

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 13 April, 1982

Time — 2:00 p.m.

**OPENING PRAYER** by Mr. Speaker.

**MR. SPEAKER, Hon. D. James Walding (St. Vital):** Presenting Petitions . . . Reading and Receiving Petitions . . .

## PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

**MR. SPEAKER:** The Honourable Member for The Pas.

**MR. HARRY HARAPIAK (The Pas):** Mr. Speaker, I beg to present the first report of the Standing Committee on Public Utilities and Natural Resources.

**MR. CLERK, Jack Reeves:** Your Standing Committee on Public Utilities and Natural Resources beg leave to present the following as their first report:

Your Committee met on Tuesday, April 13, 1982 and appointed Mr. Harapiak as Chairman.

Your Committee agreed that a quorum for all future meetings of the Committee should consist of six (6) members.

Your Committee received all information desired by any member of the Committee from the Chairman, Mr. G.C. MacLean, Q.C., Mr. J.O. Dutton, President and General Manager, and members of the staff with respect to all matters pertaining to the Annual Report and the business of the Manitoba Public Insurance Corporation. The fullest opportunity was accorded to all members of the Committee to seek any information desired.

Your Committee examined the Annual Report of the Manitoba Public Insurance Corporation for the Fiscal year ending October 31, 1981, and adopted the same as presented.

All of which is respectfully submitted.

**MR. SPEAKER:** The Honourable Member for the Pas.

**MR. HARAPIAK:** Mr. Speaker, I move, seconded by the Honourable Member for River East that the report of the Committee be received.

**MOTION presented and carried.**

**MR. SPEAKER:** The Honourable Member for Flin Flon.

**MR. JERRY STORIE (Flin Flon):** Mr. Speaker, the Committee of Supply has adopted certain resolutions; directs me to report the same and ask leave to sit again.

I move, seconded by the Honourable Member for Riel that the report of the Committee be received.

**MOTION presented and carried.**

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MR. SPEAKER:** The Honourable Minister of Northern Affairs.

**HON. JAY COWAN (Churchill):** Yes, Mr. Speaker, I'd like to table the Annual Report for the year ended March 31st, 1981 for the Communities Economic Development Fund.

**MR. SPEAKER:** Notices of Motion . . . Introduction of Bills . . .

## INTRODUCTION OF GUESTS

**MR. SPEAKER:** Before we reach Oral Questions, I would direct the attention of honourable members to the gallery where we have 15 students of Grade IX standing of the River Heights Junior High School. These students are under the direction of Ms. Hosfill and the school is in the constituency of the Honourable Member for River Heights.

We have 80 students of the Nelson McIntyre Collegiate who are host to a group of students from Summerside, Prince Edward Island. These students are under the direction of Mr. Bill Peckham. The school is in the constituency of the Honourable Minister of Health.

On behalf of all the members of the Legislature, I welcome you here today.

## ORAL QUESTIONS

**MR. SPEAKER:** The Honourable Member for Lakeside.

**MR. HARRY ENNS (Lakeside):** Mr. Speaker, I direct this question to the Honourable First Minister.

The First Minister has, in recent days, publicly suggested to Manitobans that they may possibly be facing some tax rises in various forms; the question arises out of the Committee meeting this morning. Among those tax rises, could the First Minister indicate whether or not his government is contemplating reintroduction of a gasoline tax for Autopac purposes?

**MR. SPEAKER:** The Honourable First Minister.

**HON. HOWARD R. PAWLEY (Selkirk):** Mr. Speaker, I believe you will concur that the question is one that is not in order because it's a budget question.

**MR. ENNS:** Mr. Speaker, can the First Minister give Manitobans any assurance that will not be among the list of tax rises that we can expect?

Mr. Speaker, I direct a further question to the First Minister, also arising from the Committee hearings dealing with Autopac this morning. It was indicated by the Minister responsible that he, that is the Minister responsible for Autopac, was contemplating moving away from the competitive tendering process by which government and its agencies insures various

government properties. Has the First Minister and his government given that any consideration, to abandon competitive tendering for government insurance business?

**MR. PAWLEY:** Mr. Speaker, I think as the Minister must have advised the Committee this morning, the government is reviewing that question.

**MR. ENNS:** Mr. Speaker, one further question, will the First Minister direct the Minister responsible, in a similar way as I suppose he directed the Minister of Government Services, that regardless of cost to Manitobans, as was the case in the case of the hiring of security guards, that Manitobans who after all have to foot the bill for paying the insurance premiums on government property, that costs will not be a factor in making that decision?

**MR. PAWLEY:** Mr. Speaker, I'm certain that in the review there will be a consideration of all factors that are relevant and are important to the public interest in Manitoba.

**MR. ENNS:** Mr. Speaker, I suppose we'll have to wait the Budget for a better answer to some of those questions.

Mr. Speaker, I direct a question to the Honourable Minister of Finance in his capacity as Minister of Labour. It's been brought to my personal attention inasmuch as it falls in my constituency that in a recent unfortunate closure of a major business, a farm implement business dealership here in the City of Winnipeg, some very serious infractions of the labour laws of this province have probably been violated. I refer, specifically, to the fact that payroll deductions for group insurance plans, which were deducted from the cheques were not passed on to the insurer and unfortunately, as a result of a death, that party now finds herself unable, or not in a position, to get the necessary help for which the employee was monthly or bi-weekly being deducted from his cheque. Has the Minister of Labour looked into the situation, is he looking into that situation?

**MR. SPEAKER:** The Honourable Minister of Labour.

**HON. VICTOR SCHROEDER (Rossmere):** Thank you, Mr. Speaker, we, on this side are, indeed, concerned about a situation where someone might have been contributing to a plan and because of some possible misfeasance on someone else's part not being able to collect on a policy. But, as the member well knows, if he has read the papers today as I'm sure he has, the matter is under RCMP investigation at the moment.

**MR. ENNS:** Mr. Speaker, I don't pretend to be that well-versed in the labour legislation of this province. Can the Minister indicate to me was a Manitoba Labour Law violated in the act of not forwarding payroll deductions of this nature to the insurer in question?

**MR. SCHROEDER:** Mr. Speaker, I'm sure the member is aware that it would be inappropriate for me to be giving a legal opinion in this House as to whether or

not any law, of either this province or this country, has been violated by anyone while a matter is under investigation.

**MR. ENNS:** Mr. Speaker, can the Minister give me and, more importantly, one Mrs. Tina Braun, any assurance at all that the labour laws of this province will be used to assist her in this particular situation?

**MR. SCHROEDER:** Well, Mr. Speaker, the matter is under investigation by the RCMP, there are allegations, we don't know what the facts are, when the facts come out we will determine what the response will be.

**MR. SPEAKER:** The Honourable Member for Minnedosa.

**MR. DAVID R. (DAVE) BLAKE (Minnedosa):** Thank you, Mr. Speaker, my question is to the Honourable Minister of Tourism. In view of the fact that it will not be possible for the Prairie Dog Central to visit Brandon to assist in celebration of their Centennial year, I wonder if she could inform the House if she has had any representation from that committee or, indeed, from the members for Brandon East and Brandon West to use her good influence to try and enable that very attractive tourist vehicle to make it to Brandon for their Centennial celebrations?

**MR. SPEAKER:** The Honourable Minister of Tourism.

**HON. MURIEL SMITH (Osborne):** Mr. Speaker, I thank the member opposite for drawing this question to my attention. I have not, to my knowledge, at this point, had any representation from that group but I will undertake to find out just whether there is any possibility of your request being granted.

**MR. BLAKE:** Just a supplementary to the same Minister, Mr. Speaker. I am pleased to hear that she will look into the matter and if she would pass her findings on to me, because Minnedosa Centennial is in 1983, and we'd be interested in having it there because it has somewhat of a railroad background in that particular town.

Mr. Speaker, I have a question to the Minister of Labour. I wonder if he might be able to inform the House and the members how many employees of the government have left for Saskatchewan to assist their counterparts there in the election that is presently under way?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. SCHROEDER:** Mr. Speaker, I assumed that it was the usual type of question from the Member for Minnedosa, a rather inconsequential question, I think I just caught the last part of it. If it was a question of how many people are going to Saskatchewan, I might say that, if I can clear it with my wife, I intend to go on Friday after work for the weekend to do some work down there. I would hope there would be some others on this side who have, traditionally, in the NDP helped each other. We believe in working together; in working co-operatively. When I was running for election in Manitoba, I had some friends from Saskatchewan

take time off work at their own expense to come and give me a hand — not for me, but for the people of Manitoba. We will do the same for the people of Saskatchewan.

**MR. BLAKE:** It's not that easy in the backbench to get that camera exposure, Mr. Speaker, so we'll just let them quieten down.

Mr. Speaker, the Minister obviously didn't hear the question. I asked him how many employees of the government had left to assist their counterparts in Saskatchewan during the provincial election that's under way in that province, how many employees have left?

**MR. SCHROEDER:** Mr. Speaker, I know of no one who has left this province for Saskatchewan at public expense. I do not expect that anyone will leave this province to work in Saskatchewan at public expense. Maybe the Member for Minnedosa might want to check on how many Conservatives went to the United States to the Reagan convention at public or private expense.

**MR. BLAKE:** I don't know how many there were, Mr. Speaker, but they were fairly successful, whatever numbers there were. Mr. Speaker, a supplementary question to the Minister: I wonder if he could inform this House how many government employees or contract employees have requested leave of absence for the month of April in Manitoba.

**MR. SCHROEDER:** Mr. Speaker, I would suggest that the member file an Order for Return if he thinks that is something that is so vital to his interest; if he thinks my mornings and days are spent with determining how many people are asking for leaves of absence. Within the last couple of weeks we had three people in my departments asking for maternity leave. I'm sure there are people in other departments who have other reasons for leaving; there may be bereavements in the family, there may be other reasons. There may well be several people who are asking for leaves of absence without pay to go to Saskatchewan to help to re-elect a government that has done extremely well for that province, a government that we hope to emulate. We hope that 11 years from now we will be in the same position of having the Saskatchewan people come over here to help re-elect the Pawley government for a third or fourth term, whatever the numbers are. And I'm sure that if we continue on with inconsequential questions such as these for the next 4, 10 or 11 years then we will be here for that period of time.

**MR. BLAKE:** I assure the Minister that we won't file an Order for Return as he suggests, but I wonder if he would give it quick attention that we might have the answer before next spring or the following year.

**MR. SCHROEDER:** Mr. Speaker, we will take that question in the order of priority which it justly deserves.

**MR. SPEAKER:** The Honourable Member for St. Norbert.

**MR. G.W.J. (Gerry) MERCIER, Q.C. (St. Norbert):** Mr. Speaker, my question is to the Honourable Minister of Urban Affairs. Could the Minister advise, Mr. Speaker, whether or not, when he made the grant of \$39,000 to the Logan Avenue Community Committee, did he approve a budget for the expenditure of those funds at that time?

**MR. SPEAKER:** The Honourable Minister of Consumer and Corporate Affairs.

**HON. EUGENE KOSTYRA (Seven Oaks):** Mr. Speaker, the request for assistance from the Logan Community Committee in it outlined general areas of expenditures that they were anticipating and the approval for the grant was conditional on them spending money in general areas that they had proposed to us, in obviously lesser amounts than they had proposed because their submission was considerably higher than what was submitted to us. But there wasn't a specific approval to exact amounts of money to be expended.

**MR. MERCIER:** Mr. Speaker, the Honourable Minister has referred to general areas of expenditure, and a letter to the Editor in the Winnipeg Press, counsel for the Logan Community Committee, indicated that a detailed budget was presented to and reviewed by the Minister prior to approval. Could the Minister indicate whether or not any additional funds have now been granted to the community committee to cover their costs?

**MR. KOSTYRA:** Yes, Mr. Speaker, there was a request for additional funds since the initial grant was to the end of March 31st and there was an additional request, I think, in the neighborhood of \$25,000 and there was a decision by Executive Council to grant, I think it was approximately \$17,000.00. I can get the actual figures for the member.

**MR. MERCIER:** Mr. Speaker, could the Minister advise whether or not he has approved a detailed budget for the expenditure of these additional monies?

**MR. KOSTYRA:** No, Mr. Speaker, I did not approve a detailed budget. The Logan Community Committee outlined a detailed budget to me in amounts that were in excess of the grant requested; the approval was given to the specific amount provided it was being spent in the general areas as outlined, because their request was for amounts considerably higher than what was granted.

**MR. SPEAKER:** The Honourable Member for Swan River.

**MR. D.M. (Doug) GOURLAY (Swan River):** Thank you, Mr. Speaker. I have a question for the Minister of Education. Did the Minister receive a letter from the Town of Swan River indicating their serious concern about the excessive tax increase, school levies in excess of \$240,000 over 1981? This represents a 23 percent increase, I might say, over 1981. I wonder if the Minister did receive a letter to this context from the town of Swan River.

**MR. SPEAKER:** The Honourable Minister of Education

**HON. MAUREEN HEMPHILL (Logan):** I'll take that question as notice, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. A. BRIAN RANSOM (Turtle Mountain):** Mr. Speaker, my question is to the Attorney-General in his capacity as House Leader. I wonder if the Attorney-General can advise the House how many bills he expects to introduce before the end of the Session?

**MR. SPEAKER:** The Honourable Attorney-General.

**HON. ROLAND PENNER (Fort Rouge):** I will take that as notice and hope to give the Opposition House Leader some idea before Thursday.

**MR. RANSOM:** Mr. Speaker, a further question to the Attorney-General in his capacity as House Leader. There have been a number of questions raised over the past few weeks that have been taken as notice by Ministers opposite. I wonder if the Government House Leader would undertake to check on the number of questions that are outstanding and have not yet been answered.

**MR. PENNER:** Yes, I will.

**MR. RANSOM:** Mr. Speaker, my question is to the Minister of Natural Resources. The Minister of Natural Resources advised the Committee some days ago that his government does not fully accept the recommendations which were made by the International Joint Commission in their report with respect to the Garrison question, which report was made in 1977. Since that's a departure from the positions that have been taken by the government previously, Mr. Speaker, I wonder if the Minister could advise the House whether or not he specifically discussed that position with the Minister of External Affairs when he was in Ottawa last week.

**MR. SPEAKER:** The Honourable Minister of Natural Resources.

**HON. AL MACKLING (St. James):** Mr. Speaker, just so that the record does not carry the incorrect version that the honourable member is suggesting in his question, I've indicated that this government as governments before, have taken the position that the International Joint Commission's recommendations are to be followed, but I have indicated that looking at those recommendations it is, in my opinion, virtually impossible that the Lone Tree Reservoir can be developed, because as the honourable member recalls, the International Joint Commission put two very difficult caveats on that approval; one being that there be no fishing permitted in the Lone Tree Reservoir, and that in the operation of the Lone Tree Reservoir, works were to be maintained that would ensure that there would be no transfer of foreign biota to Cana-

dian waters. In that same recommendation, in that same report, the International Joint Commission pointed out the virtual impossibility of that kind of a guarantee.

So, I have indicated that looking at the International Joint Commission's findings, on the face of them, it is difficult to formulate any other view than that Lone Tree Reservoir itself is virtually impossible to maintain, because that really is what the International Joint Commission has said. That position has been recognized not only by this government, but it is recognized by the Federal Government that Lone Tree represents a transfer of water from the Missouri River Basin to the Hudson's Bay Drainage Basin, and that is a real threat and that is the first major concern in respect to this whole development. Any development of irrigation within the United States that uses waters that are normally contained in the Missouri River Basin flowing southward, is not our concern. Our concern is when by the contrivance and the development of the proponents of the irrigation system in the United States, they seek to change the course of nature in a massive way that will threaten our waters and our fishery, we have a just concern and that concern is evidenced not only by this government, but the government in Ottawa and we have a very strong consensus of view in respect to that.

**MR. RANSOM:** Mr. Speaker, my question to the Minister of Natural Resources was, did he discuss his specific position with the Minister of External Affairs? That is a new position that his government is rejecting in part, the first recommendation of the International Joint Commission. My question was, did he discuss that position with the Minister of External Affairs?

**MR. MACKLING:** Mr. Speaker, the honourable member continues to suggest a rejection. I have not used those words. They are the words of the honourable member and he seeks in his backhanded way of supporting opposition to Garrison, to undermine the position of this government and undermine the position of the Government of Canada. The honourable member knows because these questions were put during the course of the Estimates of my department.

But then the honourable member tried something else, Mr. Speaker. He left the meeting of that Committee and he came before the Committee of the Minister of Environment, placed similar questions, hoping to find a divergence of view. But what did he find, a general consensus in view. So then he didn't pursue the matter.

Now he still seeks to try and undermine, sow seeds of discontent or disunion between the strong position of this government and that of the Federal Government that we are not in favour of the transfer of water from the Missouri River Basin to the Hudson's Bay Basin, and that transfer involves Lone Tree. We have said we're opposed to that and we continue to be opposed to that. There has been no change in our position in respect to the International Joint Commission's recommendations which in effect rule out Lone Tree.

**MR. RANSOM:** Mr. Speaker, far from trying to undermine the efforts of Canada and of Government

of Manitoba in trying to prevent the transfer of water into our province, we are attempting to assure that the government continues to be successful in its efforts as it was over the past four years. What has happened is that the Minister has changed his position. I have asked him a very specific question. Has he discussed that specific position with the Minister of External Affairs? And he refuses to answer that question. It happens to be very fundamental, Mr. Speaker. Has he discussed that position with the Minister of External Affairs? If not, will he discuss it with the Minister of External Affairs?

**MR. MACKLING:** Mr. Speaker, not only have I discussed the question of Lone Tree and the International Joint Commission, their findings and their caveats, their concerns and in effect their misgivings about any real possibility of Lone Tree, not only have I discussed that with the Honourable Minister of External Affairs, I've discussed my reservations about the kind of support that this government is receiving from the official Opposition in this province in respect to Garrison by the kind of questions they put that seek to undermine our position, that seeks to question the impetus that we have given to the Opposition in respect to Garrison.

**MR. SPEAKER:** The Honourable Minister of Energy and Mines.

**HON. WILSON PARASIUK (Transcona):** Thank you, Mr. Speaker, I'd like to respond to a question that I took as notice yesterday from the Member for Arthur, where he asked questions as to whether, in fact, the people who have suffered some spillage of oil and salt water on their property would, in fact, get compensation. I'm informed that the company negotiates a settlement claim with the landowner effected and if the two parties cannot agree to a settlement then Section 28 of the Mines Act may be used - Arbitration of the Dispute by the Mining Board. Very few disputes, indeed, have been presented to the Board, and from what I can gather from my staff, none in the last 10 or 15 years. So that there is a compensation procedure; the company sits down with the landowner, if they can't reach an agreement they can then appeal to the Mining Board. That was the second part of the question he raised yesterday.

With respect to the first part of the question, I've been informed by the inspection staff of the Petroleum Branch's Virden District Office that the topography of the section on which the Rundle spill occurred is such that no runoff from the spill area could have gotten off the section. They've done water tests on the west side of the culvert which indicated a minimal chloride content of 180 parts per million, the average chloride content of the drinking water of the Town of Virden is 350 parts per million. In the past when they've done tests from the Pipestone Creek they've said that it's not uncommon for the chloride content to have exceeded 300 parts per million. So they are testing it on a daily basis and I've been informed by the staff, who are on top of the situation there, that there has not been the runoff that the member yesterday was afraid of.

**MR. SPEAKER:** The Honourable Member for Arthur.

**MR. JAMES E. DOWNEY (Arthur):** I thank the Minister for his response, Mr. Speaker, I understand that the saltwater and crude oil has been sucked up and gathered up. Could the Minister tell us where that is now being deposited, where is the disposal area for that waste product?

**MR. SPEAKER:** The Honourable Minister of Energy and Mines.

**MR. PARASIUK:** I was informed that the companies, in fact, were using the mixture to pump it back into the ground for the special recovery system that they were using, that's the information that I received a couple of days ago but certainly I'll check to confirm that.

While I'm on my feet, Mr. Speaker, I'd also like to take this opportunity to respond to a question that had been put to me by the Honourable Member for Rhineland regarding the waterflow situation for the Manitoba Hydro System and I have been informed that the waterflows in the overall system are expected to be average or slightly below average during 1982. In general terms the precipitation situation is slightly below average with the reservoirs in a normal position for this time of year. The Winnipeg and Saskatchewan river systems are expected to be close to normal and, although the precipitation on the Churchill system is near normal, the reservoirs, Reindeer Lake and South Indian Lake, are well below normal and must be replenished. Accordingly the flows from the Churchill Diversion will not return to normal before November. This affects cattle in Long Spruce stations.

**MR. SPEAKER:** The Honourable Member for Rhineland.

**MR. ARNOLD BROWN (Rhineland):** I thank the Minister for that answer; that is good news, indeed. It must make the people at Hydro quite happy and it certainly is good news for the consumers in Manitoba. If memory serves me correctly then average runoff means that Hydro should be coming up with a surplus of \$80 million for this year. Now, can the Minister then confirm that there will be no need to lift the Hydro freeze in Manitoba?

**MR. PARASIUK:** It has always been my sincere hope and desire that the waterflow situation, the operating cost situation, and the changes in interest rates, the massive increases in interest rates, that have occurred over the last few years would not lead to a situation where Manitoba Hydro's reserves were in a very vulnerable position. We, on this side of the House, certainly do not want to increase Hydro rates. The news that the precipitation is increasing, that waterflows are coming back to normal is, indeed, good news, Mr. Speaker. I assume that Hydro staff are taking that into account when they are doing their own financial projections and I expect to be getting that report soon, but it is certainly our hope and desire not to increase Hydro rates, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Emerson.

**MR. ALBERT DRIEDGER (Emerson):** Mr. Speaker, to the Minister of Natural Resources. Could the Minister indicate whether the upgrading of the dykes in the Red River Valley towns is still a priority in his department for this year?

**MR. MACKLING:** Yes, Mr. Speaker.

**MR. DRIEDGER:** To the same Minister, could the Minister then indicate whether he has reached an agreement with the municipalities after proposing an unprecedented 10 percent cost-sharing with them for the upgrading of these dykes?

**MR. MACKLING:** No, Mr. Speaker, as the honourable member recalls, I had a very good meeting with representatives from all of the communities involved and I indicated to them that the matter would be reviewed further and that I would be having a further meeting with them before there was any final decision made in respect to the developments. I am hopeful that I will be able to communicate with that group within the next week or two and have such a further meeting with them.

**MR. EMERSON:** The concern has been expressed by the municipalities that there has not been any further contact with the Minister after the initial meeting and I am hoping, or asking the Minister, is the Minister considering dragging these projects till they won't be undertaken this year and he can spend the money on other projects as he indicated in Estimates?

**MR. MACKLING:** Well, Mr. Speaker, the honourable member is suggesting some inaccuracies in his questions. First of all, there has been communication, my department has been in communication on at least two or three occasions since I met with them and have indicated our continuing work in respect to developing of a base that perhaps we could discuss further with them; and the suggestion that we're merely dragging the issue on certainly doesn't hold water. The honourable member knows that the previous administration didn't do anything for a year after it had a basis on which to move and we've only been in office for a few months.

**MR. SPEAKER:** The Honourable Member for Morris.

**MR. CLAYTON MANNESS (Morris):** Thank you, Mr. Speaker, further to the question of the Member for Emerson. This is the third occasion on which I've heard the Minister give the answer "in one or two weeks" and I think the officials municipally were waiting for an answer March the 29th, give or take a week. And I'm wondering if the Minister again could be more definite in his period and will a one or two week extension from this date be more firm?

**MR. MACKLING:** Mr. Speaker, I'm one of those that likes to be able to get things done relatively quickly so I'll readily admit that when I spoke to the representatives of the communities I anticipated that we would be able to develop a strategy and a proposal that could be considered and I could discuss that with them in a matter of ten days or two weeks. I'm learning

to appreciate the frustrations in the process and the careful review of government development of programs and spending and it takes longer than I would like. But I do anticipate in a matter of ten days-two weeks I will be meeting with them again.

**MR. SPEAKER:** The Honourable Member for Fort Garry.

**MR. L.R. (Bud) SHERMAN (Fort Garry):** Mr. Speaker, my question is to the Honourable Member of Health. I would like to ask him, in view of the current MMA job action and office closures by doctors, if he can tell the House and reassure certain individuals who have inquired what is being done for patients whose serums and medications are held in trust in those closed doctors offices?

**MR. SPEAKER:** The Honourable Minister of Health.

**HON. LAURENT L. DESJARDINS (St. Boniface):** Mr. Speaker, the information that I've been given is that these people will receive the service and it's only when it's not an emergency that the actions are taking place.

**MR. SHERMAN:** Well, Mr. Speaker, could the Minister undertake to investigate a specific problem and I can discuss it with him after question period, wherein specific serums and medications are prescribed and delivered by the physician in question and held in the office in trust in the meantime and dates for receiving that medication come up and are being affected by these office closures?

**MR. DESJARDINS:** Mr. Speaker, I'll be only too pleased to discuss this with my honourable friend and investigate it immediately.

**MR. SHERMAN:** Thank you, Mr. Speaker, I thank the Minister for that assurance and ask him a supplementary. Has the Minister's office or the College of Physicians and Surgeons, Sir, received any significant reports of difficulties either for patients or for hospitals within the past few days?

**MR. DESJARDINS:** No, Mr. Speaker.

**MR. SHERMAN:** Mr. Speaker, again to the Honourable Minister of Health. Has the Minister received any notice from the MMA as to substantive proposals to be discussed at his meeting on Thursday?

**MR. DESJARDINS:** No, Mr. Speaker, but we've agreed to hold a meeting at 9 o'clock on Thursday morning.

**MR. SPEAKER:** The Honourable Minister of Energy and Mines.

**HON. PARASIUK:** Mr. Speaker, I'd like to take this opportunity to respond to a question that I had taken as notice from the Member for Turtle Mountain regarding staff layoffs at Inco. After checking with my staff, I am advised that the work force at the Inco operation at Thompson is now 300 people less than since prior to the strike. The work force reduction has

been due to attrition or retirement only, or people not coming back to Thompson who left Thompson during the course of the strike. There have been no staff reductions or layoffs as such enacted by Inco at Thompson, unlike the situation in Ontario.

Also, while I'm on my feet, Mr. Speaker, I've been informed by my staff with confirmation that the material sucked up at the spill near Virden is in fact re-injected by the company in other wells to a level of 2,500 feet below the ground.

**MR. SPEAKER:** The Honourable Member for St. Norbert.

**MR. MERCIER:** Mr. Speaker, my question is to the Minister of Northern Affairs responsible for the Workers Compensation Board. Mr. Speaker, in view of the cancellation of the public Nitikman inquiry into the allegations against the Board, and in view of the criticism of the Ombudsman, would the Minister undertake to file in the Legislature as he undertook some time ago, but as soon as possible the report that was undertaken by private investigator?

**MR. SPEAKER:** The Honourable Minister of Northern Affairs.

**MR. COWAN:** Yes, we've addressed this issue both during the question period, Mr. Speaker, and during the Estimates procedures. I have informed the member who asked the question on this occasion and numerous other occasions that, in fact, I would be taking the report which has been presented to me and putting it into a form so as not to betray confidences and the confidentiality of that report. I would check that report with the original author of the report to ensure that it, in fact, did reflect his overall observations and summaries and that I would make that report public.

**MR. MERCIER:** Mr. Speaker, a supplementary question to the Minister of Labour. Could he advise, Mr. Speaker, as to the status of the negotiations with the Manitoba Government Employees Association?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. SCHROEDER:** Thank you, Mr. Speaker. The negotiations are ongoing. They've been carrying on for the past several months and we're slowly getting to a point where we have considerably less areas in question than there were in the beginning.

**MR. MERCIER:** Mr. Speaker, a final question to the Honourable Attorney-General. Could the Attorney-General, Mr. Speaker, advise this House that he will reject the position of Dr. Henry Morgentaler through the Federal Minister of Justice to all provincial Attorneys-General not to prosecute doctors performing abortions outside the restrictions of the present law. Will he enforce the existing provisions of the criminal code, Mr. Speaker?

**MR. SPEAKER:** The Honourable the Attorney-General.

**MR. PENNER:** Yes, with respect to the former

Attorney-General the question has about it the ring of impertinence. Of course, as the Attorney-General, I will see to it that the laws are enforced as long as they are in place, and it will be up to the judges of the realm to rule whether or not a law as been broken. I will proceed in the usual way, whether it's Dr. Morgentaler or anyone and that it is that the police will be required to investigate; they will report to the Crown; the Crown will make its recommendation — not to me — I don't want to sit in judgment on those things, as I've said before, except in the extraordinary case that may arise and this is not one such. I think that is a sufficient answer, namely that the law will take its normal course.

**MR. SPEAKER:** The Honourable Member for Sturgeon Creek.

**MR. J. FRANK JOHNSTON (Sturgeon Creek):** Mr. Speaker, my question is to the Minister of Economic Development and Tourism. There was a committee formed by the Honourable Lloyd Axworthy, the Minister of Employment and Immigration, regarding the establishment of the Canadian Institute of Aerospace Training, the Training Centre. The report has been submitted, and I wonder if the Minister could bring us up-to-date as to where the status of that Centre is at the present time. Will it be in the province of Manitoba?

**MR. SPEAKER:** The Honourable Minister of Economic Development.

**MRS. SMITH:** Mr. Speaker, there is no decision about that Centre as yet. I wish very sincerely that we could report in the affirmative, but there's no decision available.

**MR. JOHNSTON:** Mr. Speaker, my last correspondence with them when I was Minister was to the Minister of Manpower and Immigration, my concern regarding the Aerospace Training Centre not coming to the Province of Manitoba. My reasons for my concern was an article in Le Pas which stated that the Quebec —(Interjection)— well, Mr. Speaker, the question is that the Quebec federal caucus, including the Ministers from Quebec, including Mr. Lalonde, stated that they wanted it to go to Quebec. Well, Mr. Speaker —(Interjection)—

**MR. SPEAKER:** Order please. The Honourable Attorney-General on a point of order.

**MR. PENNER:** What we have heard is a continuing statement; there hasn't been the faintest sense of a question about it. The honourable member is missing question period to make statements. He can be entitled to a preamble, but not the preamble in the form of a speech. I would ask that you draw the attention of the honourable member to the rules of the House. He may be an amateur with respect to those rules

**MR. SPEAKER:** The Member for Turtle Mountain.

**MR. RANSOM:** Yes, Mr. Speaker, the member was simply prefacing his question prior to placing the

question. I believe it's entirely in order, Sir, unlike some of the rambling answers that we've been receiving from the Ministers opposite which have nothing to do with the questions that have been asked.

**MR. SPEAKER:** I'm sure the honourable member will not keep us long in suspense as to his question.

The Honourable Member for Sturgeon Creek.

**MR. JOHNSTON:** Mr. Speaker, the reference to "amateur" in the House — I may be, but I do not try to shut members off in this Legislature.

Mr. Speaker, I would ask the Minister if the influence of the Quebec caucus, federal caucus, including the Ministers from Quebec, is such that there will not be the Aerospace Training Centre in Manitoba? The report clearly recommended that it come to Manitoba. Will it be coming to Manitoba?

**MR. SPEAKER:** The Honourable Minister of Economic Development.

**MRS. SMITH:** Mr. Speaker, the Manitoba Government will continue to press for such a decision by the Federal Government, but I need hardly point out to the members opposite that we are not the Federal Government, and that there are very loud voices voiced in the Federal Cabinet from Quebec as well, I am sure, very persuasive arguments, by the Minister representing Manitoba. We will continue to press for a favourable decision but it would be foolish of us to promise such.

**MR. SPEAKER:** Order please. The time for Oral Questions having expired, Orders of the Day.

#### ORDERS OF THE DAY

**MR. SPEAKER:** The Honourable Government House Leader.

**MR. PENNER:** Mr. Speaker, I would ask that you call the adjourned debate on the proposed motion of Mr. Uskiw, the Honourable Minister of Transportation, standing in the name of the Honourable Member for Lakeside.

Before you call it, Sir, could I just make a brief announcement, that with respect to Estimates, I am advised that the Estimates of the Minister of Highways and Transportation having been concluded, that following the time when the debate on that resolution is adjourned, and the House is moved into Committee, the Committee Estimates will be on Co-operative Development.

**MR. SPEAKER:** On the proposed Resolution of the Honourable Minister of Government Services and the adjournment by the Honourable Member for Lakeside. (Stands)

The Honourable Government House Leader.

**MR. PENNER:** Yes, Mr. Speaker, I move, seconded by the Honourable Minister of Labour, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Flin Flon in the Chair for the Department of Agriculture and the Honourable Member for The Pas in the Chair for the Department of Co-operative Development.

**MR. PENNER:** Mr. Speaker, while you are still in the Chair, may I indicate that to my knowledge there is no Private Members' business to be transacted and that it would be the intention when you come back, Sir, at 4:30, as we did yesterday, to interrupt the proceedings of the Committee to adjourn the House and then proceed to 5:30 and then into the evening at 8:00 p.m.

#### CONCURRENT COMMITTEES OF SUPPLY

#### SUPPLY — CO-OPERATIVE DEVELOPMENT

**MR. CHAIRMAN, Harry M. Harapiak (The Pas):** The Committee will come to order. We're on Co-operative Development, Page 33, on General Administration, I.(b)(1) Salaries.

**HON. A.R.(Pete) ADAM (Ste. Rose):** Thank you, Mr. Chairman. It is my pleasure to introduce to honourable members the Estimates of the Department of Co-operative Development for 1982-83.

Many of the honourable members will recall the past Estimates of the department and the express significance of co-operative enterprise to Manitoba. That significance, Mr. Chairman, has very often been expressed in numerical terms; that is, by the number of Manitobans that are members of co-operatives and credit unions. This, of course, is understandable since both provincially and nationally the figures are impressive indeed.

I believe, however, Mr. Chairman, that it may be more appropriate and more fitting to express the significance of co-operative enterprise to Manitoba in terms of the role and the function it has in our society today. Because co-operatives are locally owned and controlled, they provide a measure of economic stability in many of our cities, towns and villages. Stability, Mr. Chairman, that is so important during these turbulent, economic times. They fill the need where that need is not being met. They create employment and they create wealth, and what is most important, Mr. Chairman, is the fact that the employment and the wealth so created is retained by the people of these communities.

Until fairly recent times the economy of prairie provinces was based on agriculture. For some of these prairie provinces this is still so. I need not remind honourable members of the contribution co-operatives have made in the development of that economy. One only needs to look at the wheat pools but for one example.

Consequently, Mr. Chairman, this government, in recognition of the contribution co-operatives continue to make to our social and economic development, will pursue the process of creating a climate in which co-operatives can develop and flourish. In the ensuing year, Mr. Chairman, the department will be concentrating its efforts on assisting the people of



Manitoba to develop new and innovative co-operatives.

The department will, Mr. Chairman, continue to provide assistance to our Northern Fishing Co-operatives. This development assistance will be available to all our citizens and to all our communities where the need for goods and services on a co-operative basis may exist.

The Credit Unions and Caisses Populaires have also played a significant role in the development of our province. 300,000 Manitobans have deposited over \$1 billion in these financial institutions. This money has in turn been loaned to their members throughout Manitoba for housing, industrial development, agriculture and consumer needs. We look to strong Credit Union and Caisses Populaires systems to continue to render these services to Manitobans. Review of the Credit Union and Caisses Populaires systems, Mr. Chairman, indicated a need for a greater departmental involvement will add strength and stability for their further growth and development. Leaders and members of the Credit Union and Caisses Populaires system have requested that certain changes to legislation and the department be made to add support to their operations. Mr. Chairman, they have asked that the department become more active in the monitoring examination and general supervision of the system.

A French capability will be added to the department to work with the Caisses Populaires system. Mr. Chairman, changes to the Credit Union and the Caisses Populaires Act of Manitoba will be introduced to the Legislature as soon as possible to accommodate the needs of the Credit Union and Caisses Populaires system as stated by them.

In closing, Mr. Chairman, I want to take this opportunity to express my appreciation to the staff of the department for their loyalty, their dedication and their support, and I thank you.

**MR. CHAIRMAN:** The Member for La Verendrye.

**MR. ROBERT (Bob) BANMAN (La Verendrye):** Mr. Chairman, I have a few brief opening remarks and then I think we'll get into the item-by-item scrutinizing of the Estimates. I want to say, first of all, that having been a Co-op member all my life, belonging to the credit union, involved in the Federated Co-op System by retailing some of the products that they sell and many other things, that it has played an important part in the development of my particular area, and I'm speaking in terms of the credit union, as well as the areas that are outside of the City of Winnipeg. I think many of the places, more aggressive towns, you can see that the credit unions there have played an important role in providing funds, providing capital for business, for farms and for housing mortgages.

One of the things that particularly disturbs me, and I guess sitting on this side of the House now one is a little freer to speak about some of these things, but one of the things that has disturbed me over the years is the socialist preoccupation with the feeling that they feel they are the true people of the Co-op Movement and that a person is a good socialist if he or she belongs to a credit union. They've more or less gone ahead and taken that particular posture that they are

the people who make the system work and make the system tick.

I would just like to tell the Minister today and put it on the record that the area that I represent has one of the best credit unions, represents 10 percent of the total assets of the credit union system in Manitoba, and I'm pleased to say gave me a bigger majority last time than they ever did. The areas of Winkler, Altona, where you have other very successful good running credit unions also happen to be people who believe that if they go into this particular system of looking after themselves and helping their fellowman that it will benefit their whole community. So, I just want to say and put on the record, Mr. Chairman, that there is no political party that has a monopoly on the developing of co-operatives or the encouraging of people getting involved into co-operatives.

Having said that, Mr. Chairman, I want to say that I hope this Minister does not follow the tack that was taken by the previous NDP government of starting into all kinds of programs which are ill-conceived and ill-timed. One of the major problems this particular branch of government has had is that they have started up — and they did this to a large extent and I hope this Minister doesn't follow the role of the previous NDP government — they force-fed a lot of co-operatives, and the co-op system cannot work unless it has the support and the total input from the membership.

We need only look at a few things such as the Sweat Equity Program, the Co-op Housing Program, which go to show that the members that were involved in these different programs did not have the commitment to the co-op system to make them work and those particular co-ops don't work.

The Minister in his opening remarks mentioned the Northern Fishing Co-ops. I've been particularly pleased in the last number of years to see the progress. I think if you look at the some 13, 14 northern fishing co-ops that are operating today, they are operating in the black. In the last four years they have not required any substantial amount of monies being put in by the government. I guess what I'm saying to the Minister here is that in many of these instances to blindly go in and try and organize co-operatives for the sake of coming before the public and saying this year we increased the number of co-operatives in the system by 15, I believe is not the way you should be going. I think the time has come in the whole co-op system that we have a good look, a self-examination, if you will, of the direction that we're going. It's a time for regrouping. It's a time to go back to the grass roots; namely the membership. I'm feared and many of the people that are involved in the credit union system are concerned about many of the bureaucratic buildups we've had within the system itself. The system will not survive and they're going through some difficulties now in the credit union side unless the commitment is there from the members.

That brings me to another point that I want to mention very briefly. In reading the articles in the Credit Union Way, that's the monthly publication that's put out by the credit unions in the three Prairie Provinces. There was an editorial article in the last one I believe which I would commend to the Minister for reading. It touches on the point that many people in the credit

union system are starting to ask themselves and that is, at what point in time should a credit union be allowed to close if they are not managing their affairs properly? Now, I don't, in saying this, advocate that we let them sink or swim on their own. I think that there's a rule that the whole movement has to play in helping themselves, but one has to really start examining, as the article puts it, the sacred cow that has been put in place over the last number of years at which the mentality has developed that a co-op under no circumstances can be allowed to fail. I believe that is an area that the system is going to have to look at very carefully. Otherwise they will, as has happened in Manitoba now on two different fronts, two large co-operatives, will be faced to come to government and government will be asked to bail them out.

So I say to the Minister that when he is looking at the different programs that the department may embark on, one of the areas that I believe is of utmost importance in coming into the 1980s with the tighter money, the tougher economy, is that his department has to serve as a group of individuals that helps out existing co-ops, tries to rationalize the system as I know they will be doing with the Credit Union Movement and that will mean fewer co-operatives. I will not be surprised next year if the Minister comes back here and tells us that there has been a drop in the number of credit unions in the province, that branch offices have been closed down. I want to tell the Minister with regards to that, this particular Opposition will not fault them for that, because I don't think as I mentioned before by going ahead and trying to force-feed these credit unions, such as the ones that were done in the north in the mid-70s, will not serve the best interests of the credit union system or the co-op system in Manitoba at all.

So I realize he is entering an area of change with regards to the way the structure of the department will be. There will be more emphasis I understand on regulation, on control which is really going back to where we were I guess sort of in the early '70s when we were still doing the auditing in the department. Then, of course, that was given up, but there was more departmental control at that time.

So I say to him that, I hope that he will, in his mandate that has been given him, make sure that instead of expanding the system, he will see to it that it is strengthened, that the examinations which have to take place in the system to ensure its future viability are taking place, and that the people of Manitoba that are committed to the co-op system will find that this is an environment in which they can thrive, in which they can help their fellowmen that are taking advantage of the credit union system, and that this particular province of ours will be better for having had a good co-operative system in place, a sound financial co-operative system that will not have to come to the government and ask for assistance when we sort of hit the 11th hour.

I say to the Minister, those were the challenges that I was trying to address when our particular government left office and I hope he pursues that, path because in the long run I believe the only thing that will help this whole system survive is that if it is a strong one and if it has the dedication of the members and the directors and the competent management

that it desperately needs.

**MR. CHAIRMAN:** Mr. Minister.

**MR. ADAM:** Thank you, Mr. Chairman, I thank the honourable member for his comments. Before I respond, I would like to introduce the staff that I have with me today; Mr. Ron Pozernick, the Director of Administration and Mr. Vic Hryshko, Director of Development, Mr. Harold Johnstone is the Director the Regulatory Branch - Regulations and Mr. Wes Hadikin is the Director of Research and Planning.

Mr. Chairman, I appreciate the comments that the member has made and I agree that the co-operative movement in order to survive must have the support of the members that organizes that particular co-op and without that support it's difficult for any co-operative to become viable.

On the matter of the government getting involved in organizing co-operatives it is not the government that should be organizing co-operatives but rather it's the government's role, the department's role to assist groups who wish to incorporate into co-operatives and where the grass roots support is evident. We realize that when you go into Northern Manitoba and we're very pleased that the Northern Fishing Co-ops, those who are in place at the present time, are all doing well and they are receiving support from their members. I've met with the Manitoba Fishermen's Federation just over the weekend and we did speak about co-operatives and some of the fishing people that I met, the fishermen were involved in the co-operatives and they are very very pleased with them.

So, I believe there is a future for co-operatives in this province and when the member mentions that when times are tough or when times are difficult and when it's tight money policy, we should back off and retrench and regroup. That may be well but I would submit that the beginning of the co-operative movement began when times were difficult; in the times when farmers fought for their pools to try and develop their own elevator system and those were difficult times and it seems that when times are difficult that's when people start co-operating together and start asking themselves whether they should not be talking together and trying to help one another and that is the entire meaning and the whole meaning of co-operative and co-operation. It is that co-operating together and trying to collectively improve their wellbeing, whether it's a consumer co-operative or whether it's a United Grain Growers or Manitoba Pool or so on; whether it's a daycare co-operative that has been set up. These are all things that are done by people who believe that collectively they can improve the environment that surrounds them and they want to improve the environment so that they can have a better life.

So, we intend to encourage where it's feasible. The role of the department is to provide assistance until a unit, a collective group, become self-sufficient and that assistance will continue to be provided as it was in the past. We will not encourage ventures that we feel that are not going to work. We know that there are always problems. It's not only in the co-operative movement that there are problems. There are problems also with private industry as well. So, you have some co-operatives that may fail from time to time

and I would say the majority of them will succeed in my opinion. We have approximately 470 co-operative movements in the province today and that's quite a record, Mr. Chairman. I think it's a record to be proud of. I believe that people are thinking more co-operatively than they have in the past. They see a need for support from one another. I think that I detect that. Having only been in this portfolio for the last four months, I've already detected that there is a feeling out there that is maybe just on the edge of coming forward in new innovative ideas.

We've had some enquiries about water co-operatives; people who would like to provide water services for their little communities somewhere, rather than go to the municipality and get the municipality to do it, they say let's do it on our own. These are new innovative things that are coming forward, but we are getting enquiries on this, and we have to look at them and provide all the assistance we can.

I don't know if I've answered all the questions that the member had. If he has any more; I might have missed some. If he has anymore questions he would like to put forward, I will try to respond to them to the best of my ability. I have an able staff here with me, if I don't have the answers, to provide the answers for me and assist me.

**MR. CHAIRMAN:** 1.(b)(1), Salaries—pass; 1.(b)(2), Other Expenditures—pass; No. 2, 2.(a)(1), Co-operative and Credit Union Development and Regulation, 2.(a)(1), Salaries — the Member for La Verendrye.

**MR. BANMAN:** One of the reasons, Mr. Chairman, I mentioned what I refer to in this particular department as the numbers game was I was somewhat disturbed when the Minister spoke during the Speech from the Throne Debate and made several observations in that speech and I'd like to deal with them. I have certain pertinent questions at this time.

I would like to know how many people are involved, how many SMYs are involved in the Co-operative and Credit Union Development Services?

**MR. ADAM:** We have at the present time 25 SMYs. We have 34.26.

**MR. BANMAN:** How many development officers would there be on the co-operative side?

**MR. ADAM:** I believe there are nine at the present time.

**MR. BANMAN:** I wonder if the staff could tell me, roughly, how many there were back in '77-'78?

**MR. ADAM:** There were 15.

**MR. BANMAN:** Just to get this straight, you say we have development officers now? How many development officers would we have had in '77-'78.

**MR. ADAM:** In '78-'79 we had 15 and that includes the Director.

**MR. BANMAN:** In the Minister's Speech in the Legis-

lature, in his reply to the Throne Speech, he mentioned that there was absolutely nothing happening in the field of co-op housing. I wonder if he could tell me what is happening in the field as of right now.

**MR. ADAM:** There is no new development at the present time I am advised, but those co-operative housing developments that are in place are doing very very well and the vacancy rate is almost nil, zero to two percent is the vacancy rate in the co-operative housing so they are doing very well. I would like to, in spite of the fact that the member indicated that some of the housing developments had not succeeded, I think this is an area that we should be looking at, not only to provide decent housing for people of Manitoba, but also, if possible, to stimulate the economy while we're doing this, while we're providing housing for people.

**MR. BANMAN:** Is the Minister then saying that the government will be reviving the high impact grants which were provided to housing co-operatives some four, five years ago?

**MR. ADAM:** Well, the Federal Government has not been coming forward with any great amount of funding for co-operative housing at the present time, but there is no need that has been expressed so far for this kind of support that the honourable member mentions.

**MR. BANMAN:** Yes, but I think if the Minister will check his files, he'll find out that had there not been that kind of assistance, which was advanced at I believe a more rapid rate than was initially anticipated to the co-operative housing projects in Brandon, Seven Oaks, Pembina Woods, that those particular co-op housing units would have failed back in the late '70s had it not been for additional funds being put in by the government.

Again, I guess, I have to come back to what I said earlier, one of the problems I found in dealing with this was that many of these co-operatives were formed without having the dedication of a group of people who were convinced this is the way to go. What happened is, you had one or two people that went out and sold five dollar memberships and suddenly they had a list of 100 members who wanted to get into the co-operative housing business and really for five dollars that's really not a commitment on anybody's part.

Back in '79-'80 I believe some of them, the one in Seven Oaks was in so much trouble they had a 45 percent vacancy rate. What had to happen was there had to be a substantial infusion of taxpayers' funds to keep that thing going. Of course, what has happened now is the housing market has tightened up a bit and now the vacancy rates are way down and I'm happy to see that.

But again I caution the Minister. He mentioned in his opening remarks during the Throne Speech Debate that nothing had happened and intimated that the previous administration hadn't done anything about it. I want to tell the Minister that we did do something about it. We kept these things afloat and did not open the floodgates, so to say, as far as provincial dollars were concerned to get into this because they were

just not viable at that time. I urge him to tread very lightly on this because it was a real headache to deal with and I'm glad to see that the vacancy rates have dropped.

The other thing I should point out to the Minister, the other thing that was tried in some of these co-operatives, which I refer to as sort of a social experiment, was that some of them were set up and the ability to pay principle was used by some of them. In other words, if somebody had an income of \$12,000, he or she would pay 25 percent of their income, let's use that figure, and if another person had an income of \$18,000, they would pay 25 percent of \$18,000, which means they'd be getting exactly the same apartment just that it was based on income. That just totally broke apart. It just didn't work. People are not ready, even though they're in a co-operative system, to start cross-subsidizing in that particular area. I think this is one of the maybe misgivings or misconceptions about the whole co-op movement is you get out of it what you put into it. The problem is there have been a lot of people trying to get things out of this system without putting anything into it. That I referred to in my earlier remarks.

The other program that — I don't know if the Minister is looking at it and maybe he can inform the Legislature whether or not he is looking at a program something like the one that was established back in '74-'75 called a Sweat Equity Program where people from the department would go out and help people build houses.

**MR. ADAM:** Mr. Chairman, in response to — I thank the member for his comments. I believe that the problems that did develop in the past with co-op housing when it was getting established in the province was because of the fact that there was a high rate of vacancy and that is why there was need for extra input of funding, but that is certainly not the case now. That problem has rectified itself, it has resolved itself. The rate of vacancy is extremely low, probably much lower than in regular housing, and we're thankful for that.

I think, sure there are lessons to be gained by past experiences and what we have to strive for is to move forward and try and improve the situation so that things that have taken place in the past that are undesirable, that we try to avoid those in the future. I appreciate the member's comments and his advice. I've always indicated that I am open to advice on all sides of the House and if it's constructive advice and even constructive criticism it is welcome as well. I'm certainly making notes of what the member is commenting and I want to advise him though that when he mentioned that the regulations at 25 percent, a requirement for the rental fee based on income, I'm advised that is a requirement of CMHC, but it certainly presents no problem to housing co-ops. That is the regulation that was insisted by the Central Mortgage and Housing Corporation. So that is why some of the co-ops were required to use that method of rents on the Sweat Equity Program has not been reinstated.

Our neighbouring Province of Saskatchewan; they have a very successful Sweat Equity Program. We only consider sweat equity if there is a justification for it. Saskatchewan has, I believe, built some 1,600

homes under the Sweat Equity Program. I think this is a very high record. It certainly must have contributed to their economic activity and I'm sure that those who are involved should be very satisfied. I'm not sure just how many we have here, how many units — (Interjection) —

**MR. CHAIRMAN:** Point of order.

**MR. BLAKE:** Mr. Chairman, just on a point of order for clarification. 1,600 and some homes, is that in last year? How many years does that cover?

**MR. CHAIRMAN:** Mr. Minister.

**MR. ADAM:** We can't give a definite answer to the honourable member. I believe that it's in one year but we'd have to verify that. We will take that question as notice and I can get back to the member for that.

**MR. CHAIRMAN:** The Member for La Verendrye.

**MR. BANMAN:** Well, Mr. Chairman, this was another program that the previous administration did not continue and, of course, I took a lot of flack over it. I think this a prime opportunity to mention really what had happened with that program.

The first attempt at sweat equity housing happened in 1972 up in Thompson under the Co-operative Housing Association of Thompson where some seven families were prepared to build seven houses. Because of a number of problems the houses weren't completed till two years later with only three families remaining to witness the final outcome. Those houses later had to be sold and I inspected one or two myself. It was a dismal sight because of the way they were constructed and the final product was just really bad.

I realize that Saskatchewan has had a program and they've had some success with it. The unfortunate part of this program here in Manitoba was that you allowed people to build and use this program and didn't have any repayment clause. In other words, if the department went ahead and provided expertise, provided people to help under the construction of this program, what would happen is — and I know this has happened in my area; happened up in the Stonewall area; I believe it happened in the Portage la Prairie area — where people built houses, used the assistance from the department and then turned around and sold it and made a fairly substantial profit with the province never getting any money back.

In Saskatchewan, Mr. Minister, they make you pay it back if you make capital gains on it, which I think is only right. Why should the Department of Co-operative Development help people to build a house so they can build it a little cheaper, so they can turn around six months later or a year later and make a \$10,000 profit on help they received from the government. I think it's wrong.

I have to say to the Minister this is one of these programs which I think that the former NDP government was wrong-headed on. I think they embarked on it too hastily and again I repeat what I said before, I hope the Minister before he gets involved in any of these programs, he really thinks them over carefully because what I was faced with and what the previous

government was faced with was taking over a Department of Co-operative Development with 50-some SMYs.

The Minister has indicated to me in his speech again several weeks ago that we virtually dismantled this particular branch of government and that by inference it was our fault that many of these things weren't happening that should be happening; i.e. co-op housing, sweat equity, and these other things. There are reasons for these things and I hope the Minister, now that he's in possession of all the facts, will weigh these very carefully because there were a lot of problems that we inherited that hopefully are on the way to being straightened out, and I hope he carries out that particular position, that he will try and make sure that things like this don't happen, but if he has a chance to look at this program, what happened here is the Manitoba taxpayer got taken for a ride and very few people out there really benefited from it.

**MR. ADAM:** Yes, Mr. Chairman, we shall be taking the honourable member's remarks under advisement. We shall review how they operate in Saskatchewan and I want to assure the honourable member that we're not about to go out holus bolus, if you will, and start forming co-ops all over the place as far as co-op housing is concerned, but where there is a demonstrated need. There are groups that are dedicated to what they want to do. I think we should look at these endeavours very seriously and if we think that they're worthwhile we should try and assist them to the best of our ability. I believe the role of the Department of Co-operative Development is to provide assistance and we shall try to do that.

**MR. CHAIRMAN:** The Member for Minnedosa.

**MR. BLAKE:** Thank you, Mr. Chairman, I just want to make one or two remarks and it was encouraging to hear the Minister say that they will not be encouraging unprofitable ventures because a few years back I was chastised to some degree by one of his colleagues for some of my former association with one of Canada's larger financial institutions because we wouldn't go into areas like Pukatawagan or Pikwitonei and those areas and develop financial services for those people in there. I had to point out to them in no uncertain terms that those financial institutions operate under a very strict federal charter. You have to provide regular hours, proper security facilities, alarm systems and various other things. So, it's just not an economically viable operation to go into some small hamlet unless the business is there to warrant the firm making of profit.

There are some instances where they go in to provide a service on a payroll basis or something where the benefits are with the larger parent company where some branches are losing propositions, but the Minister has had some opportunity now to see what happens when you go in with operations that aren't viable. There's had to be some credit unions closed up in the North and others that have foregone substantial losses. It's encouraging to hear the Minister say that they're going to be keeping an eye on ventures that aren't unprofitable and trying to avoid getting involved in them, because I'm a member of a co-op and a credit

union, strange as it may seem to the Minister, and I don't carry any particular torch for large financial organizations. I think it's like a lot of things, big government, big business, big unions, big is not always best, but they do have some advantages and some of the Minister's comments would indicate that all the co-ops are maintained on a local control basis.

Well the Minister knows very well that a lot of the decisions are made at Central nowadays because they've become very very large. I would suggest that Manitoba Pool Elevators is now very close to becoming a multinational, the same as some of the other ones are, and the Co-op is now getting into the oil business, Federated Co-op, so you're verging on multinational status, Mr. Minister, and you're getting away from that concept that made the Co-op movement so strong and so useful and the same with the Credit Union movement. They were set up in rural areas with local membership and local autonomy to operate and to provide a facility on a help your neighbour basis, which made them so successful.

I think that over the years they tended to get into the mainstream of the financial organizations and when you get into that league, Mr. Chairman, through you to the Minister, you're playing hardball as the saying goes and I think that's what happened to cause some of the problems that the Credit Union movement is facing now. It was fine when they were financing automobiles with the local credit committee, they knew their borrowers, mortgages on homes, they knew the people, they knew where the homes were and it was things that they could see, they could put their hand on, they could put a value on and they had a handle on their whole operation. But as things have transpired over the last 10 to 20 years, as we know, a \$10,000 loan 20 years ago was a pretty big loan, but now you're talking hundreds of thousands and I think they got into that type of a ball game without really realizing and without the expertise to make the sort of judgments that were necessary when they were handling half-a-million and million dollar loans. It's encouraging to have the Minister say that they're going to be keeping a very close eye on ventures that are going to become too large and possibly get out of hand because I think the strength of the whole movement was in local control and providing assistance at that local level on the basis that they were set up to do.

So I just wanted to make that comment, Mr. Chairman, because there is no question about it, if they have operations that are not viable they have to take the bull by the horns or bite the bullet as the saying goes and cut them out because they're going to drag down the whole system and they have to make some real hard businesslike decisions in order to strengthen the movement at this time of financial trouble that they are facing.

I think it's a strong enough movement that with the support that's being provided by the government in spite of some of the criticism that they're going to get from various sources for providing taxpayers assistance because you will have the criticism, Mr. Minister, that interest on \$29.5 million comes to \$3 million or \$4 million a year which is really a subsidy to that operation from the taxpayers of Manitoba, and those criticisms are going to be made and they're going to have to be borne. But I think probably the position

that's been taken is justified because the movement, if it strengthens it enough to have it survive these troubled times, well then it's certainly going to be very well worthwhile.

There comes a time when, as I say, you have to bite the bullet because the well is not going to be endless, you just can't keep pumping money in year after year after year. So I think the movement has got enough management expertise at the top and enough strength now with this particular help that it'll be able to overcome these particular difficulties that they're experiencing and become a good, strong, viable source to its membership. I think they do have to abandon the path that they tended to take where they were getting into the big league and trying to play hardball with the large financial institutions, because I don't think that's their function, I think that's where they got in trouble.

**MR. ADAM:** I want to thank the Member for Minnedosa for expressing his support for our decision to provide financial assistance to the Credit Union Movement and the Caisses Populaires.

I want to say I believe that those comments are most welcome indeed, and there will be those who do not understand, who do not have all the facts, who will make statements perhaps rashly. I believe that the credit union system have provided services in many many localities as the member mentions and small towns where understandably a major banking company would not want to put a branch in there — and it wouldn't be viable to do so — and it's understandable that they would not go in a place like Laurier with about 300 population or less and have a very viable and profitable credit union to serve the people in that locality. This has happened all over the province and I want to say to the Member for La Verendrye and to you, Sir, that it is not only socialists who patronize credit unions, it's people and there are no political stripes when it comes to being members of a credit union. It is people that belong to them and it's not only socialists that — (Interjection) —

Mr. Chairman, I really welcome the comments that I've heard today in support. I know that will be getting some criticism and I share the member's beliefs that the strength of the system depends on the members' support and control and I hope that it will continue to be owned and controlled by members. It is not our intention to get into individual credit unions and start telling them what to do. I don't think this is the role of government or the role of this department. I think what we are doing is providing financial stability to the system as a whole.

There is only a very small percentage, if you will, of the credit unions that have had problems and not entirely of their own making; much of it happened because of the sudden escalation of high interest rates and some of the credit unions have found themselves with long-term low-interest mortgages and provincial bonds and so on. They have found themselves paying high interest rates to their members and having to pay for short-term money and having to receive low-interest rates on long-term money.

So why I'm most pleased with the credit union system, Mr. Chairman, is that it is local people's deposits that are put there and those deposits are loaned to people who live in their — it's a parochial system, if

you will, in many cases, and they lend the money out in their own locality, the money is spent there, it doesn't leave the province, and I think that is something that is worthwhile preserving. I appreciate the comments that I've heard from both the Member for La Verendrye and the Member for Minnedosa.

**MR. CHAIRMAN:** 2.(a)(1) Salaries — the Member for Roblin-Russell.

**MR. J. WALLY MCKENZIE (Roblin-Russell):** I have a couple of comments I'd like to bring to the committee on the Credit Union Movement. The statement was made in Roblin recently by Pat Clift from the Central that the credit unions are going to go extensively more so than they have been into the commercial field and that kind of scares me. As I recall in my years with the Credit Union Movement, the credit union was basically set up to provide funds for the man with a couple of kids that maybe didn't have a job and he didn't have many assets. The movement built around him by credit unions handling more of the personal type of loans and they've been very very successful over the years, the Credit Union Movement.

But I sometimes wonder, I'm not sure as I sit here today if, in fact, this is where the Credit Union Movement got itself into trouble with commercial loans. I was kind of taken back when I saw this article in the Roblin Review in the 7th of April issue where Mr. Clift said that presently credit union loans are personal ones, 73 percent, while commercial banks have 65 percent of their loans in the commercial area. The article goes on, this is an area Central has been looking at and will aggressively work at increasing the number of commercial loans undertaken by the Credit Union Movement. That does concern me because the problems that the union is experiencing at the present time has snowballed across this province. There are a lot of people who are pretty concerned out there and on the last two weekends I've had a lot of credit union members coming to me and asking me, what the heck's going on. They are concerned so I think the Minister and his staff has got to come out and assure the public and the credit union members that all is well and that the movement is not going to be facing more and more of these financial problems.

There are a lot of credit union members in this province and I don't think that they actually know what has taken place or the reasons for these setbacks. I would certainly recommend to him and his staff that they come out with some statements and assure the credit union membership that they are going to make certain that these problems in the past are going to be hopefully corrected and not occur again. But it scares me to hear Mr. Clift say that they're going to escalate into the commercial field. By gosh, this day and age some of the commercial enterprises are the ones that are facing the most difficult economic problems. I wonder if the Minister would care to comment on that?

I also have some questions I want to raise regarding the cheese plants at Rossburn and Pilot Mound, but I'd like to deal with this specific problem first if the Minister would care to comment on it.

**MR. ADAM:** Yes, I thank the Honourable Member for

Roblin-Russell for his comments.

I would really appreciate if he could provide me with a copy of the article. We can have copies made for the staff to review and myself. Mr. Clift works for — my understanding is — that he works for Credit Union Central as an economist. I would advise the honourable member that there is quite a lot of liquidity in the system at the present time. These excess funds are being funnelled through the Central who now by legislation — legislation controlled the granting of commercial loans through the credit unions. So there are some controls at the present time by legislation.

So I think that — and with the new staff that we have requested this year in the Department of Regulations and the regulatory branch to — we have a head examiner there or a top or — I don't know whose head he's going to examine, but anyway, he's the top examiner and he'll have two assistants along with those presently on staff and also a secretarial support staff. So I think that the system recognizes that there have been some problems in the past. They have made great strides in rectifying these problems. Some of the mismatches that have taken place over the years that caught some of the credit unions with low-income investments will be rectifying themselves over the next year or two. With the assistance that the people of Manitoba are providing to the system that provides a very good service to over 300,000 members in the Province of Manitoba, I think, with the assistance that the province is now providing for them that they will be able to become very very viable and also expand. Not only will they be viable, but they will expand. That is my hope.

**MR. DEPUTY CHAIRMAN, Gérard Lecuyer (Radisson):** The Honourable Member for Roblin-Russell.

**MR. McKENZIE:** Well, Mr. Chairman, some of the concerns that were drawn to my attention was the release that the Minister himself put out on — or maybe the Premier was the one that made the statement where they talked about the problems where this Reagan-inspired recession was causing serious economic disruption and it was his hope that economic madness in Washington would end soon. The article went on — and maybe there are some problems in Washington that need to be drawn to the attention — but the problem of the Credit Union Movement in this province is very hard to relate to this economic madness in Washington. There are certainly some problems at the local level in this province that the Minister should put his finger on instead of shifting it off on somebody else. Certainly, maybe Washington has some bearing on it, but that was one statement that concerned a lot of people and wondering if the Credit Union Movement was trying to blame their problems on Washington. Of course, as the member says, there are 300,000 members in this province and in a lot of cases they don't all read it the same, but it did create some concern among the membership.

**MR. ADAM:** Well, Mr. Chairman, there is no doubt in my opinion that the high interest rate policy followed by the Federal Government of Canada which is pretty well in lockstep with the, because of our economic ties, with the United States, is pretty well in lockstep

with the monetary policies of the Government of the United States. That has not only caused a considerable amount of trouble for the credit unions as I explained just a few moments ago, but it also has created a lot of problems for a lot of private citizens and private businesses as well and private individuals, ranchers and farmers and you name it. They're all faced with the same problem.

The credit unions just happen to be perhaps in an even more vulnerable situation because they had long-term mortgages on buildings at 10 percent, eight percent and so on. Suddenly the interest rates over a very short period of time, maybe three months, six months went up to 20 percent and they have to pay 17 percent, 18 percent for money and at the same time receiving only 8, 10 percent on long-term money that they're tied into. There is the mismatch. I'm not saying that it's entirely because of that, but I would say that perhaps 95 to 97 percent would be because of the high interest rate policy.

**MR. McKENZIE:** Mr. Chairman, of course that's where the problem starts. We can criticize Reagan here all day long but he's certainly getting some action down there. Their inflation rate in the United States today is down what, 5 or 6 percent; that's a heck of a lot better than we've got in this country. You can drive across the border here and get gas for less than a dollar and what are we paying, close to two. So, maybe it's madness, whatever he's practising down there, but they're getting more results than we're getting here and those are some of the things that's causing some concern.

Can I raise the matter of the cheese plants at Rossburn and Pilot Mound to the Minister and ask if he as a Minister and his staff, can tell me why these plants are not functioning today?

**MR. ADAM:** Mr. Chairman, I'm pleased that the honourable member has asked that question. It's a very important question and it's one that we have a great deal of concern for. It is a decision of the board, my understanding, a decision of the board had decided to close down some of the cheese factories that they were operating and for various reasons, I'm not sure of all the internal reasons, they don't appear to be in that big of a difficulty. We have offered our assistance if they needed it and they have not approached the Minister or staff for any assistance, to my knowledge.

The member asked what is the reason for the closing of the plants. Well, the fact is that there's a surplus of inventory on hand and the market is soft at the present time and the margins are extremely low because of competition, if you will. Particularly, the big markets are in Ontario and the problem with the Manitoba plants is that they have to pay a five cents a pound freight for cheese that's shipped out of the province. I believe that is where the biggest problem lies, the freight rate to ship the cheese into Ontario where the big market is, and there are, over the number of years, Quebec and Ontario have expanded their dairy industries up there in those provinces. My understanding is that there have been no decisions yet as far as the future of the two plants are concerned. My understanding is that the dairy producers are disposing of their milk in the Province of Saskatchewan and there are two that are operating; that

is in Winkler and Dauphin. Apparently this provides the markets for MANCO for all their Manitoba requirements.

I don't know what else I can add to the Minister's questions. We have offered our assistance to the MANCO people, to the board, and they have, as yet, not accepted our offer of assistance, so in view of the fact that they have not approached us to discuss any of their problems, if indeed they have problems, far be it for us to go out there and say we want to run your show for you. I don't believe that is our role; it's up to the board to do the day-to-day management and it's not up to the Minister to go down and do it.

**MR. McKENZIE:** I would ask the Minister, did you offer them financial assistance or what kind of assistance did you offer?

**MR. ADAM:** We offered to meet with them to discuss their problems and they haven't accepted; they haven't contacted us. That is a written offer, it's a written offer that we wrote to them and offered. It was made in December of 1981 to assist with management, etc., if they had any problems there and, since December 3rd, when the letter was mailed and we haven't had a response from them. So it would appear that they don't require our assistance or else they would have come forward.

**MR. McKENZIE:** Have you offered them marketing skills of the government, the Department of Economic Development?

**MR. ADAM:** We have written them and asked them if they would like to meet with us and to discuss any problems that they might have and, if it has to do with marketing, we would be happy to assist them. We don't have a marketing branch in our department but I know that the Department of Agriculture has and that would be more applicable to the Department of Agriculture.

**MR. McKENZIE:** I wonder if the Minister has seen the news. On one of the television stations last evening the news came out that the employees have offered to take a 15 percent cut in pay and re-open the plants. I wonder if the Minister supports that approach to re-opening them.

**MR. ADAM:** Well, again, it would be up to the employees and the members of the board. I understand, I believe I heard the news item that the employees were going to present a proposal to the board whereby they would go back to work for a reduction in pay until things straightened themselves out. I hope that they can resolve the problem there and I believe the problem is one of finding a market for the cheese. Now, perhaps, I should be asking my colleagues to see if we can't supply all of the government institutions with Manitoba cheese. I intend to inquire; where are we getting our cheese for our own use so that we can maintain these jobs in the Province of Manitoba.

I wonder if the member would support me in that effort?

**MR. McKENZIE:** Mr. Chairman, can I ask the Minister then, what, his staff, his department, do any of his staff go in and check MANCO to check their records, check their operation. You have no say in their operation at all, just their charter . . .

**MR. ADAM:** Mr. Chairman, they have a charter and, under the legislation they have to file an annual report to the department, which is entered in the central registry and it's a requirement of all co-operatives so to do that they have to make an annual report. But insofar as this situation as it is at the present time, I had my staff contact the Manitoba Dairy Co-Operative Limited and wrote to the President. Further to the last answer that I gave him on whether we had authority, we do not have any authority to go in there and take over the co-operative. We have no authority to do that unless the legislation is violated or breached by the co-operative group themselves. Otherwise, until they come to us and say, look, we've got a problem here, could you come and help us, and unless we see something, even if they have an annual report, I don't know what the annual report was, the last one that came in, and I don't think that we could make that public even if we did have it. It's private and confidential information.

But I would like to read into the record the letter that we did write to Mr. Shelbourne, and that is at December 3rd.

"This will confirm our recent conversation regarding the possibility of departmental assistance to your co-operative. By this letter I would like to reassure you that we are most willing to assist to the extent of our resources.

"To be fully conversant with the current situation, however, we would like to have a representative sit in on your board meetings in order that we may familiarize ourselves with the various problems facing the Co-Operative. This will enable us to determine in what areas assistance from the department is possible.

"I look forward to hearing from you in the near future. Yours sincerely." That was sent on December 3rd and, Mr. Chairman, if there is a major problem out there surely they would be coming to discuss it with us.

**MR. McKENZIE:** It's a strange set of circumstances Mr. Minister. Mr. Sharp, the President of the Manitoba Milk Producers Co-Op, he's also offered all the services that he could possibly provide to MANCO and apparently they haven't accepted either. I don't know do we just sit back and apparently do nothing and in the meantime these milk producers out there now are dragging their milk or trucking it to Saskatchewan and that's certainly not a very favourable situation for the whole industry. The future is getting worse every day and I can recognize these producers wondering where we're going and yet the department can't seem to find out what's going on, Sharp, he's tried to find out at least he's offered his service and there it sits and nothing seems to be happening except now the employees have offered to take a pay cut but I just can't understand and I'm sure the people in Rosssburn and Pilot Mound can't understand why this thing keeps going around in a circle and nothing happens.

Is there nothing you can do as a Minister or the government can do to try to get them back, at least



talk with them or negotiate with them and find out where their problems are and hopefully come up with a solution to it. They've opened two of the plants so it can't be that terribly serious when two are functioning.

**MR. ADAM:** Mr. Chairman, again I want to repeat to the honourable member that the authority rests with the members of that Co-Operative it is up to the members to impress upon their board to do whatever the members want them to do and if they do not want to respond to the membership they have recourse, I suppose, the same as any co-operative movement.

**MR. DEPUTY CHAIRMAN:** Thank you, Mr. Minister. The Member for La Verendrye.

**MR. BANMAN:** Thank you, Mr. Chairman, I have some questions which I'd like to pose to the Minister with regards to the loan that is going to be made to the Credit Union Central and to the Caisses Populaire Movement, who I understand are facing the same difficulties that the credit union system is. First of all, I wonder if the Minister could inform the committee whether or not the Credit Union Central has sold the building which they built a number of years ago?.

**MR. ADAM:** Yes, they have.

**MR. BANMAN:** Does the Minister feel that this will give them a better chance of reducing some of their costs with regards to operating, in other words, is this part of the bargain that will help strengthen the movement as a whole?

**MR. ADAM:** It's not part of the bargain, Mr. Chairman, but it will, I guess, have a saving in annual operation of \$750,000 a year less operating expenses. That in itself, of course, is a step in the right direction to remove the overhead that they had to carry that building. It has been sold to, well I don't know who bought it, somebody in Toronto anyway bought the building.

**MR. BANMAN:** So the Minister is saying that the sale of the building will, if you want to use the expression, cut the losses and should help the credit union system regain some of the funds that will be necessary to reconstruct or rebuild the whole system.

**MR. ADAM:** Well, it removes \$750,000 annually from the overhead that they were having to carry. That's a very significant step, Mr. Chairman.

**MR. BANMAN:** One of the reasons, I believe the system got into a lot of trouble is that back in 1970 the legislation was changed by the province which didn't make the reserves that the credit unions had up until that point had, they didn't make those reserves a compulsory aspect of running the credit unions under the Act in the Province of Manitoba and I guess one of the things that a lot of people don't realize is that in 1970 the system had 3.74 percent of its assets as reserves and now today I think we're down to — the Minister can correct me if I'm wrong, I think we're around .3 percent and of course the latest cleanup that's going to have to take place to cover the ones that are not in good financial situations, that face

deficits over the last number of years, of course that was depleted and hence the government's injection of those \$25 million.

Does the Minister anticipate with the infusion of this money that the reserves of the individual credit unions as well as the reserves of the Central will be built. And I guess it's important to point out to members of the committee as well as other people who are not aware of the system that the credit union system is not branch banking system in that many of the credit unions have their own reserves and do very well, thank you. But there are a few that have had problems and those have drawn on Central's reserves because they did not have any reserves themselves and have created the problem.

And I say again to the Minister that one of the problems we have had is that the Act was changed back in the early '70s which did not make it mandatory for the credit unions to have reserves. If we would have had the same type of legislation in place again as Saskatchewan had had, I don't think we'd be facing this particular problem.

Does the Minister feel that with the financing package that is now in place that the reserves at the credit union level, which I believe are now 5 percent compulsory reserves for each credit union and the reserve levels for the stab fund, will be built up over the next five years enough to repay this particular loan?

**MR. ADAM:** Yes, I'm hopeful it will, Mr. Chairman, in response to the honourable member's question. The main objective of the assistance is to make the whole system more viable and allow the stab fund to rebuild and we are hopeful with the assistance that's going to be provided to the system that will allow them to do that and to expand their assets to the required level of reserves that are desirable.

**MR. BANMAN:** Could the Minister confirm that the level for the individual credit unions, the reserves, the target is 5 percent?

**MR. ADAM:** That is a level, Mr. Chairman, of course they're not all up to that mark at the present time.

**MR. BANMAN:** Well, I appreciate that. If they had been all at that level we probably wouldn't have to require any money. And I come back to what I said before that it's really unfortunate that in the early '70s we didn't have the foresight to see that a reserve was required, so that in the seven good years you store up for the seven bad years. I suggest to the Minister that what is happening here — and this is the unfortunate part of the whole system — is that many of the good credit unions that did see that happening and did put money away are now having to pay the price for being frugal because they're being asked to pay into the Central heavy amounts of money which in their particular operation is draining their membership and, of course, this not being a branch banking system, the local members are now going ahead and helping members on the other side of the thing and causing some concern to some of the members that have run their ship in a very tight position. Of course, I guess in society generally one should reward the people that have done a proper job but what happens in this case

is that it works just the other way, not only in this case but many others. So, I understand that.

One of the questions that I have; the report that was commissioned by the previous government, the individuals that were involved, are those the people that finally made the final submission to the government with regards to that report?

**MR. ADAM:** Yes, Mr. Scarth is it? Yes.

**MR. BANMAN:** How about, Mr. Chairman, the gentleman that was hired to help Mr. Scarth in that report, a man who has had a lot of experience in the banking field, Mr. Reed, who I believe was the treasurer of the Bank of Canada.

**MR. ADAM:** Yes, I know. He had been requested by Mr. Scarth to come and assist and I want to publicly thank Mr. Scarth for his work and Mr. Reed as well for the assistance that they provided to us.

**MR. BANMAN:** The financing package which I would gather was worked out along with the Central, does it basically follow the recommendations of that particular report?

**MR. ADAM:** Not entirely because they are very close to the recommendations with the exceptions that the review was undertaken perhaps a year ago, is it? Yes, it basically is fairly close to the recommendations of the Scarth Committee.

**MR. BANMAN:** Are the details in regards to the loans to the Credit Unions and the Caisses Populaires, have the details been worked out with regards to the loan that they will be receiving?

**MR. ADAM:** Not at this point in time. They're still being worked on at the present time.

**MR. BANMAN:** I would, I guess in repeating some of the things that the members of the committee have previously stated, I'd like to just address a few concerns that I would have.

No. 1, I know the Minister mentioned that a lot of the problems were caused by high interest rates. I think that if one examines the problems that have taken place over the last little while, that definitely is one of the factors. One of the problems was, of course, management of the smaller credit unions.

The other thing that I think shows up everywhere you look is that where you've lost a large amount of money is in the field of large business loans. The Member for Minnedosa mentioned that in his few remarks. I think that it's important in dealing with this whole system that one recognizes the facts that the expertise in the system did not exist at the local level on the small credit unions to deal with these large loans.

One just has to look at the Dauphin Plains one which is, I understand now that they have received a certain assistance from the Central, has managed to hold its own in the last little while. But, what has happened is that the local directors as well as the managers did not have the expertise in dealing with these very large loans.

I would urge the Minister to make sure that we don't head off in that direction again; that the system doesn't head off in that direction and that you monitor those loans very carefully. I think that's one of the concerns that I have when going in to doing an audit in a credit union; when you go in it's okay to see if the books balance. That's one thing. But, I think what you have to really look at seriously now is the kind of paper they're writing. In other words, what is happening with regards to those loans. Are they well secured? How many refinancings have taken place? I think if that had been in place in places such as Dauphin and some other places we wouldn't have seen the problems that we have right now.

The other area which has caused the credit unions a lot of problems in the last little while is wrestling with the computer problems. We've seen the whole system over the last number of years go onto computer. It's the only logical way to go. But I know and the Minister probably knows of some cases where companies in haste to sell their equipment managed to sell a credit union on a particular commodity or a particular product and then the system finds out only a couple of months later that it's not adequate for their needs. I think that's another area which we'll have to receive a lot of attention and scrutiny from the Central to make sure that monies aren't spent on systems that will not be of benefit and will be outdated very quickly as far as the system is concerned.

**MR. CHAIRMAN:** I wish to remind the members at this time that it is 4:30 p.m. and we should be interrupting the procedures for Private Members' Hour. I understand we will be coming back here in a few minutes time.

All right, the Committee will come back to order again and we proceed. Did the Minister wish to respond to the last intervention from the Member for La Verendrye.

**MR. ADAM:** I'm not sure whether the member has completed his remarks when we were interrupted. Do you want to complete your remarks?

**MR. BANMAN:** Mr. Chairman, as I mentioned earlier there are a few things I think that the Minister will have to keep in mind, I hope in dealing with the question. I think this is the hope of everybody in the system that this particular amount of money that has been now earmarked for the system will provide the system with the stability that is required; that they can go ahead and strengthen their existing structure and make the adjustments within the system that will have to be made in order for them to be able to repay the loan and again be a viable force in the community without the assistance of the taxpayer in this type of a forum.

I have one question with regards to the filing of annual reports for the Central as well as other credit unions. In those reports, for instance, the Annual Report of the Central and the Annual Report of the Stab Fund I believe are filed with the Registrar. Are those reports public documents?

**MR. ADAM:** Mr. Chairman, I'll first begin with the questions that were posed prior to the adjournment. I want to say that insofar as suggestions were made

that they were management's problems that has caused some of the difficulties that have become evident, there is no doubt in a few cases there have been some poor management decisions, but I believe that I am safe to say that they've been in the minority. There have been a few bad decisions, but the majority of the problems have been, I believe can be attributed primarily to the sudden increase in interest rates even though there have been some management problems and the system is now, as far as loans are concerned — the honourable member mentioned about the commercial loans, many of the loans are now syndicated where they were not in the past and funded by several credit unions rather than one, whereas some credit unions were trying to carry large loans by themselves. With the syndicating of large loans the risk is, of course, reduced substantially. Some of the credit unions did get into problems as the Member for Minnedosa indicated a while ago and the Member for La Verendrye, that there's a new ball game into the commercial field but they are now spreading the risk when they're taking these big loans to reduce the risk. An expertise is being acquired now at Central, who will provide the consultation to the credit unions, management assistance and so on, and advice.

The other question that was raised about the reports being public. The Annual Report of the Stabilization Fund and the Central's are not made public by the department; they are available only to the members the same as the reports from the individual credit unions.

**MR. BANMAN:** The Minister is saying that I, as a member of the credit union, can go to Central and ask for an Annual Report.

**MR. ADAM:** No. I'm not saying that, Mr. Chairman. I'm saying that if the member is a member of the Steinbach credit union he would have access to their Annual Report as a member of that credit union and if the Steinbach credit union is a member of Central, they would have access to that. I believe that's the way it operates and that's the way it should operate. I don't think that that kind of information can be just available to anyone on the street. I don't think it would be proper for — after all they are in competition with other financial institutions — (Interjection) — the Honourable Member for Minnedosa says the bank statements you can get, but you only get the one, Mr. Chairman, you get it from headquarters. You get one bank statement from the Bank of Nova Scotia, or whoever it is, and if you want to get information on how the Royal Bank did in Ste. Rose, if they lost \$80,000 this year or made \$80,000 you won't find that out, because there is only one statement and that is the difference. It would not be proper to provide that information to the public. You see it's privileged information, Mr. Chairman.

**MR. BANMAN:** How would I, as a member of the Steinbach credit union, go about trying to find out what the Stab Fund is like, what the annual statement is?

**MR. ADAM:** Well, the Board is appointed by the Lieutenant-Governor-in-Council and the role of the

members appointed by the government are going to be strengthened and you would have to ask the manager or the board of your own credit union if you wanted to get that information as a member of your credit union. You could ask your manager or your board and say I would like to know what are the financial conditions of the Stabilization Board and perhaps if you will think back, perhaps you can't remember that far back, but back in the early 70's I was raising questions in the House myself from the then Minister of Co-Operative Development about how the Stabilization Fund was operating. That was back in the early 70's.

**MR. BANMAN:** I think this is an important point. If we're going to be providing a substantial amount of funds for the credit union system, I think the Minister will appreciate this, that the people who are providing the funds, of course, will have to be told where these funds are being expended or how these funds are going to be expended. I know that from his comments here today he has not finalized the whole package yet. But I would have to say to him that when that is accomplished I would hope that he together with the system would make as much of this information public as possible, because after all the whole system works and derives its support from who? From the membership and I come back to what I said before, the grass roots has to know what's happening with regards to the whole system. I think the people of Manitoba have the right to know where we're going. You've indicated in your press release and the Premier in a speech to the Central, to the Stab Fund that the province is not going to allow the system to fail, that's in essence what we have said, and I believe that it's only right. I think we do the credit union system a disservice if we don't provide as much detail to the public as possible, because we have made the announcement I think that rather than sort of have an air of mystique about the whole thing where what's happening with the funds and that, I think it's only good public relations on behalf of the system as well as the government to make people aware of what's going to happen and how it's going to strengthen the system and how the Manitoba people in rural Manitoba, as well as in the City of Winnipeg, are going to benefit from making sure that we have a viable credit union system in the province.

I guess I have to say that as much of the stuff should be made public, as I said it's owned and should be operated by the membership, and as much information that is made public as possible is, I think, in the best interests. The reason I say that, I guess, if anybody wanted to take the time to go out and check all the annual reports you could gather them all up and you could make sort of your own composite from it. Right on the statement it shows how much money went into the Central from each credit union, what the levy is on the credit union for the Stab Fund and then you could get it that way. I just say to the Minister that, as the Member for Minnedosa said, there will be certain factions that will and are not happy with this particular help that's been afforded the credit unions and I think that we have to explain why it's happening and be as open about it as possible because it is public money involved as a very sort of public opera-

tion that these people are conducting. I just throw that out for the Minister and hope that when the package is developed that there will be as much information disseminated to the public on this matter as possible.

I would ask another question. There was some concern by the directors of the different co-operatives over the last number of years with regards to their responsibility, in other words, what their legal responsibilities were should something go wrong in a credit union. In other words, were they liable for any damages or action that members would bring against them? I must say that I would not want to see directors being held personally liable for things that happen within their particular credit union because you probably wouldn't get anybody to run. And yet, on the other hand, the other danger is that we don't want to take the directors who are elected by the membership off the hook, totally.

In other words, there has to be some responsibility because the only way you're going to run a good system is if you're pretty responsible to your membership and I would ask that the Minister watch that one closely because there's nothing like having a little bit of feeling within you that, if things don't turn out the way they should turn out, you might have to pay for it in one way or another. I think it makes a person much more responsible and I think that happens in this area, recognizing, as I said in the beginning, all the time that one cannot make them totally liable because you wouldn't get anybody to run. There's nobody that's going to sacrifice his or her own personal assets so that somebody can go after them for those if something goes wrong in the system.

**MR. ADAM:** Mr. Chairman, I think I'll take the last question first and the first question last this time and advise the honourable member that the directors are covered for any liabilities that they undertake in being directors. They are covered by bonding or insurance and that is how the public is protected and, also the directors as well.

I can assure the honourable member that the assistance, and he wants to have as much information as possible on how the system is going to operate, I want to advise him that the assistance that is going to be provided will go towards assisting the credit unions that are in a deficit position to try and endeavour to make them viable and so that they can expand and operate on their own. No doubt some of the assistance will be used for mergers; there have been mergers in the past and there may be some in the future. It's hard to tell what may happen but this is where we have some credit unions that pick up other credit unions that are either in serious financial difficulties but the receiving credit union gets all the assets as well. But they also have to take over a lot of deficits along with the assets, but it expands their operation so this is the intent of the assistance, to see that it gets to the areas where there are difficulties.

The Stabilization Fund, in regards to the making public of the financial report of the stabilization fund, that's never been available. I remember I just mentioned this recently, that I was making inquiries back to one of my own colleagues, when he was the Minister, about the stabilization fund. Depositors are guaranteed 100 percent; they're not covered by the Canadian

Deposit Insurance. They have provided their own guarantees through the stabilization fund and so, in that way, all deposits are protected and remedial action will be applied by the stabilization fund to those management problems. The government will be monitoring the actions of what is happening out there. With the extra staff that we have we will be able to tap into the computer system that will be available, immediately to the department to find out how things are going out there.

The affairs of each credit union are confidential and the Minister is not going to go out on a public stand and start letting everybody know the affairs of any individual credit union. That is up to the members to go in and get their information for themselves. If they want to go and publicize it that's their affair but it's not the role of the department to go out and make public. And members do have a right to know but it's up to the members of each credit union to obtain that information through the local credit union and, if that credit union wishes to make available to those members financial statements of the Central or the stabilization fund, that's entirely up to them. I don't think it's the role of the Minister to do so.

**MR. MCKENZIE:** Mr. Chairman, I never said that it should be. I guess my only question was, many of the credit unions, I think, the Steinbach one, which I belong to, publishes their annual report in the paper. It shows the whole report to everybody and it's a public document. That's why I asked the questions with regards to this and I hope I have a good enough rapport with my local credit union that they can provide me with the information that I require.

**MR. DEPUTY CHAIRMAN:** The Member for Minnedosa.

**MR. BLAKE:** Thank you, Mr. Chairman. I wanted to mention to the Minister, and he's just answered the question for me, that they do not participate in the Canada Deposit Insurance Fund. I was just wondering what the reason for that was? There must be a reason because the Minister has just stated a moment ago that the depositor is protected 100 percent by the stabilization fund. Mr. Minister, that's not quite true, because if you hadn't gotten \$29.5 million, the stabilization fund couldn't have really protected all of the depositors in the system. So, have they considered the stabilization fund? I don't know what the fees are, whether it's not feasible for them to do it, but maybe in the situation that they're in, maybe they should take a long look at it. It might be some comfort to some of the depositors to know that their deposits were protected up to a certain amount by a fund like the Canadian Stabilization Deposit Insurance Fund.

There may be a reason for it and maybe a completely good, legitimate one, I don't know. But it's difficult to say that the depositors are protected 100 percent when we've just had to bail the fund out for \$29 million.

**MR. ADAM:** Mr. Chairman, the legislation at the present time provides unlimited guarantees. The legislation provides that and I believe that there were some — the Law Review Committee that we have is

looking at the whole Act if you will. There's a possibility that they will be looking at that possibility of getting the Canadian Deposit Insurance in the future, but at the present time the legislation provides for unlimited guarantee.

**MR. BLAKE:** Well, what the Minister is telling me now, Mr. Chairman, is that the taxpayers of Manitoba guarantee 100 percent of all the credit union deposits in Manitoba.

**MR. ADAM:** The stabilization fund . . .

**MR. BLAKE:** But if the stabilization fund is bankrupt, what protection is there for the deposit? This is what I'm trying to get at.

**MR. ADAM:** If the Province of Manitoba didn't come in with assistance those depositors would have been in trouble, there's no doubt about that, providing they were not able to . . .

**MR. BLAKE:** That's right, which brings me back to my original question. Why have they not considered the Canadian Deposit Insurance fund? If the banks thought it was a wise idea to protect their customers and their depositors, surely the credit union would be equally as smart and protect their customers through that method. Now it may be a requirement under the Federal Bank Charter, that's something I'm not sure of, but I think probably it is that the depositors are protected that way. But I should think it would be good sound business for the movement to protect their depositors equally as well and as securely as the banks would.

**MR. ADAM:** Well, the CDIC, that's the Canadian Deposit Insurance Corporation, did consider but they declined, I'm informed, because of some sections of our Act, that's the reason why they have not. But there's a levy you see, on each credit union.

**MR. BLAKE:** Absolutely, they're not doing this for an unidentified fee.

Yes, Mr. Chairman, I would maybe urge the Minister to pass this on and I know management, surely they must have considered it, but to urge them to take another long look at using the Canada Deposit Insurance Corporation as a guarantee for their depositors and if there's some small technicalities in the Act that could be changed very easily, maybe they would consider changing that to meet the requirements. If it is not possible then I as a member would like to know why.

It would seem to me in view of what has happened, that it's cold comfort to the depositors who have substantial sums on deposit to realize now that there has been very great risk as far as the stabilization fund goes and that's one of the reasons I think that we have to do all that we can do to maintain the strength of that fund. But if things continue with our economy the way it is, Mr. Chairman, as you well know through you to the Minister, they can call it a recession if they like — but I think it's a depression that we're in and if it weren't for unemployment insurance, welfare payments and God knows what, we wouldn't be much

better off than we were in the '30s — the Minister will remember that. He and I are of that vintage. He's much older than I of course. This is something that I would like the Minister to take a long hard look at and come up with a real firm answer on why we're not considering using the Canada Deposit Insurance Corporation to guarantee the depositors.

**MR. ADAM:** Mr. Chairman, in response to the Member for Minnedosa, I want to say that there is some criticism as far as the \$20,000 limit of the Canadian Deposit Insurance Corporation at the present time. There's a lot of criticism that it should be \$100,000 at least because as it was mentioned awhile ago by the honourable member that \$10,000 is nothing nowadays, so \$20,000 is just a little bit better than nothing. So that has to be substantially increased even in the banking system, the regular banking system.

But in response to the member's question, as far as the credit unions going into this, negotiations are ongoing with the credit union system and the Canadian Deposit Insurance Corporation. The system is attempting to adapt or to fulfill all the CDIC conditions and when those are met in all likelihood they may have that \$20,000 or whatever it is plus any levy that they have to put into the stabilization fund to guarantee 100 percent of the savings. I think that is a very attractive feature of credit unions if they can remain in a sound financial situation.

**MR. BLAKE:** Yes, I agree that the \$20,000 was established quite a number of years ago and I'm sure that everyone would agree and I certainly agree with the Minister, that it should be adjusted because the values of the dollar, of course as we know, have changed substantially.

Another question to the Minister. The funds that have been voted to the system, the stabilization fund, when are these funds drawn down? Do they draw them down periodically? Are there standby fees being charged? There's no interest I realize, but are they charging a standby fee and how much of the funds have been drawn down to date and when are the rest of them available?

**MR. ADAM:** Mr. Chairman, no, there have been no funds provided as yet until the complete financial package is finalized and all the conditions to that loan are finalized and the terms, while we have agreed in principle on the five-year interest-free and then interest after that will be negotiated.

The figures that are being flashed around, how much it's going to cost that you see in the press are probably erroneous and wild guesstimates as far as the costs are concerned because we don't know what the interest rates will be next month, we don't know what the interest rates will be in six months and we don't know what the interest rates will be in five years' time, so we have no way of knowing what the cost is to the public.

I'm unable to give him any further explanation at the moment because we have to have a Capital Supply Bill which is one of the last things that will be introduced in the House or at least towards the end of the Session and we are unable to expend any funds until we have the authority to do so. Then again we are still

finalizing the details to accomplish the intention of this assistance both for the system and for the people of Manitoba because I don't think any of us here want to see the credit union system go down the drain.

**MR. BLAKE:** Yes, maybe the Minister could, or would he have any idea of when this package will be finalized just to give the members of the Committee some confidence and comfort? I hope there are other people finalizing the deal other than the Minister.

**MR. ADAM:** Well, I've had a very very capable staff assisting me and we have appointed a committee in the department, government and the credit union system to work out all the details and to cross the "t's" and dot the "i's" if you will. To give him an exact date — it would be just a guess — I would say maybe a month.

**MR. BLAKE:** That's fine for now, Mr. Chairman, I defer to the Member for Roblin-Russell.

**MR. DEPUTY CHAIRMAN:** The Member for Roblin-Russell.

**MR. McKENZIE:** I just have one question, Mr. Chairman, on this subject matter. A dairy producer apparently phoned in this afternoon knowing that we're dealing with the Estimates of the Minister. He asked us to ask the Minister, since the government has indicated that it's going to advance some \$29 million to the Stabilization Fund and Le Fond de Securite, why is the government not moving into MANCO with the same type of funding?

**MR. ADAM:** Well, Mr. Chairman, in the first place they haven't asked for any funding, that's one thing. Secondly, we don't know if they require any funding. If ever comes a time when they do, if they do come forward for assistance we'll have to review it in the light of our priorities. We know that the MANCO system is very important to us here in Manitoba and we want to see it remain viable. I believe that I answered that right to the Minister some time ago and I read the letter that we wrote to Mr. Shelbourne and we haven't had a response since December 3.

**MR. DEPUTY CHAIRMAN:** 2(a)(1).  
The Member for La Verendrye.

**MR. BANMAN:** Thank you, Mr. Chairman, I wonder if the Minister could tell us how the Stab Fund appointments are going, in other words the appointments by the government to the Stab Fund are going to change from this system that is engaged right now?

**MR. ADAM:** I believe at the present time the province appoints the members to the Stabilization Fund from people nominated by the system, Central and so on and I believe that may be changed somewhat.

I don't think that's been finalized exactly yet but I believe in view of the fact that the province is advancing substantial amounts to assist the system, that we will probably insist on appointing three members to the board and perhaps the system will appoint two and it will in all likelihood, be part of the legislative

package once it's introduced in the House, then it'll be clear for everyone to see when the legislation comes forward in the House.

**MR. BANMAN:** The Minister said legislation. Is he anticipating legislation this year?

**MR. ADAM:** Yes, Mr. Chairman. Hopefully anyway.

**MR. BANMAN:** The bill that is mentioned in the press release or the Minister's statement the other day that will be introduced, is that the Capital Supply Bill that he talks about in the — (Interjection) —

**MR. ADAM:** Yes, in order to provide the funds we can only have one Supplementary Supply Bill so we have to go to Capital Supply. Perhaps there might be other capital supplies requirements for other programs and that will be included at that time, Mr. Chairman.

**MR. BANMAN:** The reason I asked that question, in the statement, I think, many of us were led to believe that there would be a special Act of the Legislature dealing with this but what the Minister is saying that it'll be voted on Supply along with many of the other items that are required by Manitoba Hydro and other people. Is that correct?

**MR. ADAM:** That's right. That's my understanding. I believe that's the way it will be handled, in that fashion. There will be legislation coming forward for the package and I believe that the actual funds will be provided by Capital, that's perhaps how it will be handled.

**MR. BANMAN:** The Minister is saying that there will probably be a Bill coming in dealing with this with regard to certain changes maybe in the Act dealing with such things as the makeup of the Stabilization Fund and other things that will be negotiated with Central.

**MR. ADAM:** I believe that would be the best way to proceed. I just can't see us putting in legislation that's going to be there for years to come to have an item in there for Capital financing. It would have to come on a bill by itself or through Capital Supply.

**MR. BANMAN:** Earlier this afternoon I asked the Minister about the Scarth Report and at that time he also mentioned and indicated that Mr. Scarth had hired a certain Clary Reed who I believe when people look at his background, it's quite an impressive one, and who I think was a good addition to that particular study that was conducted.

Mr. Reed was Inspector General of Banks for Canada for a number of years and spent a lot of years in the Federal Civil Service, so had a tremendous knowledge and background of the system. The report was commissioned last fall and I believe the Minister got the report. Maybe I could ask him when he got the report.

**MR. ADAM:** I'm informed that it was brought back to me on January 28, that's when I received the report. I want to say further to that, that I agree with his com-

ments about Mr. Reed. I think it was a very excellent choice to obtain the service of a person of the qualifications of Mr. Reed.

**MR. BANMAN:** One of the main reasons for commissioning that report, Mr. Chairman, was that we had over the last year been dealing with the province at the Credit Union Central and negotiating with the people at the Central — the chairman and the executive director as well as many of the other people, the Chairman of the Stab Fund — and some of the people involved there. I must say I had a very good relationship with them in dealing with the problem that they realized was a relatively explosive one should the events determine that government was not going to be helping them out. So we did develop a good rapport with them.

One thing that concerned the government at that time and I hope motivated this Minister to accept some of the findings of that report, was the fact that we did not want to come up with an amount of money or with assistance unless that assistance would meet the total requirements of the system and put the system on a solid footing. In other words to use a — oh, what should I call it, to use a figure of speech as the Member for St. James did the other day — that we didn't want to provide a band-aid approach to the situation because I think it's much too serious to move into, is of much more importance to the province than just to try and deal with the whole thing on a piecemeal basis. So, that was the reason behind the report.

Now having said that, Mr. Chairman, I would like to ask the Minister — and I realize that if there are things in this report that would hurt the system and would have a detrimental effect on the negotiations the government is having with the system as far as trying to put them on that solid footing that we all want to see them get onto — I would wonder if there is any chance of this report being made public.

**MR. ADAM:** I would think it would be not desirable at this time to do so but I can take that under advisement for a future date. I don't think it would be wise to do so now, in any event, when the negotiations are still ongoing. But I will take that under advisement and consider it anyway.

**MR. BANMAN:** I would imagine that the Credit Union Movement has seen the report. Have they seen the report?

**MR. ADAM:** The report is a confidential document that the directors of the Stab Fund and the Central have, and the negotiating committee. They have seen it but no one else.

**MR. BANMAN:** Well, as I mentioned before I made the request, we don't want to cause any problems with regard to the negotiations that are going on. I guess some of us would just be interested in seeing exactly what kind of recommendations are, so accept the Minister's words as saying that he's going to take it under advisement again. If it's going to act to the detriment of the system to release it then the Minister will have to use his own judgment on that and I will rely on that.

**MR. ADAM:** Mr. Chairman, I appreciate the honourable member's co-operation. If I feel that making this document public could harm the system or anyone I would not do so but I will again say that I'll take it under advisement and consider it.

**MR. BANMAN:** One of the things, and I hesitate to touch on it because that used to be the whole co-op development estimate debate and that was the co-op curriculum program, and for four years we went through an harangue with the co-op curriculum program taking up four hours of the five hours of the Estimates. I guess my first question is, has this Minister instructed the Department of Education or has the Minister of Education instructed the school systems to distribute and put this course on the curriculum?

**MR. ADAM:** Not to my knowledge, Mr. Chairman, I have asked my department for a report on the status of the curriculum materials. I understand that it's taking off in Ontario. It is now being distributed out of Saskatchewan and I understand that it's being fairly well accepted in the Province of Ontario and also in some areas of Alberta and, of course, it is now distributed out of Saskatchewan.

I have asked the Minister of Education if it is a priority and as you are aware, the very very efficient and capable Minister of Education has had a lot to do up to this point in time and it more or less hasn't been a priority for her at the present time. But perhaps after the Minister gets a good handle on her department — and I'm sure she has gone a long way towards that already having watched her in the House — and perhaps she may consider looking at this again because I do believe that there is some demand out there for this material.

My understanding is that the material has been amended somewhat to apply to all of Canada rather than just one province. I had the occasion to have been invited to address the Co-Operative College just about a week ago or less and they are quite enthused about the material. They indicated to me that it is being accepted in the Province of Ontario by some of the school districts and also in Alberta, that's all I can tell you. But at the moment I have asked my department to give me a report on it and to discuss the matter with the Department of Education.

**MR. BANMAN:** Well, Mr. Chairman, I'm going to not prolong the debate on this issue. We spent four years flogging this one and it's nice to get through it in a few minutes because I think the Minister, on reviewing the situation, will find out that it wasn't a straightforward cut and dried problem, there were problems within that was going to require a substantial amount of money and I think the move to allow the Co-op College to take the material and distribute it throughout Canada was the right one and I guess having said those few words, we'll allow that matter to rest.

I wonder if the Minister could tell me with regard to the Co-op Loans and Guarantee Board what he envisions there this year. Are there provisions for loans or guarantees and does he expect any activity in that area?

**MR. ADAM:** Mr. Chairman, the Co-Op Loans Guarant-

tee Board can lend up to \$25,000 per indirect loans and they also guarantee higher loans than that. We have asked for an additional \$45,000.00. We have requested \$100,000 for this year in the event that there may be some worthwhile projects that come forward.

**MR. BANMAN:** Could the Minister inform the Committee as to what kind of a guarantee or loan MANCO has from the province?

**MR. ADAM:** None, whatsoever.

**MR. BANMAN:** No guarantee?

**MR. ADAM:** No, Mr. Chairman.

**MR. BANMAN:** The other board that comes under the Minister's jurisdiction is the Co-Op Promotion Board. Would he have a rough ballpark figure what the surplus is in that account or the amount of money that is currently in that account?

**MR. ADAM:** It's the report, Mr. Chairman, I believe I tabled about two weeks ago, the day after the 15 days expiry in March, so that is available there. If the member wants me to look at it I can, but he has a copy of it in his files, I'm sure.

**MR. BANMAN:** That was the report for '81 though, I believe, wasn't it?

**MR. ADAM:** I wouldn't have a report for '82, would I? No we won't be getting a report for '82 till the end of the year.

**MR. BANMAN:** I was just wondering. I understand there is a trust fund and wondering what the ball park figure was in the account today?

**MR. ADAM:** The balance sheet as of March 31st, 1981, showed assets of \$301,079.14. The Wheat Board trust money was \$128,000.00. That money is equity or whatever it is you want to call it, but the total is \$301,000.00.

**MR. BANMAN:** Mr. Chairman, I wonder if we could adjourn the committee. I've got some questions dealing with CCIL and some other things which we'd like to touch on this evening and I hate to get into them now and then break off. I think we've got five minutes to go. If it would be the will of the committee to rise now, then we can come back at 8:00 o'clock and deal with that.

**MR. DEPUTY CHAIRMAN:** Committee rise

## SUPPLY — AGRICULTURE

**MR. CHAIRMAN, Jerry T. Storie (Flin Flon):** The Committee will come to order. To continue with the Agriculture Estimates, Item No. 5, Regional Agricultural Extension. Pardon me, we have passed that item. We're on Item No. 6, Agricultural Marketing and Development Division, Item 6.(a)(1) Salaries.

The Honourable Member for Arthur.

**MR. DOWNEY:** Mr. Chairman, the Marketing Division within the Department of Agriculture is one which, I guess, is fairly difficult to define; some of the work activities particularly as it relates to some of the commodities that are more within the federal jurisdiction, the grains and oil seeds and some of the other areas of agriculture production. However, with the diversified agriculture that's taking place in the province and the work activity that has gone on between the Department of Marketing and the private sector, or the retail outlets and the overall area of encouraging Manitoba agriculture commodities to be used, not only in Manitoba, but throughout the country, I think, Mr. Chairman, I am somewhat surprised to see a very minimal increase in the overall increase in expenditures to promote agriculture sales. Now, I know that some of the activities or the programs that were being looked at and, in fact, that we were developing through the Department of Agriculture to further enlarge upon the market areas and expansion of agricultural commodity sales for Manitoba producers, was a fairly major thrust and I know that there is certainly a limit to the amount of additional monies that will encourage greater sales, but the amounts of contacts and the amounts of support given to the private sector, particularly in giving them leads or directions of where sales activities could be promoted. One of those areas in the past, Mr. Chairman, that I am aware of, that the Marketing Branch has helped to encourage sales of some Manitoba commodities, of course, were in the area of cheese sales for the MANCO plant which had run into some difficulties. I know that there has, prior to the change in government, been efforts put forward by the department, direct involvement by the Department of Marketing, to enhance the sales for Manitoba cheese.

The Minister as well, has indicated that the market opportunities for cheese is expanding in western Canada, that it appears that there is room to develop that market and expand it. That's one example that I think has been an area that the Marketing Branch have been very effective. As well, the promotion of Manitoba food products in the retail outlets within the province, the excellent, I would say, rapport, that the government have with the retail outlet, working with some of the marketing boards and the expansion of the use of Manitoba-grown products here in the province is a credit to the department and to the individuals who have been involved.

However, Mr. Chairman, I somehow have some concerns, and we have a Minister of Agriculture who is now introducing a new or different-type philosophy to the creation or further creation of different types of structures to enhance the incomes of the farm community — not in a supportive way but in pretty much a confrontationist way — and that, of course, is within the beef industry. I'm somewhat disappointed that only four months after becoming the Minister of Agriculture he has unilaterally moved, as a Minister, to introduce a system of marketing that I don't think he has given the Marketing Branch an opportunity; I don't think he's talked to the farm community; I don't think he has explored other alternatives that would enhance the marketing and the sales of Manitoba-produced beef in a way in which I would have thought would have been in his best interests to do with the



beef producers of this province.

I know that the Canadian Cattlemen's Association, in conjunction with the different provincial livestock organizations, have put forward, Mr. Chairman, a fairly major thrust in the overall expansion of, or try to expand, the consumption of beef or the overall need to promote it in the public eye. I noticed today in a Federal Government release that I think we have finally seen the bottoming out of the reduction in the per capita consumption of beef in this country where last year we saw it reduced to some, about 80 pounds or a little under 80 pounds, and this particular year we have seen a reversal of that back up some two pounds, so we have, in fact, I would say seen possibly a turnaround in the consumption patterns of beef. We've dropped from well over 100 pounds to down well under the 90 and the close to 80 pounds — I don't have the document here but it's in that neighborhood — and I do feel it's an excellent opportune time to work with the Canadian Cattlemen's Association, to work with the provincial beef producers, the Manitoba Beef Producers Association to put forward a major thrust to promote beef because when you calculate the consumable or the edible portion of beef, I think it's fairly explainable that the purchasing power of the dollar goes quite a bit further than it would appear up front when you see the cost of beef per pound being demonstrated.

I think, Mr. Chairman, the Minister — and he hasn't increased this particular fund or increased the funds for the support of the beef industry — I would have felt that it would have been a good opportunity for him to have put forward his government support in this direction, particularly, Mr. Chairman, when we see the Province of Alberta putting some \$900,000, I believe, into the support and the promotion of the beef industry. They didn't introduce a Beef Marketing Board, Mr. Chairman, to take over the marketing of the beef cattle in that province. They believe that it's a good idea to promote the commodity and they've done so by putting in \$900,000.00. I will ask the Minister directly, Mr. Chairman, is he prepared to put some money, through his marketing branch, towards the marketing of beef or increase the marketing of beef through the Beef Cattle Producers Association? Has he, in any way, shape or form, any intentions of putting funds into that? Mr. Chairman, that's one area where I have some concerns.

Another area of concern that I felt should be addressed, and that's the overall relationship that he sees the Department of Agriculture having, the producers or marketers of agriculture commodities within the province, dealing specifically with the Canagrex or the federal marketing agency that is being proposed by the Federal Minister of Agriculture. Does he as a provincial Minister of Agriculture support the Federal Government's efforts in the development of a Canagrex marketing agency, Mr. Chairman? Maybe he could put his province's or his government's, I should say, position forward. He's indicated and he's answered. I'm sorry, I didn't get the answer.

Further to that, Mr. Chairman, is he satisfied that he is drawing upon the total resources of those people in the Province of Manitoba who have good ideas in the areas of marketing, to put together a nucleus of information, a nucleus of Federal Government sup-

port material, a nucleus of resource people who could help with the supporting of export trade, financing of it, the whole package of support systems that are available to expanding, not only the specific commodities that I've mentioned, but all the agriculture commodities that are produced within this province?

As well, Mr. Chairman, in this whole area of marketing, I think it's crucial that the Minister of Agriculture for the Province of Manitoba lay out some policies. What are his policies when it comes to dealing with, specifically, the feed grain policies of this nation, Canada? Does he not feel it's a responsibility of his to have direct input to those policies?

Mr. Chairman, at the Honourable Ministers' of Agriculture meeting some two or three years ago, I believe there were nine Provincial Ministers' of Agriculture with the Federal Government, or put a petition through to the Federal Minister requesting - - not really a petition but a request to the Prime Minister - - to have policy decisions made or if that were to be made, worked out with the Federal Minister of Agriculture and in conjunction with all the provincial governments of the provinces of this country?

I feel very strongly about this, Mr. Chairman, that the Canadian Wheat Board is a marketing instrument that is truly supposed to be a farmer's marketing agency. But it's unfortunate that in the past few years, we have seen it turn to become more a political tool of the Federal Government rather than a marketing organization that truly and always looks after the best interests of the producers who pays for the operation of that agency.

I would like to be specific, Mr. Chairman, because it's important that the people of particularly Western Canada understand this — and I don't want to see these kinds of situations develop again and I'll point out how political I feel the organization turned out to be — very much in opposition to the farmers of Western Canada, particularly those barley producers who were marketers of grain through the Canadian Wheat Board. I would like his position on how he feels about, whether he should or should not as the Minister of Agriculture for the Province of Manitoba, have input into policies that affect the grain farmers of this province. He feels very strongly when it comes to the freight rate issue that he should be a part of it. Does he feel, Mr. Chairman, as strongly about the operation of the Canadian Wheat Board on policies dealing specifically with the grain farmers?

One of the specific areas that I have major concerns about and certainly raised my concerns to the Federal Government and to my colleagues in other provinces, that was at a time, Mr. Chairman, when the Canadian Wheat Board, by the direction of the Federal Cabinet, allowed — not only it allowed — but had a policy where the barley producers of Western Canada were forced, yes forced to, by policy, sell the barley from Western Canada into the domestic market in Eastern Canada so that the feed grain users in Ontario could purchase that barley for less money than the producers of barley in Western Canada could have received on the international market.

Now, Mr. Chairman, the Minister can look back and see any comments that were made, that those were statements that had been made. I want the record to show that we have insisted that provinces have input

into the policies as far as they affect the agriculture community and all of the farmers of this country. —(Interjection)—

Mr. Chairman, the Minister somewhat interrupts. I don't whether he has a problem with supporting this position or not, but the problem was — and I'll go back to it again — that the barley producers were forced to sell their barley to Ontario feedlot or users of barley for less money than they could have achieved for that same commodity in the international market. At the same time, the barley producers of that region where our barley was going to in Central Canada, in Ontario and Quebec, at the same time, Mr. Chairman, were allowed by the Wheat Board to sell — I shouldn't even call it the Wheat Board, I'll say the Federal Government because it was the Federal Government controlling the Wheat Board that forced this to happen — if it was truly a farmer's wheat board, I don't believe they would have allowed this to happen, Mr. Chairman. At the same time, Mr. Chairman, those barley producers in Ontario were allowed to sell their barley into that international market and achieve a higher price, where in fact we were penalizing the Western Canadian farmers; the Central Canadian producers of barley were accomplishing a higher price at the international market.

Now, Mr. Chairman, to me it flares in the face of trying to maintain and accomplish and achieve the objectives that should be put forward for a unified country. You know, there has to be some serious questions asked of any government that would allow that kind of thing to happen at the national level. I, Mr. Chairman, have to say I was very much opposed to that. In fact, so much opposed that we requested as provincial governments to have input into the operations of the Wheat Board before such policies could be implemented and carried out.

To correct that on a longer term basis, Mr. Chairman, I believe very strongly that it is the time when we are faced with the national unity picture and the feeling of depressed prices for the farm community and a cheap food policy which the country has, it's time, Mr. Chairman, when in fact we have a Federal Government that appoints two commissioners to the Canadian Wheat Board. I believe, Mr. Chairman, that each of the provinces that have an interest in the production of grain that supports that Canadian Wheat Board, that each Minister of Agriculture — yes, Mr. Chairman, the Minister who is now in office — I would hope that he would be given the opportunity to appoint a commissioner to the Canadian Wheat Board; a commissioner representing the farm community, representing the Province of Manitoba on that Canadian Wheat Board. The Province of Saskatchewan should have that same opportunity and the Province of Alberta. Then, Mr. Chairman, we would have a balance. We'd have a Federal Government that would be dominant as far as the overall main appointees are concerned but each province would have fair input in the policy decisions of the farmers' own organization. I feel very strongly about it, Mr. Chairman, because it is working.

It is a little bit, Mr. Chairman, just to make the record clear that in Australia they have a system that is considered to be very good by most people who have observed it but I think we have probably a little better

system but I think that the two could be somewhat looked at and ours changed a little and possibly theirs. The country of Australia has five states or five provinces of which each province, the producers have the right in that country to elect from the producers two commissioners and that makes up with the five states, that makes up 10 commissioners. At the same time, Mr. Chairman, the federal state or the state of the total nation have the right to appoint four farm representatives. So, they have a total Australian Wheat Board of 14 people. I think it's somewhat a little bit too cumbersome to be effective in the overall system of marketing. As I think ours is too much the control of the Federal Government and the state, I believe that the Australian one may become a little bit too cumbersome to operate as effectively as possible.

So that, Mr. Chairman, is a positive approach that I think should be taken by the Provincial Minister of Agriculture, by the Minister from Saskatchewan and Alberta and by the Federal Government. We talk of co-operative federalism; we talk of trying to help the farm community, I believe, Mr. Chairman, that would be a good way in which we could work out some solutions to the overall support for the farm community and make sure on policy matters and I'm talking policy, that they have input.

The first question that comes up, Mr. Chairman, would be, well, we now have the support of the Federal Government when it comes to selling of grain in a massive way. On a percentage basis, Mr. Chairman, I see no reason why that same kind of agreement couldn't be worked out on an interprovincial basis because within the transportation system we are seeing input by the Province of Saskatchewan to purchase hopper cars. We've seen input from the Province of Alberta to purchase hopper cars. We've seen a commitment by the Province of Manitoba to lease hopper cars. So, it can work. There can be financial commitments on large sales of grain, Mr. Chairman, from the provincial and the federal state. It isn't an impossibility to work it out.

But I am saying, Mr. Chairman, I think at a time when a nation like Canada that we should look at the overall makeup of the kinds of instruments that have been in place for the farm community. You know, I've been criticized for trying to destroy or to remove that farm organization or that Canadian Wheat Board that has worked I think pretty effectively, probably the best of any in the world, wanting to destroy it. I don't believe that at all, Mr. Chairman, I believe that the operation should be maintained in the best interests of the farmer; something that I have seen has not totally been happening. It's been working more as a political instrument in a lot of cases, Mr. Chairman, and I think it would be in our best interests to have that particular input from this Minister; how he feels about it.

At the same time, Mr. Chairman, I feel strongly that we should have a dual marketing system in this country; that the producer should have the option to produce a commodity that is not on a national basis. For example, if we're talking of corn or buckwheat, there has to be a private sector or there is a private sector, private trading companies and grain companies to avail their services to the farm community. Yes, Mr. Chairman, the Minister will immediately stand up and

say, if all grains and all crops and all commodities were handled by a board that we wouldn't run into the kinds of difficulties that certain farmers run into recently with the unfortunate situation that developed with one of the private grain companies. Well, Mr. Chairman, if it hadn't been for some of these private grain companies and the operations and the market opportunities that they developed, supported by his department which I hope he continues to use them to support, there probably wouldn't have been the markets for those producers to have sold to companies like that. I think that's the kind of system that is in the overall best interests of Manitoba farmers, to expand and develop the specialized, diversified crops and the marketing of those crops.

At the same time, I think that the traditional wheat board crops should, Mr. Chairman — oats and barley particularly — should be allowed to be sold into either the private trade or give the farmers the option to market into the Canadian Wheat Board. The Wheat Board I have to say has done in the overall a commendable job in the marketing of wheat. They've had a top quality commodity to sell into the international market and I think we cannot in any way undermine that particular instrument that could be fine tuned a little bit to better serve the farm community.

At the same time, Mr. Chairman, I would hope that the Minister of Agriculture does not shove over and say that this particular jurisdiction is not in my responsibility because you know three years ago, Mr. Chairman, in 1979 — that's three years ago, I believe it is — half the grain produced in this country was still sitting on the farms at the end of the crop year. Yes, Mr. Chairman, it was sitting on the farms. Mr. Chairman, there was a need for the provincial governments to get together. I should, Mr. Chairman, tell the story of the kind of work that it took to get on with the job of a co-operative and a consultative way to get the Federal Government, to get the other provinces and to get the industry to sit down and work and negotiate and resolve some of the problems that were facing the farm community. So, there is a responsibility for this Minister of Agriculture to use his department to enhance all the marketing opportunities for all the agriculture commodities, and I think that he would be well-advised rather than to try and change or turn or make some major decisions with the structures particularly with the beef marketing industry, could make some changes that probably would work to better the system. I'm not saying that it's a perfect system; the producers aren't saying that it's a perfect system. There could be some changes, but don't do it in a radical way like he's trying to do at the present time. This country wasn't made to respond to radical changes like he's prepared to introduce. No, Mr. Chairman, I believe that this country is developed and programs have been introduced to support the general well-being of everyone and it has taken time to do that. I think that's one of the developments that the Marketing Branch can continue to support.

Mr. Chairman, the money that is spent here, I think, is money that is in some people's minds questionable, because when governments get involved in the marketplace they sometimes think that governments have things to sell. Governments don't have anything to sell. They have the responsibility to work as resource

people and put together development programs for the private sector, and I would hope that's the kind of spirit in which this department is able to be carried on with. So, Mr. Chairman, I would again emphasize, I can not underestimate the importance of the continued effort to develop markets that are needed for the farm community.

Mr. Chairman, I have one other thing, that if I have any regrets as far as the overall input that I may have had or recommendations that I may have had during my term of office in the Department of Agriculture, is that when the farmers' organization, the Canadian Wheat Board, which should be supported by all the governments, go into the international marketplace they have to be a far tougher lot to deal with the international market situation that is before them. Mr. Chairman, I think there should be a direct relationship made between the price of a bushel of wheat or the price of a bushel of grain in relationship to the offshore oil that this country has had to buy. I think that the agricultural community not only in Canada, the United States — we will leave Argentina out at this particular time because of the current situation there — but I do believe that the exporting nations of grain could have dealt a lot tougher, Mr. Chairman, not developing a cartel and holding the rest of the world at ransom like the oil countries have done, but just put a harder deal forward when it comes to selling our number one commodity into the world market when it's so important that we get back from them offshore oil and energy. It's an important area that I think has to be addressed co-operatively by provincial and federal governments. I think, Mr. Chairman, that anyone involved in the production of food today, anyone that's responsible for the marketing or supporting the marketing, has to put a far firmer case forward to better the people who are involved in agriculture.

You know it's quite an interesting figure, the numbers that are used, the people who are supposed to, who can expect support from this Provincial Government and this is the kind of thinking that's in the community. When we say that people who have to pay more than 28 or 30 percent of their income for mortgage costs, interest costs, and housing and shelter, the roofs over their head, they'll get support from the government. But you know, it's very seldom that anyone ever says that the farm community should be paid up to 30 percent, or people should pay up to 30 percent of their incomes for food. Well, if you don't have food, you don't need the shelter. I think that we have to, Mr. Chairman, on behalf of the farm community when we're selling through the departments of marketing, a far stronger case has to be put forward for the people that are producing food. I know it's not popular to go to the consumers and say we would expect you to pay 30 percent of your income for food, because we think as Canadians that we have an abundance and we do have an abundance. But let me alert you, Mr. Chairman, and Mr. Minister, if we don't address this whole issue, this whole area of cost of production and returns to the farmers, if we don't address it and pay the proper rewards for the efforts that the farmers are putting into that system, then we won't have an abundance of food in this country. There will, in fact, be people that go hungry right in this country, right here, because you kill the motor

that generates the food that we all take for granted at this point. Mr. Chairman, that's the kind of message that I think has to be put forward far stronger than has been put forward in the past.

Mr. Chairman, if I were making one recommendation to the Minister and the Marketing Branch and the Department of Agriculture, and I would hope to help them out in this way because it was a direction that I felt we had to go, to focus on a national way on the full food industry and that would have been to have a national conference right here in Winnipeg, not on Crow rate, not on transportation specifics, but to deal with the one core problem the same way we saw the national energy policy dealt with. Why did we see the oil prices go up in Canada? Why have we seen the energy policy and issues dealt with? We saw it dealt with, Mr. Chairman, because the Prime Minister and the Premier of the producing province said, "Hey, Canadians, we've got a problem here in the energy field. We're losing." And you know something? That same leadership has to take place when it comes to the food producing areas of this country. We have to stand up and say, "Hey, fellow Canadians, we have to focus on it. We've got a problem. We've got to deal with the incomes to the farm community." Mr. Chairman, our leadership was there. We have to as legislators — and I'm saying it to the Minister — focus on the problem. Don't tinker around with your socialistic ideology and little petty arguments that you get into, deal with the core problem and that is the whole issue of paying the farmer properly and adequately for what he's doing and he's saying tell the rest of the world, just don't tell this Chamber here. Have a national food conference in the province; invite the Prime Minister, if he'd come; invite the people to come and focus on that problem; ask for a majority of ideas. We did that, Mr. Chairman, on the transportation issue in this country, 1979, we had the federal-provincial and all those people involved. The same thing could be done, Mr. Chairman, when it comes to the production and the focusing on the difficult times the farm community are having, particularly in light of the figures that the Minister gave me yesterday and gave this House, even though his election promise said no one would go broke, he's now telling us that 300 farmers — it is projected that many will face bankruptcy or receivership, maybe he has some of those more specific answers.

Mr. Chairman, I think it's time that all Canadians realized that we have to come to grips with this whole area of increasing the total returns to those people who are producing food. And what do we have, Mr. Chairman; we have a further insult to the farming community by the thinking of the National Government when it comes to paying for PetroCan and Petrofina. They expect the farm community to continue to carry the tax burden of their ideology trying to buy out the energy resources and the production and the distribution systems of this country. Farmers are energy producers, they're already buying their equipment, their machinery and paying for the cost of distribution and the equipment. Why do they have to pay again for it through their tax money, Mr. Chairman? I don't believe that's fair, I don't believe that's fair at all, particularly when we've seen the principle of removal of provincial tax from

the producers of energy.

The Minister is sitting there with his face all twisted up, Mr. Chairman, —(Interjection)— That's right he knows it there isn't any provincial tax in Manitoba on farm-use fuels. We have a purple tax policy, that's right, Mr. Chairman, and I believe that same principle should apply at the national level to help encourage the food producers to produce energy. There's many areas that have to be addressed, Mr. Chairman, and it's time to do it. We cannot in any way, shape, or form back away from the support of the farm community. Those are things, Mr. Chairman, I believe the Minister, through his Marketing Branch, can accomplish. There are other forms of legislative control and regulations. I think that sometimes, Mr. Chairman, tends overly add cost to the consumers; we certainly debated one yesterday that I have very strong feelings about, that the cost to implement metric to the livestock and the meat industry in this country, if it wasn't imposed on the consumers and the producers, that the beef producers and the pork producers and a lot of other producers of turkey, chickens and everything else wouldn't have to force the price of those commodities up if they didn't have to pay for the conversion of the scales of all the wrappings and all those things that go with it. It has to be paid for by the system, Mr. Chairman, by the consumer and, at the same time, we're all running around looking for support programs to help those people. We're adding insult to injury by adding costs that aren't necessary onto them for some persons ideology satisfactions, some bureaucrat someplace feels that it has to be pushed on us. That's what I'm talking about, Mr. Chairman, I feel very strongly about this.

I think that it would be to the consumers if the member would get up and speak and say she supports this kind of development within the marketing branch of agriculture; I would appreciate it. She represents consumers; does she want to face the consumers of her constituency when they go to the store if the producer doesn't have enough money to produce food, and what is she going to tell them then when the shelves are bare. That's the kind of thing we have to work towards, to improve, and the Marketing Branch, of course, is the area in which the Minister has that whole background of people and I would hope that he would work with an objectivity in mind to increase the total returns to the farm community, at the same time, reducing some of the costs of doing business, Mr. Chairman.

**MR. DRIEDGER:** Thank you, Mr. Chairman, I hope the Minister will not mind the item that I'm going to be speaking on is actually under (c) but it's all under the Marketing System and I'd like to make a few comments about the Manitoba Natural Products Marketing Council. —(Interjection)— Fine, then I will wait until we get to that section.

**MR. CHAIRMAN:** The Honourable Member for Morris.

**MR. MANNESS:** Thank you, Mr. Chairman, I'd like to ask the Minister some specific questions dealing with his views - and he can say whether they're government views or not - on, particularly, the Canadian Wheat Board. Although I realize fully well that it's

federal jurisdiction I still think, in the case when two-thirds of our farm income is derived through Wheat Board grain sales that, in fact, the Minister of the day should give us the opportunity to be privy to some of his views on the Canadian Wheat Board. So I won't preamble very long, I would just hope that he would give us an opportunity to tell us whether or not, No. 1 - he supports a concept of an appointed or an elected commissioner of the Canadian Wheat Board?

**MR. URUSKI:** Mr. Chairman, the Member for Arthur and the Member for Morris have raised a number of issues dealing with marketing, not specifically to the role of the marketing branch in its role in terms of acting as intermediary for international-national sales. We talked about the moon and the stars and the entire globe of everything, Mr. Chairman, although we mentioned the marketing branch once in a while, we really went the full gamut, Mr. Chairman.

I want to deal with some of the questions that the Member for Arthur raised and it deals with respect to incomes of farmers and marketing strategy and the like. On the one hand, Mr. Chairman, the member speaks of no action to assist producers in marketing and receiving an adequate income; that there won't be enough food produced; and he says we need support for the producers; and yet on the other hand he says don't get hung up on philosophical tinkering and approaches to help producers. I really don't know where that honourable member stands, Mr. Chairman, I honestly don't know where he and his group stand.

There are two ways, Mr. Chairman, that you can assist producers, you can either assist them on one side dealing with their costs, and one of the ways a government or governmental agencies can assist producers is by reducing the, for example, as we do here in Manitoba, keeping the petroleum tax off fuel and his suggestion of removing the federal taxes on energy costs and areas on the cost side; or, Mr. Chairman, you can assist producers to deal with adequate returns from the market on the income side. You can have a mixture of both but obviously one or the other is the way to deal with incomes of producers.

Mr. Chairman, the member indicates that - I want to talk about the feed grains issue. To me, to hear the Honourable Member for Arthur is like hearing Rip Van Winkle wake up; he's been asleep for a number of years and he finally saw the light and he now wakes up and says "Hey, we've been losing our shirt on the feed grain market." All of a sudden where are we, we've lost millions of dollars to western producers. Mr. Chairman, that issue was raised in this Legislature several years ago and the member just has to go and check the debates and his response and his denials that there was nothing wrong with the open-market system the way we were selling the feed grains in this country. Now, obviously once you're on the other side of the fence, you can take a different role, Mr. Chairman. But obviously it won't wash, to me it won't wash and it won't wash to the people who he represented. Mr. Chairman, the feed grain issue really is one, and again it's a national issue, that western farmers have been - and he's now repeating the very same arguments that I repeated in this Legislature several years ago.

So, I don't disagree with the situation that has transpired. I'm at least heartened to note that the Federal Government now has realized that it is a great problem and it has affected the financial position of western producers. They have indicated that they are going to now put in \$8 million, I believe, in this year to support the feed grain prices as they relate to the corn competitive price of grains that are moved into Ontario from the United States. Mr. Chairman, I believe that farmers of western Canada should not be forced to sell their grain at below the world price in terms of the world price is higher than the domestic price. I believe, Mr. Chairman, that if we in this country are able to achieve greater returns on the world market for a grain that we can domestically, we should do that for all that we can. Any grains we require that we can purchase in the feed grain market at a lesser price than we can obtain on the world market, we should do so. We should not hamstring ourselves internally in terms of the feed grain situation in this country. I believe that rather than tying up the supplies of feed grains in this country to this corn competitive price, we should be able to market our feed grains at the highest price we can get. If it means we should import feed grains into another part of this country from somewhere else at a lesser price than we can receive for the grains that we could export, we should do that, Mr. Chairman. We should do that in the interests of the incomes of western producers. We are doing it in a bit of a different way. The Federal Government has recognized that they intend to subsidize the domestic marketing of feed grains and I gather they've thrown in \$8 million into this year's budget to offset the losses that might be occurred. Mr. Chairman, that's been happening for a number of years. In fact, when we were in government in the early '70s, one of the issues that my colleague fought with the former Minister responsible for the Wheat Board, The Honourable Otto Lang, was these were some of the policy changes that we were opposed to and we fought the Federal Government on.

Mr. Chairman, the Opposition and the former Minister of Agriculture, the Member for Arthur, now wants to say we should have the Canadian Wheat Board more accountable to the farmers of western Canada. You know if I ever heard a motherhood statement that is one of those, Mr. Chairman. Obviously, we want the Canadian Wheat Board to do as good a job for western producers, for the producers of grain in this country as we can. We don't go around attacking the orderly marketing system, Mr. Chairman, attacking the very system that has given the farmers in the main, historically, as good a return for their product as one can expect in the world market. The Wheat Board has done a commendable job. But it is only sniping, and it is the type of attacks that we have seen over the last number of years against the orderly marketing system of the nature that the Honourable Member for Arthur throws out that's saying we want more farmer representation on it. We do have farmer representation on it.

Let's just examine what the Wheat Board is all about and how it is financed. Do you expect the Federal Government to give up a control on a commission which it finances in terms of the interim financing and in terms of its policy of providing credit on the world market for food "A." I mean, who actually handles the

transactions of world food financing if it isn't the Federal Government? So, do you expect the Federal Government to give up control of the corporation which they have some national and international influence on in terms of which countries they will support financially, because indirectly it is the people of Canada who do finance many of the grain shipments that we make all over the world, Mr. Chairman, whether the Member for Arthur may want to admit that or not, but that is the case. We do finance them eternally because it is the national government that provides the financing for those transactions.

Mr. Chairman, the member talks about adequate incomes for farmers and on many fronts in terms of the beef sector and in terms of the grain sector. I agree with him, Mr. Chairman, but you gentlemen should remember you were in the government when there was a proposal from the Advisory Board of the Canadian Wheat Board that there should be a market assurance plan. Do you remember that concept gentlemen? You know, the market assurance plan that would have assisted farmers; given them the cash flow for the grain they had stored on their farm; to give them the cash flow to cover those expenses that they are now incurring. It was your group primarily across western Canada that poured cold water, even before there was any kind of a discussion across this country to at least examine the merits of assuring the farmers an adequate cash support and cash supply in terms of the marketing of their grain; to assist farmers in this country to receive interim payments on their grain and to receive funds for grain that is in storage, Mr. Chairman. They're the ones that threw cold water on it and now they're saying we need adequate returns for our farmers, Mr. Chairman. The former Minister of Agriculture, all he had to do was look at his own statistics in terms of the net farm incomes and how they were dropping. He should have realized that what farmers did need was an assured income plan, assured cash flow so they could cover off some of those ongoing expenses which are eating many of them up today, Mr. Chairman. I believe that in terms of the Canadian Wheat Board, the structure today as it is structured as a marketing commission on behalf of the Federal Government, the Advisory Board is as far as I would go, Mr. Chairman, if I was the Minister of Agriculture nationally. I would not support a board that might in all aspects be there to totally erode the orderly marketing system and that could certainly happen. We saw it here in this province, Mr. Chairman; we saw it initially in terms of the elections to the Hog Board. We had people running for office who were standing for office strictly on the platform that we were going to dismantle the Hog Commission in this province. I mean, that's obviously what was going on.

Now, Mr. Chairman, I believe that rather than calling for some diminution of the orderly marketing system in this country, now would be an opportune time for the Federal Government to call for a vote on the marketing of oil seeds through the Canadian Wheat Board. Now would be a very opportune time I believe, in terms of the history of western Canada, especially, Mr. Chairman, to make sure that there is some order placed in that marketplace so farmers can be guaranteed an assured price on the product that

they market, and not as it is today that we've got in the system. I hope that the honourable members on the opposite side would say yes, call for a vote; ask the Minister responsible for the Wheat Board to say, "Let's have a vote on the very question of the marketing of oil seeds, whether they should be placed under the orderly marketing system or let's leave it open," Mr. Chairman. I think farmers themselves should make that decision whether they want and I think it would be timely, Mr. Chairman, that western Canadian farmers should be given that opportunity now to express their opinion on that marketing issue.

Mr. Chairman, with respect to marketing and the price received by producers in this province, beef producers, Mr. Chairman, obviously the Member for Arthur on one hand, says: "Look, we want producers to receive an adequate return for their produce and we should advertise it. We should do all kinds of advertising." Mr. Chairman, you can advertise till you're blue in the face. If the market returns aren't there, what do you want to do? Do you want to give the product away for nothing? Obviously that's what has been happening, and if the member supports that kind of a concept, Mr. Chairman, I don't. I would not support the advertising of products that there will be umpteen markets. There is a market if you want to give it away. Obviously you can give the product away and that's the reason why many producers are in the financial dilemma that they're in, in terms of the structure of the marketplace. They're not receiving a fair return from the market, Mr. Chairman. —(Interjection)— Mr. Chairman, we're talking about beef; that's the item that we talked about, that's the item that he raised.

He talked about great massive amounts of money to advertise and promote the sale of beef. You can advertise until you're blue in the face. If the producers are not receiving an adequate return it won't do a thing in terms of putting money in their pocket so they can —(Interjection)— Giving them any money? Mr. Chairman, obviously the member doesn't like to hear the announcements of the proposal to assist the industry of \$40 million. He doesn't like to hear that kind of an announcement so we're not giving them any money. That will assist the producers of Manitoba in a more meaningful way than any kind of advertising can do.

We will do our share of advertising in terms of marketing strategies and in terms of world trades, in terms of world markets. We can deal with some of the areas where the department has been involved to a great degree. But to indicate that a marketing thrust, an advertising thrust will solve the problems of our beef producers, Mr. Chairman, is just pure nonsense. They need stable incomes. That's the only they will be able to stay in business and no amount of advertising will give them stability in income. What they need is a stability of a market, a stability of price so they can cover their cost of production. That's what the producers want so they can know, they know what they will be receiving when they produce their product. Then the consumers will be assured that there will be an adequate supply of food on their tables. They will have to pay a cost, but they will know that they will be assured that our farmers will be receiving adequate returns; they will be able to survive and the consumers

of this country and this province will be able to receive a sure and steady supply of products on their tables, Mr. Chairman.

That's really what we're talking about and that's really the kind of marketing strategy, if there is a strategy, or a strategy of income stability in the farm sector that we should be pushing for and supporting.

**MR. MANNES:** First of all I apologize, Mr. Chairman, for having to leave. The questions started on Wheat Board and I'd like to come back to it. I don't know if I missed a lot or if I missed nothing. But if the Minister would wish to keep his answers short I promise my questions will be even shorter.

First of all, again, and I'll ask a couple of questions at a time. I may have missed it, but how does he feel on appointed or elected commissioners of the Canadian Wheat Board? That was my first question. Okay, fine, I'll read Hansard to find his answer.

I'm wondering how he feels or what his feeling is with regard to the Australian Wheat Board who, he may be well aware, is now taking out membership in the Chicago Board of Trade, who now have given themselves the opportunity to sell their crop by way of Chicago Futures markets. I'm wondering if he feels that our own Canadian Wheat Board should exercise this option?

**MR. URUSKI:** Mr. Chairman, if we're going to discuss the entire world grain marketing situation in here — (Interjection)— Well, obviously that's very specifically. I don't know the full ramifications of the member's question. He may have some background; he may want to elucidate on it, Mr. Chairman, I don't know.

All I can say is, the American system in terms of the problems that they are having now, where they are paying farmers not to produce grains in their country — they are assisting farmers to go out of production — certainly is one where there has to be some order placed into their whole structure, in terms of their whole marketing structure. One can recall how their system works in terms of the embargo, for example, that the U.S. Government placed on grain imports to the USSR, Mr. Chairman, but because of the way the grain system operates in that country, that embargo was meaningless, totally meaningless because of the fact that grain could move; grain could move via many other countries. Paper transactions were made and grain still moved from the American market to the world ports even though their President and their Government said: "We are resisting the supply of food to the USSR. We are placing an embargo."

The only embargo that really meant something, Mr. Chairman, was when we in this country followed step and we said that we will not ship grain; we had the impact here because of our orderly marketing system here. Really, I believe that in order to have producers around the world and those grain producing countries, that there should be some very close order in terms of the price that they receive in relationship to their production, in relationship to the prices that they will ask for in the world market because in many instances in this country, for example, we do finance those shipments on a national basis. We do provide the credit to the countries purchasing our grain. It is

an integral part of the financing that the Federal Government does in terms of national policy, Mr. Chairman. That's why, and I'll tell the honourable member, I do not support an elected producer board for the Canadian Wheat Board. There is an elected advisory board and I say that is the limit that I would go in terms of the advisory board. I think they are doing a commendable job in terms of the advisory board, in terms of handling and dealing with the dialogue, disseminating information and discussing issues, all marketing of grain between the Wheat Board and the producers of western Canada.

**MR. MANNES:** Mr. Chairman, I had the item embargo here, but I won't bother asking a question about the feelings of the Minister regarding the embargo. But I still would like a question specifically on what the Australian Wheat Board has done regarding taking out, as another additional selling option, giving themselves the opportunity to price grain basis the Chicago Board of Trade. I think it's pretty incumbent upon this Minister to at least have a basic understanding of the evolution of marketing within the world grain trade. There are no hooks to the question I just want to know whether he can, in effect, support the concept, the principle, of a state marketing agency taking out a membership within the Chicago Board of Trade, the price setting mechanism of world grain trade.

**MR. URUSKI:** Mr. Chairman, as I indicated to the honourable member I was not totally aware of the full, and I will make myself aware, of the full marketing abilities or the structure of the Australian Wheat Board. But I am advised that it does operate differently to the Canadian Wheat Board, there is a difference in the way their marketing structure works. I am given to understand they purchase all their wheat at the time of harvest and then they have to finance this purchase out of the world markets. In order to minimize their losses they have decided, I presume, to use as another option the Chicago Board of Trade.

Mr. Chairman, let's understand what the system really is, all that any stock market board of trade commodity exchange facility is - I don't even know if it's a hedge - a system that is in place to allow - I don't even know that it's a reflection I don't believe that it's even a reflection of world market prices. Well, Mr. Chairman, I don't believe it is, I believe, that what it does reflect is that there is speculation and there is profit-taking in the marketplace without guaranteeing any returns to the producers. The only ones that can afford to do that, Mr. Chairman, are not the farmers of this country, are the people who want to speculate in the grain trade. I believe it is in the long-term interests of producers of this country to be assured, as they have been, of a base price and if they do receive greater returns on a pooled basis of their product on the long-term basis it is far to their advantage to have that kind of an assured marketing system, Mr. Chairman.

**MR. CHAIRMAN, Phil Eyler:** The Honourable Member for Morris.

**MR. MANNES:** Thank you, Mr. Chairman, I guess I

understand why the Minister really does not have a full understanding of these types of exchanges as he calls them. I take it he feels they are speculators paradises and something that should be avoided at all costs. Even though he never gives credence to the fact that, as a grain producer, as soon as I grow that grain I'm long, I'm long in that position, I'm a speculator, I speculate with a value in my bin, if no other reason. So you can take definitions any direction you want but I understand the Minister does not have a full understanding of what the Chicago Board of Trade does and to him it represents something which is close to a den of sin.

I'd like to move on though because I don't want to spend all afternoon on this as I'm sure you don't. I'm wondering about the new quota policy of the Canadian Wheat Board; it has some major implication to Manitoba I believe. It puts some things like summer fallow in, to a certain degree, special crops at some disadvantage and vis-a-vis compared to what it did for the old system. I'm wondering if he, or his government, can support this new system which helps, to a degree, Manitoba carry over a lower percentage on a pro-rated basis of the prairie western inventory carry-over. He should be well aware that Manitoba, traditionally, because we are major producers, we don't summer fallow, has traditionally carried over a larger share, not absolute but related to our production capabilities we carried over a larger share of the prairie inventory and I'm curious as to whether he or the government, in fact, supports the new quota policy of the Canadian Wheat Board?

**MR. URUSKI:** Mr. Chairman, in terms of support or non-support we do have some concerns in terms of the implication it has on certain areas in terms of the calculations that have to be made and how their crops are relateable to their final shipments. Mr. Chairman, on an overall basis the decision has been arrived at by the Wheat Board through its advisory committee and has been put into place; there have been meetings on it and I believe that the policy they arrived at, I think, we basically are going to live with and see how it effects us in the longer term. But being that the Advisory Board and the Canadian Wheat Board through its meetings have arrived at that policy and I believe there is a consensus in Western Canada on this issue, or at least they've held a number of meetings and have gone around and have discussed this very issue, and we will see what implications there will be a year or two down the road in terms of how greatly it will hamper us or hurt our producers, especially those of presumably special crop nature.

**MR. MANNES:** Moving off the Wheat Board at this time I'm wondering where the Minister stands specifically as regards the small licensed grain dealers. I know, through questions in the House, the Minister has taken the time to indicate that had the Canadian Wheat Board been in control of all these particular small firms that, in fact, problems associated with Econ bankruptcy would never have occurred. I know the Minister is in tune with the latest goings on in that whole bankruptcy proceeding, but I'm more curious as to what his feeling is as regards to the whole area of small licensed grain dealers, those small companies

with few assets, I suppose, in a lot of cases, who deal directly with the farmers, who take delivery of the grain, take ownership of it and therefore take the proceeds of it and then, after they have been given the selling signal by the producers themselves, are to turn over, of course, the proceeds from the sale. Maybe he could give us some idea where he stands on these small licensed companies.

**MR. URUSKI:** Mr. Chairman, I want to indicate to the honourable member that I certainly would not discourage producers from reflecting a greater return on their products in the marketplace. Now, I think there are probably some small firms who are specialized in certain areas, I believe they are performing a service but to say that I'm opposed to them or for them, Mr. Chairman, what I do want to ensure to Manitoba producers, and we've been involved in the Econ matter, is that they're adequately protected in terms of the problems that now have arisen where farmers did have grain shipped through this firm and grains which were sold by Econ to the Canadian Wheat Board, for example, those accounts were paid. There was no problem. There were Board grains which were sold by that firm, oh yes, and those accounts were covered, there was no difficulty.

It was the grains that were outside the orderly marketing system which were affected and producers were hurt very drastically. We're hopeful and we've been trying to assist the producer group, we've attended meetings. I was unable to attend the most recent one but I had someone from my office attend the meeting with the Federal Minister of Agriculture and representatives of the group to press them to make sure that they would reexamine their position vis-a-vis the role of the grain commission and the legal — not authority — but legal obligations of the grain commission to the producers who were hurt by this bankruptcy. So, Mr. Chairman, we have one of these usually about one a decade. We had one in the early '70s, we're having one now and unless there are adequate mechanisms and guarantees put into place, we will continue to have those kinds of problems in the marketing situation.

Obviously, when you have many people in the marketing system going about and competing against one another from the same country, it cannot help the return to the producer unless there is some organization and some understanding that one does not compete against the other for the sale of the same product, Mr. Chairman. Well, while we can have many people going out and checking on the available markets — there are only so many markets, Mr. Chairman — but if you have two or three marketers from the same province, same country, bidding against each other, to whose detriment is that? It is to the detriment of those producers who are selling the product, Mr. Chairman. So that kind of competition certainly does not help.

We'll go into the international market, let's deal with fish, for example — the Honourable Member for Lakeside is sitting there — we had the spectacle of fish in this province in the middle and late '60s. We had lots of competition, Mr. Chairman, in the fish industry. We had so much competition that the fishermen were going broke because there was such fierce competi-



tion between the fish buyers of Manitoba and the international market that they were getting hosed, hosed, Mr. Chairman, and in turn who were they hosing? They were trying to make up their margins and I don't blame them. I mean, that's fair ball. They shouldn't lose. So they have got to take it out of someone. They take it out of the producer. They took it out of the fishermen's pocket.

I don't care which system you have, Mr. Chairman. When you have that kind of a system, there's bound to be grave problems, bound to be great distortions and the end losers in the long run but if there is some agreed-upon strategy of market, and if there are two or three people going, but at least there is a firm-ed-up position as to what one can sell his product for without competing against one another from the same area, then something can be accomplished. But if you don't, Mr. Chairman, I believe that the producers will be the losers.

**MR. MANNES:** It's an interesting comment the Minister makes. I suppose I want to tie it in and bring us then right back to where we should be, if we want to deal specifically then with the marketing branch. It seems like the Minister is indicating that we shouldn't be running off with a number of salesmen selling the same item from a nation. But in the marketing branch it seems to me particularly within the area of some purebred breeding stock that as provinces we've been competing against each other. Does the same argument hold true in that?

**MR. URUSKI:** Mr. Chairman, absolutely.

**MR. MANNES:** Does that mean there will be changes as far as the thrust of the marketing branch as it exists now? Will there be closer co-operation with other provincial provinces? What does the Minister mean, definitely?

**MR. URUSKI:** Mr. Chairman, I believe that we would be remiss if we could not and would not attempt to co-operate more closely. For example in the matter of the marketing of hogs. The producer boards of Manitoba, Saskatchewan and Alberta have been very diligently and they likely would have, had the '77 election not changed things, they would have been into a single exporting agency for the marketing of hogs, for the export market so we would not have competed against one another for those export markets. Absolutely, in my book, it holds true.

**MR. MANNES:** Does the Minister just draw this concerted export effort — and he uses hogs as an example — does he just draw the boundaries of that around the western provinces or should that include also all of Canada?

**MR. URUSKI:** Mr. Chairman, I would like to see and I'll share it with the honourable member. I would like to see on a national basis — because there is a complete, as far as I'm concerned, contradiction on behalf of the Federal Government in terms of their national food strategy as they are speaking about, for example, in terms of the great expansion in the livestock industry that can occur and supply management —

there is a great contradiction in those kinds of statements coming out. I would like to see a national policy, Mr. Chairman, and a national food program, an agricultural policy in this country where the national government would say, we will support a price of so many pounds, or so many cents per pound, so many dollars per pound or per kilo or whatever; the cost for domestic consumption and if you want to produce for the world market we will take whatever you can produce and we will give it either on food aid, sell it for whatever we can get, so there is no control. The honourable member has talked about freedom of production.—(Interjection)—

Mr. Chairman, the Honourable Member for Lakeside talks about a Polish program. He should recall maybe his Minister — his name was Downey and he was Pollock somewhere back in history, Mr. Chairman — because he was speaking when he was Minister that we wanted greater opportunities for our producers to produce, we didn't want to be hamstrung, Mr. Chairman. But producers will only produce if they can reap a benefit and a return on their efforts, Mr. Chairman.

So if there was a national strategy in terms of production and saying, we will produce for our needs and we will export whatever the Canadian producers can produce, that would be the ultimate in terms of the potential that we could have in this country, Mr. Chairman. But we do not have that, Mr. Chairman, and we then have to work within whatever we have to at least guarantee an adequate return for the producers in our province.

**MR. MANNES:** Specifically, Mr. Minister, I'm wondering if you can tell us the thrusts at this present time of the Manitoba Marketing Branch. Specifically where are the marketing thrusts and will they continue as they are at present?

**MR. URUSKI:** Mr. Chairman, we have taken in many areas — and I'll go through some of the areas that our marketing branch has been involved — in co-operation with provincial companies, with producer groups, in marketing strategies all over the world primarily on the national and international markets — some work in the province — but primarily internationally.

Mr. Chairman, we look at the marketing of dairy cattle in terms of exports to Mexico. Does the honourable member want me to go through all the areas we have been involved in? No, okay.

We've been involved in the sale of hogs and dairy cattle to Mexico in those areas historically. We are now involved in, because of the Danish pork quarantine, we're involved in some very intense negotiations on the Japanese market, assisting our Hog Marketing Board in terms of increasing the sales to Japan. That has been a development that is now occurring. We've been involved even with the national food chain of Safeway, Mr. Chairman, who have opened an international marketing section promoting Canadian production in the United States. We've been involved with them.

We've been involved in the poultry industry for example in this last year by developing a market for further production of poultry meat and deboning in the Province of Manitoba and developing an export

market through one of our processors here in the province, it's the company in the Steinbach area. That has been I have to say, of very great benefit to producers in the province. It's actually doubled their returns for their product in the contract and the development of that market that was able to be developed and secured by our branch.

In terms of the area of buckwheat, the pulse crops; buckwheat into Japan and pulse crops into the Caribbean area; corn to British Columbia; breeding stock to Mexico in livestock and areas as well as hogs; commercial cattle with Korea, there have been some contacts in the Korean market. That's basically those areas that we have developed. There has also been work done in Yenyuan in a horticultural area and those areas that we've been involved in.

**MR. MANNES:** Well, I'm well aware of the areas they're being involved in. Will there be any change because of a new administrator, particularly a new Minister? Will there be any change in the direction in which these individuals find themselves working?

**MR. URUSKI:** Mr. Chairman, I don't think it will be a change, we will attempt to do more. Obviously, we'll want to encourage as much as we can in terms of promoting and assisting our producers to market and to receive as fair a return as we can in terms of the products that we produce in this province.

**MR. CHAIRMAN:** The Member for Niakwa.

**MR. ABE KOVNATS (Niakwa):** Thank you, Mr. Chairman, just one very short question on my part. It might sound a little humorous to start with but to the Honourable Minister there is no humour meant in it at all.

Is the Honourable Minister through his department, trying to develop to sell our Manitoba products around the world? Has the Honourable Minister given any direction to this department concerning the corned beef market that Argentina has had in the past and probably will have some curtailment in the future because of the involvement with the Falkland Islands and all that stuff that's going on right now, has the Honourable Minister given any direction to his department to see whether there's a market for Manitoba corned beef?

**MR. URUSKI:** Mr. Chairman, the Marketing Branch in terms of its day-to-day activities has a free hand in terms of the contacts and in terms of the people that it's involved in, in terms of the products that are available. They pretty well have a free reign and are constantly monitoring the situation. At this point in time I've not given any specific direction, but if there are opportunities, I'm sure that our people will be monitoring that and be keeping abreast. There may be something. The member raises it, we certainly don't have anything on that now at this particular time, or any enquiries, or any hints such as we are getting from the Japanese market for example, on pork sales. But we'll certainly take that suggestion and make sure that it is checked out. If there are any possibilities the people will certainly look at it.

**MR. CHAIRMAN:** The Member for Pembina.

**MR. DONALD ORCHARD (Pembina):** Thank you, Mr. Chairman, the Minister indicated that he intended to increase the effort to promote the export sale — I would assume he had to be talking about, of Manitoba produced agricultural commodities — could the Minister indicate what methods he hopes to employ? Is it more staff, more trade delegations? By what means does he hope to increase the efforts of selling Manitoba products?

**MR. URUSKI:** Mr. Chairman, the methods that would be employed would be no different than they have been in the past. There may be some from time to time, we would not close out enquiries where there may be a desire of other governments to deal on a government-to-government nature to finance sales. We wouldn't rule that out if there was an opportunity to have an export sale of products to other countries on a government-to-government basis if that was desirable. That's about the only other area that could be employed that hasn't been readily used in terms of the sale of products but the normal methods that have been used in the past, would be used.

There is a delegation going to Japan, I believe, in the very near future that we're involved in and we're assisting in. Those kinds of procedures that have been in place, there's no, I don't believe, any great new initiatives. The one that I've touched upon may be an opportunity but at least I wouldn't rule that out.

**MR. ORCHARD:** Well, I apologize if this question has already been posed and answered by the Minister but the goose industry is getting to be a very major one in Manitoba. As a matter of fact, I think Manitoba now leads, I believe, all of Canada — (Interjection) — probably North America, my bench mate the former Minister of Agriculture indicates. I think that could well be true that the goose processing industry for Manitoba is a major one. They have developed some pretty major markets in Germany particularly and their products are meeting with a great deal of market acceptance because of their quality, they maintain a very high standard. I know there has been some assistance from — and I can't recall the chap's name — but one of the fellows in the marketing division that has helped both the processing plant in my area at Morden and I believe even the one at Teulon, to assure penetration and acceptance in the European market for the frozen goose trade.

Would the Minister in this increased marketing effort that he would like to put out, and recognizing that the goose industry is one that isn't subject to national production control constraints like we have in broilers and turkeys and the other fowl that we have produced in Canada, that this represents a brand new opportunity for producers in Manitoba with virtually — I won't say unlimited production potential — but certainly a potential for vastly increased production because there are no marketing board constraints or controls and no Eastern Canada influence on how much we can produce in this province.

Now, identifying the goose production processing and seeking of international markets for those products, would the Minister's renewed and increased

marketing efforts include assistance to the private companies involved in marketing these geese, to increase their international efforts possibly even to the extent of funding a trade delegation among the two producers in Manitoba to go over and actively seek increased markets in Europe?

**MR. URUSKI:** Mr. Chairman, we always traditionally have been involved with all sectors in terms of marketing assistance. We've had some enquiries in the Pacific rim for geese and goose products and in fact I believe in Hong Kong there are some enquiries coming out of there for feet and I presume that's probably for the marrow and the gel whether it be for soup or however they use these. I know I've eaten chicken feet, I haven't eaten goose feet, there is very little to them. Well, Mr. Chairman, the Member for Arthur thinks it's very humorous. In fact it's a delicacy, I should tell the honourable member.

In all seriousness, there is a delicacy in Eastern Canada of roasting of muskrats prepared and they're one of the most cleanest animals that there is and it is used as a delicacy. Well, Mr. Chairman, whether we would encourage and be involved in going over and promoting a trade for the seeking out of additional markets, I think we would have to examine in the totality of what we are doing and if there was some opportunities that we could be involved in, certainly we would consider that, I couldn't rule that out at all. But I think in the totality of our budget and of our marketing thrust we would have to take that into consideration and see what help we could get.

**MR. ORCHARD:** Mr. Chairman, whilst the Minister refreshed us on the delicacy of muskrat I can only tell him that porcupine is a delicacy much sought after in Newfoundland and they're a rare animal there and they just cringe when they see one run down on the highway in Manitoba.

Now, Mr. Chairman, I'm pleased to hear the Minister's answer that he and his department would take a look at any renewed effort or any increased effort to promote goose sales. But I wasn't meaning for him to do the promotion of the goose sales or indeed, his department. I believe the past experience will show that the two processors have attempted with their own resources primarily, to develop the markets that are there right now. What I'm really asking the Minister is if it would be within his purview and within the acceptable practice that he would use in increasing the marketing of geese, whether he would provide assistance to these two processing plants for themselves, their management, their shareholders, to seek out new markets possibly in the Pacific rim in Hong Kong.

I think the job of selling that they have done as private individuals and private companies is exemplary. I'm not asking the Minister to involve the department but rather if the Minister would entertain the department giving assistance to these two groups possibly in a joint effort, so that they could go over and make their own case to the people that they can make contact with who might be interested in importing Manitoba goose; its assistance to these two firms rather than the department undertaking the marketing role.

**MR. URUSKI:** Mr. Chairman, three points on this matter. I should advise the honourable member that we have assisted these groups. In fact, I am advised that about two-and-one-half years ago the Teulon operation was in dire straits because of either a closure or some problems in their export market in terms of the plant that they were shipping to in the States. They had a million and-a-half pounds of products on hand and they could not market it.

Our people did go to work and on the Canadian scene alone were able to take them through the retail trade within Manitoba, the institutional and retail across this country and we were able to assist them, move their product and they've been moving ahead great guns ever since. But it has been a co-operative approach, not a funding and that they would go alone. I would think my approach would be is that in terms of you are dealing with embassies, you are dealing with other governments, that it would be that if I was to agree to something like that, or our department was, it would be a joint effort in terms of looking at markets.

I would not approve of saying, yes, we'll pay the transportation, away you go because, Mr. Chairman, you then could obviously come back and say well look, you sent these guys, why can't you send everybody else and forget about your department. There's no sense of even keeping the contacts and making some further contacts because while our people are over there — while they may be with a delegation dealing with one particular product — there are many other areas that we may be interested in and be involved in, in other products at the same time.

So while the mission may be on a one-product, initial one-thrust basis, we would be involved in other areas that we would want to explore while we would be over there; and of course the setting up, and I guess the protocol and all the other issues that go with it we would want to organize and make sure that we would have a handle on.

The third point on this issue, Mr. Chairman, we have also had the involvement of the geese processors in Manitoba at a international show or a Canadian show in Minneapolis where we have assisted them in promoting their products along with other Canadian products with the Canadian Consulate in Minneapolis, so that we've also tried to assist our neighbors in terms of the U.S. market and where there is a Canadian food show there. So we've used those three areas where we've helped the goose industry and I would think that if there are potentials for further expansion and there is need for assistance we certainly would be able to examine and see whether we could accommodate that.

**MR. ORCHARD:** Just one more question. The Minister's probably well aware that standards of the killing plants, processing plants, the standards that are required to get into the European Common Market, for meat products particularly, and maybe particularly fowl processing such as geese, their standards are very stringent, and from time to time some improvements have to be made to the plants. Does the Minister have any form of assistance to help these processing plants if a new regulation has come along because, as the Minister can appreciate, regulations change from time to time by the importing countries.

Sometimes, artificially, they set up a new regulation that can, in effect, remove the competitive advantage of a plant in Manitoba. Has the Minister got any form of assistance that may be available if necessary or would he entertain the proposal of assistance should some standard change and need some renovations that are possibly beyond the financial capability of these two plants. I pose the question of these two plants alone because I think they are a Manitoba unique opportunity. They've developed in Manitoba; nowhere else in Canada do they do the same job, the same volume and penetrate the same kind of markets and I think it's a unique Manitoba secondary processing industry in agriculture that has grown and has a great potential to further expand barring the potential of having the EEC or some other importing nation put regulations on their killing plants that could possibly put them out of business. And if the Minister was amenable to discussing ways of alleviating these potential problems it would certainly be of great reassurance to both those two plants.

**MR. CHAIRMAN:** The hour is now 4:30, time for Private Members' Hour. In accordance with Rule 19.(2), I'm interrupting the proceedings and will return at the call of the House.

### IN SESSION

**MR. SPEAKER:** Order please. The time being 4:30, Private Members' Hour.

The Honourable Government House Leader.

**MR. PENNER:** Mr. Speaker, there being no business for Private Members' Hour I would move, seconded by the Honourable Minister of Agriculture that the House now adjourn with the understanding being that the Committees will continue to sit until 5:30 and meet again at 8:00 p.m. this evening.

**MOTION presented and carried** and the House adjourned and stands adjourned until 2:30 p.m. tomorrow afternoon. (Thursday)

**MR. PENNER:** Mr. Speaker, it is my understanding that the Honourable Member for Radisson, being on our side of the House when the House adjourned, that he now is here for the rest of the Session.

### SUPPLY - AGRICULTURE (Cont'd)

**MR. CHAIRMAN:** The meeting will now come to order. We are on 6.(a)(1).

Mr. Minister.

**MR. URUSKI:** Mr. Chairman, just to respond to the Honourable Member for Pembina. There is no special fund within the department, in terms of assistance in plant renovations, but certainly we would assist any operators to the extent that we could, in terms of either applying for grants for expansion if changes had to be made; or, if the need be, in terms of we would certainly want to even consider. There may be an interest to be involved through some financial means if that was necessary. I really wouldn't want to rule out that, no, we would not be involved. That

would be foolish to say that, Oh, no, we don't want to get involved. I believe that if there are occasions and cases they would have to be dealt with on their own merits and to see whether we could assist, technically from our staff in terms of resolving some of the problems. I know a member mentioned from his seat to me that Morden ran into a problem in terms of requirements; I know Teulon, for example, had - maybe not a similar problem, but a problem dealing with improvements and they had to, I think, the paving for example around the plant.

I have to tell the honourable member that even in my own area there were producers who were, in terms of producing geese, specifically, who were very opposed to the issue of the requirement of having to have their product channelled through a plant, because they wanted to do their own processing. I am just relating that there was reluctance on behalf of some of the colonies, for example, they wanted the feathers because they wanted to use the feathers and they wanted to employ their labour in terms of the processing. But those requirements would not meet the standards, the strict standards, of the International Marketplace in which that company was dealing. And I think there were some problems in those area; they had to be talked out and worked out until the industry got itself established, and obviously, if there will be problems in the future we will have to examine them as the cases arise.

**MR. ORCHARD:** Well, I'm certainly pleased to hear that the Minister has confirmed that his door is always open to these kind of problems as the door has always been open for the past four years.

There's only one thing, and I know the Minister didn't mean this when he said it, but it's always in my suspicious mind of the present Minister of Agriculture when he indicated that assistance may be necessary and he mentioned investing in the plant, etc. I hope he's not assuming the same position that the NDP have got with capital assistance to the CPR where it should only be done on an equity basis, and that's the only way they would entertain any assistance to these two plants.

**MR. CHAIRMAN:** Pass; 6.(a)(1)—pass; 6.(a)(2)—pass; 6.(b)(1)—pass; 6.(b)(2)—pass; 6.(c)(1).

The Member for Emerson.

**MR. DRIEDGER:** Mr. Chairman, I understand that the Minister expressed desire to discuss this area of the Manitoba Natural Products Marketing Council under this item here, rightfully so. There are a few concerns that I'd like to raise here and they might not necessarily be agreeable to even all of my colleagues from time to time, but I would wish to bring them to the Minister's attention anyway.

One of the concerns, my understanding is, that there is at the present time, eight marketing boards that are in operation and that the role of the Manitoba Natural Products Marketing Council is sort of the supervisory appeal system to some degree, and I have a variety of these boards that are operating within my area there and as a result have the opportunity from time to time to discuss some of the problems with them.

One of the concerns, number one that I'd like to raise, is the representation on the board. At the present time I do not believe there is any producer from the marketing boards that is a representative on the Manitoba Marketing Council, and the request has been made from time to time that there should be somebody that is on one of these boards that should be on the Manitoba Marketing Council. The Minister shakes his head, but I fully support that kind of concept and I would encourage him to look at that. — (Interjection)— I mean a producer, maybe I did not make myself clear. — (Interjection)— I want a producer of the commodity on the board from the Manitoba Marketing Council. That is what my various marketing boards are suggesting and I certainly go along with that.

Now, the role itself of the Council has given me concern from time to time; I felt that I have been doing a very commendable job for most of the time. However, there have been instances where I fail to agree with some of the positions that they've taken, and basically, as we get down to the area of transfer of quota, where a farmer sells either his dairy operation, his broiler operation, whatever operation it is, and the first step, understandably, is that the producer board has a look at the possible sale and either supports it, or does not support it, at which stage of the game I believe the Manitoba Marketing Council then has a look at it and passes final judgment.

For a while there, things were moving along relatively well; there didn't seem to be too many problems in that. However, it would appear that later on, and at the present time, there is some concern that there could be some value on quota from time to time; this is when we start having differences of opinion. When we consider, for example, the dairy end of it with which I am more familiar, possibly, than with any other, and the sale of a dairy, when you have the transfer of quota, or the transfer of an operation; the Manitoba Milk Producers Marketing Board gives it their sanction and subsequently the Manitoba Marketing Council then views it and if there is a difference — this is where I beg to differ with some of the positions taken by the Council — is that they seem to be in a position where they can indicate the price at what a property will be selling, whether it is a dairy, whether it is a broiler operation. And if they feel that there is some hidden value in quota, as I think the expression that has been used, then they reject the sale and ask for either reappraisal, or whatever may be. In some cases, I think, the Manitoba Marketing Council has indicated that additional appraisals should take place, even if there has already been one taking place at the cost of the people involved.

Then I want to raise the question of who is a qualified appraiser. Being in the real estate business to some degree, I've had the opportunity to do various appraisals from time to time, not as a qualified appraiser. This is where it comes down to a matter of opinion. What do you think it is worth? What do I think it is worth? I still maintain that when you have a willing buyer and a willing seller, that should be very close to a realistic market price. Then you take the higher-up appraiser who could be biased or not, and he comes up and the differential in some of these prices is something that's quite amazing. Then the Manitoba Market-

ing Council with the jurisdiction that they have received, say, "Well, there could be value on quota and we will not allow this sale." The concern that many of the producers have at this stage of the game is, "Well then, if this is how it's going to be run, then, Mr. Minister, the Council should set the price at what the transaction should take place." And that is a very dangerous thing; I do not believe it. In a sense, they are doing that right now? They are doing that, which leaves a lot of concern there.

Aside from that, maybe just to bring it to the attention of the members of the House is, when I say it takes place of this nature, parties have to sign affidavits stating that there is no value attached to quota. After all these approaches have been taken, then the Manitoba Marketing Council has the right to get up and say, "We think there is value on quota; your affidavits don't mean a thing; the paid appraiser that you had appraising it doesn't mean a thing." Then I get nervous.

So, I think for the sake of the producer boards and the producers themselves, we should establish who is going to establish prices when people want to sell, when people want to buy. If the Minister could possibly give me some indication what his feelings are on the matter, then maybe I have a few more questions that I'd like to direct to him.

**MR. URUSKI:** Mr. Chairman, the member raises two areas which are of great concern to myself and I think the honourable member and I — I'm glad we're on opposite sides of the room, because I think we would end up and will end up on opposite sides of the fence, not that I don't share some of his concerns in terms of the way things have been going, Mr. Chairman.

With respect to the issue of appointing members of commodity groups onto the Natural Products Marketing Council, if we were to, for example, use a member of one of the marketing boards as a member, you'd be placing that member in a position of conflict of interest, if he or she was to have to deal on an appeal, dealing with producers within his or her own commodity. You'd be placing them in a very difficult position, Mr. Chairman, and really what we should be doing, is as has been done historically, to attempt to get a cross-section of Manitobans to sit in as impartial a way as possible in dealing with problems that producers have with their own boards and to pass their findings in relationship to the appeals that are made to that board.

With respect to quota transfer policy and the values to quotas, Mr. Chairman, let's just take the honourable members arguments one step further. We have in most of the Board national agreements, in some of them we have, for example, in the Milk Board and the member knows the Milk Board. Now there's a formula in place in terms of cost of production and the producer will always be guaranteed a return. Mr. Chairman, if there is a willing buyer and a willing seller and imputed into that sale price is value for that quota, then the arguments that consumer groups have been making across this country will have great validity that consumers are being gouged and paying over and over again the capitalization of those assets, and then they will have an argument to say: we want to sit on those Boards and we want to deal with how those

prices are developed and we want to have a say in what happens. Then the consumer groups, their arguments, which now I don't take very seriously because I don't believe that in the main they have been legitimate concerns, but if we go that one step further and allow what the member is suggesting those concerns will be totally valid and we may as well scrap the whole system, Mr. Chairman, as far as I am concerned.

I don't believe that producers, the people who have been granted by the stroke of a pen, certain rights, should be able to receive a return for those rights which they did not put up a penny for. They did not have to invest any money for those rights and the production of food is such a basic to all our needs, Mr. Chairman, that we should not be recurring the costs or having to repay the costs or recapitalize those costs, even though in many of the formulas those kinds of formulas do have some of that put into them. There is some of that creeping into the formulas and that's the area that one has to look at.

I do have some thoughts, and I want to share them with the honourable member, that maybe we should look at an area in terms of the relationship between the Marketing Council and the producer boards, whereby the Council has its staff doing investigations and the investigations then report to the Council and the Council makes a ruling. There may have to be, and maybe we should consider, separating the functions of the Council into an investigative council and an appeal council dealing strictly with the appeals and having nothing to do with the investigations and with the assessment and supervision of the boards.

We maybe should look at separating the two roles. I think the Province of Ontario has gone that route and certainly that's one area that I would want to examine and look at because I think they've moved in this area of separating the roles of the Council into two separate areas and that may, at least, take away from some of the suggestions and accusations that have been made that the Council has been very unfair and they have not been unbiased in their decisions, that they have had a biased decision because of the reporting of the staff directly to them and they having to rule on the information supplied by their staff, those kinds of accusations that have been made. We should see whether there may be a better mechanism in dealing with appeals and that's some of the areas. I'd like to hear, you know, the Member for Morris has had some direct experience as a citizen on that board, whether if we look at what is happening across the country, whether that may be a way that we should be moving in this area. I certainly want to examine more closely the Ontario situation and how the boards deal with one another and we may be able to take some of those suggestions in some of those areas that they've moved in and see whether they could be considered and applied to our situation here in Manitoba; maybe improve on the relationship between the supervisory board and the boards and using a separate appellant body just to deal with the appeals, that has nothing to do with the supervisory functions of the Council.

**MR. CHAIRMAN:** The Member for Emerson.

**MR. DRIEDGER:** Thank you. I have a question again

and then I have a few comments that I'd like to make. The question I have, is the Minister contemplating any changes in the present board, the appointments?

**MR. URUSKI:** Mr. Chairman, there will be some changes because there's no Chairman of the Council now; there's some recommendations, there may be. That's always under consideration in terms of the Council. What kind of changes or how extensive the changes, Mr. Chairman, I can't tell the honourable member.

**MR. DRIEDGER:** The question that I have then is there's three members I believe on the board, is it the contemplation of the Minister to change any of those three?

**MR. URUSKI:** Mr. Chairman, that would be a decision made by Executive Council and if that is to take place the honourable member would be notified in the usual manner, but I want to tell the honourable member that there will be an appointment very shortly of a Chairman to that Board.

**MR. DRIEDGER:** I just want to indicate that I think even if I have criticisms towards the Council in some respects that I think the members, by and large, were conscientious in the work they were doing and I think possibly some of the regulations should be looked at. For example, I want to come back to the point that I made before where an individual is, in the case of a transaction, an appraisal has to be done, submitted to the Producer Board and the affidavits that have to be signed. These things, I think the Minister as well as everybody else agrees, in some cases, indirectly there is some value, not necessarily on the quota but on a productive unit that is in existence, can produce so and so much, and whether there's any actual money up front for quota, I think, if you have a unit that is producing well, whether it's broilers, whether it's eggs, whether it's dairy, there has to be some value just for the fact that there is a good ongoing operation. In order to set up that kind of operation, now if you start from scratch, to bring it into a productive unit if you could get quota would be prohibitive, the costs. But the concern that I raise is, why do we then have to have these, you know, the producer boards, by and large, have been very conscientious about the aspect of putting value on quota. I think all of the boards — yes, the Minister shakes his head — I feel they have because they've been looking at these things very closely and they themselves have stymied and stopped some sales and made that recommendation to the Manitoba Marketing Council.

What bothers me is the fact, why do we have to put these people through the embarrassment of signing an affidavit stating that I have not put value on quota and that you've spent money, maybe \$600, \$800 to get a qualified appraiser to come in and do an appraisal and then the Manitoba Marketing Council turns around and says, well I don't think that affidavit that you signed under oath or before a magistrate or somebody like that, that it means anything and that the appraiser that you hired and the money that you spent has no value either. We would suggest you get a different appraiser and then we'll have a look at it and

that is the area that has created some difficulty. If the Minister feels he wants to continue with that, it's a contradiction really and I personally would feel very concerned if I signed an affidavit, spent all kinds of money for an appraisal, then came and had the Manitoba Marketing Council say, well that doesn't mean a thing.

Then let's drop those things. Then let's have the Manitoba Marketing Council, I would object to this, but let them establish the price of what I can sell my unit for, and that's what in a sense they're doing now. They're looking and saying, well, oh no, \$300,000, too much, and they won't then give a price. Then they say, go back and renegotiate. So you come back and you go through the whole process again and then come back, and supposing the price was \$250,000, they look at it and say no, no, still too high. Then you ask him, what price would you settle for? That's none of our business. They can stop a sale but they will not establish a price.

If this is the authority that they have, then let them establish the price so the people know what they can sell for. I would fight against that too because I think that would be crazy but that's what they're doing in a sense now except they're creating many inconveniences when this is happening. I'll be talking to the producer boards and they'll be talking to the Minister and these concerns will be coming back time and time again.

So I would suggest that the Minister either remove some of those things that are there right now and give the council — because in a sense they have the authority now — give them better direction so that they set the price as to what properties can be sold for and then we'll deal with it from there.

**MR. URUSKI:** Mr. Chairman, I think the honourable member — he indicated he was involved in the real estate business — probably knows that there are appraisals and there are appraisals, Mr. Chairman, and I believe that it would only be prudent that the Natural Products Marketing Board have and should review appraisals that are being made and from time to time even on an ongoing basis, at least be able to avail itself to the independence of someone else to see whether or not there is any value attributed to the transfer of quota.

Mr. Chairman, there is another area the member hasn't touched upon in talking about sales. How do we attract and allow new people into the industry in terms of the quotas? Do we just allocate quotas on the basis of any market expansion to existing producers? Or do we say we will allow the expansion, if there's an expansion in the market, do we allow new people? Or do we continue just the buy-sell provision which really relegates any industry that is organized or regulated to those who have the funds in order to purchase one another out? I mean those are some of the questions that obviously as well have to be addressed in the long term, Mr. Chairman. Those are the kind of questions that have to be looked at.

I know in my own industry, Mr. Chairman, the only ones in the main that are now getting into the industry are those that have the bucks, those that can pick up, and the industry is being concentrated into — (Interjection) — Pardon me? Well, that have the dol-

lars, who can purchase some of the units out, those are some of the questions that will probably be cropping up over and over again. But I want to tell the honourable member, those are problem areas that, while we may not have or ever be able to have all the answers for, we have to address, and I intend to try and see whether some of those areas can be addressed to try and encourage in terms of new producers entering the industry, to at least look at those areas because those are some of the problems that we do face while the producers are guaranteed an income. It doesn't then guarantee them the right that they can charge whatever the traffic will bear for their properties. I don't believe that is right because then the argument that I put forward earlier will be valid. We may as well get rid of the whole system because then it is setting up of a system that only serves the few who are in it.

**MR. CHAIRMAN:** The Member for Lakeside.

**MR. ENNS:** Mr. Chairman, interesting comments by the Honourable Minister which points out, of course, something that we are all aware of, that the establishment of these marketing boards is a contradiction in itself because in most instances when they were established they were to maintain the industry, its accessibility to new and younger producers, producers who don't have the dollars, but of course as so often happens the theory doesn't work out in practice, and in practice, the Minister is well aware of it, because he mentioned he's involved in a particular industry, a part of the business that is very much the case.

Mr. Chairman, I have been removed for some time from the actual operating of the various boards in the province. I would ask the Minister whether his staff can supply the House with, what is the allowable quota that nonregistered food producers can produce in Manitoba on those items that are currently regulated under The Natural Products Marketing Act through the various boards? What I'm asking about is, how many eggs can I or my son produce and not be thrown in jail for doing it?

So I look at you, Mr. Chairman, and I see an enterprising young man that may not want to spend all his life in politics or even in the other vocation in teaching, and you may be able to raise chickens very well, or eggs very well, and in fact be prepared to sell them for 30 percent cheaper than they are currently being sold, but you can't do that, you'll be thrown in jail if you do that. The Minister of Natural Resources at his estate in Dugald may wish to grow potatoes, Mr. Chairman. He may wish to grow a stable food like potatoes but he can only grow so many before he runs afoul of the law. It's a little bit like the three-acre plot allowable in the Soviet Union that the noncollective farmer can produce and which, by the way, produces about 70 percent of the food produce; or in Poland, etc.

So, Mr. Chairman, I don't want the Minister to take this in any partisan way because I looked down the list, I can recognize some of the boards that I established when I was Minister of Agriculture, and that was done in the Tory regime, but what we're now talking about is the consequences of some of that

action. The fact of the matter is that people are precluded from entering into these occupations unless, as you've heard mentioned by other members, you have the necessary \$300,000, \$400,000 to buy quota. That's one of the real problems in this kind of marketing because we may also not just be preventing you, Sir, from becoming a first-rate chicken farmer in the Province of Manitoba, but you with your own intelligence may have found a way of raising those chickens for half the price they're currently being raised at and could pass on those savings to the consumers. You could, perhaps, be raising milk at 20 cents a quart less than what is the case today and be passing on that price to the consumers. It's for reasons such as those, Mr. Chairman, that the price of eggs is roughly 25 or 30 cents cheaper in Minneapolis than they are in Winnipeg, or a quart of milk, or a loaf of bread, or potatoes, or many other basic food staples that we require.

We have chosen a different route in Manitoba and in Canada generally, but it's worthwhile reminding ourselves and worthwhile reminding consumers and this party — the Member for Wolseley ought to at this point be taking some interest in the debates of Agriculture — because her constituents are paying those consumer prices.

I would ask the Minister if his staff can tell me, how many eggs can I legally produce and not be thrown in jail? Then if I want to, I can sell those eggs to constituents in Wolseley, or to your constituents in River East. How many chickens can I raise without running afoul of the law? This is a deadly serious debate. How many chickens can I raise and stay within the law, how many turkeys, how many potatoes and how much milk? Has the Minister got that information available to him? I know there are different allotments pretty well in each category. But, Sir, I am going to have a bit more time — one of the privileges of being in Opposition this summer — and I enjoy gardening, I want to put some potatoes in, but I don't want to run afoul of the laws of this Minister of this government and I certainly wouldn't want to produce food, that commodity that some of us use from time to time, and perhaps sell underneath the current market set prices by the boards to the enjoyment of those who would buy my produce — and I could assure you it's good — but I have to do it legally. I don't want the Minister's commissar to come looking over at the ranch and saying, hey, you've got 10 bags too many potatoes there and that puts you in trouble with the law. Furthermore, those chickens — if you're going to raise chickens you got to brand them in a particular way because we want to know the board chickens from the nonboard chickens — and you can only give your chickens to your mother-in-law, or to your friends and relatives, but you can't sell them.

So, Mr. Chairman, I think it would be of interest to members of the Committee, particularly some of the newer members of the Committee is, what is a food producer allowed to produce of these regulated items? The ones that come to my mind immediately are eggs, chickens, turkeys, potatoes, milk — (Interjection) — no, I think honey is open — there are other kinds of boards of course like honey where there are no restrictions. We have boards, of course, hogs and beef which are still not restricted that way. I warned consumers of this House that should they be,

you can expect to see inordinate rises in those commodities. (Interjection) — Mr. Chairman, yes, I would say inordinate rises in those costs. Mr. Chairman, that's a cost that we conscientiously may take, will take and have taken.

Mr. Chairman, it's a decision that Conservative administrations have taken. It's a decision that New Democratic Party administrations have taken. Mr. Chairman, the framework within which this government operates the current marketing board was largely established and brought up to date by a former Conservative Minister of Agriculture namely George Hutton in 1964. The legislation was on the books in the '30's but its essential updating which set up the structure for the Manitoba Marketing Boards, the supervisory controls and so forth, was essentially put in place in 1964 by a Conservative administration.

So, Mr. Chairman, let's not play games. I'm not talking about the partisan politics of this thing. I am pointing out I think responsibly, the price tag attached to some of these operations particularly — and I have to concur with the Minister — when we talk about the costs being imparted to the product in the transfer of quotas as was raised by the honourable member opposite. Well, Mr. Chairman, the honourable member is quite well aware that there are egg producers — I don't know if in the Province of Manitoba — but in the Province of Ontario who have possession of a quota and don't come near an egg and don't come near a chicken — rent out their quota to other producers at a profit who are then producing the boards. I believe that is the situation and I think these are the kinds of situations that a Manitoba Marketing Board will have to correct. Some supervision will have to prevail.

Mr. Chairman, I would find it interesting and helpful if the Minister could indicate to us the allowable quotas for nonregistered producers in these various products.

**MR. URUSKI:** Mr. Chairman, yes, I will try and give the honourable member his allotment for this year since he wants to head out to the farm for the summer. If he can tell me how many eggs 500 laying hens will produce, he will be able to do that without a quota, Mr. Chairman. He will know how many eggs he can produce from 500 laying hens.

Mr. Chairman, obviously if you're going to produce them you can sell them and you don't need a quota. Broilers, there is 1,000 broiler chickens that are allowed per annum to produce. Turkeys are 100 head or the equivalent, and potatoes, 4 acres. In dairy there is no limit to the amount of cream that a producer can ship but he does require a quota in order to receive the federal subsidy. So there's no limit in terms of the production of cream. There is no opportunity to get into the milk industry without the investment, of course, into barns, coolers and quota in terms of being allocated a quota. There is no entry into the milk industry without a quota in terms of the production of milk, which requires a very substantial cash or capital investment on behalf of the producers.

Mr. Chairman, there is one point that the honourable member touched upon in his remarks that I want to get him to elaborate, or he may wish to elaborate, but I took from him in his comments that if the pro-



ducers of hogs and beef decide to organize nationally and set their price in accordance to the cost of production, that these costs will be too high for consumers. Mr. Chairman, is the member serious in what he is saying? Is he in fact saying that the price that farmers receive is too high in terms of the cost of production today? Is that what he's suggesting?

I just want to understand because from his statements he was saying to consumers, look, if those farmers get organized, you're going to be paying too much, those are the very words he said. He is indicating that you producers, you're going to be paying too much if these people get organized. Implicit in those remarks, he is saying that if you don't get organized we will keep you at the whim of the open market and there will be fluctuations. Sometimes you'll get good prices, sometimes you're overpaid and that's the way the system will operate.

Well, Mr. Chairman, obviously he is indicating that the food policy should be at the whim of the marketplace and that there should be no fair return to producers; that the producers should not get an equitable return based on the cost of production of their food. I believe that's what he has said.

**MR. ENNS:** No, Mr. Chairman, that's not what I said. Mr. Chairman, I have one further question. Of the 500 allowable hens that I can have to lay eggs with, can I sell those eggs to a commercial outfit? Can I sell them to my corner store or to —(Interjection)— I didn't think so, no, no. The same would go for the potatoes. I can't sell my potatoes to any commercial outlets, or the broilers, or the chickens?

**MR. URUSKI:** Mr. Chairman, if they could be sold from individual to individual but in terms of putting them on the commercial marketing through a retail outlet, they would either have to be graded, or inspected, or whatever the normal requirements are.

**MR. ENNS:** Mr. Chairman, I appreciate the Honourable Minister would like to play politics with this and I'm not prepared to play his game. But I point out, I don't know maybe the Minister can tell me, he probably can, that the cost of the operation of CEMA, the National Egg Board, now amounts to something like 8 or 9 cents per dozen eggs. I think it's in that area. In other words, I ask the Minister — and I have a lot of confidence in his knowledge — what does it cost in feed production to produce a dozen eggs? About 4 or 5 cents, about the same? The point that I'm trying to make, is the price tag that's attached to these programs. Consumer groups have to be at least legitimately made aware of it. If it's costing as much for the staff and paperwork and bureaucrats to manage a Board than it is to producing the product, let's at least, as agriculturalists, not hide that fact. I think it can be justified if appropriate supervision is maintained and if appropriate measures from time to time are taken by Legislatures or by Parliaments to ensure that a runaway situation doesn't develop or that unfair practices start to develop within the food production chain.

**MR. URUSKI:** The member makes a very valid point. I have no difficulty in terms of the suggestion that he makes, in terms of the costs running away. I'm

pleased that he has made those remarks because I hope the Member for Emerson has listened to his statements very well. —(Interjection)— Well obviously you don't agree with him because you've made the completely opposite statements to us here today. I agree with the Member for Lakeside that one, ever vigilance, is really what has to be the practise of not only of government, of supervisory boards, so that there are not imputed into the costs of production artificial costs which do add to the consumer price, to the end price of the product that consumers will have to pay. I have no difficulty with that. But there is the other side of the coin, let's look at the other side of the coin, let's depress the market in terms of the way things have been going historically.

The member well knows that he did play a role in the establishment of orderly marketing schemes, the Turkey Board. I just happened to be one of those who had just come back to the farm during the time that he was Minister. The Freshwater Fish Marketing Corporation was started, in response, Mr. Chairman, to a total depression in the market and the total possibility of the elimination of the people who were involved in the industry. And that's the other side of the coin, Mr. Chairman. To bring about some stability and some assured supplies we gave up, or we put into place, certain mechanisms which did insure producers an adequate return and consumers did pay for that, and will pay for that. But, on the other hand, Mr. Chairman, they are then assured quality products on a steady supply and that the food will be on the table when they need it. There will not be this fluctuation that orderly marketing systems are designed and will take out. That's the benefits that have to be given to consumers and say, yes, we know that you should have a steady supply of good food on your table, and that's what it's all about. But we will have to pay those costs based on the actual costs of production that producers pay at the time they are producing these goods. Those are both sides of the coin.

Well I appreciate the comments from the honourable member that we have to be ever vigilant in terms of not to build in those artificial costs which all consumers, because all of eat, will end up paying, such as, quota values. You know, I mean, if we could go that route we may as well, I would say we may as well abolish. —(Interjection)— Well, Mr. Chairman, obviously I didn't hear the honourable member very well but, Mr. Chairman, the amount of funds that are charged by CEMA, I believe, are 8 cents a dozen I'm advised; —(Interjection)— 6 ½ cents, I'm sorry, Mr. Chairman. Plus 1 ½ cents are the administrative costs of the local board, making a total of the administration of the National Marketing Agency at 8 cents, Mr. Chairman. Of that 8 cents about 5 cents is used for the removal of surplus product that is used for other parts. —(Interjection)— Mr. Chairman, he'd better talk to his own colleague who brought in the legislation into this House dealing with that very issue. That legislation was brought in before the surplus removal program of eggs, not of chickens, Mr. Chairman. The feed costs per dozen were not 4 cents or 5 cents, you know. Let's make it 10 times, roughly 40 cents a dozen are the actual feed costs, the feed costs per dozen. So you know there is some proportionality, Mr. Chairman.

**MR. CHAIRMAN:** The Member for Morris.

**MR. MANNES:** Thank you, Mr. Chairman. I'm going to try and cover four points, Mr. Chairman, and I'll ask the Minister to take them down in points and respond to them all if he so chooses at the end.

I'd like to, first of all, jump into this issue on quota value. Of course I won't tell you where my biases lie on this particular issue. But I think it's a tremendously important issue and it's one that I think has come about because of circumstances far removed from any attempts by producer boards or by governments or any group within that whole area. Inflation has brought forward this whole problem, to my way of thinking, of quota values. So let's indicate right away that it's not to be blamed on any one individual within this whole industry. But I think that if you look forward at all, and if you look forward in — I hate to move into the area of the Crow rate issue — some of us maybe see some concerns. If you look forward into this whole quota value issue, you see issues and you see concerns there also. I think because you have major inflation, as applied to existing facilities, that by book value have no value at all, but on a market value have tremendous value, you see where possibly, and that's all I say is possibly, there's an opportunity to hide significant amounts of quota value.

And I think, having sat on Council, and I don't dare speak for them, but as one individual I can say that that's where a concern arose. I think it's incumbent upon the Minister of the Day, and I know the former Minister I believe was beginning to act in this whole area; I think it's incumbent upon the present Minister to attempt to tackle this whole problem, not by issuing edicts to producer boards, but by attempting to bring everybody together and say that, if there isn't a problem now in this whole area, certainly there will be one right around the corner and let's try and face the issue and let's see if we can find some common solutions. Because, speaking again for just myself, as one individual on that Board, there's nothing that I find more despicable, and there's nothing that I found more out of sorts with my basic philosophy than stepping in to prevent one type of transaction within an industry. It's something that I found terribly distasteful as I know my colleague does from Emerson. So let's realize right away that there is a problem here and it's one that I believe that isn't resolved. It could lead to the whole destruction of a concept like the Member for Lakeside has indicated, as one that was brought into fashion at least, by a Tory government and one that has been used by governments since that time. So I don't think there's great disagreement anywhere on that whole area.

Time won't allow me to expand to any great detail on that area. I'd like to move into the second area then and I think the Minister challenged the members on this side to give comment on the two-tier system, that system which will allow part of the councils that exist to supervise the activities of producer boards and maybe another group, under either existing legislation or new legislation, that would allow the hearing of appeals as they came forward.

I suppose as one individual I was always opposed to that type of system, mainly because I thought that individuals on a board like the Council maybe were in

the best position to have a full understanding of many many areas. Of course, the opposition to that belief may be that you're so close to it and you may have ruled in one area and it prevents you from ruling again on the same issue, I don't know. But regardless of which system is endorsed, whether what we have now where we handle both functions or some two-tier system which is in use in the Province of Ontario which I think has some problems also in some senses, that really what is required particularly at this time when you have many many new regulations coming by way of all producer boards, is that Council, if it's going to do its job has to have some expanded resources.

We have right now two staff people maintaining the same number of boards that we've always had maybe over six or seven years. You're involved in a tremendously increased load on a national scale; you're involved in regulations that are coming forward in interpretation and I don't think the present work force or staff numbers of that particular Council lends itself to proper dealing with many of the issues at hand.

So I would make an appeal regardless of what system is finally adopted by any government of the day, whether the existing system which allows supervision and judgment on cases of appeal or a two-tier system, that in fact more resources be directed towards that Council because I'm firmly under the belief that if that Council isn't strong in its attempt to supervise — and I don't think it can carry out all its supervisory activities as it was meant to do by legislation — so I think it can use more support.

The third item I would like to address is the power of the Council and of course the previous government brought in Bill 18 which increased the Council's power somewhat and I found it very interesting to hear the present Minister's — I looked it up — his debate on that particular issue at the time and of course he at that time indicated he was totally opposed to allowing any more power to the Council. I think that particular item, regardless of what side you're on, it should always be kept in mind and considered in light of the issue of the day. Again I say, there are times when that particular Council could do more if it were given some powers to amend decisions. I know that particular bit of advice may be totally contrary to some of my colleagues, but I say that as an individual who's worked on that Council.

The fourth point that possibly the Minister would comment on — and I would hope he would comment specifically on this item — that is the approach taken in dealings at national agencies. I do know that the First Minister has gone on record for saying that we will not attempt to fight Ottawa on all issues and on many of them we will attempt to co-operate to any degree, but I think we need a very strong bargaining team representing the province as a whole. When I say the province as a whole, I include also the producers, at these types of national forums and that's why I would ask specifically, is Maurice Kraut, who is the Assistant Deputy Minister and who, through the last two or three years has carried a heavy load in these national discussions and who, I may add, developed in a large manner, our whole comparative advantage argument as it's tied into the allocation of over-based quota. I'm wondering if he will be allowed to continue to represent Manitoba at these particular

forums because we need very strong voices and we need people that can debate in an economic manner, not a political manner.

**MR. URUSKI:** Mr. Chairman, there are four areas that the member touched upon dealing with quota values and the transfer policies. Those are — and the member has heard some of my comments and my views in this area — we are reviewing and we will be having and have had discussions with the various boards in terms of trying to seek and look for a common ground in terms of developing a strategy and a policy to deal with the transfer of quotas on a much more uniform basis in terms of from the way they have been treated in the past between the different boards. We're certainly looking and reviewing those policies and we will want to and will be delving into this area much more deeply as the months and weeks go on.

Mr. Chairman, the member made comments with respect to the two-tier system and indicated that there are likely problems in that area, even if you go a two-tier system of Marketing Council, one to supervise and an appeal tribunal to hear appeals. In that respect, it has some on first glance anyway — and I want to consider that — that we do review whether there should be a splitting off of the supervisory powers of the Council and have an appeal mechanism or an appeal tribunal dealing with all appeals, to not only appear to be impartial but to actually be impartial because then they will not be involved in the supervision of the marketing boards which they are now, under the present legislation.

I understand the member's comments with respect to the need for more assistance and more help, Mr. Chairman. Attrition over the last four years has taken one or two staff people who were on the Board at that time and they were never replaced. We will have to review that and see how we can improve upon that and maybe when we review the legislation that may be a time or maybe before then. I certainly consider the honourable member's comments as being very valid in terms of the need of support to the Council for work and background work and analysis and investigation.

Mr. Chairman, with respect to the power of the Council, if we give more authority to advise and direct - the honourable member indicated that I was opposed to the previous changes in the legislation, that's the thought that I had in my mind. I should point out to the member, if I recall my remarks generally, fairly accurately, what we were afraid of is the area where the Council could then allow appeals of, I believe, processors in commercial establishments against rulings of various Boards. Those are the concerns, I believe, I expressed specifically, not so much as complaints between producers and their Board which the Council would rule on. Those other concerns are the ones that I spoke about in terms of my comments and I have to say to my honourable member, they haven't been borne out. I have to admit to the honourable member that those concerns were not borne out in terms of the operation of the board.

With respect to national agents, Mr. Chairman, the honourable member raised a very major issue and that is one dealing with the over-base allocation of quota and how the future quota and market expansion should be allocated. I should point out to the

honourable member that issue goes back to the initial agreements that we signed, the national agreements dealing with chickens and turkeys. In terms of the specifics of who will be involved in them, whether it will be one Maurice Kraut or someone else, Mr. Chairman, that whole area under the departmental structure, I mentioned earlier in terms of how the department will be restructured, that is under review and who will be there and who will be involved in all other areas would be one that will be dealt with in terms of the overall departmental restructuring and review.

**MR. CHAIRMAN:** The hour being 5:30 p.m., I am leaving the Chair to return at 8:00 p.m