do it, well, I do it. If I don't think it's a good business investment then I don't do it.

MR. WALDING: Would you not expect the bank to charge a lower rate if the resources of the government were backing that loan than if it were just a second mortgage on a farm backing that loan?

MR. SAUNDERS: That's a good point. If the government intends to guarantee bank loans, maybe that's a point they should make about it, that interest rates shouldn't be any higher than the going interest rates.

MR. WALDING: I was just trying to get from you your reaction to a system that was in effect for a few years at the end of the 60's, that is, government guarantees of bank loans. I wanted to know if you wanted to go back to that, or if you did not.

MR. WATT: It's on the record. Why go back to it now?

MR. CHAIRMAN: Order please.

MR. WATT: On the point of order.

MR. CHAIRMAN: Order please. What's your point of order, Mr. Watt?

MR. WATT: I think we're being repetitious here. This has been all gone through about three times in this committee now. Why should we pursue this line of questioning?

MR. CHAIRMAN: Mr. Watt, that is not a point of order. Proceed, Mr. Walding.

MR. SAUNDERS: Well, Mr. Walding, I don't understand what you are trying to get at. Could you ask that question again? --(Interjection)--

MR. CHAIRMAN: Order please, Mr. Watt.

MR. WALDING: Maybe we could teach Mr. Watt a few things about asking questions. Mr. Saunders, you were saying that you didn't want any subsidies, any government subsidies involved in land purchases. I wanted to know what you felt about government guarantees for bank loans, and whether you viewed those as subsidies.

MR. SAUNDERS: No, I don't really, because I think in the final analysis if a business is being run properly and the farmer becomes insolvent, both the bank and the government should realize its equity out of that business when it's wound up. In other words, the business shouldn't be allowed to get into such a financial difficulty before someone wakes up and realizes that that's the case. In other words, I'm saying the security should be sufficient for any loan. I have not obtained any loan where the security hasn't been sufficient to obtain the loan, so I don't know how you can class it as a subsidy.

MR. WALDING: Thank you. No more questions.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes. Just on that point, Mr. Saunders, if security is the main criterion in the advancing of credit, then there is obviously no need for a guarantee by the government to the banks, because there is adequate security already established. So that really in essence contradicts the need, if you did suggest there was a need or some role for government to play in financing of agriculture.

MR. SAUNDERS: Well I didn't suggest that there was a need for the government to guarantee bank loans.

MR. USKIW: Oh, I see.

MR. SAUNDERS: I suggested in my brief that the federal Farm Credit Corporation's program and the Manitoba Agricultural Credit Corporation before it got into the land leasing part of it, were good programs and were serving a useful purpose, and even then not saying - although they were subsidized - I'm not saying they need to be subsidized.

MR. USKIW: If the MACC was to get back into mortgage financing, do you think they should charge a rate of full recovery plus the administration costs of one or two percent? Is that what you are really saying?

MR. SAUNDERS: Well, I presume that if I can borrow money from the government as opposed to the bank, I would expect the government is using taxpayers' money, and I want to be able to hold my head up in . . . , and I assume that they'll ask the going interest rate, which, if the bank can make a living of doing that, then I presume the Manitoba Government, or the Federal Government should be able to, you know, cover their costs by doing that.

MR. USKIW: You realize of course that you are challenging all history in government financing, mortgage financing in agriculture, because I don't recall of any government ever undertaking a program whereby there was not some element of subsidization as far back as you want to go in Canadian history. So you are really taking the position that governments have been wrong to subsidize the development of agriculture?

MR. SAUNDERS: I didn't say they were wrong.

MR. USKIW: I know, but you're saying it's not your preference that they do so.

MR. SAUNDERS: I'm not asking for it, I would be the last one to ask for it. But as I pointed out to Mr. Walding, I believe that farmers can justifiably expect that when you consider what farmers in turn have subsidized consumers to - I illustrate it in wheat which is currently subsidized to the Canadian consumer and also the education tax system.

MR. USKIW: Why would you want us to get back into mortgage financing; wouldn't that be a duplication of what the FCC is doing? I mean the reason we got out of it is because it was a duplication and because our rates of interest were about two percent higher than that of the Government of Canada. Why would you want us provincially to now go back into that area of financing?

MR. SAUNDERS: Well you say it was a duplication and maybe it was. It was still being used though for some - you know, both programs were being used. I don't know why some people would choose to go to the Manitoba Agricultural . . .

MR. USKIW: But from an efficiency point of view, from the interest of the taxpayer of Manitoba, do you think it makes sense to have two programs running side by side, one federal, one provincial, in this province? What's the need is really the point? Why would we want two agencies doing the same thing?

MR. SAUNDERS: You know, it's a debatable point but I'm saying if there was a need for it, it was certainly used, which I would, you know, indicate that it was serving some useful purpose.

MR. USKIW: No, but logically the person that was financed by MACC, if it wasn't there would have likely been financed by FCC unless the credit requirements were much looser - if I might use that term - unless the criteria was not as stringent, why would there be a need for a provincial credit agency whatever?

MR. SAUNDERS: Well I don't know, but you know really I guess what you're trying to fish out is what I feel about the land-lease program maybe.

MR. USKIW: No, no. Nothing to do with land lease. Financing of mortgage.

MR. SAUNDERS: Because really you're asking me why the taxpayer should suffer the cost of running a provincial credit corporation . . .

MR. USKIW: Why run two programs, one federal, one provincial in the same province, is what I'm saying.

MR. SAUNDERS: Yes, but I want to relate this back to the lease program. You're still prepared to run another kind of program that's still subsidized and cost taxpayers' money.

MR. USKIW: Oh absolutely, yes.

MR. SAUNDERS: So, you know, really, I'm not expecting that. You know I'm not - if the government in its . . .

MR. USKIW: Let me go further . . .

MR. SAUNDERS: If the Liberals can see that as a desirable thing that's one thing but I don't ask for it.

MR. USKIW: If we had an ARDA program where we did involve federal financing in land lease we obviously wouldn't want to set up another agency provincially run to do the same thing. For example, in the Province of Ontario they've done that under the ARDA program for years, but since the Federal Government hasn't made that available to us we have set up our own counterpart here, so we're not duplicated. I'm only talking about whether it makes sense to duplicate programs and that's in effect what would happen if we asked the MACC to go back to providing mortgage credit.

MR. SAUNDERS: Okay then well don't. But I would also ask, you know in my opinion the present program shouldn't be carried on either. I don't think there's any more justification for the present program than for the old one.

MR. USKIW: Well all right. Then you're saying that notwithstanding the fact that the alternative of leasing land is available in other parts of Canada, that the people of Manitoba should not enjoy that same alternative here and I'd like to know why.

MR. SAUNDERS: Well I didn't think I said that, because I think there is all kinds of opportunity for leasing land here but not from the government.

MR. USKIW: No, no, but in other provinces of Canada the governments are doing it either through provincial agencies or under the auspices of ARDA. Why do you feel that the Province of Manitoba shouldn't do the very same thing?

MR. SAUNDERS: Well is it the same thing though?

MR. USKIW: Yes, as far as I'm aware it is. In fact it's probably more liberal than the programs in some of the other provinces.

MR. SAUNDERS: Well you know without being familiar with the types of programs and what kind of land they're involved in etcetera you know it's hard for me to discuss that. You know I've just come here as a . . .

MR. USKIW: No, but let's start with the principle. Do you not think that the people in Manitoba should have the same kind of options offered to them as are available in other provinces of Canada in agriculture? That's all I'm saying. Whatever those programs may be.

MR. SAUNDERS: Not necessarily because I might not agree with those programs.

MR. USKIW: All right then. So you're philosophically not interested in facilitating that group of people that can't raise mortgage money in order to enable them to acquire some control of land. Is that what you're saying?

MR. SAUNDERS: Well I won't give a yes or no answer to that because you know I want to know what group of people you're talking about that can't raise mortgage money, and I'd like to know why they can't raise it. This is the thing. Because the federal Farm Credit Corporation, for instance, has you know a real good lending program. Not that I made use of it mind you but I'm, you know . . .

MR. USKIW: Let me illustrate for you then just the two types of clients that have participated basically in majority. We have the client that already has a land holding of his own that he owns. He may have it under some mortgage arrangement or whatever, maybe heavily indebted in one form or another, but is not viable. He has a half a section of land. He needs at least a section to be viable but his debt load is such that he can't undertake any more debt, he can't service any more debt. That person has come to our program and has been able to make his farm viable through owning half of his land and leasing the other half.

Then we have the transition from the one generation to the other where the father wants to retire but needs the money to supplement his pension, doesn't want to give his farm to the son, but the son doesn't have equity, he is not one that would be accepted by the FCC. That individual also has been a very important client of our program. What is wrong with that tool as a means of continuity of a farm within a family or as a means of making a non-viable farm a viable farm? What is wrong with that?

MR. SAUNDERS: Well I don't think there's anything wrong with the objective. I'm just saying probably the person could have done the same thing without going to the government land-lease program.

MR. USKIW: No, no, these are people that haven't been able to do it through finance and that's why they're in . . .

MR. SAUNDERS: Well have they looked hard enough? You see what I want to get at is if you're willing - you say in other words they are unable to obtain you know sufficient funds to become a viable farmer or something . . .

MR. USKIW: Because they're already in debt.

MR. SAUNDERS: Yes, right. But at the same time you're saying that they must have something that says to you that there's a chance for them. So . . .

MR. USKIW: Their ability is the only thing they've got.

MR. SAUNDERS: Yes, well you know I guess you can rake out a hundred different cases, but all I can speak for is my kind of philosophy where I think - you know for every person that you talk about that's come to your program there is probably a dozen people you know who have been able to pull themselves out of that kind of difficulty with the resources at their disposal now. We're in opposing philosophies really I guess what it boils down to.

MR. USKIW: Well not really, we're in agreement. Because if we were in opposing philosophies then of course we would open up the land-lease program to allow anyone in. As you know, we have restricted that so that people that have access to mortgage money do not have access to our program. So we are not inviting everyone into the program, we are very restrictive. We are allowing into that program only those people that cannot borrow their money elsewhere, that cannot gain access to land through mortgage financing or whatever. So we're responding to a group that has no other place to go.

MR. SAUNDERS: Yes. Well there's two things here really.

MR. USKIW: I mean if we wanted to go all the way we would open it up and facilitate all the people, and I can assure you that the very largest farm operators would want to use our program. The history of land tenure in this province before and today, more so today, is that the larger the operator the more they rely on leased land. That is the statistical data we have. So that they're not hung up on it. Even the most conservative individual wants more access or greater access to land resources without tying up capital.

MR. SAUNDERS: Oh yes. I wasn't against leasing, but what I'm against really is that I don't - I'm not a believer in government getting its tentacles into so many things.

MR. USKIW: Even if it's optional and voluntary?

MR. SAUNDERS: Yes, to an extent. You know there's always qualifications but what might start out to be optional and voluntary you know as it progresses might tend to exert influences that discriminate against people then who started off under their own resources. You see your program still subsidizes people and that you know I could - not that I'm crying about it but I for one could argue with that you see because I'm not being subsidized. So there's one difference in your program.

MR. USKIW: You're opposed to subsidization?

MR. SAUNDERS: What if you used your program but didn't subsidize it? You know in other words say, okay Mister you're in difficulties, we're prepared to do this and we'll lend you the money but collect the right amount of interest from it.

MR. USKIW: Can I then rest your mind. Because I disagree with you that we are subsidizing that program. Our intent is not to subsidize it. Our intent is that we recover our money at whatever time those clients exercise their option to purchase. So that we are not prepared to underwrite them artificially.

MR. SAUNDERS: Yes but they might - what if they go all their life . . . then without exercising their option to buy?

MR. USKIW: Pardon me?

MR. SAUNDERS: What if they go all their life without exercising their option to purchase, and they never will account for that subsidization.

MR. USKIW: That would only be true if we continued to charge a rental rate below the cost to the province and if the land values either remain static or depreciated. We feel that it's going to be the reverse, quite frankly.

MR. SAUNDERS: I gathered in this report that one of the points was that by acquiring the land you could lease this land out at a lower rate. Really . . .

MR. USKIW: Let's assume that we pay \$100.00 an acre for land, and let's assume that we did rent that land at \$8.00 an acre, which is a little bit below the cost of money, that implies a subsidy, but on balance if that land was worth \$200.00 an acre in ten years time the capital gain on the value of the land will offset or more than offset the marginal subsidy on the rental rate. So that in essence the Crown is not subsidizing anyone. Do you follow me?

MR. SAUNDERS: Yes.

MR. USKIW: So to that extent you and I agree that there should be no subsidy? .

MR. SAUNDERS: Uh hmm. Well there was one other thing I wanted to add in there that

(MR. SAUNDERS cont'd) arose from one of your questions and that's - you know it disturbs me a little bit. The other day we heard the subject broached that these lease contracts in effect are not as free and open as they might be, and we heard also the previous gentleman, Mr. Anhang I think his name was, say from a legal standpoint you know it wasn't just the way it had been generally made out to be. You know this is a concern to me. You know, are people who are using your program thoroughly familiar with what they're getting into? No one could prove it the other day because two or three of the committee members here tried to say we want facts, we want facts. But the fact is that there is this undercurrent of suspicion. Now whether it's justified or not I don't know, but we did hear again today a lawyer say that the terms you know aren't worth a darn really when you get down to it.

MR. USKIW: I think what was said is that the rental rate can be adjusted and therefore what assurance does one have ten years down the road that the rental rate will reflect a fair arrangement as between the landlord being the Crown and the tenant. And at that point I come back to the voluntary aspect of it, that (a) no one is compelled to go into the program and at any time they feel that it is not to their advantage they can also withdraw from the program. And there is of course the political process as well that insures that there's some equity in the relationship between the Crown and the tenant.

MR. SAUNDERS: Well you are still getting away from the point that I broached there. The gentleman in question today he said that it was the buy-back feature that really didn't mean very much in legal terms. In other words, isn't that the feature that after three years you exercise your right to . . .

MR. USKIW: But you and I just agreed, just agreed that we don't want to subsidize that program and I believe what that gentleman was alluding to was that there would be a financial barrier to buy back in that since the program was subsidized for four or five years that that subsidy would have to be repaid when that individual exercises the option to purchase. And that is the sort of barrier that is foreseen; although it's not a barrier, it's merely the collection of a subsidy.

MR. SAUNDERS: Okay. Well you know we've travelled quite an area here but I guess what it boils down to then is that I would much rather see you assist a person, a young farmer, you know on traditional terms, because I think in the long run this is where we'll get the best farmers in this province and have the most dynamic agriculture. I don't really know what your program is going to lead to in terms of having the best farmers in this province.

MR. USKIW: My problem in that connection, sir, is that it is no longer the traditional terms because the other provinces to the east of us have been away ahead of us as far back as more than ten years in this kind of a program, and therefore we are behind the trend in agriculture in terms of land tenure. We are not ahead of it, we are far behind. So it's a question of whether we want to give Manitobans the same opportunities as do other provinces and have done for years under various programs.

Now I'd like to present to you one last question. You suggested that you are philosophically opposed to estate taxes, and you know that is an honourable position, that's your right and you have a right to express it. The only problem I have is that assuming that we were all opposed to it we then have to come to a very important decision, and that is where would we shift the tax burden to? Would you agree that the tax burden should be shifted from estate taxes to additional taxation on income at certain levels, or would you graduate the income tax to try to reflect the revenues from the same group of people that would normally be subjected to the estate tax, because it's really a "wealth" tax?

MR. SAUNDERS: Well, Mr. Uskiw, I'll have to answer it this way, and I'm not being facetious.

MR. USKIW: No, no.

MR. SAUNDERS: The government found plenty of money to invest in Lake Winnipeg navigation. That invested part of my money as a taxpayer into an enterprise that I don't have any say in, I can't go to a stockholders' meeting; I have no desire really.

MR. USKIW: You're in one right now. This is a stockholders' meeting.

MR. SAUNDERS: Not about Lake Winnipeg navigation.

MR. USKIW: You'll have another chance.

MR. SAUNDERS: Maybe I'm getting a little bit off my mind anyway. But I'm not interested in investing in boats so you know I don't know how much - I haven't got the details on hand - how much you invested in that enterprise, for instance, but here from my point of

(MR. SAUNDERS cont'd) view is one instance where you could have saved that money and maybe that would have offset the money that you were going to lose by . . .

MR. USKIW: Let me correct your assumption there, sir, because the Government did not go into the business of running a boat on Lake Winnipeg. The Government - and it was a previous one - financed a private entrepreneur.

MR. SAUNDERS: Oh yes. I don't care what government it is, I'd be against it.

MR. USKIW: I appreciate the point, but do you think the Government was right in protecting its investment by seizing the asset when the private entrepreneur failed to make his payment, or do you think we should have donated the boat to the original entrepreneur?

MR. SAUNDERS: Well here you get into the area of making another mistake to correct a former mistake.

MR. USKIW: We're getting into the area of risk finance.

MR. SAUNDERS: The mistake was made when you first went in to assist the man. That's where I think the mistake was made.

MR. USKIW: But we were in the area of risk financing of private ventures which back-fired on the Government.

MR. SAUNDERS: Well then maybe you should have washed your hands of it at that time and said that's a bad deal, you know, before you get further into it then.

MR. USKIW: Well then, who should own the boat? I mean, there's \$800,000 owing and the company that's owing is bankrupt, who should own the boat, with public money in there?

MR. SAUNDERS: Well, I don't know. It might have been cheaper in the long run to wash your hands of it rather than keep sinking more money into it because it's still not paying.

MR. USKIW: Yes, but someone has to own the boat.

MR. SAUNDERS: Well maybe sell it for scrap and take what you can get out of it.

MR. USKIW: Okay.

MR. CHAIRMAN: Thank you, Mr. Saunders. Mr. Gavaga.

MR. ANHANG: Mr. Chairman, if I may . . .

MR. CHAIRMAN: No thank you, Mr. Anhang.

MR. ANHANG: There was a point made by Mr. Uskiw, the Minister . . .

MR. CHAIRMAN: There are no recalls.

MR. ANHANG: It's not a recall, it's a question . . .

MR. CHAIRMAN: It's not a recall.

MR. ANHANG: It's clarification of something that the Minister has said that I said, which isn't true. --(Interjection)--

MR. CHAIRMAN: Order please. Order please. Order please. I do not believe that this has been the practice and I don't want to set up a bad precedent that a person . . . and then comes back again to appear a second time in the same sitting.

MR. ANHANG: No, but the Minister has attributed some words to me which are not correct.

MR. CHAIRMAN: Mr. Johannson on a point of order.

MR. JOHANNSON: The committee procedure is the traditional procedure and it does not allow people to come back for rebuttals. This is a long-established procedure; it is a long-established procedure. The witness has had his say; he was up before us for a very long period of time.

MR. CHAIRMAN: Mr. Jorgenson.

MR. JORGENSEN: Our terms of reference do not preclude anybody coming back a second, third or fourth time.

MR. CHAIRMAN: Mr. Jorgenson you are correct, we did have back on this same sitting; there is no provision for the person to come back for a rebuttal.

MR. JORGENSEN: And all Mr. Anhang . . . Mr. Chairman, if you will hear me out, all that Mr. Anhang is asking for is an opportunity to correct an impression that might have been made inadvertently by the Minister of Agriculture. I think he should be at least extended the courtesy of doing that.

MR. CHAIRMAN: Thank you, Mr. Jorgenson. Mr. Uskiw.

MR. USKIW: The same point of order, Mr. Chairman. It has been well established that if we allow that kind of procedure, then we will debate with one or two people throughout the entire day and deny opportunity to those that are still waiting. And this Committee, this Committee has never functioned in that way and I don't think we should set that precedent today.

MR. JORGENSEN: It's not a question of a precedent, Mr. Chairman . . .

MR. USKIW: Yes it is a question of a precedent.

MR. JORGENSEN: What is happening is a courtesy that Mr. Anhang is asking the Committee to extend to him. I suggest we do it. If we do not, then Mr. Anhang knows perfectly well that the Government are not interested in his views because they happen to be contrary to theirs.

MR. CHAIRMAN: Thank you, Mr. Jorgenson. Your comments have been taken into consideration. I say that there is no provision for rebuttal, otherwise we'd be sitting here for every individual who appears who wants to think of something for a rebuttal. Thank you, Mr. Anhang. There is no provision on the Committee unless at a subsequent sitting you can come . . .

SOME PERSONS: Boo. Boo.

MR. ANHANG: Mr. Chairman . . .

MR. CHAIRMAN: Mr. Anhang, you are not before us. I'm calling on Mr. Cavaga.

MR. JOHANNSON: Mr. Chairman, the rules of the Committee -- if Mr. Anhang feels so strongly about his particular point, the rules of the Committee provide that he can appear at another sitting if he wishes to do so, and we'll be quite willing to hear him. I, for example, have already checked on some things that he said and I have some things I want to ask him again when he appears before us. But not now.

MR. CHAIRMAN: We are meeting this coming Friday in Morden and it is a separate sitting. You may appear again. But if we allowed every person to come up a second time because of something that was omitted or stated by some other person, we would be here with one individual for the rest of the day. Mr. Gavaga.

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

MR. CHAIRMAN: Mr. Graham on a point of order.

MR. GRAHAM: Mr. Chairman, on a point of order, I had indicated I wanted to ask questions of the last person and you ignored me.

MR. CHAIRMAN: I beg your pardon, Mr. Graham. Mr. Saunders, would you please come back?

MR. GRAHAM: Never mind, Mr. Chairman. I'll forego that in the interests of proceeding with the . . .

MR. JORGENSEN: Now you're breaking your own rules. Now you're calling a witness back. Make up your mind.

MR. CHAIRMAN: That, Mr. Jorgenson, might appeal to the people there, but the fact is that that is not so. I apologize to Mr. Graham. He was on the list I had been scribbling here, and I just kept on. Mr. Gavaga. Not present? Mr. Ackerman, private citizen, Winnipeg.

MR. J. ACKERMAN: Mr. Chairman, honourable members of the Legislature, ladies and gentlemen . . .

MR. CHAIRMAN: Do you have any briefs for presentation to the Committee? Would you have them distributed?

MR. ACKERMAN: Yes, I did.

MR. CHAIRMAN: Thank you

MR. ACKERMAN: At the first hearing here on January 20th the Committee graciously assured me the opportunity to speak to them here in Winnipeg. This is my place of residence and my remarks today stem more from my identity as a resident of Manitoba's major city and my viewpoints as a central city dweller than from being a professional farm economist and absentee landlord it seemed appropriate to mention when among my farming associates and peers at Brandon on January 30th.

This fork, Mr. Chairman, represents my daily interest in the use of land for food production. It is a powerful tool. With a fork such as this, I and half a million other food consumers of this city can provide to thousands of farmers, both in Manitoba and elsewhere, the incentive to produce. This is in spite of difficulties, uncertainties and risk inherent in trying to establish and maintain ongoing farm enterprises that are economically viable as well as aesthetically satisfying. This is in spite of the often inclement weather, the regularly occurring pests and plant diseases, the rapidly changing technology, the increasingly expensive array of essential farm inputs. It is in spite of the threats of too little and too much governmental intervention or control.

(MR. ACKERMAN cont'd)

Mr. Chairman, it is known that most effective economically viable farm businesses of today involve some hundreds of thousands of investment dollars. But even before the sharp rise in most commodity prices in 1972, the number of such farm units in Manitoba was increasing rapidly, perhaps as much as four or five fold in the 10 years 1961 to 1971. As consumers, my Winnipeg colleagues and I require a steady continuous supply of food products, and we want to know that sufficient incentive to produce this supply of food products continues to exist at the farm level. We want assurance that these substantial farming investments are not arbitrarily tossed into jeopardy by government regulations, intervention or control, through changes in land ownership, assessment, forms and rates of taxation, environmental restrictions, expropriation procedures, or other actions taken in a unilateral fashion without due care and understanding.

I understand there are some 46 provincial Acts in Manitoba that relate directly or indirectly to land use. Among them or between them, competing demands such as residential, agricultural, recreational, etc., are either confused or resolved.

I recommend to this Committee that the members, in their search for a land policy for Manitoba, study the interplay, overlap or gaps left between these Acts, and incidentally allow their red herring Working Paper to go both unread and unheeded.

Beyond a study of these Acts and their regulations exists a generous supply of literature prepared in various forms by trained, unbiased and experienced professional scholars and personnel. A dozen items are listed without meaning to suggest that they are comprehensive in aggregate, a good place to start.

1. Land Economics: This is a book by Roland Renne from Montana printed by Harper & Brothers.

2. Farm Appraisal and Valuation: (Bill Murray's book.) He's the Dean of Rural Land Appraisal in North America. It's the fifth edition. He's now retired. It's a good investment.

3. The book of Gordon Ball and Earl Heady from Iowa State, Size, Structure and Future of Farms: It deals rather well, I think, with some of the issues surrounding various kinds of ownership of farmland and the changing structure of agriculture.

4. Resource Productivity, Returns to Scale, and Farm Size: This book by Heady, Johnson and Hardin from Iowa State is a book that adequately defines and discusses and deals with subjects like productivity, a very very important topic to the subject of land use. It happens to be something I submitted a Ph.D thesis on once so it's a favourite book of mine, and I recommend it to the technical staff of the Committee.

5. A little less heavy book called Cowboy Economics, Rural Land as Investment: Harold L. Oppenheimer is investment counsellor in the United States and under his suggestion something like 100,000 head of beef cattle have been invested in by non-farmers and with some . . . success and lack of it.

On the subject of investment, Mr. Chairman, the question of what is investment and is a speculation has come up repeatedly in these hearings, and while I don't have an academic definition I do have a facetious one and I do want to offer it now for whatever purpose some may use it. It seems to me that a speculation is investment that went sour, and that an investment is a speculation that worked out all right.

6. is a book called The Success of Modern Private Enterprise by Roland Bartlett: This book is a compilation of various, what is often called conservative or right-thinking economists and others. But I think the case is built there and it ought to be examined by any government who's considering going into private enterprise and removing the possibility of alternative forms.

7. Henry Taylor's book: It's not a new book at all, it's a very old book in agricultural economics, and it's called Outlines of Agricultural Economics. The interesting thing about it is that even back in 1920 when the book was published, the matters of leases and their economic effect on the tenant and on the landlord were discussed in that book.

8. Reader in Bureaucracy: Perhaps I need say nothing more on that. I was interested to find such a book and, believe me, it's useful in several ways.

9. Also Parkinson's Law by Northcote Parkinson, who is an academic but I believe one who has worked a good deal with the public service and therefore understands some of the necessities of trying to cope with the structures that you find in public service.

10. Farm Business Summaries from the Manitoba Department of Agriculture over the

(MR. ACKERMAN cont'd) last 10 or 15 years: I would consider these quite valuable, as I would the Farm Business Reports from the University of Manitoba. They would direct the attention of the Committee to the business facts of farming as evidenced to the farm business associations and farm business groups and so on, which I think is a good starting point.

11. The proceedings of the Agricultural Economica and Farm Management Day at the University of Manitoba and at Brandon in November, 1974, in which many issues pertaining to land use were brought up, particularly the question of farm land prices and some of the casual factors of their changing.

And lastly, 12, an article in a conservationist magazine called Autoban in September 1974, called Keeping Farms Farms, Some First Steps. And I think the important point there is it gives some instruction as to what kinds of things have been done in various places, including Canada and the United States, and I was particularly interested in what is going on in Suffolk County, New York, which is the potato county almost at the edge of New York City and the third potato-producing county in the United States. They have, I think, a rather innovative and ingenious procedure there whereby the county means to acquire the rights to the farmland, all rights with one exception, that is the right of ownership and use as farm land. It seems to me, with the problems that surround a city the size of Winnipeg, that we might well be looking at some of these alternative procedures.

I'm sure that further possibly better references can be located with the help of librarians, professors and civil servants.

Lastly, Mr. Chairman, since you've been considerate of me to the extent of allowing this second opportunity, I'll not take up any additional time with questions; other citizens here today may wish to be heard. But in case members of the Committee do have questions or comments or can suggest ways in which I might be helpful in their search for effective Manitoba land policies, I include my telephone number, and I do regret that Mr. Green is not able to be here. My postscript reads as follows: I wanted to invite him especially to let me know what marks I receive on the paper presented to the Committee at Brandon. If you recall, he promised me that and I said at that time to Mr. Chairman that I would welcome it - and I still do. Thank you very much, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Ackerman. Are there any questions? Mr. Proven.

MR. HUNT: Mr. Chairman, you have allowed . . .

MR. CHAIRMAN: Order please. Are you on the list? Did you indicate, Mr. Hunt, that you wished to come forward to present a brief again today?

MR. HUNT: No I'm not, but you've let a fellow, or two men, present briefs that have already presented briefs.

MR. JOHANNSON: Mr. Chairman, on a point of order. Point of order, Mr. Chairman.

MR. CHAIRMAN: Order please. Mr. Hunt, I did indicate that at a subsequent sitting we would allow this. This is another sitting. I'll put you on the list if you so wish to be placed.

MR. HUNT: Mr. Chairman, I wanted to present it at this list. I'm a little bit concerned about who . . .

MR. CHAIRMAN: Order. Mr. Hunt, do you wish to present a brief?

MR. HUNT: Today?

MR. CHAIRMAN: Yes.

MR. HUNT: Yes.

MR. CHAIRMAN: All right, thank you. Mr. Proven.

MR. PROVEN: Thank you, Mr. Chairman.

MR. CHAIRMAN: You are Harold Proven from the National Farm Union?

MR. PROVEN: That's right. I have one of these bright, young, educated farmers here that is going to read the brief and we will both take questions.

MR. CHAIRMAN: Thank you. Where is your gentleman?

MR. PROVEN: Lyle Ross.

MR. CHAIRMAN: Lyle Ross. Mr. Ross.

MR. ROSS: We appreciate, Mr. Chairman, this opportunity of submitting our views to your Committee. The National Farmers Union is a voluntary membership organization of farmers. Our policy reflects the views of farm families across Canada. From Prince Edward Island where the limited agricultural land base is threatened by foreign takeover for recreational use, to Ontario where industrial and urban expansion has destroyed some of the most specialized agricultural production areas, and the Prairies, where declining farm

(MR. ROSS cont'd) population has destroyed rural communities and farmers are facing isolation and loss of service. I might also add I think that all of those situations that I have mentioned as being in three different areas are evident in Manitoba today.

The National Farmers Union, being the leading farm organization in the development of new concepts of farm policy to cope with ever changing conditions, is constantly on the cutting edge of change and as such, vulnerable to a great deal of misunderstanding and criticism from other sectors of society and also from many farmers who are not knowledgeable as to the external forces which affect the farm community.

I would like to refer you to Page 2 on the policy statement that has been handed out and to Purpose No. 2. We believe in the maintenance of a strong rural community in Canada as an essential part of our national culture and that farmers must continue to hold a distinct place in the national identity as the basic producers of food. The ability to produce foodstuffs in mass quantity is increasingly resulting in the encroachment into the production area by corporate structures possessing market control. The competitive forces of integrated food production industries can, we believe, in stages destroy the principles of farm production based on the individual management, ownership and control of productive resources by farm people. The production of food must be considered as serving the national interest of Canada. It is the product of the soil which is a great natural resource. The primary production of food is the largest of our national industries still within the realm of Canadian economic and political control. We believe it must remain Canadian. It is in the best interests of our nation to maintain a sound rural community on the strength of an efficient and economic farming industry. Broadly based ownership and control by farm families are the basic resources for food production.

That, committee members, is a portion of the statement of purpose from the 1969 farming convention of the National Farmers Union.

I would like to refer you now to Page 10, National Policy Goals. With the projected pressure of world population on food supplies, Canada should adopt a policy of preserving prime agriculture land for the purpose of food production. Industrial development centered around large urban communities, coupled with urban sprawl, has already gobbled up much of the best agricultural land in Canada, as in other countries. The growth centers in Canada are projected to be in the St. Lawrence valley, the Golden Horseshoe in Ontario and the Fraser Valley in British Columbia. If this trend is not controlled, millions more acres of the most productive farmland in this country will be covered with concrete and lost as a food resource base for future generations. The same trend is occurring around almost every urban center, as we see farmland being gobbled up by urban developers and ribbon or strip housing development occurring along major thoroughfares.

We believe there is an urgency for the Federal Government together with the provinces to develop land-use policies. Land in Canada should be inventoried, classified and zoned. Land that is classed as agricultural should be protected for the purpose of growing food while land less suitable for agriculture should be classed and zoned for industrial and urban development and recreational use. Public and private utilities such as highways, power lines, pipelines, railways, telephone lines, etc. are utilizing increasing quantities of farm land and disrupting farm operations. We believe a more co-ordinated approach to the construction of such utilities could result in minimizing the destruction of farm land for such purposes. A planned system of corridors whereby such utilities could use a common right-of-way and easement, could, in many instances, result in more rational land use.

We recognize that the jurisdiction to deal with these problems is largely vested in the provinces but we urge the Federal Government to take the initiative to engage in serious consultation with the provinces to develop a national land-use policy within the framework of which the provinces would preserve their respective programs. The role of private developers would then be to contract to make the necessary improvements to such land. Experience has demonstrated that allowing private developers to acquire and own land leads to speculation in land for the purpose of capital gains, irrational land use, and poorly planned communities.

If you got mixed up in there it's because I probably made a clipping error here.

If you would refer now to Page 13. Land Ownership.

The National Farmers Union views with alarm the escalation of foreign ownership of our most precious resource, land, both agricultural and non-agricultural. Some provinces have enacted legislation to restrict the further purchase of Canadian land by aliens, and in some

(MR. ROSS cont'd) instances, non-residents of the province. However, there is some question that provincial jurisdiction over property in respect to aliens is limited by Section 24 of the Canadian Citizenship Act which states in part that "Real and personal property of every description may be taken, acquired, held and disposed of by an alien in the same manner in all respects as by a natural born Canadian citizen."

Therefore, the federal government should amend the Canadian Citizenship Act in order to remove any doubt, constitutionally, that the provinces have the right to regulate and control the ownership of land by aliens within provincial boundaries on a different basis than Canadian citizens.

We believe that those people who work the land should have control over the management of the food production unit which employs them. We also view with alarm the encroachment of industrial corporations into the business of primary food production through direct ownership, vertical integration and contract farming. We believe these activities in the long term are not in the best interests of rural communities, consumers or the general well-being of our society. Therefore, we recommend that governments at all levels discourage these types of activities through legislation. With the development of new technology and larger machines, there appears to be an accelerating trend to concentration of ownership of farm land into ever larger production units. This trend is leading to the breakdown of rural communities and consequent erosion of the quality of life in rural Canada.

We recommend that each province should take an inventory of the ownership and control of farm land within its boundaries, and maintain a running inventory by requiring all changes in land tenure to be reported as they occur.

Where concentration of ownership appears to be undesirable, legislation should be introduced to place upper limits on the amount of land that may be owned or controlled by any individual, farm corporation, co-operative or non-farm corporation.

We seriously question the advisability or necessity for land developers to own land for the purposes of urban, industrial or recreational development. We believe that such development should be publicly planned, and that the public should acquire land for future use for such purposes.

Land Tenure.

Historically, the accepted form of land tenure in this country has been through private ownership. While much can be said in favor of ownership as the most desirable form of land tenure, such as pride of ownership, security of tenure, retaining the tenure of the land in the family for future generations and capital gains, to name a few, there are also decided disadvantages to private ownership.

As concentration of ownership of farm land occurs, we develop an elite class of land owning citizens and the privilege of being a land owner is denied to a growing proportion of the population. As population increases, land is fast becoming a scarce commodity.

When land is transferred in the marketplace, competition for that land drives prices up. In times when prices for farm commodities rise, buyers of farm land tend to capitalize gains made in the price of farm products into the value of the land. This has the effect of automatically increasing the cost of production. As land values rise, it becomes more difficult for new and young farmers to enter the profession.

A trend has been developing over the years toward lease or rental arrangements as an alternate form of land tenure. Most of these are leases from private individuals, absentee owners and corporations who are land owners. Some provinces hold a limited amount of crown land which is also leased to individual farmers and ranchers.

The National Farmers Union, traditionally the pioneer in new farm policy development, should take the lead in introducing new concepts of land tenure including a reevaluation of the principle of private land ownership compared to public ownership with tenure secured by leasing arrangements that would provide long-term security of tenure and transfer of tenure from one generation to the next within the family.

The Fifth Convention of the National Farmers Union instructed the National Board to structure a committee to spell in detail the new concepts in our consolidated policy statement, and in particular those dealing with land tenure.

We request that no major changes in land use and land tenure be made until we complete our hearings and present our findings. The members of the generation which are in power must not treat the earth as something given by their parents but rather as something borrowed from their children.

(MR. ROSS cont'd)

Both Harold and myself would welcome questions to this brief.

MR. CHAIRMAN: Thank you, Mr. Ross. Mr. Walding.

MR. WALDING: Thank you, Mr. Chairman. To either of the gentlemen appearing before us. You mention that you are opposed to ownership of land by non-Canadians. Can you give us the reason why?

MR. PROVEN: Well I suppose in our experience this has happened more in P. E. I. than anywhere else but I think as a Canadian thinking in economic terms, we really can't afford to let the profit from that land be drained out of our economy and for this reason I would think that it would be desirable for Canadians and Canadian farmers to be able to retain that growth money in our own economy.

MR. WALDING: Was the concern in P. E. I. that it was foreign ownership or that it was lakeside and shorefront property, and that the public was being denied access because of that?

MR. PROVEN: Well I think it was both. Part of it was the fact that much of this land was agricultural land and it was being taken out of agricultural use, also the fact that you have people moving in there into the vegetable business that are taking the wealth out of that province.

MR. WALDING: But could that land be taken out of agricultural use just as well by a Canadian as by, I presume, an American?

MR. PROVEN: Yes, I suppose this could be true too because we are seeing the same thing around Winnipeg, around Brandon. In the area south of Riding Mountain National Park there are Winnipeg residents buying quarter sections completely for recreation and they are outbidding the young farmer in that area for that land. So it can be taken out of production both ways, yes.

MR. WALDING: So it is then the use of the land rather than the actual nationality of the owner which concerns you?

MR. PROVEN: No, I have no objection to people coming to Canada and farming, none whatever. Neither has our organization. But, I think it is important that the control over that land, the economic control and the use control, remains with the Canadian people or Manitoba people.

MR. WALDING: Suppose there were land in Manitoba that was owned by Canadians resident in say Los Angeles, rented out to local farmers with the owner having no intention of coming back to Manitoba at all.

MR. PROVEN: Well, I suppose you have the same situation there whereby the wealth in name of that rent is leaving the community, and certainly we all know that, be it any kind of a business, that is growth money and if you are going to retain it in your community then I believe you have to restrict it some way so it does stay there.

MR. WALDING: Then it becomes a matter of residency rather than nationality?

MR. PROVEN: That's true, yes.

MR. WALDING: That being the case there would be no need for the Federal Government to amend the Citizenship Act, because that wouldn't cure the Canadian citizen living in Los Angeles.

MR. PROVEN: No, I suppose you would have to go to whether it's an absentee landlord or not to correct that. I would think.

MR. WALDING: Do you want to be, or does the Farmers Union want to be any more specific in its residency to get down to the provincial level rather than the national level?

MR. PROVEN: Well I would hope after we conduct these hearings across Canada that we will have some of these things ironed out in more detail and that is why we request that we be given an opportunity again when, hopefully this is going to be done this winter.

MR. WALDING: But does the Farmers Union consider it more serious for say a man in P. E. I. to own land in Manitoba than a man in Thunder Bay?

MR. PROVEN: I don't suppose it makes that much difference. I suppose first of all we would like to see the fruits of our labour retained in Canada and then I think you have to back down to a provincial basis and then maybe to the community you live in.

MR. WALDING: That's what I was trying to get at. Where do you intend to draw the line?

MR. PROVEN: Well, as I say, this is very difficult I think but, I think if we are going to be viable rural communities that you have to take a pretty strong look at the community itself. If it's going to prosper it has to have the wealth it's created left there as much as possible.

MR. WALDING: So again it comes down to the use of the land rather than the nationality or the residence of the owner of that plot of land.

MR. PROVEN: Yes. I would say we have no objection at all to anyone from any country coming and farming in our community or in Canada, but I think that we have to start repatriating some of that wealth.

MR. WALDING: Thank you.

MR. CHAIRMAN: Mr. Ferguson.

MR. FERGUSON: I thank you, Mr. Chairman. Mr. Proven, on the second purpose of your brief it states that you are afraid of the corporate takeover of the production in Manitoba. Would you specify some of the instances that you know of in the province where this has happened?

MR. PROVEN: I think if you look back at the poultry industry you can see considerable of that happening back over the years.

MR. FERGUSON: I'm talking about currently. Just what instances could you name?

MR. PROVEN: Well, I think if you look at the people growing potatoes out at Carberry last year when the potato price went up and they were locked into a contract. There was considerable wealth went into that community through that one instance.

MR. FERGUSON: Yes, well my understanding is also, Mr. Proven, that the contract is negotiated every year and most - as Carberry is in my constituency - don't seem to be too disappointed with what's going on in the Carnation plant. However, that's fine. Also, you seem to favour public ownership of the land in Manitoba. How do you mean this? Do you mean that the Government under the lease program should take over the land, or what?

MR. PROVEN: I would suggest you check back there. Our present policy, as it is now, calls for private ownership. Being involved in the union I have discussed this with many young people, and one of the things they came up with all the time was that they could be paying interest all their life trying to buy a farm and they'd never own it, and many of them have come to the conclusion that maybe there are alternatives to this. I think that my own situation, where I can see from my house 29 farms that have disappeared since the war, indicates that I don't have to look at the book to know that there's a decline in farmers. So, you know, if we're interested in saving rural Canada then we have to look for answers. The ones we've had so far are not working.

MR. FERGUSON: And you feel that there still was a place for those 29 farmers. Now I'm rural also and I certainly agree that we have to have people in the country, but do you feel that they could have developed one of these so-called viable units and still been operating under the present setup?

MR. PROVEN: Well, of course, what you must remember is that farmers have been free enterprisers, eh? And the people that they deal with are in the other sector, the planning sector. And you can't work the two together so, as a result, people have borrowed money rather than worked for getting on equal ground and getting into the planning sector.

MR. FERGUSON: We've also had brought up at several meetings the idea of licensing farming. What are your thoughts on this?

MR. PROVEN: Well, I suppose if you look at the professions, they're licensed - a lot of the tradesmen. I think that a lot of farmers are quite qualified and maybe it wouldn't be a bad idea. I'm sort of easy on that.

MR. FERGUSON: This wouldn't be a policy of the union to say that farmers should be licensed.

MR. PROVEN: No, we don't have that in our policy.

MR. FERGUSON: Okay. Also, what percentage of the farmers in Manitoba would the Farmers Union represent right now, as of this year?

MR. PROVEN: As you recall if you were watching the news, we put our membership up this year. I would imagine that possibly we're going to lose some farmers, so right at the moment I couldn't tell you, right off the top of my head.

MR. FERGUSON: Well then last year what would you have?

MR. PROVEN: We had about 23,000 units across Canada.

MR. FERGUSON: I'm talking about the province of Manitoba. Can you break that down? If you can't it doesn't matter.

MR. PROVEN: No, I would imagine somewhere in the neighbourhood of 4,000 units. That represents, you know, if there's three to a family, about 12,000 people.

MR. FERGUSON: Yes, okay. Thanks.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Mr. Chairman, I just want one point clarified. Harold, I understood you, in answering Jim's question there, that the union wasn't in favour of public ownership, they still favoured private ownership of land?

MR. PROVEN: Our present policy, if you read it, calls for private ownership. We are reevaluating that concept because of what's happening, and we are going to do a study on it this winter.

MR. BLAKE: I see. My question rose as it seemed to me there was some discussion at your last convention and I thought a resolution had been passed endorsing public ownership of land, but I must have been mistaken in that.

MR. PROVEN: Yes I'm sure you were mistaken because that wasn't the case.

MR. BLAKE: Yes. Fine.

MR. CHAIRMAN: Thank you, Mr. Proven and Mr. Ross. Mr. Baptie. Mr. Baptie, private citizen, 82 Rutgers Bay.

MR. BAPTIE: Thank you, Mr. Chairman and members of the Committee.

MR. CHAIRMAN: I had a few briefs that were handed in.

MR. BAPTIE: Members of the Committee and ladies and gentlemen . . .

MR. CHAIRMAN: I think they will have to be shared.

MR. BLAKE: Sure, as long as I get one, Harry.

MR. CHAIRMAN: Fine, Mr. Blake.

MR. BAPTIE: I am reserving the right of a private citizen to participate in free speech, gentlemen, and this will be brief as I think a brief should be, but I did wish the opportunity of presenting my views to your committee.

After listening to the presentation of three briefs to this committee on February 12th, the writer has decided to offer his views on the subject with the hope of a better focus on objectivity. My stance is that of a private citizen who has had a lifelong involvement with farmers and farming in the three prairie provinces. Permit me the following observations of a general nature:

1. Land is our most important natural resource so every citizen has a right, if not a duty, to make his views known on this vital subject. The health of the nation depends on the quantity and quality of our food supply.

2. Much of our land resource is still under-utilized in terms of yield per acre and crop quality. Most farmers are good cultivators but some fall short in three areas: a) fertility management, b) weed control, and c) the use of good clean seed. Government policy must continue to focus attention on these three areas if we are to improve the efficiency of our production.

3. We cannot insulate either the price of our farmland nor the price of our farm commodities relative to other prices for these items in the world around us.

Two issues, namely government ownership and foreign ownership, keep surfacing in these hearings and I should like to air my views on each.

(a) First of all, government ownership of land. My view is that government ownership of land, regardless of party, is undesirable for the following reasons:

1) It would encourage pork-barrel politics or political bias to enter both the original purchase of land and also the subsequent leasing of same. The Government must strive to treat all people equitably and fairly and government ownership of land is not the way to do this.

2) It would force private buyers to bid against the public treasury so the comparative size of resources or bank accounts would make this no contest. The presence of the public treasury would tend to increase the price of land.

3) It is unfair and inequitable that private landowners should have to compete with other farmers who lease land from the Government at a preferred rate. For example, today a realistic annual cash rental for land is about 10 percent of market value. It has been suggested the Government would lease their land at 5 percent of cost. This would create unfair competition subsidized by the private landowner.

(b) Now for a few remarks on b) foreign ownership of Canadian land. At this time foreign ownership of Manitoba land at less than one percent does not appear as a significant problem. We must appreciate, however, that there are vast sums of money in the world seeking investment. If the ownership of Manitoba land by foreign wealth ever becomes a serious

(MR. BAPTIE cont'd) threat, then I would favour legislation requiring sale of land in excess of a certain minimum - and I am suggesting here perhaps 640 acres - to be made only to Canadian citizens. It would be premature, in my view, to enact such legislation right now.

In conclusion, let me just state that this world has been well served by North America's efficiency of agricultural production. This has been accomplished under a system of private land tenure which fosters a pride of ownership. This pride manifests itself in desirable farm improvements such as attractive farmsteads, good buildings, land drainage, crop rotations and weed control. The incentive for these desirable improvements would be greatly diminished under a system that permitted significant ownership of our land resources by either foreign capital or government funds. The Manitoba Government should continue its efforts to strengthen the viability of the independent farmer as a private landowner. Respectfully submitted.

MR. CHAIRMAN: Thank you, Mr. Baptie. Mr. Johannson.

MR. JOHANNSON: Yes. Mr. Baptie, I'm interested in some of your comments regarding government ownership of land. Now perhaps you seem to be rather more doctrinaire than I am. I have no ideological objection to either government ownership or private ownership. However, your first concern about government ownership is that it would encourage pork-barrel politics or political bias, and I'm curious to know the reasoning for your suggestion. For example, the Minister of Agriculture read to this Committee several days ago an excerpt from the Manitoba Treasury Board Project Working Papers, Project No. 2, Financial Management and Land Program Budgeting. This was a submission made to the Conservative Government in 1968 and it suggested that government policies be based very clearly on their political effect. This was the report submitted to the Tory Government of 1968 urging that they should classify all programs according to their political impact. --(Interjection)-- Now I'm curious. There are two members of the Legislature that I know of that lease crown land: the Member for Gladstone and the Member for Lakeside. Are you suggesting that they received these land leases as a matter of pork-barrel politics or political bias?

A MEMBER: Two out of 35's not bad, eh?

MR. JOHANNSON: Are you suggesting that?

MR. BAPTIE: I don't know the record of the present leasing of government land, Mr. Johannson. However, I was here I think last Wednesday when this Committee met, and I heard that statement and listened to it with great interest and this is why this particular phrase in my paper is solidly underlined, because it's emphatic indeed in my mind that you have the chance for political bias when you have the Government in this position of land ownership.

MR. JOHANNSON: But I'm interested because the only two members of the Legislature that I know of that have Crown land at least, happen to be two members of the Conservative Party, the Member for Gladstone and the Member for Lakeside, and as far as I know no member of this Government has leases, and as far as I know - and I stand to be corrected by the Minister of Agriculture - none of the leases that were entered into under the previous Government have been cancelled. Am I correct?

MR. USKIW: Unless it's for alternate land use.

MR. JOHANNSON: Unless it's for alternate land use.

MR. BAPTIE: Yes, I think we're dealing here with a matter of principle, Mr. Johannson, and it's my belief that abuse is possible. Let me just suggest two areas to you . . .

MR. JOHANNSON: But just before you proceed. You're suggesting that it can happen, but this government has been in office now for five years. Would you be willing to give me specific examples?

MR. BAPTIE: I am speaking for all time, not just for one administration; or at least I'm trying to view this in that context. I'm not here to criticize the present administration.

MR. JOHANNSON: But you have.

MR. JORGENSON: You're too sensitive.

MR. JOHANNSON: I'm not sensitive, because on this particular issue I don't think there is any evidence that we've been using these programs in any political fashion.

MR. BAPTIE: Did I say there was?

MR. CHAIRMAN: Mr. Johannson, I believe that there is not the indication by Mr. Baptie that this was the case. He merely stated that this is what his particular fears are for all time, so I don't see the merit of pursuing this line of questioning.

MR. JOHANNSON: Okay. I have another question then, Mr. Chairman. You also suggest a second concern. That Government ownership would force private buyers to bid against the

(MR. JOHANNSON cont'd) public treasury so that the comparative size of resources or bank accounts would make this no contest. Are you aware that the present policy of MACC is not to go out and bid for land, not to approach farmers?

MR. BAPTIE: I'm aware of that.

MR. JOHANNSON: So in other words their present policy is only to accept applications to sell from voluntary applicants.

MR. BAPTIE: It's still a competitive force in the market of land purchase though.

MR. JOHANNSON: Yes. You're aware that MACC does estimates of land value, the market value of the land, and on this basis it makes an offer of a price?

MR. BAPTIE: I'm not aware of the processes. . .

MR. JOHANNSON: And using this procedure only 40 percent roughly of the applicants. . ?

MR. BAPTIE: I heard all this the other day.

MR. JOHANNSON: Yes I know, but only 40 percent of the applications have been proceeded with and have resulted in a sale.

MR. BAPTIE: I heard this the other day. Right.

MR. JOHANNSON: So given this particular record, does this indicate that the private buyers are losing out at all times in this matter?

MR. BAPTIE: No, but I am sure that if you introduce another party into the bidding for land that you can expect the prices to be forced up to some degree because there is an alternative available to the private buyer. That's the point that I have.

MR. JOHANNSON: Well that would apply of course regardless of the nature of the buyer whether it happened to be a bank, Mr. Blake's bank, or whether it happened to be the Government or a foreign buyer or the neighbours.

MR. BAPTIE: Right.

MR. JOHANNSON: You make another comment, the second last paragraph, about the achievements of North America's agriculture and the fact that this has resulted in good husbandry. During the 1930s there were large sections of the southern part of the Canadian prairies and the mid-western United States which suffered tremendous amounts of soil erosion and resulted in what is called the "dust bowl". Was this a product of private ownership of land?

MR. BAPTIE: I would hate to have to blame private ownership for an act of nature or an act of God.

MR. JOHANNSON: Mr. Chairman, the dust bowl resulted because of poor husbandry, because of improper husbandry.

MR. BAPTIE: I wouldn't agree with that entirely, I think it was a combination of circumstances.

MR. JOHANNSON: Well it was a combination but better husbandry would have minimized the amount of damage that occurred.

MR. BAPTIE: Better husbandry did minimize the damage I think. I doubt if it prevented it. . . . better husbandry prevented it from happening again.

MR. JOHANNSON: Better husbandry has provided improvements lately I would agree with that, but it did not prevent the dust bowl of the 1930's.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes, sir. On your last page, the last sentence seems to almost contradict your presentation. It says "the Manitoba government should continue its efforts to strengthen the viability of the independent farmer, the private land owner", and I agree with that; that is what we are doing to a whole host of programs and also through our land-lease program we are restricting most of Manitobans from that program or a good percentage that don't need access to land in that way. But it seems to contradict the observation at the top of the same page where you quarrel with the land-lease program which is trying to respond to a group of people that can get mortgage money.

MR. BAPTIE: I suppose I could qualify in that category, Mr. Uskiw, and I haven't been in your office asking for help yet and I don't think that I will be coming. But the thing that I must point out that really concerns me in this whole context is the matter of equitable access to whatever is available by way of government policy. You know if someone has to play God that's a very, very difficult role and I wouldn't want to be in your position if you are going to be trying to play God between me and this guy over here and another one down there. That's a tough, tough role for any of we humans to try and perform. That's the criticism I

(MR. BAPTIE cont'd) would have of a selective type system such as you are proposing because that program is being subsidized by other citizens of the community.

MR. USKIW: We hope that it's not going to end up being a subsidy. We think it's not going to, we feel we will recover completely on that program financially. But let me pursue the question. We now have somewhere in the order of two million acres under land lease and have had for decades, yet the kind of observations you have made don't seem to show up with respect to any government. I don't recall any problems of this kind.

MR. BAPTIE: I don't know that much about the two million acres you hold under reserve or under government ownership. I would suspect, however, that quite a considerable amount of this is fairly marginal land. Would that be a correct assumption?

MR. USKIW: Yes, but very good ranch land and this is where the bulk of our beef industry is built on; it's all leased land.

MR. BAPTIE: I don't really quarrel particularly with that one because it could be working quite well. I'm not aware that it is not working well, let me put it that way. I'm simply taking a position today relative to future land acquisition as I see it.

MR. USKIW: Now, I see come contradiction in your position, sir, and I would like some clarification. If political bias is a concern, you know, and I think that's a fair question because we were shocked with the revelation of the Treasury Board report of 1968.

MR. BAPTIE: So was I.

MR. USKIW: We stumbled on that one quite by accident. It was hidden in some corner somewhere. But notwithstanding that, I think it is possible that that could happen and I would share your concern if it did. But isn't that also possible through the credit system? I mean, we have advanced \$83 million since MACC was in business, or set up to finance agriculture. Surely that vehicle towards access to land could just as easily be abused on a political basis if one wants to use that argument. I mean what's the difference, really?

MR. BAPTIE: I think the offsetting force there is the competitive nature of credit availability.

MR. USKIW: No, but let's assume that we take this to its worst position and we have a New Democratic Party administration that decides that it's going to use public funds to finance people into agriculture through the mortgage system, that they know are supporters of the government. You know, that is the extreme that you would be worried about. And when the government would change then you would have another political party doing the same thing. That would become very obvious very quickly. wouldn't it?

MR. BAPTIE: It could do.

MR. USKIW: Wouldn't there be a public reaction to that? I raise that for this reason, sir - that I was a client of MACC when the Conservative government was first elected. My politics were always known. That didn't seem to prevent me from dealing with MACC in 1969. And I would really be concerned if you were serious in suggesting to us that somehow government can't almost play no role at all in the economy of Manitoba because of the possibility of some political shenanigans.

MR. BAPTIE: Well I think my answer to that, Mr. Uskiw, is simply the competitive aspect of credit availability. You know, if it is available from FCC and MACC and various banks, this to me gives myself as a citizen an alternate source of credit and I think this is a system that protects itself really.

MR. USKIW: All right. Now let's get to the last point. You suggested that by the lease program the government was acting as another stimulant in the land place thing, another buyer . . .

MR. BAPTIE: Yes, right.

MR. USKIW: . . . another competitor. And if we didn't have that program at all but we decided to take a financial risk and advance mortgage financing to the same people, wouldn't the effect be exactly the same?

MR. BAPTIE: Well any time you're handling government funds, for example, on a mortgage type basis, I think that you have a responsibility to the other citizens of the province and you must, of course, within the confines of good judgment try to protect the funds that you are entrusted with.

MR. USKIW: I appreciate that, but assuming these funds were mortgage funds rather than land-lease funds, the effect of the government in the competition for land would be exactly identical as the effects are on the lease program.

MR. BAPTIE: I don't see it that way simply because ownership would be taken by the government and thereby it's another competitor for . . .

MR. USKIW: No no, but the dollars are both from the government, that's what I'm saying - all we're talking about is the vehicle, one is land lease, the other is a mortgage. The money is the same. Let's say it's \$80 million or \$10 million, whatever the figure is, let's say that we allocate \$10 million a year into land lease, or \$10 million a year into mortgage financing for the very same people, the effect on the land market should be identical; it shouldn't change.

MR. BAPTIE: Well I don't think it is, because this to me is where the element of pride of ownership enters into the thing, and this is why I tried to state the points that I did relative to land improvement, such as buildings, such as land drainage, or weed control. If you're going to throw five or ten dollars an acre into wild oat control for example today, you want to know that you're going to be there for awhile.

MR. USKIW: And I'm talking about the competitive factor for . . .

MR. BAPTIE: So am I.

MR. USKIW: . . . the acquisition of land, land buying. We're talking about that another buyer . . .

MR. BAPTIE: You're using the funds one way as against another, government being involved on both sides; you know, as an outright owner in one case or as a mortgagor in the other. Is that not correct?

MR. USKIW: That's not what I'm asking.

MR. BAPTIE: I'm sorry then, I . . .

MR. USKIW: You were saying that by advancing capital under land lease, that we have set up another buyer in the market which tends to compete for the same acres of land which would have the effect of raising the price of land. And I'm saying if that argument is true then mortgage financing would do exactly the same thing, so that really to accept your position, we should not be either in the mortgage business or in the land lease business. We should get right out completely.

MR. BAPTIE: Yes, I think you have a point of . . .

MR. USKIW: We shouldn't guarantee any bank loans either. That's really what you're saying.

MR. BAPTIE: Now, now, now . . .

MR. USKIW: Well, you have to admit that.

MR. BAPTIE: Wait a minute. I think all of us here are concerned about the future of farming operation in Manitoba. Is that agreed? Can we agree on that much?

MR. USKIW: No, that isn't the point, sir, I'm responding to your submission that somehow implies that one form of land purchasing would have an adverse effect on land pressure and land prices, whereas the other form would not, and I just don't know how you would arrive at that. Let me pin you down. I just can't understand the rationale . . .

MR. BAPTIE: Let me concede you this point, that I would expect that free and easy availability of financing is going to have an upward pressure on land. I would certainly concede that. In fact, I'm sure it has when FCC first came out with this program. I have been told that by fairly responsible people in the corporation.

MR. USKIW: Okay, that's fine.

MR. BAPTIE: Okay.

MR. CHAIRMAN: Thank you, Mr. Baptie. Mr. Adam.

MR. ADAM: Thank you, Mr. Chairman. Just to pursue that just one question further. As you suggested that the farmer would be in a more difficult position if he had to compete against the Province of Manitoba, or the people of Manitoba, did you think that he would be any worse off, you know, competing with the Province of Manitoba or an Arab interest at this time - the Arab interest in Manitoba lands? There wouldn't be any difference would there?

MR. BAPTIE: I think I made my point fairly clear as far as where I stand in terms of foreign ownership. And I treat, as I mentioned in the brief, our land resource as our very primary, most important resource, and I wouldn't want to see our land in this province fall into ownership of financial interests outside of Canada. Is that okay?

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes, I wanted to draw the same question, sir. What is the difference between someone in Germany buying a million dollars worth of land in Manitoba or you buying

(MR. USKIW cont'd) a million dollars worth of land in Manitoba, what difference does it make to me, the neutral party on the side ?

MR. BAPTIE: What difference does it make to you?

MR. USKIW: As a citizen of Manitoba, what difference does it make to me whether you own it or whether someone in Europe owns it?

MR. BAPTIE: Well, I think the difference is this, and the prospect of course is to expand this ad infinitum, I would suggest this is where any threat might lie. It seems to me that the important point here is that a Canadian resident is subject to Canadian law and, of course, if he is a Manitoban resident he is also subject to provincial law. That I would see as one of the primary differences.

MR. USKIW: No, but in the investment field everyone is subject to Manitoba law or Canadian law, so it doesn't really matter whether you are foreign or domiciled here, there's no relevance in that connection.

MR. BAPTIE: Well, okay. Then it's a personal matter I suppose or a personal question . . .

MR. USKIW: Just a hang-up of your own?

MR. BAPTIE: I wouldn't call it a hang-up; I consider, as I mentioned, that this is our primary resource and that I think we have a self-interest in seeing that the ownership of our land rests in Canada.

MR. USKIW: Let me then pursue it one more step. If it was considered to be an adverse thing for the people of Manitoba, that any individual own a million dollars worth of land, then do you see any logic in your position? If it is not a good idea to have absentee land ownership on a large scale, then do you see a difference between you, a Manitoba resident, being that absentee landlord, which we think is bad, versus a guy from Europe which we would also think is bad? Do you think we should allow you to . . .

MR. BAPTIE: I don't see this million dollars worth of land as being a very practical concept unless the Arabs or the Manitoba government start buying Manitoba land. That's where that kind of a threat can come from, it's got to come from a sizeable chunk of capital.

MR. USKIW: Well, then obviously, sir, you are not aware of the interest in Manitoban land by foreign land companies, land syndicates, because that is one of the reasons why this committee is meeting, is because of the interest of a lot of people throughout the world in some property . . .

MR. BAPTIE: You say, obviously I'm not aware of this?

MR. USKIW: Yes.

MR. BAPTIE: Why do you think I've dwelt with it here?

MR. USKIW: Pardon me?

MR. BAPTIE: Why do you think I've dwelt with it in the body of the brief?

MR. USKIW: No, but you said you couldn't imagine that there was that significant an interest to create a problem. And I'm saying that obviously you are not aware of all of the interests expressed on the part of many investors in property rights in Manitoba.

MR. BAPTIE: I have conceded, sir, that I could see this - I mentioned the availability of capital in large quantities available for investment in the world and that's how I referred to it.

MR. CHAIRMAN: Thank you, Mr. Baptie.

MR. BAPTIE: Thank you.

MR. CHAIRMAN: Mr. Cassells. R. A. Cassells, private presentation. Mr. Cassells, you are representing yourself or, . . .

MR. CASSELLS: Yes, sir, I am here as a private citizen.

MR. CHAIRMAN: Thank you. Proceed.

MR. CASSELLS: I might just say that I have a little interest in Manitoba. My great-grandfather came here 101 years ago to a homestead.

Mr. Chairman, and members. I am here today because I believe the most valuable resource in Manitoba is our agricultural lands. The Working Paper, "In Search of a Land Policy for Manitoba" has a theme that state ownership of farmland may be desirable. The recent purchases of farm land by the Manitoba Government would lead one to believe that it is already government policy to have state ownership of farmland. If it is government policy to have state ownership then it is necessary to look at the advantages and disadvantages. What are the advantages, assuming there is substantial state ownership of farms?

(MR. CASSELS cont'd)

l. Foreign ownership, or fear of foreign ownership, would no longer be a problem. There would really only be one owner, the Province of Manitoba. The tenant farmer to this province could enjoy the advantage of nominal rents. This should be a real advantage and lead to higher farm incomes. Higher farm incomes would certainly make farming a more attractive vocation. And if farming became a more attractive vocation, the migration from rural to urban areas would be stopped or even reversed. Manitoba tenant farmers, because of low rentals, would enjoy economic advantage in selling produce to eastern provinces or international markets. The size of the farm units could be controlled to prevent the establishment of farms which are considered too large. Control of production could be established, surpluses could be eliminated because the state would be in a position to place controls, quotas, for every type of produce, and enforcement would be easy if violation meant cancellation of the lease.

What are the disadvantages? National unity might be one. It is very unlikely the farmers of Quebec, or Ontario, or B. C., would allow subsidized products from Manitoba to enter their local markets. We need only look at the recent history of the egg and poultry business to realize how quickly inter-provincial fights would develop.

International markets. It is unlikely that Americans, or farmers in other countries, would allow subsidized Manitoba produce into their lands, and we would have additional barriers created against Manitoba products. There is already anti-dumping legislation and certainly if we are going to subsidize then it could be classed as anti-dumping. If we recognize that our Legislature does and will control the majority of voters, and I'm sure you agree that in Manitoba the majority of voters are consumers it is not necessary to have a crystal ball to see that the consumers would be controlling the agricultural industry. That they would demand a cheap food policy. If they were successful in their demand that the farmers incomes would be reduced and the attraction to farming would be removed and the migration from farm to city would accelerate. If the state is to own our farmlands then it'll also own our farm buildings. It will be responsible to build and maintain these buildings. Such a situation would certainly create a gigantic empire for the Department of Agriculture, that they would need hundreds of electricians, carpenters, plumbers and painters stationed around the province to do repairs, maintenance and construction. There would even be a larger group of bureaucrats inspecting, authorizing, approving these repairs. If a state becomes the landlord of Manitoba farmers there will be another gigantic empire of civil servants granting, inspecting, reviewing and cancelling leases. No doubt they would have programs to train and retrain tenants, certainly political patronage could become a factor in the granting of leases. If the state becomes the landlord of Manitoba it will lead to complete state control of agriculture. Farmers will be the servants of the Government in power.

In closing let me remind you, the agricultural lands of Manitoba were developed by people from many countries who came here often at great sacrifice so that they and their children could own land. They have been hard working ambitious innovative people. Do not kill their incentive and ambition. Gentlemen, I plead with you donate your talents to framing laws which will protect and reserve agricultural lands for food production, protect the land against foreign ownership but also protect it against state ownership. I thank you.

MR. CHAIRMAN: Mr. Cassells. Mr. Johannson.

MR. JOHANNSON: Mr. Cassells.

MR. CHAIRMAN: Am I correct?

MR. CASSELLS: Yes, sir.

MR. JOHANNSON: Yes I guess like most people here, my ancestors also came to this country, in fact my grandmother homesteaded 100 years ago and my family has been engaged in agriculture ever since. But you've raised the spectre of complete state control just as the Conservative members have and a number of farmers have. And before I ask you a couple of questions, I would simply say that I for one would not advocate putting much public money into buying farm land because I happen to be an urban member. The Government has limited capital markets with which it has to deal each year and even if it wanted to the majority of our capital market, the majority of our capital raised every year has to be devoted to hydro and will be for many years to come. But getting back to your concern about the complete takeover of farmland. You are aware that MACC does not go out soliciting for farmland?

MR. CASSELLS: How far are they going to go?

MR. JOHANNSON: Well they haven't gone very far, they haven't gone anyplace. They have waited for farmers to apply to sell their land. Now does this to you constitute an aggressive kind of approach?

MR. CASSELLS: What if next year 10,000 farmers applied to sell their land?

MR. JOHANNSON: Well you have stated and many people have that the farmers are all opposed to the state owning the land.

MR. CASSELLS: I spoke only for myself, Mr. Johannson. I did not speak for anybody else.

MR. JOHANNSON: Okay. I would assume that that is an assumption. In the previous 15 months there have only been about 400 people who have presented applications to sell. You're making an assumption that next year 10,000 will. I think that's not quite based on the past experience. And MACC has only accepted 40 percent of these applications and proceeded to buy these lands. Now does that constitute an aggressive policy of acquiring land?

MR. CASSELLS: Well I, sir, understand that this is a very new program, that somebody has said it's five months old.

MR. JOHANNSON: A year and a half.

MR. CASSELLS: And ownership is now - what? 66,000 acres?

MR. JOHANNSON: It's one-third of one percent.

MR. CASSELLS: Considering how new the program is and how slow governments of all types normally work, I think they've got off to a flying start.

MR. JOHANNSON: Well, Mr. Cassells, I would agree that governments work slowly and if we were to continue working at this rate, very slowly, it would take over 300 years to buy up all of the land and given the fact that you have said that governments work very slowly, how does this constitute any distress?

MR. CASSELLS: Well as a citizen, a taxpayer, I can tell you why I get excited, sir. In a short time 66,000 acres, not very much . . . And my memory for figures, because I get a lot of my information from the press, it was not very many months ago, maybe a year and a half, that the Government were going to spend a few hundred thousand dollars or a million dollars for an aircraft, and I see in the paper we have now spent 25 million a year later and somebody is saying why don't we get it licensed. I'm talking about government programs and they scare me.

MR. JOHANNSON: But you have said that government works slowly and I will agree that even our Government works slowly.

MR. CASSELLS: In the aircraft business they seem to be going very fast.

MR. JOHANNSON: We're talking about the acquisition of farmland, that was the spectre you raised . . .

MR. CASSELLS: That's right.

MR. JOHANNSON: . . . that Government was going to take over all of this land. You're making the assumption that no lessee will take up the option to purchase. You're making the assumption that every farmer will be willing to sell his land. Aren't those rather large assumptions? You're making the assumption that the Government is willing to devote massive amounts of capital each year to acquiring land and that it has no alternate use for capital. Isn't that a large assumption?

MR. CASSELLS: If you read the Working Paper "In Search of a Land Policy" - and it was apparently written by the Department of Agriculture - one cannot read it without coming to the conclusion that the Department is recommending that the Government proceed with all haste upon farmland.

MR. JOHANNSON: Mr. Cassells, I did not read that kind of an implication into the paper, but Mr. Uskiw has stated that the Government is restricting this program, the land-lease program to a small group of farmers, and that it is not intending to go into a massive program of leasing.

MR. CASSELLS: What, sir, can you tell me will the next government do?

MR. JOHANNSON: The next government would be a Conservative Government and I don't imagine that it would be proceeding much faster than we are. --(Interjection)-- Then you'd be safe.

MR. CASSELLS: If I may answer, sir. I am not speaking for what is happening today or next year, I am talking about what is going to happen in the next 20 or 30 years if we start this kind of program. How do we ever get out of it?

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes, just on that last point, sir. Then I would presume that you would feel that all of Canada should stay away from this kind of a program?

MR. CASSELLS: If it's a case of the Government owning land and renting it, yes I do.

MR. USKIW: Are you aware of what is happening in the other provinces?

MR. CASSELLS: No I'm not.

MR. USKIW: Would you be surprised if you were to find that they've been in this kind of program for many years?

MR. CASSELLS: To what extent?

MR. USKIW: What do you mean to what extent?

MR. CASSELLS: How many thousands of acres have they bought?

MR. USKIW: Well I don't know. In Ontario, it's been a long standing program under ARDA. In New Brunswick they've been at it for some time - and they too are a Conservative administration by the way - and their Minister told me the day before yesterday, I had lunch with him, that he sees no other way for retaining farmers on the land than through a land-lease program in his province. That large buyers are quickly gobbling up the lands in New Brunswick and that he feels very strongly that they have to maintain and enhance their land-lease program, which they've been running now for quite a few years.

MR. CASSELLS: We're coming to assumptions here now and I am . . .

MR. USKIW: It's not an assumption, these are facts.

MR. CASSELLS: But included in your fact is an assumption, sir; and I'm a very poor man, I don't have very much money, but is there a difference. You said large buyers are buying up land. Is there a difference between a large landowner and a Government?

MR. USKIW: Well it depends on whether you want to maintain people out on the land. If you want to destroy the rural communities then of course you don't have to do anything and just allow the marketplace to keep depopulating the countryside. That's the expression of concern that I got from the Minister of New Brunswick when I had dinner with him the other day. There's an over-all Government concern as to the distribution of people throughout the province.

MR. CASSELLS: I happen to know some fairly large farmers and they have absorbed some of their neighbouring farms. They have become very efficient but they haven't ruined the district because some of these farmers are employing more men now than were employed before they absorbed their neighbours. But they have developed an economic resource where they're able to hire people that used to own land and some people that formerly owned land and sold to their neighbour now work on a weekly or monthly salary and are much happier.

MR. USKIW: Let me then project for you a situation. Let's assume that you owned a half section of land and you were not able to earn a reasonable livelihood on that half section of land. You had two or three children to raise and you had all the expenses of a household, a family, and that your economist or economic adviser or farm adviser told you that in order for you to earn a living on that farm you would have to enlarge it to a section.

MR. CASSELLS: I don't agree with him.

MR. USKIW: You say you wouldn't agree with him?

MR. CASSELLS: No, sir.

MR. USKIW: I see. You think that those people that are uneconomic in today's world should remain uneconomic?

MR. CASSELLS: I don't think a half section farm is necessarily a non-economic farm.

MR. USKIW: No, that's assuming that in the kind of enterprise it was and the kind of land it was that one had to have a section to be economic, I mean let's project something.

MR. CASSELLS: Unless you're talking about ranch land.

MR. USKIW: No, no. I'm talking about good grain land, for example.

MR. CASSELLS: All right. If there's water available he could have a very productive economic unit on a quarter section or on 80 acres, but it would not be grain farming. He would be into poultry or hogs.

MR. USKIW: No, no, but let's be realistic.

MR. CASSELLS: I am trying to.

MR. USKIW: There are limitations on the production of certain commodities in Canada. Not everybody can go into poultry production because there are quotas imposed. Not everybody can get into various forms of other production - vegetables, for example, or potatoes,

(MR. USKIW cont'd) there are also regulations there. So that in essence your alternatives are not all that great.

MR. CASSELLS: Well it's not very long ago that the Government was telling people we'll pay you not to grow grain. So . . .

MR. USKIW: No, no, but let's be realistic.

MR. CASSELLS: No, I am trying to be realistic.

MR. USKIW: All the land in Manitoba can't produce potatoes because we wouldn't have room to store them nor a place to sell them. You know, the alternatives are obvious and our farmers are using every alternative that is now available to them.

MR. CASSELLS: I know a very very successful farmer on 240 acres - 230 acres.

MR. USKIW: Oh yes I agree with you, absolutely.

MR. CASSELLS: So to make a blanket statement that I am going to agree a man must double his acreage to be successful - no.

MR. USKIW: No, I'm saying let's assume that the alternatives are not there, that the only thing that can make that farm unit viable is the increased size of the farm, let's assume that the alternatives have been looked at and that is the only one that makes any sense.

MR. CASSELLS: You're assuming when you state that that grain is going to be . . .

MR. USKIW: No, no I'm not assuming anything. I'm just saying that that is the best position from a farm management point of view on that farm. I'm not assuming anything.

MR. CASSELLS: Well I don't think you can make assumptions like that unless you know the type of farm and what is available in the way of options. And I would not make that kind of an assumption to anybody unless I had studied that individual farm and what he could do with it.

MR. USKIW: All right let me take you to the other question then. If you were to retire, you were a farmer and you wanted your son to buy your farm but your son was unable to raise the capital, do you think that he should be denied the right of entry into agriculture because he hasn't enough money? May have the expertise but he doesn't have the money.

MR. CASSELLS: Can the father if he's so anxious to have his son in the business not sell it to him on a long-term basis and live off the annual payments?

MR. USKIW: Well I don't know, many fathers aren't able to do that and I don't know whether it's because they have a debt structure that they must repay when they give up the land or, there are many reasons why . . .

MR. CASSELLS: If it's because of a debt structure then he's not receiving much of an asset.

MR. USKIW: Pardon me? No, no, he wants to buy the farm. Whether the farm is debt free or not is another consideration.

MR. CASSELLS: Oh, it makes a big consideration; if there's a big debt on the farm it doesn't take much to buy it.

MR. USKIW: Pardon me?

MR. CASSELLS: If there is a big debt on the farm it doesn't take much to buy it.

MR. USKIW: It doesn't take much to buy it . . .

MR. CASSELLS: Not if there's a big debt.

MR. USKIW: . . . but you have to assume the debt.

MR. CASSELLS: Yes, you assume the debt.

MR. USKIW: No, but the creditor will not allow himself to advance credit to his son, his son has not been acceptable from a credit point of view. That's my point.

MR. CASSELLS: I think we're getting into extremely hypothetical cases here.

MR. USKIW: No, they're very real, they happen every day. Every banker will tell you how many people they deny a . . .

MR. CASSELLS: This son has been living and helping his father, his father's up to retirement age, so I have to assume the son is 40 or 50 years old.

MR. USKIW: No, no, no no. You're assumptions are away off. I think we're wasting time, Mr. Chairman.

MR. CASSELLS: Well I'm just trying to point out here, Mr. Uskiw, that the son doesn't start as a very young man because the father is retiring. I don't see farmers retiring at 40 or 45 and usually the son has had many years of experience, and if he hasn't got himself into a position of credit or knowledge of farming by that time he probably doesn't deserve to take over the father's farm.

MR. USKIW: Well I think that you and I are not going to agree because - neither are

(MR. USKIW cont'd) you going to agree with all the other provinces that are in the program so there's no point in pursuing it. Thank you.

MR. CASSELLS: Thank you.

MR. CHAIRMAN: Thank you, Mr. Cassells. Mr. Yarema. Shall we conclude, this is the last gentleman. I see Mr. Hunt is not present. Mr. Yarema.

MR. YAREMA: Mr. Chairman, and Members of the Committee. First of all I'm going to thank you for hearing me again. I had looked over this "In Search of a Land Policy for Manitoba" a little more carefully, and listened to many of these presentations that have been made here, and some of them I've learned of through the papers.

I have four points that I'd like to make. One of them is the amount of land. I'd like to clarify the amount of land being held by the public, that is by the Provincial Government in relation to privately owned land. Two, I'd like to refer to the preoccupation of the Provincial Government and of the people for making presentations here with the necessity of, and the urgency of supplying the people or providing people with a steady source of those basic necessities of life that the farm produces. I'd like to make a reference very respectfully to an alternate method to encourage farmers to stay on the land. This is alternate to all those proposals that have been submitted here. There are only actually two. One of them is to subsidize the farm or whatever it is through government ownership or through government loans; and the other one is for the Provincial Government to buy the land. The proposal I have may be laughed at by you people but I hope you give it enough consideration just to hear me out. It's not very long. The fourth and last would be the right of the provinces to regulate the sale of land to aliens.

At the outset I'd like to make one comment in regards to the presentations that have been made here. They have been, without exception, very strong in favour of retaining the land in our province and in Canada within the freehold of the Canadian people, that it's the most desirable. But what is so singularly striking in all these presentations is there isn't a damn single one of them has committed himself to any personal contribution to retaining this land in our ownership. That is, those people who are making this presentation, I would say, in many cases, they don't own land, they'd like to have a steady source of supply of food, a reliable source, but they haven't indicated that they're willing to dig down in this pocket out here and make any sort of a contribution towards this sort of a condition in our country.

The amount of land that's held by the province. I reckon this thing out at 75 percent of the land is held by our province in public use, most of it recreational land of course; 25 percent of it approximately is held through private ownership; about one percent through foreign ownership. In effect, what we have here is approximately one percent of the land held by foreigners and the rest of that 24 percent that's held publicly is held by approximately 90 percent of the people in Manitoba. Therefore, I would say that there isn't very much chance of any foreigners taking us over very quickly. You know, it's not going to be that easy because if our province resists this sort of takeover, they have 75 percent of the land anyway, there's no way that they're going to take it over. There's no way they're going to take it over. Most of that land is of course recreational land, it's not very useful land, some of it is farmland that has been bought recently by the Provincial Government. But we are concerned with recreational land, of course, as something that the public should own because, I'll go back to a study and the City of Winnipeg. It's called the Additional Zone; it concerns land around the perimeter of this City, and one of the purposes of this Additional Zone was this: The purpose of the Additional Zone is to contain the urban area of metropolitan Winnipeg and to prevent fringe or sprawl development. A further important purpose of the Additional Zone is to provide open space within a reasonable distance for the urban area. This has been described by some as a green belt but it differs from the conventional green belt concept that has been developed around Ottawa where green belt land has been purchased by the Federal Government in order to control development. It is unlikely that any substantial part of the Additional Zone is going to be purchased by the Metropolitan Corporation. Which means, in effect, that the Corporation wanted something for the benefit of the urban community, for which they were not willing to pay.

I'll refer back to my first statements in regards to these people and their statements of the desirability of retaining our agricultural land in our possession. It appears they want exactly this sort of a situation to develop in regard to the land. They want this land to be held in our Canadian freehold but they are not willing to shell out any money, and I call these people

(MR. YAREMA cont'd)freeloaders. I don't think that's fair. If it's going to be good for the community at large let's accept this principle that it has to be at the expense of the community at large.

I'll go back to the preoccupation of people with the supply. This is the same thing. We're not concerned with what the people get out in the rural areas, we're only concerned with what they produce and what we have to pay for it. We're reaping the benefits of what they get for it because we have this long string of depopulation, a record of depopulation, that people are leaving the area. We're becoming aware that the large corporations are buying it up and we are faced with a situation quite similar to what's happened in our resource industry in Alberta especially where we had a small number of oil companies, in effect, held up our country. They said look, we have the expertise, we know how to produce this oil out of the tar sands out here, we can't produce it at the price that you're offering us, we haven't got the money, if you want us to produce this oil for the benefit of the people of Canada, cough up some money. And what happened? People, the provinces did. Our province did not but we have the Federal Government which coughed up the money. If we continue to depopulate our rural areas we're faced with exactly the same thing over here. It doesn't matter whether the private corporations take it over, whether the provincial government takes it over, whether the farmers that are on there stay on there. We're going to have to subsidize somebody at the prices that the farmers have been getting for their commodities. Let's face it, anyone that thinks that we are not going to subsidize them in one way or the other has to be naive, because they can't continue, it's been shown that they can't continue. So, it's a matter of choice now.

Does the Provincial Government want these farmers to stay out there; do they want to depopulate the area? If we want to retain our rural population, let's face it, we're going to have to dig down into our pockets, every one of us, and we're going to have to do those things that are going to keep these people out there. If we have to subsidize them, if this is what you want to call it, then we're going to have to subsidize them. But we have a choice of whether we want to subsidize them directly, the farmers that are there today, or do we want the provincial government to take the lands over and then make their choice? I don't think the provincial government really wants to be faced with the choice of who they're going to keep on the land and who they're not going to, but it's a matter of urgency today and they're going to have to do something.

MR. CHAIRMAN: Thank you, Mr. Yarema.

MR. YAREMA: Can I go on? The alternate method of encouragement of farmers to stay on the land is this. I realize that the comments being made here in regard to provincial government ownership of land, well, they're repulsive to many people of course. What does a farmer sell his land for? It has been stated here that he needs some sort of lump sum, some money to retire with. I add this suggestion, and it is done by our financial institutions. They acquire money from individuals and in turn re-loan it to other individuals that they see fit to loan it to. I don't see any reason why a farmer should necessarily have to sell his land in order to obtain some sort of a steady income. I don't see any reason why the provincial government could not go to that farmer and say look, or if the farmer - I should say rather that the farmer comes to the provincial government and says look, I want to quit farming. If he sells his land, what does he do with his money? He has to reinvest it if he wants a steady income. He's not going to leave it in a sock; at least I presume he isn't going to. So, therefore, what he does, he sells his land, he reinvests his money in some other venture, whether bonds or whatever it is.

I see no reason why the provincial government could not step up to this farmer and say look, we'll rent you the land, or rent the land from you, cash rent, either all of your estate or portion of it. And I have heard comments here, a statement that 10 percent was a fair amount - 10 percent of the value of the land. If a man has \$50,000 worth of land there, the government goes along and pays him 10 percent of that \$50,000 per annum on his rent, which gives the farmer \$5,000 to retire with. The provincial government can pay the taxes on it. They are then in a position to re-lease that land to whomever they please. If it's some of his family, so much the better. If they wish to re-lease it to someone else, they can re-lease it to someone else at a preferential rate. They're offering to do it now. The preferential rate rather than being a cash rent should be actually a crop share rent because, doing it in this method, if there is a poor crop, the whole of the community then, and I mean the whole of the province, has got to assume the responsibility for this. If there is a good crop the whole of the community then,

(MR. YAREMA cont'd) of course, is going to benefit. The farmer will retain his pride in ownership until such time as he wants to dispose of it, there will be no pressures on him to dispose of it. He can at the same time have a steady income, some of that he could use to help his, if it's his own family he might even use it to help his own family. That would not necessitate his divesting himself of his equipment that he had accumulated over the many years; that would not necessitate him to remove himself from the premises if there were sufficient buildings or dwellings there to accommodate both him and the son, if it was in this case. It's just a thought, gentlemen, but I hope you give this thought some consideration. If the government truly wants to keep the farmers on the land, if it truly does not want to get involved in the purchase of land, I think this is one way that you can get out, and be acceptable.

The one on the rights of the province to regulate the sale of land. I would refer to a document of higher learning that Mr. Green referred to the other day; it's used in the Faculty of -- what was it there . . . ?

MR. CHAIRMAN: Agriculture?

MR. YAREMA: No, no, no. Political Science. Now anyway somebody's done a lot of research, I've done a little more, it's entitled "The Legal Implications of Legislating Against Non-resident Owners".

There are legal problems associated with creating classes of people who are ineligible to buy land and even in expropriating land from non-residents as defined. Any restraints on the acquisition or forced divestiture of Canadian lands by non-residents is, in fact, inexorably tied up with the constitutional rights and disabilities of aliens. These are covered in the BNA Act, Section 91(25) and Section 92(5). In essence, these sections state that the Federal Government has the exclusive jurisdiction over the general rights of aliens while the provinces have control over the management and sale of public lands belonging to the province.

I'll go on, I'll miss two paragraphs which are irrelevant and I'll go on farther. However, there are other legal parameters which must be taken into consideration. For instance, legislation discriminating against individuals on the basis of their national origin may, in fact, be contrary to a Canadian Bill of Rights. Also, any form of extra taxation or exportation which singles out the nationals of one state is illegal discrimination under international law. The consideration has implications for any form of Canadianization of foreign assets in this country whether they be land or corporations. Therefore, any legislation which embodies policies similar to those outlined in this paper must consider the rights of aliens and the national interest simultaneously. Thank you.

MR. CHAIRMAN: Thank you, Mr. Yarema. Are there any questions? Thank you. That concludes the meeting for today. The next meeting of the Committee is in Morden on Friday. Committee rise. Adjourned.