

# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 5 April, 1982

Time — 8:00 p.m.

## CONCURRENT COMMITTEES OF SUPPLY

### SUPPLY — HIGHWAYS AND TRANSPORTATION

**MR. CHAIRMAN, Harry M. Harapiak (The Pas):** l.(b)(1) Salaries.

The Member for Pembina.

**MR. DONALD ORCHARD (Pembina):** The Minister mentioned a new position that was coming up in administration and over Private Members' Hour, just a couple more thoughts occurred to me —(Interjection)— what's your problem? How do you say it in Russian?

Mr. Chairman, if the department finds this individual who's suitable for the job of implementing affirmative action in the department, would you foresee the department, say, subsidizing contractors to train Natives to undertake certain job skills in the construction industry like operators, etc.?

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

**HON. SAMUEL USKIW (Lac Du Bonnet):** Mr. Chairman, as I envisage this program through the next twelve-month period and beyond, is that the person in charge of the program will try to utilize all of the programs that are now available, federal-provincial, through a multitude of departments and will plug into our program in that way, which would hopefully not be a charge on this department. That doesn't mean that we wouldn't be prepared to consider a charge on the department for part of that package, depending on what is being proposed down the road. It's merely a concept at this stage and this individual is to develop the model, and it may be possible that in that model will be some departmental component, a cost component. Really it's purely speculative at this point in time, but I would not say no.

**MR. ORCHARD:** The Minister also indicated this afternoon that as well as his working with the contractors in the various contracts, whether the bridge division or actual road construction, this person will also work within the department to bring departmental staff on-staff. Would this person be in rather close liaison with the personnel department then, would you envision?

**MR. USKIW:** Mr. Chairman, as I would picture it and again we're speculating quite a bit about the role of this individual, but I would imagine that this individual would interface with the personnel people in the department; would interface with every district engineer; would interface with the various communities from which we would be drawing potential employees; would interface with the industry people who will be submitting tenders on various projects; would interface inter-departmentally. So, yes, very much so, I would say that this person will have to respond to a

whole host of areas, part of which are not contained in the department. And also with the Civil Service Commission there will have to be some liaison between this person, our personnel people, and the Civil Service Commission.

**MR. ORCHARD:** Then would you envision this person possibly sitting on the Departmental Selection Committee that chooses personnel from a wide range of applicants who have applied for a given job or position?

**MR. USKIW:** Possible, yes. I'm not certain, but possible, maybe desirable if that takes place.

**MR. ORCHARD:** That would make the job description, I think, quite important through this person and the method by which this person is selected, and my concern at the present time might be that there would exist a possibility — and I'll paint a scenario and the Minister can correct me where it's going askance — that, let's say, this Minister would choose an individual to fill this job description for him, and then this person would have sufficient influence on the hiring process that just possibly, and I speculate here, there might be some political interference from the Minister's office to assure that certain individuals would be hired above other individuals in a job competition if this person had the ability to influence the panel reviewing applicants. That would be a concern certainly, I think, that the Minister could well appreciate.

**MR. USKIW:** Mr. Chairman, I would envisage that what we would do is have a number of jobs that become available within the department classified as, whatever term you wanted to use, but for lack of a better term, an affirmative action position, so that everyone in the system has identified it as that kind of a position. Then you select a person that qualifies as a candidate for that position, because logically what you're trying to do here is to provide an opportunity that normally wouldn't exist in the normal process, to the disadvantaged group. So, you would have to have those positions identified in advance as positions for affirmative action jobs, and that would be a dialogue that would take place between this individual and the various components in the department. That would identify X number of jobs when they became vacant, or when there is a potential for attrition, that there would be lead time to say, well all right, this job looks like it could be a position that could be filled by such a candidate. It's not something that would just happen overnight; it would have to be planned for.

**MR. ORCHARD:** I think there isn't any great degree of concern that this shouldn't be done. As a matter of fact, if the Minister would have searched back into the department, I think generally people have been hired with the best combination of talents as the job description required, and in no small way I think there has been a significant amount of affirmative action within the department, particularly at the district office level already. And I suppose one of the concerns that

always surfaces when there is an active embarkation on affirmative action is that, you know, you've got a design, a motive in place to achieve a given end, and you're going to do it come hell or high water, and sometimes that has repercussions that aren't foreseen. If this is simply a person to identify opportunities, and to attempt to fill those opportunities in a method in concurrence with affirmative action, then I think there would be very little concern. But as I reiterate with the Minister, if this should perchance surface — and I'm not making any accusations, but if the potential were there — into a method by which the normal hiring practices would be interfered with by the Minister's office, I think it would be to the detriment of the department and the district offices in the longrun. And I would think the Minister would see the concern that it would not happen, I'm quite sure he wouldn't allow that to happen.

**MR. USKIW:** Well, Mr. Chairman, I suppose one has to wait for the proof in the pudding, so to speak. You know, that's always an open area of speculation. I don't know what I can do to satisfy the Member for Pembina in advance other than to suggest to him that I happen to believe, that I'm familiar with what he is talking about in the sense that there's always that kind of a question that surrounds anything that is sort of not standard in the hiring process, and I don't know if you can ever escape from that.

Secondly, there probably might be a tendency on the part of some people to speculate on reasons why certain individuals are brought in under that kind of a program, because of the nature of the program. You know you might have 50 applicants, and there might be two positions, and there's supposedly room for all kinds of speculation as to how it is that those two were chosen, especially if they're, to begin with, categorized as the disadvantaged work force that we're looking for. I don't know if you can ever erase the spectre of a sort of public concern, or some opinion on the part of political people or otherwise, that might think that there's something wrong in the process. I don't think you can completely insulate yourself from that eventuality. Certainly it shouldn't be the mode of operation.

As I see it, the first step is to introduce a person that is available for that particular job opportunity. That's the first step. The second step is to try to graduate them out of that spot and, you know, they themselves will determine whether they have that ability. The personnel department will have to determine whether they have that ability and hopefully promote them up the ladder, and to the extent that you do that you've opened up that slot for another such person. But at the second step they should be competing for their next job. They shouldn't be sheltered for the second position. That's how I sort of envisage this. But again I don't want to draw too much of a picture because I myself don't know how this is going to operate. The purpose of this one staff man year is to develop a model which we will look at and either agree with or amend. We can waste an awful lot of time on speculation as to how this is going to operate.

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

**MR. ORCHARD:** In Item 2. Other Expenditures, is that specifically where the Janssen contract is?

**MR. USKIW:** I would believe that's correct, Mr. Chairman, it wouldn't flow directly under Salary. Consulting Contracts would be under Other Expenditures, I think. Where do they show up? I'm sorry it comes under (d) Transportation Division.

**MR. CHAIRMAN:** 1.(b)(1) Salaries—pass; 1.(b)(2) Other Expenditures—pass; 1.(c)(1) Computer Services: Salaries—pass.

The Member for Pembina.

**MR. ORCHARD:** There is a sizable increase in the Salaries. Are you taking on additional staff in the Computer Services?

**MR. USKIW:** Yes, there are three additional staff, Mr. Chairman, strictly workload increase, roadway design.

**MR. ORCHARD:** Is the computer store or warehouse inventory program now complete?

**MR. USKIW:** I'm sorry, perhaps I should correct my statement, Mr. Chairman, there are three additional. One is for workload relative to roadway design by computer; one is to meet systems needs of the transportation economics in Research Division and then an Administrative Secretary to provide clerical support to program analysts, three positions.

**MR. ORCHARD:** The roadway design system, is it in any of the district offices at present with a remote terminal?

**MR. USKIW:** Of that, I'm not certain. Four.

**MR. ORCHARD:** So there is three new SMY's; the Other Expenditures, okay, that Item can pass.

**MR. CHAIRMAN:** 1.(c)(1) Computer Services: Salaries—pass; 1.(c)(2) Other Expenditures—pass; 1.(d) Transportation Division: (1) Salaries.

The Member for Pembina.

**MR. ORCHARD:** Once again there must be some new SMY's in there, Mr. Minister.

**MR. USKIW:** Yes, there are two additional staff man years.

**MR. ORCHARD:** What are they going to be involved with, Mr. Chairman?

**MR. USKIW:** On the Transportation Division. I think that's the Handicap Program, but I'm not certain; one handicap and one typist in the Handicap Program.

**MR. ORCHARD:** The Other Expenditures include the contract. What's the total value for the contract to Mr. Janssen in Other Expenditures?

**MR. USKIW:** I think that's a six-month contract at around \$5,000 and some odd per month so it would be somewhere in the order of \$30,000 some odd in there.

**MR. ORCHARD:** And the allowance for expenses on that contract?

**MR. USKIW:** Sorry.

**MR. ORCHARD:** And the allowances for expenses on that contract?

**MR. USKIW:** Yes, expenses are additional to that.

**MR. ORCHARD:** So, that we'd have a total of \$35,000 to \$40,000.00?

**MR. USKIW:** That's assuming, Mr. Chairman, that the contract is not extended beyond the first six months and most of that comes out of last year's accounts because we've just completed a fiscal year-end. The bulk of that first six-month period was within that year.

**MR. ORCHARD:** Is there budget provisions for extending that or would that have to be done by Special Warrant?

**MR. USKIW:** It's my understanding, Mr. Chairman, that usually you try to develop some flexibility within the department for those kinds of eventualities although it's always possible to go for a Special Warrant if one can't find the funds from within.

**MR. ORCHARD:** So, I take it that there are certain of the increase in expenditures for the eventuality of having to extend Mr. Janssen's contract.

**MR. USKIW:** That's a possibility, Mr. Chairman. That decision has not been made.

**MR. ORCHARD:** Has the transportation division developed any information on the Eastern Seaway capacity as it applies to particularly the prairie grain shipments?

**MR. USKIW:** The transportation division has had a report issued to various interested parties I'm told some months ago on that very question, but I have not seen a copy of it.

**MR. ORCHARD:** I don't recall if the some months were some months ago far enough back. I wonder if I could get a copy of that as well.

**MR. USKIW:** Yes, there's no problem on that, Mr. Chairman.

**MR. ORCHARD:** Has there been any reaction to some of the suggestions that were made on the Port of Churchill that came out of the meeting in June of last year on methods of extending the season at Churchill, methods to put more volume of grains through the Port of Churchill; has there been any official reaction from the Federal Government on some of the proposals that came out of that meeting in Dauphin?

**MR. USKIW:** I'm advised that there's been no substantive response on the extension of the season or the insurance aspect of it amongst other things,

there's really not been much information coming back.

**MR. ORCHARD:** I take it that will be one of the areas that the department and the Minister will spend some time on, is to try to get the relative position of Churchill as a grain export port in a little better light than it has been in the last couple of years. Would that continue to take a fairly high profile in the transportation division repertoire of jobs, as numerous as they are?

**MR. USKIW:** Mr. Chairman, it depends on whose advice one wants to take. If I was to take the advice of some honourable members in Ottawa we might close it down, but we have always expressed a keen desire to upgrade the system in Churchill and really that dates back to the previous term of our government wherein, together with the Government of Canada, many tens of millions of dollars were spent in the Town of Churchill itself on the understanding that there was going to be growth there rather than a reduction in population, and unfortunately the reverse has happened, although the Government of Canada put in 60 cents out of every dollar, as I recall it, into those new facilities. Simultaneously, there were decisions made at that level to reduce the level of activity on the part of the Government of Canada, so that's been an uphill battle for many, many years and certainly it hasn't changed. I don't recall, or haven't noticed, any progress being made in the last four years on that score. Whether we can manage to turn that around I can't really say, but we have always given preference to a greater role on the part of the Government of Canada at the Port of Churchill.

**MR. ORCHARD:** Thank you, Mr. Chairman. Well, I suppose the Minister's remarks could open up a whole series of interesting dialogue. I think the Federal Government very astutely put in 60 cents on the Capital dollar and left the province with 100 percent of the operating costs which if, in this renewed era under the Pawley administration of co-operative effort with the Federal Government, we get stuck with another town complex at Churchill to operate to infinity, I would think co-operative federalism would be set back somewhat. But unfortunately, or maybe unfortunately is the wrong word, but all of the efforts in the early part of the '70's, I think, not all that much of it was focused on the port itself to attempt to get a greater capacity in the port. There was some dredging done and that's probably about all.

There were some pretty logical suggestions made and we had been discussing them with the Federal Government; such things as use in the start and the end of the season of the MV Arctic to attempt to extend the season at Churchill. Of course, I think the one experience in the fall showed that it had definite potential. That's the kind of thing that I suppose we, along with the Federal Government, were trying to achieve for Churchill. There was the frazil ice barrier to attempt to get an extended season in the fall. It was probably one of the lower cost things to do.

And then, of course, there's the constant upgrading on the Herkmer line in that - what do they call them, heat tubes, I guess - the experiment on the heat tubes on the permafrost that I had opportunity to see last

summer; certainly in the section I had a look at last summer - and possibly the Chairman would know more about that than any of us - seemed to have a lot of potential. Now, of course, when you get into the economics of whether it would pay to do that on substantial stretches, I don't know. The biggest key to getting greater capacity through the Port of Churchill probably still is the final upgrading of that Herkmer sub to the heavier steel so that the loaded hopper cars can make use of the Port of Churchill.

I don't think there's any question that, in terms of terminal houses, that the terminal at Churchill is one of the most efficient in the Canadian export system. It has cleaning capacity far in excess of any other terminal that I'm aware of on either the east coast or the St. Lawrence delivery system, and they've got a labour contingent up there that is quite refreshing to talk to. When I was up there in June of last year after the Dauphin meeting, they were quite disappointed that there wasn't going to be a ship in until late July, early August. They were anxious to work which I think is quite a refreshing attitude amongst some of the current problems that beset some of our ports, so that I think there are a number of things that the Federal Government can do and, giving them their due credit, were moving on. If, as some people say, the freight rates are going to go up on the cost of moving grain that what we're going through now is an exercise in window dressing, that the Federal Government has already made up their mind and transportation costs are distant related, it certainly puts Churchill in a very, very advantageous position because I believe it is the closest tidewater terminal in Canada for prairie grain export. I really think that some of the things that we had developed and, of course, the transportation division did most of the research on them for us in preparation of the June meeting, I think some of the suggestions that were made there have very, very good longrun potential for Churchill as a grain port. I can just assure the Minister that he will get support from our side of the House in undertaking whatever moral suasion he has to with the Federal Government to have them undertake some of the changes that are needed to improve the capacity up there.

In terms of capacity to the west coast, there has been a number of discussions and projections made. Has the transportation division got an update, a more recent report, on what the capacity constraints may well be in the future on grains moving to the ports of Prince Rupert and Vancouver?

**MR. USKIW:** Mr. Chairman, I believe a lot of that information is contained with the Crow package. The expectations of the bulk commodity movement through the mountains still seem to be identical to what they were a year or two ago. Just at the Westac Conference last week they decided that they didn't want to revise the figures. I don't believe there were revisions; they're still the same, so that we're still looking at the same kind of situation vis-a-vis the railroad capacity against the tonnage that is expected to be moved, or needed to be moved, in the next decade. It centres very much, though, around the coal fields and the needed expansion in railway facilities relates more to the coal industry than it does to other commodities, although grain is projected to expand a

considerable amount as well, but that's based on Wheat Board projections over the next decade. But, by and large, the coal movements are the big increase; it's the big increase commodity as far as transportation requirements are concerned.

**MR. ORCHARD:** Then I think the major new push on coal is, I believe, to Prince Rupert with the majority of the grain going down to Vancouver.

The transportation division was involved late last year in intervening with an application, and I may not have the details exactly right, but it was an air-licensing of — I forget which airline — but it was to Rankin Inlet and it was going to bypass Churchill, and there was some considerable concern that having that route bypass Churchill would be a further disadvantage to the community. Could the Minister indicate whether anything positive came out of that intervention?

**MR. USKIW:** Yes, we have taken that issue as far as we can. It's now before the Federal Cabinet, so we're not sure what's going to happen there. It's at the ministerial level in essence.

Just getting back to the tonnages. The projected tonnages of coal through the mountains of British Columbia is still holding at 53.3 million tons by 1990 as opposed to 14 million tons in 1980, so that gives you an idea of just what they're looking at in terms of rail expansion. Grain is projected to move up from 10 million tons to 19 million tons which is —(Interjection)— This is Canadian Wheat Board projection. Sulphur from 5.4 million tons to 6.8; potash from 3.6 to 9 million tons. So the big bulk is in the coal area.

**MR. ORCHARD:** Well, I take it the intervention that was initiated on that, and I forget who the air carrier was, but the one into Rankin Inlet that was going to bypass Churchill, the intervention that was filed, I believe, in October if I recall correctly or thereabouts, was, I take it, not successful and that's why you're at the Cabinet level now?

**MR. USKIW:** Yes, that's right. The original intervention was not successful. That was filed in October, or whenever. We filed an appeal on that decision and that is now before the Cabinet.

**MR. ORCHARD:** I know you can't speculate on these things. Are you going to have any success at the Cabinet level do you believe?

**MR. USKIW:** I have no idea, Mr. Chairman. I wouldn't want to speculate.

**MR. ORCHARD:** After having a little more time to really analyze the impact, is the impact expected to be as serious on the carriers operating out of Churchill as was originally anticipated?

**MR. USKIW:** The issue there has more to do than just with air transportation, it has to do with the viability of Churchill as well, but it is going to have very severe negative affects two other carriers, and certainly, other decisions may flow from that decision which will reduce again the level of activity in the Town of Churchill; that is, public activity. I know, there's a new

townsite centre, there's a new hospital. To the extent that the airlines are going to be bypassing Churchill, there may be a revision in the operations of, not only the town, but even the hospital in Churchill. So, yes, it brings into question the whole viability of that community. It's a much bigger decision than how it affects the other airlines although that's uppermost in terms of our concern. But it's far beyond that, Mr. Chairman.

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

**MR. ROBERT (Bob) BANMAN (La Verendrye):** Mr. Chairman, just for clarification purposes, is this the section where you've allocated certain funds for the Handi-Transit systems in Rural Manitoba?

**MR. USKIW:** Yes, this is the section.

**MR. BANMAN:** Well, Mr. Chairman, I'd briefly like to put a plug in for a number of these rural Handi Transit services that are serving the handicapped people in rural Manitoba. We have one which operates in the south-eastern region and is faced with certain financial problems, and I guess what prompts me to ask a few of these questions is the announcement of the Provincial Government that they'd be freezing the transit rates in Metropolitan Winnipeg. I understand that will cost the province roughly between \$2 million to \$3 million.

**MR. USKIW:** I'm sorry, would the member repeat that?

**MR. BANMAN:** Well, I understand that in the terms of funding, it's going to cost the province between \$2 million to \$3 million to freeze the transit rates in Winnipeg.

**MR. USKIW:** Oh, I see. No. I think he was just making a statement.

**MR. BANMAN:** That's right.

I guess my concern is, I know the one out in our area is really struggling. The Minister probably knows the background to the problem that we all face with regards to this. It was started up under, I believe, a Canada Works Project. A group of people were given a substantial amount of money to run the service for 18 months and, of course, when the Federal Government pulled back and then didn't allow the funding to continue for that particular program, they had built up an expectation within the community and created a need in the community. What has happened now is that the Municipal Governments as well as Provincial Governments have had to come up with certain funds to continue that service out in my particular area. I know again, the Member for Dauphin and I have something in common on this one because that was the other one, I think, that was having difficulties in operating. The province did come through with a program last year which provided a formula for funding for these different Handi Transit services for the physically handicapped in rural Manitoba.

I guess what I'm asking the Minister here is if he could or if there has been any discussions or if he would undertake some discussions with his colleagues

with regards to the freezing of the transit rates for these people who are using this Handi Transit service?

As I mentioned, and the Minister can correct my figures, but I understand the rate freeze in Winnipeg is going to cost between \$2 million to \$3 million, and if you do that on a per-capita basis, you just take Steinbach and the surrounding areas that use this particular service, you're talking about servicing a population of roughly — the Arm of Hanover is about 7.5 thousand people; you've got Steinbach, 7.5; so you're servicing, with a few of the other municipalities in the surrounding area, about 15,000 to 20,000 people. So, if you're looking at a per-capita grant of, let's take the lower end of the \$2 million, the lower end of the amount of money that it's costing to freeze the rates here in Winnipeg, you're looking at \$2 per capita, which means you're looking at something in excess of \$30,000 just for our little area, just for the freeze, never mind the other transportation grants the City of Winnipeg gets.

So, I would ask the Minister if he could undertake to talk to these people, make sure that there isn't an additional burden put on the municipalities and the users of these services. I think that these people in the rural areas that have a handicap and cannot get around the way everybody else does shouldn't have to pay increased user fees, if the people of the City of Winnipeg who are having their rates frozen both on the Handi Transit level as well as on the regular transit level aren't asked to pay any more. I think it would only be fair if the rural people and, in this particular case, the handicapped people get treated equally with what is happening to their city cousins.

**MR. USKIW:** Well, Mr. Chairman, the member is not quite correct in drawing that analogy in that the freeze on transit rates in Winnipeg have to do with the transit system. It has nothing to do with the transportation of handicapped people. What he's talking about in rural areas, of course, is a special program that is in the business of transporting handicapped people, wherein the province provides for grant monies, both for capital and operating purposes. So the two are not the same. There is no transit system in Steinbach or in Dauphin. There is in Brandon. So we're talking about two different things here. The transportation subsidies to the handicapped, of course, are grant programs and the local people have to pay about 25 percent of the cost of operating. The rest is supported by grant.

**MR. BANMAN:** Well, the Minister can correct me if I'm wrong, but isn't the Handi Transit system in the City of Winnipeg tied in with the regular transit system? In other words, the special buses that go around and pick up people who are in wheelchairs and have other physical handicaps are part of the regular transit system in the city.

**MR. USKIW:** Well, Mr. Chairman, we have a special program for towns, villages, municipalities outside of Winnipeg in this department. The City of Winnipeg operates its own programs whatever they are. We are not involved with them as a department.

**MR. BANMAN:** Mr. Chairman, I won't argue that. I

know how this program was set up. My only concern, and I pass this on to the Minister, is in the City of Winnipeg, the riders, whether they be handicapped or otherwise, have by virtue of extra money being put in by the Provincial Government, had their rates frozen.

**MR. USKIW:** Well, Mr. Chairman, the member is referring to transit rates. We don't have a transit operation in Steinbach, so there's no comparison there. We're talking about two different programs.

**MR. BANMAN:** Well, Mr. Chairman, there is within the structure of the City of Winnipeg, there's a Handi Transit program.

**MR. USKIW:** That may be.

**MR. BANMAN:** And what the government has done is they have frozen the rates on those Handi Transit vans as well as the regular riders. So, all I'm asking is for the same treatment for rural areas with regards to this, that's all.

**MR. USKIW:** Well, again I want to suggest to the member that the operating end is operated by the local communities. The province provides grants for operating and for capital purposes. The user pays 25 percent of the operating cost, only of the operating cost at the local level. 75 percent of that program is covered by a combination of grants, the province and the local community. So the users are only picking up a quarter of the cost. So if the costs go up, the users are picking up a quarter of the increase and the province is picking up 50 percent of the increase and the local community is picking up 25 percent of the increase. So that, in essence, if there is an increase in overall costs, your users are picking up the smallest portion.

**MR. BANMAN:** But if your 25 percent, there have been some fairly substantial costs for a number of reasons, but the point I'm trying to make is that in rural areas, people that use the Handi Transit, the handicapped, are going to pay more for riding that system this year than they did last year. In the City of Winnipeg, the person riding a Handi Transit service operated by the City of Winnipeg by virtue of the Provincial Government throwing in extra dollars, is going to have his rate frozen. So, all I say to you, Mr. Minister, is that right on the one hand that a person who happens to live in the City of Winnipeg riding a Handi Transit unit has his or her rate frozen, and the people in the rural areas are being asked to pay a dollar a ride more. That's the only point I'm making. I appreciate that this was probably not considered at the time when the announcement was made for the rate freeze here in the city. All I'm saying is that I think we should treat the rural people that are handicapped the same way we would treat the people in the City of Winnipeg. If the City of Winnipeg handicapped riders don't have to pay any extra, why not give the same thing to rural Manitoba?

**MR. USKIW:** Well, Mr. Chairman, the member ought to appreciate the fact that this particular program is brand new virtually — is it a year old? is it two years

old? — in the rural areas and the grant system has been struck and the agreements have been signed with the local communities. It is not something that's been ongoing as has been the transit system in the City of Winnipeg.

The City of Winnipeg has a greater dimension attached to policy decision making and has to do with keeping cars off the street; with encouraging people to use buses; has to do with the purchase of Flyer buses manufactured in Winnipeg — (Interjection) — I suppose it has; if it doesn't it should have. — (Interjection) — well, I don't know. But in any event, there are all sorts of other dimensions that enter into the City of Winnipeg arrangement and the two programs are not analogous whatever. There is no comparison between the two.

**MR. BANMAN:** Well, I just asked the Minister that as this program develops, and I realize it's a relatively new program and it was brought on because of something the Federal Government was involved with and left the province and the municipalities with, but I ask him that he does, as this program developed, undertake at least to look at the — I don't want to call it a disparity — but at least that there is some equity between what happens in the rural areas with regards to Handi Transit and in Winnipeg areas. I think that these people in the rural areas, because of the distances they have to travel and other things, should not be penalized just because they don't live in the City of Winnipeg. I don't think their rates should be any higher than the city if we are already throwing \$2 million to \$3 million to stabilizing Winnipeg rates. So, I just throw that out. I know it's a new program, but I would hope that the Minister would keep that in the back of his mind so that we people in rural Manitoba are treated the same way as our city cousins are.

**MR. CHAIRMAN:** The Member for Portage La Prairie.

**MR. LLOYD HYDE (Portage La Prairie):** Thank you, Mr. Chairman. No, Mr. Minister, I may be out of order on this because I possibly passed the Minister's salary; I know I am for that matter.

**MR. CHAIRMAN:** We'll come back to the Minister's Salary when we're finished.

**MR. HYDE:** I'm aware of that, but I'm wondering if you'll allow me to speak on the City of Portage la Prairie at this time, Mr. Minister?

**MR. USKIW:** It doesn't matter.

**MR. HYDE:** Thank you very much. I appreciate, Mr. Minister, the fact that you are completing the 1.7-mile approach to the west end of the City of Portage la Prairie and from the 1A Highway to Twenty-Second Street. But there are a couple of points that I'd like to bring to your attention if I may at this time. First, I didn't mention that I appreciate the fact that you're going to complete that work at the west end from the 1A to Twenty-Second Street. There's one point that I'm very concerned about, Mr. Minister, is the fact that there are uncontrolled lights at this intersection. Comments have been made in the past by our local

highways engineer that the need was not there; that traffic counts had been made in the past that indicates to him and to the department that traffic lights were not warranted. Well, this might be so according to his theory, but I've got to look after the welfare of the people of Portage la Prairie. You're quite aware of the fact, Mr Minister, that we lost a life in Portage la Prairie due to a hit-and-run accident at this particular intersection. I'm appealing to you, Mr. Minister, before there's a second life taken, that you act on this particular case. I spoke to you personally on it and I do believe that you are aware and sympathetic to the cause. However, beyond that I do think and I hope that a second life will not be taken before the action on your department be taken to supply these lights. Mr. Minister I don't know what more I can say and anymore I can plead to you on this case. I pray to you to instal control lights now while the construction is being taken on this particular intersection.

There is one more item I'd like to bring to your attention if I may at this time. It's on Page No. 1 on your program for 1982-83. It is brought to my attention here where you have 1 A, 1.4 miles, railway crossing west of Portage la Prairie, east of west terminal, Portage la Prairie. I wonder, Mr. Minister, if you could and would explain to me what this entails? Yes, this acquisition of right of way.

**MR. USKIW:** Well, Mr. Chairman, this is a carry-over part of our program. It's not a new program. It's acquisition of right of way that has not yet been completed, so it's really completing what's been ongoing

**MR. HYDE:** Mr. Minister, may I ask you, is this a carry over of the past; the government's approach to the overpass?

**MR. USKIW:** Yes, I'm led to believe that's where it is.

**MR. HYDE:** Could you indicate to me, Mr. Minister, just when this overpass may occur to Portage la Prairie because when I ask you, we have probably — well there's — what would there be? — a quarter to half-a-mile of traffic jam up both east and west of that crossing that occurs every time a train crosses that approach. You are aware of the fact that it is the main line of the CPR?

**MR. USKIW:** Yeah, I'm told that there is already an overpass built there. You are alluding to a different one. You're alluding to the one over the railway track. There is one overpass already built on this location.

**MR. HYDE:** Oh no, but that's downtown sector. I'm asking you about your consideration for the fact that we do need an overpass from the city west to the new mall west of Portage la Prairie.

**MR. USKIW:** I'm advised by the department that's in the early planning stages at this time.

**MR. HYDE:** Thank you, I certainly will be on your tail for the next two or three years or whatever it might be, looking for your consideration. I want to, Mr. Minister, if maybe you will permit me to approach the subject of the downtown Saskatchewan Avenue, at this time.

Well, as you are quite aware of the fact, myself and the previous Mayor of the day and the present Mayor, Mayor Greenslade, have been working with the previous government as well as, I believe, your government, that the need is very very prominent in the fact that we do need our Saskatchewan Avenue upgraded.

Mr. Minister, I believe you are aware of the fact that the City of Portage la Prairie today is ready and willing to meet with some of the — I'm sorry, I have to go through this — (Interjection)—no, I don't believe it is; I'm aware of that, I'll put it that way. I'm aware of the fact that it's not. But however, the need for the upgrading of our avenue has been on the planning of the previous government and I'm hoping that you are making every consideration to the fact that Saskatchewan Avenue in Portage la Prairie has been given every consideration of the need for the upgrading of that Avenue.

It is in a deplorable state. The City of Portage la Prairie today, I am informed by the Mayor, is ready and willing and I have to say that it is a primary step that must be taken to make sure that the surface water drainage system of the Avenue must be met and, Mr. Minister, they are ready and willing to meet that obligation, and I hope that you will be giving that consideration to Portage la Prairie, if not the next year, the second or third year from now. That avenue has been in need of upgrading as I've explained to you in the past and I would only ask you once again to give it every consideration in the future, that we work together on this along with the Mayor and the City Council of Portage la Prairie and see if this work can be done.

I have, Mr. Minister, other issues that I want to bring up to you for your consideration later on in your Estimates. At this time this is about all I have to bring up. Thank you.

**MR. CHAIRMAN:** The Member for Virden. Mr. Minister.

**MR. USKIW:** Perhaps I should respond to the Member for Portage la Prairie and then we could get on with the Member for Virden.

No, I am aware of the situation with respect to the desire on the part of people in the area of Portage la Prairie for a traffic light at the west end of the city. The department hopefully, will be able to bring us a report on that one at some point in the not too distant future to determine whether the evidence that we have concurs with the feelings of the people out there. I'm inclined to think you're right, although I don't know it personally. There's probably a great deal of new traffic generated there because of the shopping mall that's been built and so on, so there's probably quite a lot of support or logic for moving in that direction.

The other has to do with Saskatchewan Avenue. Unfortunately, because of the timing of our Estimates here, I had to cancel a meeting that I had arranged with the Mayor of Portage la Prairie for this week on that very issue but we will be getting together sometime after this process is over. But I am aware of their desires. I know that there's a tremendous amount of underground work, so to speak, or excavation work that has to be undertaken which would not be undertaken unless there's assurance that there would be a

new pavement, or a new surface applied, which makes sense; one can't go without the other. I don't know what the figures are. We haven't had it quantified yet as to the cost but we will be discussing that with your Mayor fairly soon.

**MR. CHAIRMAN:** The Member for Portage la Prairie.

**MR. HYDE:** Mr. Chairman, if I may, to the Minister, once again express my concern and I speak I'm sure, on behalf of the people of Portage la Prairie and not only to the people of Portage la Prairie but those many hundreds of people who are dealing at the new Mall west of Portage la Prairie, the dangerous position that your government today — and I have to confess that I spoke to my Minister of the previous government for every consideration to install that light — and you were going to do it but I had no definite assurance that he was. But I want to put it in your lap today, that should there be a second hit-and-run accident as there was in the last three weeks or month, should that happen, I'll be right back on your tail. I'll be right back on your tail, Sir. I want you to once again, give every consideration to the fact that that is a busy intersection and that it is most urgent that you deal with that.

**MR. USKIW:** Mr. Chairman, I am advised by the Deputy Minister that once the construction is complete we have every intention of installing a traffic light there.

**MR. HYDE:** Would you repeat that, please?

**MR. USKIW:** When the construction part of it is completed, we have every intention of installing a traffic light there.

**MR. HYDE:** When it is completed? Are you going to do this work this summer? I want to know. Well, the work is going to be completed, as I understand, yes.

**MR. USKIW:** I know the member is trying to pin me down specifically on the project. From what I know of the project it would be illogical not to complete it. I don't foresee any reason why it won't be completed this summer — that particular section — and along with the traffic light that goes in there. I can't imagine what would prevent us from doing it, that's all I can say.

**MR. HYDE:** Well, Mr. Minister, I have every indication that the work will be completed, the upgrading of that from 1A east to the junction of 22nd Street. That will be completed this year. Now I'm asking you, will you include the installation of lights at that street?

**MR. USKIW:** That's what I had just indicated, that on completion of the construction portion of that project, will follow the installation of the traffic light.

**MR. HYDE:** This year?

**MR. USKIW:** If we have the time I believe we will do it this year. If logistics are right, yes.

**MR. HYDE:** Thank you very much.

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

**MR. HARRY GRAHAM (Virden):** Thank you, Mr. Chairman. I realize that in this Committee, everybody wants to have their own little say on their own little things. I want to get back to something that the Minister said when he was in discussion with the Honourable Member for Pembina. I think at that time he was dealing with the projected needs of transportation up to the year 1990 and I was a little vague on the figures, was it by 1990 that coal would quadruple, was that right?

**MR. USKIW:** 14 million - 53 million tons.

**MR. GRAHAM:** From 14 to 53, well that's pretty nearly quadrupled. And the figures on grain, has the Minister got the figures on grain?

**MR. USKIW:** Mr. Chairman, just to repeat, on coal the tonnages expected are going to be 53.3 million tons by 1990, as compared to 14.1 in 1980. On grain the 1990 figure is 19 million tons, as opposed to 10 million tons in 1980. In sulphur 6.8 in 1990 against 5.4 in 1980; potash 9 million tons in 1990, as opposed to 3.6 in 1980.

**MR. GRAHAM:** Well, Mr. Chairman, when the Minister - and I'll leave coal out of it because I don't think we have too much coal in Manitoba - maybe the Minister has a new formula for producing coal, I'm not too sure, if he has I would welcome his formula for producing it. But, his figures on potash, I am a little interested in. Now when he quotes those figures on potash is he including a Manitoba potash mine in those figures or are those figures left out?

**MR. USKIW:** Those figures come out of the Potash Association, Mr. Chairman, and I would hazard a guess that they wouldn't have projected production in Manitoba at this stage.

**MR. GRAHAM:** So then the Minister is putting forward these figures for potash production and he's really not taking into consideration any potash production in the Province of Manitoba at all, is that correct?

**MR. USKIW:** Well, Mr. Chairman, there is a great deal of speculation as to the direction of the flow of potash, if it were to be produced in Manitoba, and the logic seems to suggest that it would go east and south, rather than west. And what we are talking about in these figures are the tonnages that will have to be hauled through the mountains of British Columbia, result of which the railways say they need \$15 billion to add new trackage through the mountains and some tunneling, and a number of other things. So, really it's a matter of which direction potash is going to be moving from Manitoba that will determine whether these figures are right or whether they should be added to or whatever.

**MR. GRAHAM:** Well, maybe I could ask the Minister, the figures that are projected are only those figures that are dealing with the movement of potash by rail,



is that in Canada or is that in North America?

**MR. USKIW:** As I understand it it's the movement of potash, coal, grain, sulphur, to the west coast ports of Canada.

**MR. GRAHAM:** Only to the west coast ports in Canada and has nothing to do with the movement through the American ports?

**MR. USKIW:** That is correct, Mr. Chairman.

**MR. GRAHAM:** Well then, that does not include the present sales of potash that are being trucked across the American border and then transported by rail to the west coast for west coast shipment. Those figures are not included in the present figures that the Minister has given?

**MR. USKIW:** Not if they're using American transportation systems, Mr. Chairman.

**MR. GRAHAM:** Well, Mr. Chairman, in order to understand the potash industry, and I'm not too sure there are too many members in his assembly that do understand the potash industry, least of whom is myself, but I do live fairly close to it and I have a fair working knowledge of the potash industry but I don't profess to know all of the workings of the potash industry at all. But, when the Minister gives almost a three-time multiplication factor in the next nine years in transportation of potash in Canada, by rail, I would presume that he must have some inside knowledge that would allow him to make those kind of projections and I was wondering if the Minister would give us the benefit of that knowledge, as well, so that we could more properly assess the potash industry.

**MR. USKIW:** Well, Mr. Chairman, this is not new knowledge, this is the basis of discussion that we are now involved with in respect to the Pepin proposals on the Crow rate and the need for upgrading the railway system into the west coast port area, CN-CP. All of this information flows from organizations and the Government of Canada, WESTAC is one of those organizations that seems to hinge on those figures. They are certainly not new figures they've been around for a couple of years. We've looked at them a week ago at the WESTAC meeting and the consensus was that those figures would be unchanged at this point in time. So that they are still projecting the same tonnages.

**MR. GRAHAM:** Well, Mr. Chairman, in order to ascertain the validity of those figures, and knowing something about the lead time that it takes to bring a potash mine into production, and knowing some of the projections that are presently in the potash field, and knowing that most of the potash mines that are presently in production are operating at near capacity, I would like to know what projected potash mines are being brought into production before 1990 which would almost triple the amount of potash that would be moving by rail to the west coast through Canada. Now, I understand that there is considerable activity in potash in the Maritimes but I don't think that they

have any intention of moving it by rail all across Canada to the west coast. So if the Minister can give me any information on the projections that are his figures, not mine, I would certainly appreciate some inside information that he may have.

**MR. USKIW:** Well, Mr. Chairman, I don't believe I related my figures, I believe I said I related industry figures that had been presented to government and to industry for discussion over the last couple of years, and they may or may not be accurate. The discussions that were held in Calgary last week seemed to result in confirmation of those same figures by the very same industry groupings that were there. But I have no way of knowing whether they are overly optimistic or whether, in fact, that is a bit of an artificial thrust to get the railway expansion going that seems to be desired at the present time. But, in any event, those are industry figures, they are not departmental figures.

**MR. GRAHAM:** So the Minister, in essence, is telling us that he has no way of knowing whether the figures that he's using are accurate or whether they're not accurate, is that correct?

**MR. USKIW:** I'm advised by the transportation people that we have not done a cross-examination or analysis of those figures, Mr. Chairman.

**MR. GRAHAM:** Well, Mr. Chairman, I know nothing at all about the sulphur part of it so I'll leave the sulphur part out. In the grain projections, the Minister has indicated that the movement of grain to the west coast will increase from 10 million to 19 million tons. On those figures, can the Minister indicate what statistical background he bases that increase on?

**MR. USKIW:** Well, let me say, Mr. Chairman, that I'm not as optimistic, personally, as those figures would imply. Those figures are Canadian Wheat Board figures, but I'm not sure that that is something that we will realize in the next decade. That's a doubling of production and I just don't quite see that in the next 10 years, but that's an opinion. Those figures are Canadian Wheat Board figures.

**MR. GRAHAM:** Well, Mr. Chairman, I think we heard the Minister stand up in the House the other day initiating his debate on the Crow rate. I think he used a variety of figures and I'm not too sure whether these figures were involved in it or not, but I would hope that, if the Minister is using figures and he's not too sure of them, I would hope that he wouldn't use them. But if he is using figures I hope that he would do the necessary research and find out whether or not those figures are accurate.

I am one of those who's in the grain business and I live in the hopes that the figures, the projections for 1990, are accurate because, in the grain industry, we do see a declining role in the St. Lawrence Seaway and the use of the Port of Thunder Bay because of the activities of the European economic market.

The whole thrust of long-term grain movement seems to be on the Pacific rim and I would hope that those markets do develop to the interest of western

Canada and, if they do develop to the interest of western Canada, the role of the Province of Manitoba becomes more important than ever because transportation from Manitoba to the West Coast is a greater distance than it is from the Province of Saskatchewan; it's a much greater distance than it is from the Province of Alberta and it's a far greater difference than it is from the interior of the Province of B.C. So, if the movement of grain and the sale of grain is increasing in the Pacific rim, then the role that the Province of Manitoba takes in the protection of the interests of the farmers of Manitoba becomes ever-increasingly important because, up to now, our major movement of grain has been through the Port of Thunder Bay. I think about 11 percent of our grain has moved west; I predict - and I haven't got any figures in front of me - that within 10 years' time 25 percent of our grain will move west.

But I hope the Minister has done his homework on the figures that he is using and I would certainly be interested in looking at the figures that he is using and the projections and the basis on which he bases those projections.

**MR. USKIW:** Well, Mr. Chairman, all of these are speculative things. There's no way that anyone is able to document precisely what will happen in the next 10 years. There are assumptions in all of the calculations that are made and there are many variables that come along the way that could change the results. These are Wheat Board figures and whether grain moves east or west is really irrelevant as far as I'm concerned, Mr. Chairman. What is relevant is the cost of moving grain to the people that have to move it and whether or not public policy ought to be such that we would want to maintain minimum costs in that area for the general well-being of, not only the producers, but the economy of the prairie region; that's really what we're talking about.

If there's any philosophical difference on the cost of transporting grain, to the extent that agriculture doesn't have a bargaining position in the world market, then we tend to prefer the more beneficial approach with respect to the cost of transporting grain to the ports of Canada on the part of our producers. If there was a bargaining position, or if the farmers of the prairies could pass on added cost, then of course we would be less concerned about the dramatic cost increases that are being proposed.

**MR. GRAHAM:** Well, Mr. Chairman, I have to tell you that I'm somewhat flabbergasted when the Minister says that we have no bargaining position. Is the Minister willing to sit down and let the whole agricultural economy of Manitoba just go by the wayside? He says we're in no bargaining position whatsoever? I just can't accept that. I think that the bargaining position for the sale of grain in Manitoba, in western Canada, in North America, in any part of the world is increasing daily as the need for grain becomes greater. So when the Minister tells me that there is no bargaining position I just cannot accept that philosophy. Because I know that, from my own personal experience in the grain trade, that the bargaining position is getting better daily, that if a person knows what he's doing in the grain trade he can make better deals daily. The

farmer can survive, can improve his lot in life if government would just get out of his way and that is one of the problems that the grain trade is facing today.

We find governments standing up, supposedly, when the First Minister is saying that we're going to live in a new era, when we're going to live in a world of co-operative federalism, and we find the Minister of Highways bringing forward a resolution in the House where he says, in his words, and I'm paraphrasing, that he refuses to negotiate. Is that co-operative federalism? Is that the way that we're going? Who is it, in the government of this province, that is speaking? We find the First Minister saying one thing; we find the Minister of Highways saying another thing. The farmers of this province want to know who is it that is speaking for the farmers? But so far we haven't come to any logical conclusion and the farmers are getting more frustrated when they hear the First Minister saying that we're into a new era of co-operative federalism; and then they hear the Minister of Highways saying that the Crow rate is not negotiable, we refuse to sit down at the table with them. I want to know what is happening in this province, and perhaps we should start with the Minister of Highways, maybe he can tell us whether they are willing to sit down and negotiate with the Federal Government or not.

**MR. USKIW:** Well, Mr. Chairman, I would like to, first of all, point out to the Member for Virden that when I alluded to the fact, and it is a fact, that farmers don't have a bargaining position, I alluded to it on the basis that they are not in a position to directly transfer new cost increases into the price of their production whenever they have those increases. That doesn't mean that indirect bargaining positions don't improve; that doesn't mean that as the world has greater demand for their production that they are not in a better bargaining position. But I think the best example of that is in the last year, the current prices of wheat for example, as I recall them, are below what they were a year ago, notwithstanding the fact of high interest rates and very high inflation on costs of inputs and so on. So, they don't have a means of passing through the market system added burdens or added costs and that has been the nature of the industry since ever it was an industry and it continues to be that way. I'm talking about grain production that is exported, in particular.

With respect to refusing to bargain the Crow, the member, I don't recall I believe he was in the House when I introduced the resolution and subsequently spoke on the resolution, wherein I had indicated that the Government of Manitoba or the Governments of the Prairies were not in a position to negotiate because the Government of Canada has announced a new policy and, in announcing that policy, indicated that it is their jurisdiction and that they do not intend to negotiate with the provincial governments but they will interface and dialogue with the affected people, namely, producer organizations and the oil and crushing industry and so on, to refine the decision that they've already made; that is the substance of the announcement. The decision is made, the mechanics are yet to be refined, and we are not intending to negotiate with the provinces.

Now, we have not negotiated with the Government

of Canada because they have not offered that opportunity to us. That is the reason why we are suggesting, by way of Resolution in the Legislature, that it was a unilateral action on the part of the Government of Canada and that the only means of altering the direction that is being proposed is through public knowledge of the issue, the dissemination of information, which we are making possible, and as much debate as is humanly possible before the legislation is introduced in the House of Commons next October. So it's merely a time frame within which people and, in particular, the producers must work within, and wherein the governments of the prairies have very little ability, if you like, in terms of negotiating ability, to have much of a say since they are not party to those discussions.

**MR. GRAHAM:** Well, Mr. Chairman, that creates an even greater problem, because when I hear the First Minister of the Province of Manitoba announce that we are now in a new spirit of co-operative federalism and we're going to have dialogue and all the rest of it, and the Federal Government, after just hearing the words of our new Premier, more or less turns around and thumbs their nose at them and says, we're not interested in you, we're going to go our own way; where does that leave the Province of Manitoba for the next four years? In essence, the First Minister of our Country has turned his back on our Premier and that causes me concern, and if it causes me concern, Mr. Chairman, it should cause Ministers of this province much more concern because I was under the impression that the First Minister of this Province had offered the olive branch and, instead, the olive branch has been discarded and we now see the claws of total federal control, those talons coming in and grasping and our First Minister is saying, we're lovely people, we live in a spirit of co-operative federalism. When is this province going to start and fight back to protect the people of Manitoba, because it's the people of Manitoba that need the protection? And if the First Minister of this Province isn't prepared to give it then we are in serious difficulty.

**MR. USKIW:** Well, Mr. Chairman, I think that while we don't appreciate the fact that we are not playing a major role in the decision that is going to take place, we also recognize the fact that we don't have a jurisdictional role to play in that area. Transportation, through the railway system, is indeed a prerogative of the Government of Canada and has been since ever I can recall it - well, I guess there are some provincial railways but not very many, there's one in Alberta and one in British Columbia - but, by and large, the transportation by rail is national jurisdiction and they do have the right to move, with or without an agreement from anyone province or a collection of provinces that may be affected one way or the other. I don't fault them necessarily for using that right.

Logically we would prefer that there would be a consensus but to be fair to the Government of Canada I don't think there can be a consensus, you know, because we have a difference of viewpoint as between governments on the prairies on the issue. British Columbia wants to see those coal fields developed; British Columbia wants to see the \$15 billion expended

within their boundaries to buoy-up their economy, and they are not terribly concerned about the grain transportation end of it since they don't have any to speak of. So you do have a situation where the Government of Canada could not expect overwhelming consensus on the part of the provinces across this country on that kind of an issue.

So I don't want to terribly fault them for moving unilaterally in a direction that they are going, even if I don't agree with it. I don't think that detracts at all from the need to try to work out an arrangement with the Government of Canada that is much more flexible than it has been in recent years, that is much more conciliatory, if you like, because Manitoba cannot afford to get into a position of taking an adversary approach, in principle, to the Government of Canada, no matter who that government is. We happen to derive a tremendous amount of our fiscal capacity via the federal purse, Mr. Chairman, through transfer payments and through cost-shared agreements. Transfer payments alone last year amounted to something in excess of \$400 million. I for one would not be terribly comfortable with the idea that some people put forward and that is to identify the national government as being the enemy of the people; I don't look at it that way whatsoever, Mr. Chairman. I think we have to work with whoever is there at any given moment and work to our best advantage but we should never take the position of burning our bridges in the dialogue that must take place between provincial and national governments.

**MR. CHAIRMAN:** 1(d)(1) Salaries.

The Member for Pembina.

**MR. ORCHARD:** The Minister made some rather interesting sum-up remarks there — and I hope I can't interpret what he said as being because the Federal Government provides such a sizable chunk of provincial revenue — that we can no longer afford to oppose what is obviously being done incorrectly by the Federal Government and having an impact upon our province. I hope that isn't the kind of co-operative federalism in this new era that Premier Pawley has been espousing publicly, that because the Federal Government represents a big chunk of our revenues, we go down and hold hands with the Prime Minister and hope that he sees fit to treat us well because I think very recent history shows that the Province of New Brunswick tried that approach with very little positive result.

I still maintain that if your case is correct, as often the provincial case has been with the Federal Government, that you're much better off stating it and stating it well in defending the public interests of the people of Manitoba than remaining rather silent and allowing a Federal Government because they can at a whim reduce revenues to the province, carry on in a manner that's unacceptable to the majority of the people in the Province of Manitoba. So I hope the Minister's leader in his new federal co-operation isn't prepared to become a doormat for Ottawa and I certainly don't think this Minister is indicating that.

**MR. USKIW:** Well, Mr. Chairman, I've had my share of dialogue and confrontation from time to time over the

years with the Government of Canada or with various Ministers of the Government of Canada. Transportation was one of them, a few years ago when Otto Lang was the Minister; he was also the Minister in charge of Canadian Wheat Board, we had a number of confrontations. That never detracts though from the fact that we do have to continue the dialogue and we do have to work with the Government of Canada, whoever they are.

We can express our displeasure from time to time but in the end we have to sit down and work out an arrangement. Indiscriminate bashing of the national system is not a constructive approach and I don't believe in it, Mr. Chairman. One of the greatest tragedies of Canada is the fact that the provinces were given the rights to resources in my opinion, one of the greatest tragedies. One way that is being redressed in some measure is the fact that the Government of Canada has a system known as equalization payments, which means the transfer of wealth back from the resource-rich provinces back to the non-resource-rich provinces but it's a long way around. You get into that confrontation as between the Premier of Alberta and the Prime Minister of Canada over how much of the oil revenue should go into the federal purse and there's some real federal bashing taking place.

What does it result in? It results in more inequity as between the provinces every time one province wins that argument. No, we need a strong central government, Mr. Chairman. I don't for one moment take the position that it's comfortable to knock the hell out of Ottawa.

**MR. ORCHARD:** Very interesting, Mr. Chairman. Possibly it might be opportune to change the subject. I think we can get back on this topic under the Minister's Salary.

Will staff from Transportation Division be available as resource people to attend public meetings that may be called to discuss the whole Crow rate issue over the next several months?

**MR. USKIW:** Well, Mr. Chairman, that is precisely the intent. We will begin that process hopefully Wednesday at 4:30 if we have concurrence from the Opposition. They will be the first to view the information package in the way that the Transportation Division is able to present it and from that point on we will make that package available to any interested group throughout Manitoba and certainly to all of those groups that have extended an invitation to my office to appear at their level and in their communities to present the same information to them. So we think that there will be a fair opportunity through that process for political people at the provincial level, municipal level, various organizations and indeed the rank and file producers out there who have a very deep interest to view the information as a neutral piece of this exercise.

If there's going to be any discussion with a bias in it, it will have to be a political discussion but that particular part of the debate is going to be technical part, strictly based on facts as we have them and we hope that the people will use that information to whatever advantage they may in the dialogue with the Government of Canada.

**MR. ORCHARD:** So then I take it that people who are fairly conversant with rail transportation such as say Mr. Schafer, even Dr. Rea would from time to time be available for farm or for public meetings in rural Manitoba.

**MR. USKIW:** Yes, that is the intent.

**MR. ORCHARD:** Will Mr. Janssen be a resource person used by the Minister to present the Provincial Government position at any of these rural meetings?

**MR. USKIW:** Mr. Chairman, the political position will be presented by a political person. A technical presentation will be by Dr. Rea — he's a doctor, right — and his staff.

**MR. ORCHARD:** Who might the person be who will present the political?

**MR. USKIW:** It'll either be myself or other Ministers that will have to take on some of the meetings if I'm not available, or MLAs if they wish.

**MR. ORCHARD:** This wouldn't include such political people as say Mr. Shafransky or Mr. Janssen then.

**MR. USKIW:** I wouldn't expect it to include those, no, other than in the form of technical assistance if you like to the Minister. They could be part of the entourage if you like but strictly a political profile as distinct from the technical expertise that we will have along with us. There are two components, Mr. Chairman, if I may, there are two components to the exercised; one will be the government position and the other will be the straight technical data that will be made available.

**MR. ORCHARD:** Not wanting to get a sneak preview of Wednesday if it should occur, but could the Minister indicate whether central to the technical presentation by staff will be such items as the Turcheniewich Report?

**MR. USKIW:** All of the information that has been distributed in the House and perhaps other pieces of information will be dealt with by the technical committee, based on data, based on statistics, based on facts and, I suppose, based on projections which are based on the best available figures given to us by the Government of Canada through their Minister who has put the proposal on the table.

**MR. ORCHARD:** Some of the concern, and it was emphasized somewhat today in the handout that the Minister — I don't have it in front of me — but, at any rate, he gave us the one times Crow, two times Crow, three times Crow, exercise in showing to producers what their costs in the various regions of the province should be. One of the concerns I've had is that there is some confusion amongst the farming public that that is, in effect, what will happen tomorrow should the Pepin proposal be adopted, i.e. that they're immediately into the Turcheniewich position of having to pay 3.4 times Crow, if that should be what is determined to be compensatory for the railroads. The current information, and I emphasize the word informa-

tion, that the Minister has made available does centre substantially on the Turcheniewich Report and the latest handout today gives an indication to the farmer, and tends to leave the impression, that he will be paying some multiple of Crow immediately which, to my understanding, is not correct, in view of the proposal made by Pepin.

Certainly in 10 year's time, with whatever portion of the incremental costs are required to be picked up or may be required to be picked up by the farmer, whatever portion that is, and whatever the increase in costs are, certainly the farmer may pay, in 1990, some multiple of Crow. But clearly the impression that a lot of producers have today in rural Manitoba, based on preliminary information received from the Minister in his original resolution, etc., seemed to have raised the concern amongst the producers that immediately with the adoption of the Pepin proposal, if it clears all the hoops, that they will be paying some multiple of Crow. I think that is not certainly what the producers will have to face if a modification comes out as a result of the Gillson Inquiries.

So, could the Minister indicate whether the emphasis of the information, the technical information, will dwell on farmer contributions of some multiple of Crow when, in fact, the Minister does not know that will be what is asked of the producers in terms of a contribution to pay for the freight rate?

**MR. USKIW:** Mr. Chairman, I believe that if the member wishes to review the information that we have tabled, we have taken into account the current status of federal commitment, and their projected commitment, as stated in the Pepin proposal, and worked out the affect on a 10-year basis of the number of times Crow, shall we say, the user will have to pay, given all of those commitments. If you look at those stats, as I recall it, in the first year there will be a very substantial increase, something like, what is it .8? If you look on a per ton rate the base rate is \$5.05 a ton, and in the first year it moves up to \$7.22 a ton. — (Interjection)— I did table copies of that. I don't have it with me here.

**MR. ORCHARD:** I guess my question to the Minister is, it is my understanding that the Pepin proposal says that as of, I believe it's 198-, is it 1 or 2?

**MR. USKIW:** 1981 is the base year.

**MR. ORCHARD:** 1981 is the base year and the Federal Government has agreed to pay whatever the Crow gap is.

**MR. USKIW:** \$612 million.

**MR. ORCHARD:** Well, but basically it's whatever the Crow gap is, to bring the railroads up to a compensatory rate, I believe is the term that's used. Then there is a negotiation with the producer organization that's being undertaken by Dr. Gillson now which is going to recommend to the Federal Government a formula by which three groups, as I understand it, may well split the future increase in cost above the 1981 base line; and those three groups, as I understand them, are the Federal Government, the two railroads and the

producers. So, what the Minister is telling us then is that in 1982, giving compensatory rates are something like three times Crow, and let's . . .

**MR. USKIW:** 1.8 times Crow in 1982.

**MR. ORCHARD:** The cost of moving grain is 1.8 times Crow in 1982?

**MR. USKIW:** Yes. Mr. Chairman, if you look at the compensatory rate formula, in 1982-83, which is the current year, if there were no additional cross subsidies or contributions, other than the 612 million that is committed by Pepin, the producer would have to raise an extra \$120 million in '82-83, which is 1.8 times Crow; and you can follow that through all the way down till you get to 9.7 times Crow by 1990-91, and that's based on the assumption that the producer has to pick up the difference.

**MR. ORCHARD:** Well now there is where I'm, once again, cautioning the Minister on developing that kind of a chart, because he is making an assumption which I don't believe he can make. What basically his assumption is, is that the Federal Government is going to toss in \$612 million per year and after that the farmer, the producer, if he's going to ship grain, is going to pick up 100 percent of any incremental cost above the 612 in his present contribution, which, Mr. Chairman, I submit the Minister cannot, at this time, make that assumption. That is causing substantial confusion among the farm community, that these are going to be the actual impact upon him and his cost of transporting grain. It's my understanding that the farmer, in the Pepin proposal, is not being expected to pick up 100 percent of the future costs. He may be asked to pick up some percentage of the future cost increase but it's not in my recollection that the Federal Government expects him to pick up 100 percent of it. When the Minister is developing figures now to present as factual information as to the impact on Crow rate, I submit, Mr. Chairman, that he can't do that until: No. 1, the Gillson Committee has recommended a proposed splitting between the producers, the Federal Government and the railroads of future increased costs, 1982 on, and those that have been accepted by the Federal Government.

**MR. USKIW:** Mr. Chairman, what the Member for Pembina fails to appreciate is that the whole exercise of the Government of Canada on this issue is based on a premise. The premise is that the railways shall receive compensatory rates. So somebody else has to pick up the bill. The railways must get paid a return on their investment. That's a given in the formula. So who else is left other than the producer and the Government of Canada? The Government of Canada said, "We know that we can't just abandon the producer, so we're going to keep up with \$612 million of subsidy which is the 1981 level," so that 1981 becomes the base year. After that, the inflation increases will be the responsibility of the producer.

Now there's another dimension to it which is both-  
ersome and that is that the Pepin proposal does not even commit the 612 million to the grain industry, but leaves it open whether that 612 million should go to all

of agriculture or whether it should remain within the grain sector. If it's the broad approach, then you will have more than one times eight in the first year to the grain producer for the shipping of grain. If it's the 612 million directly to the grain producer as a subsidy, then you will have 1.8 notwithstanding, so that there is no room to argue that the railway should pick up part of the difference because the whole premise is that the railway should get paid on a compensatory rate which is the reason why we are having the debate, Mr. Chairman.

**MR. ORCHARD:** Well, then is what the Minister is saying now that the federal proposal does not include, does not include any sharing of future cost increases by the Federal Government and the producers and the railroads, that is not part and parcel of the Federal Government proposal?

**MR. USKIW:** Mr. Chairman, there is no room to discuss railway sharing or subsidization of grain transportation when the whole basis of the discussion is that the railways must get fully compensated with a margin of profit guaranteed. So there's no way in which you can then say, but the railway should pick up part of the subsidy. The premise is that they should get paid full cost, plus a profit and that's the Snavelly Report. Snavelly said, and I did quote this in the Legislature, that the selling price of export grain and grain products are not and will not be sufficient to maintain the financial integrity of all of the participants in the total production and distribution process, producers, railways, elevators and storage companies. Snavelly says that it's just not in the cards to have a viable grain industry if we're going to have a compensatory rate to the railways. Somebody has to pick up some subsidy and, to date, Snavelly says that really the subsidy that the railway was providing to the Crow rate, was a subsidy to the industry. If you remove that, somebody else has to pick that difference up. There is no financial integrity without that occurring. The industry cannot sustain itself.

So Pepin is saying, okay we'll pick up \$612 million. That's our share. The railways are supposed to get compensatory rates. So they're not in the business of subsidizing transportation for grain anymore. So there's only one person left and that's the producer. Now, to compound that situation, is the inference in the proposal that the 612 is not locked in for grain shipments, but could be used for shipping cattle or oil or whatever it is, a product of agriculture in the prairie provinces or wherever. So, if you take the 612 million and you divide that by factor which represents the production of beef, pork, poultry, oil, meal, then you end up with a much greater increase in the cost of hauling grain paid for, presumably, by the farmers that produce the grain. There is no other place from which to extract the dollars.

Now, one isn't certain that the Government of Canada won't soften on that and say, well alright we really can't dump all this burden onto the farmers, we'll up the ante from 612 to a billion. I mean, they could say that, but in their present proposal as it is, we have calculated what that means if that were implemented to the Manitoba farmer and to the Manitoba economy. We cannot use a premise that we hope to get a better

deal, so let's come up with some fictitious figure based on the expectations of a better deal. We can only base our figures on what has been proposed, and through the debate that takes place, hopefully we will swing a better deal. But the basis is the proposal. We are stuck with Pepin's proposal and his figures whether we like them or we don't like them.

**MR. ORCHARD:** Well, Mr. Chairman, the Minister has made some very definitive interpretations of the Federal Government proposal and I hate to say it, but I think he maybe mistrusts the Federal Government more than us fed-bashing Conservatives do, because it's my understanding and, obviously if this is the information package that the Minister is developing as a technical information package and not the political package that's going to be presented as the objective information to the farming community, then, by golly, I've got to get myself some new information on the Federal Government proposal because I didn't read in — unless the Minister has information different from what was available, I suppose, at the time of the Pepin announcement in Winnipeg — the package of goods that he sent down, it seemed to me that the starting premise on this negotiation process headed up by Dr. Gillson was that several things would happen; number one, that the Crow gap would be covered on grains, not mixing in the other industries of livestock or for that matter rapeseed meal, that the Crow gap would be the kind of perpetual contribution that the Federal Government would make to the transportation of grain in western Canada. That seems to be entirely different from what the Minister's interpretation is and I only assume then because of that interpretation, his information package will be developed on his interpretation.

Secondly, I was of the distinct opinion that the whole purpose of the Gillson consultative process was to do little else other than to devise a future cost-sharing formula between the Federal Government so that they would in perpetuity, add a portion of subsidy on future increased costs and the producer would be asked to pick up some increment of that. It was also my understanding that the railroads would be part of that as well.

Now the Minister says that's not the case, that all future increase in costs, after this magical \$612-million saw-off will come from the farmer's pocket, the producer's pocket as the shipper of the grain. That's not my understanding of the federal proposal.

So we're going to have to carefully re-read some of the information if the Minister has new information from the Federal Government, I would certainly urge him to make all members of the House aware of this new information that leads him to the conclusions that he has given us tonight. And the second point I'd like to make, Mr. Chairman, is on the quotation the Minister has used I think, fairly front and centre, on the Snavelly quotation that Snavelly, in effect, doesn't believe that the grain market cannot pay all the actors in it without having subsidy coming in from somewhere because the system can't afford it. It's interesting that the Minister would choose that particular quote, which happens to support his position, but doesn't make any mention other than in the text of his material that he doesn't trust Snavelly's figures on

calculating what is a compensatory rate.

If I recall the analysis done on the Snavely report that's contained in the information the Minister tabled the other day, he found a great deal of fault with the cost figures that Snavely had on the railroads and, in effect, found them to be much higher than what they needed to recover a compensatory rate. So, on one hand we have the Minister saying that Snavely has made a great point in saying the all the actors in the system cannot survive without a subsidy, on the other hand he essentially tears down the Snavely Report in saying that their cost analysis of railway shipping costs are not accurate.

If the Snavely Report is only half-accurate somewhere, I suppose it's a value judgment as to which part is accurate; if the cost analysis by Snavely is inaccurate in the Minister's estimation, maybe also is the statement that the Minister is fond of quoting by Snavely equally inaccurate.

**MR. USKIW:** Well, Mr. Chairman, the Member for Pembina may or may not wish to interpret the Pepin proposal in the way that we think is accurate and that's a point that can be debated, but if you look at point five on his proposal, having to do with the distortions, he says the economic distortions within the agricultural sector stemming from statutory rate should be reduced without recourse to new transportation subsidies for crops not covered by the present statutory rate or for goods such as livestock and processed agricultural products. So, if there is not a new subsidy dollar, but the difference in the freight rates ought to be brought together, then it implies that it may be the 612 million has to be divided by everybody in the system rather than by the grain producer who has enjoyed that subsidy to date. That's the only interpretation you can give that section, Mr. Chairman. Now that's there for discussion and I don't know what's going to come out of that discussion, but it does raise the possibility that the federal commitment is a subsidy to all products produced in agriculture, rather than a commitment of 612 million or whatever the figure is for the shipment of grain only. And that means if that were to come into effect that way, the 1.8 times next year is going to be much more than 1.8 times as far as the grain shippers are concerned.

And there are many other references here that one could use; the other one having to do with consultations, suggestions from Western Agricultural Associations concerning variable rates. What kind of a situation does that open up? Once you open that door, you're now looking at a further rail line abandonment system and a greater transfer of responsibility to trucking concepts as opposed to rail concepts, transferring costs on to the provinces and to the producers again. So, I don't know what other interpretation you can draw from that, Mr. Chairman, it is there for discussion. Now I'm hopeful that after the discussion, there will be some yielding on the part of the Government of Canada on those issues, to protect the producers of grain in the prairies. Because if there isn't, well then the message is very clear, Mr. Chairman, they are going to saddle the grain producers of the prairies with a burden that they will not be able to sustain.

I happen to believe that this process may bear some

fruit, Mr. Chairman, and it may be that if enough people are knowledgeable as to the options that are being looked at, that there will be enough pressure built up in order to convince the Government of Canada as to the direction that should be taken in the overall interest before the legislation is introduced in Parliament in October. And that's the whole purposes of this exercise. If our suspicions and concerns are unwarranted, if the direction is going to be modified, we will still have served a good purpose, Mr. Chairman, in drawing the information that is available to the attention of as many people as possible. No harm will have been done by that process. On the other hand, having not done so, a lot of harm could be done and we would be negligent in not bringing into the discussion the masses that are going to be effected by these changes.

**MR. SCOTT:** Mr. Chairman, I move committee rise.

**MR. ORCHARD:** Mr. Chairman, just why are we rising at 10 o'clock when we are in the middle of a good discussion. I'm sure the Minister doesn't want to quit tonight. Do you ever want to get through the Estimates? Well, let's get at it. Why are we wasting time sitting home? Why don't you go home then and let us talk with the Minister? We can't out-vote him tonight anyway. I'm sure the Minister wants to get through these tonight.

**MR. CHAIRMAN:** Committee rise.

**MR. ORCHARD:** Mr. Chairman, Sam do you want to rise right now?

**MR. USKIW:** There is no debate on the motion, it doesn't matter to me. I can sit here until midnight.

**MR. CHAIRMAN:** Committee rise

## SUPPLY — AGRICULTURE

**MR. CHAIRMAN, Jerry T. Storie (Flin Flon):** The Committee will come to order. Continuing on page 9, the Department of Agriculture. I would hope that the opening remarks have been made at this point and that we can continue with the item-by-item analysis beginning with No. 1.(b)(1) Salaries.

The Honourable Member for Emerson.

**MR. ALBERT DRIEDGER (Emerson):** Thank you, Mr. Chairman. I don't want to take any exception to the remarks you made about the opening remarks or statements having been made because I hadn't even properly got warmed up. It was Private Members' Hour and I want to sort of pick up from there and have a go at it. I'm sure that should be quite acceptable.

I'd mentioned before the Private Members' Hour some concern about the lack of concern that the present administration has towards agriculture. I also made some mention about the sort of window dressing that the present Minister of Agriculture has toward agriculture, and I was trying to sort of just justify some of these remarks when we were interrupted at that time with Private Members' Hour.

I think everybody in this House pretty well accepts

the fact that our No. 1 industry in this province is agriculture, and then when I look at the amount expended under this category here then I have some grave concerns — \$42,134,000 is planned to be expended this year, it was \$39 million last year — and I have to be really concerned with the major industry we have in this province that we do not have more initiative shown by this government especially when they were out in hustings and indicating to the people all the various things that they were going to do for the agriculture community and I'd like to make reference to a few of them.

One of them was, of course, the Beef Stabilization Program or some kind of a beef program that was initiated during the election stages at that time, and I realize full well — the Minister is sort of looking disgusted and well he should because I realize that we're going to be talking about this at a later time in the Estimates, understandably so — but we're talking of planning and administration and I want to talk about the planning aspect of it just for a little bit because we've at various times in the House questioned the Minister about who are the people he consulted with before he brought his program down, and we've never really had a proper answer on that.

I took some time to consult with the people in southeast Manitoba. We have organizations there like the Southeast Cattle Improvement Association with much activity going out there and in the recent months. We have an association called the SPADA Group out there that pretty well covers the whole southeast, and when we raised the question with the Minister about who has been consulted before this program was initiated, we've never had a proper answer on it. These are things under Planning that we want to try and establish what happened. How did you come up with the program that has been announced? We want to work on the details of the program later on, but I want to know how he initiated the thing, the planning of it. Who were the people that advised the Minister of Agriculture in terms of what he was doing when he came up with this program?

I also had the opportunity of getting back to my people in the area of southeast Manitoba and it's a poor area to some degree. The people are struggling out there; the economic times are tough. Many of these people are beef raisers; they don't have much acreage and when we look at the proposed Beef Income Program that the Minister has announced and he's trying to force some of these people to feed cattle through to finish, these guys have to go out and buy the grain before they do that because they don't have that kind of cultivated acreage even. But what happened, and Mr. Minister I'd like to draw your attention to the fact that after — you know, it's only been a little while — but the initial reaction to your announcement of the program has been very, very negative. The cow-calf producers in my area say, hey, have it. We don't want any part of it and you know why? There's a few reasons why, because it isn't that many years ago when the present administration that was then in government at that time came up with a beef stabilization program of some sorts. It took us years to sort that mess out where they tied people in for five years. Now, we didn't stop at five years; we go on with six years and these guys look at it and they don't even look at

the details to any degree. They say, have it; we don't want any part of it.

When the Minister's budgeting for \$17.5 million or \$20 million in whatever category, \$50 per cow, these guys are leery, they're not even going to get involved in this kind of thing. And if you're talking of helping any people in the beef industry, it's going to be darn few, and pardon the expression, because they have no faith in the kind of program that you come up with. You're trying to lock them into a six-year program again. We know that three weeks from now, I would say within two weeks from now, the Federal Minister is indicating he's going to come up with an announcement. There's no provision in here where anybody jumping into this program that has been announced that they can step into something else whatever the case may be. He's sitting there rubbing his hands.

The previous Minister of Agriculture as well as the present Minister agree that it would be better to have a national program rather than a provincial program, but this Minister along with his colleagues during the election said, hey, we're going to come up with a new program. It's been a long time. You said you'd help the beef people; you promised an Interest Relief Program for farmers. What an embarrassment it must be to the Minister. It must be, pardon the expression, one hell of an embarrassment to him. I withdraw that expression, Mr. Chairman. He must be blushing in his seat when he talks of the kind of relief he's giving to anybody, to the farm population in that respect, and we will be on top of that and checking these things out.

These are the things when we talk of the planning, the Minister of Agriculture at the present time as I indicated before, I think he gives a lot of lip service to the people in the farm community, but he isn't going to do a darn thing for them. They are already skeptical right now — lip service is what we get — and there is not going to be anything in there for the farmers at all. They're struggling, fighting and what I tell my people, you'll have to struggle on your own because this Minister and this government is not concerned about the people in the agricultural community.

The number one industry and what do we have? Nothing. We have all kinds of other departments that have got great increases. We have \$3-million increase in the Department of Agriculture; \$3 million; percentage-wise, fractional, really fractional. And that is using some of the figures in there for the program that he is announcing; the biggest portion of it will not be spent. That is the aggravation. The Minister of Agriculture sort of tried to embarrass the previous Minister of Agriculture stating that in this Hog Stabilization Program there weren't enough funds and this and that. Well, I'll tell you something, the program that you've announced you'll have funds there because nobody's going to enter into it. It's a misconception, that's what it is, but the rural people know what's going on. And ourselves as Opposition and the farm community will come after this Minister and we'll make you blush in your seat because what you've done, you're doing basically nothing. The areas where I could feel that this Minister should move on.

We have a good program going in the southeast, for example, which is sort of a have-not type of area. The



same thing applies along the peripheral area, when we look at the map, you know the marginal lands, this type of thing. The previous Minister of Agriculture came up with some good programs: selling of Crown lands which has already been stopped, was stopped immediately; the sale of LGD vested lands which was a good program, which is in difficulty; the Tree Land Program which he cannot remove because that would cause a riot in the country.

**MR. CHAIRMAN:** The Honourable Minister on a point of order.

**MR. URUSKI:** The honourable member indicated that in his remark something about LGD vested lands is in difficulty, can he elaborate on that statement? Is he prepared to elaborate on that statement he just made?

**MR. DRIEDGER:** Mr. Chairman, that I believe comes under the Department of Municipal Affairs and I'm just making reference to that to some degree, but basically what I was trying to illustrate is the programs that were in place, that were helping development along the marginal lands, and we had a great program going. In fact, we had a little bronze statue of the Minister of Agriculture previously and we polished it every once in a while because the development that was taking place. Every time it got tarnished the Minister came out there and he met with the people and he was concerned about them and we'd polish it up again. I'll tell you something, there is no way that anybody's going to build a statue for the Minister of Agriculture at this stage of the game.

We had for example the Tree Land Program, it's been very instrumental. I understand, and correct me so I hope, and maybe the Minister in his remarks can confirm the fact that the brushing program, the Tree Land Program is going to be maintained and expanded on possibly to include the Interlake, it's been very beneficial.

When I look at the Estimates and sort of scan through them under Research for example, and I know we have to go line-by-line, but I'm talking of the general things. We need more monies in that area. Do you know what we have? The same amount of money expended there, and that concerns me. That shows exactly the concern that this administration has towards agriculture. If the Minister is looking at his Estimates there it says \$850,000, Agricultural Research Grant and the same thing again this year. That shows their priority. What they do they give lip service.

This government of the day does not care about agriculture. You're trying to maintain it but you're not prepared to promote the extension of this kind of No. 1 industry. You want to do ManOil, spend all kinds of money there. You want to spend money all over the place, but you don't want to spend it in agriculture. We noticed the same thing when we dealt with the Department of Natural Resources in terms of drainage, etc., in the province. These are all things related to agriculture in the rural community, this Minister doesn't care. He gives us lip service but he doesn't care. He's trying to fudge the issues.

This Minister, and I'd like to draw it to his attention, that within my constituency for example, the Emerson

constituency, we have approximately 40 small communities. The biggest community is a very small community, possibly like St. Pierre, maybe like St. Malo, maybe like Niverville, all related to agriculture. All these 40 communities are reliant on what happens in the Department of Agriculture. What happens to the agricultural base, whether it is specialized under the area of supply management and broilers, dairy production, grain production, beef production, it's all related to that, every business in that whole southeast there is dependent on what happens with the agricultural community. High interest rates have created a lot of problems.

So prior to the election this government came up and said, we will solve that, we will solve that. They haven't solved a problem for one individual in my area. If it is so, if the Minister can prove me wrong I will get up publicly and apologize that you probably solved the problem of one or two and I'm prepared to do that. It's been a, how should I say, a camouflage and this is what happens. This Minister hasn't come up with one thing to date that looks positive for the agricultural community. —(Interjection)— I like that. A member just asked what did we do? Well, if that is the case, if this is an invitation, I would like to explain what we did in terms of when we had the flood, when we had the drought, and what we did to the beef industry with a program that was strapped around the beef industry's neck? I can go to many things.

Actually, I suppose, Mr. Chairman, you're giving me that look and maybe I shouldn't get into that because that could take a lot of time. —(Interjection)— leave? Did somebody say leave?

I'd just like to indicate to the Minister there is room for research especially when we have a Tree Line Program, why is there not an increase in some of this research because we need an improvement in many of these things. When we start developing some of the more marginal lands, we need programs and information through the Ag Reps' system that will improve some of these things, the kind of crops they can grow on these lands. Is there anything like that? None at all.

It's a maintenance budget that we basically have from this Minister and he gets up there, he waves his arms and I've seen him go like this. I'm doing all these things for everybody. It's a great disappointment especially in the southeast. I, personally, have to indicate that there is no concern at all. What bothers me is that, I think, prior to 1977 when the present government got defeated at that time, what defeated them was basically the fact and I want to substantiate this because — why does the rural area not support the NDP philosophy or the present administration, why? Because they've shown in the past they don't care, not about the individual. They talk about the family farms; they haven't got a clue what it's all about. They talk of buying lands; we will not borrow money through MACC to buy lands because again, they're initiating the program of, we call it state farm. You can call it what you like. Basically, it is government buying land indicating who's going to be the landlord and that kind of philosophy is what has always created consternation in the agricultural community and will again. And you're embarking on the same things that knocked you out last time and will again and it won't take eight years this time. I can guarantee that.

During my Throne Speech address, I made some reference to a cheap-food policy and I'd like to just make reference to that again. When we consider that in this country of ours — I think it's the best country in the world — that we spend 18 percent of the earned dollar on food consumption and it's going down; when we consider that to the other countries where we have 30, 40 and in some extreme cases almost 60 percent of the earned dollar spent for food; we spend 18 percent of it and the Minister's sitting there and saying, things are tough but whatever, you know. Until we're going to change the attitude of that Minister of the Ministers across the country we have to start promoting a different philosophy, in terms of how much are people going to spend for food? I am saying that the consumers have to pay for their food. This is not a new thought. This has been promoted before in many other countries and it's effective in other countries. They're paying for the food. Here we don't believe in that. And this Minister with \$3 million increase in his budget says, "hey, you know I'm doing great things for the farmers." You're not doing anything for the farmers. You're not even properly — how should I put this? — you're not even properly tolerating them. And they will come back, and this Minister is going to have a very difficult time. Things are very tough right now economically in the farm community and he himself indicated that. But I'll tell you something, his sympathy is not going to be good enough, and I don't know what his position is when he gets into Cabinet because certainly he should have fought for more money in his department.

Now, I've got some remarks off, you know that bothered me, I've got them off my shoulders type of thing. The thing that I would like to ask of the Minister of Agriculture. I've tried to ask this before: what is the Minister's position in terms of supply management in the beef industry? He has been hedging and fudging that thing and you know his program where he wants to set up a marketing commission, a beef commission type of thing where everything goes through it, the concept, it's again Billie's big farm type of concept, you know. These are things that we will pursue as we go item-by-item and I just want to get these things now and indicate to the Minister that these things we're going to come back on as we go line-by-line, this type of thing. To this date, he has not made any positive answers to anybody when a questions have been asked.

We talk of open government, his Premier has indicated open government, and this Minister has not given one proper direct answer unless he was squeezed into a corner and then finally it was yes or no. That had to do with the Beef Program; that had to do with Supply Management, many other things and in all fairness, because I think it is important that we deal with these issues, I would indicate to the Minister it's going to be a long Estimates unless the Minister gets up there and says exactly where he stands and quits fudging the issues.

Thank you.

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

**MR. J. WALLY MCKENZIE (Roblin-Russell):** Thank

you, Mr. Chairman. There's a few remarks that I'd like to add to the opening sector of the Minister's Estimates and put in the record for the agricultural industry in our province, our No. 1 industry.

The Minister in his opening remarks left me somewhat concerned in that he left me with the understanding that he wasn't sure how severe the economic problems and the other problems that our agriculture is facing in the province today, how severe they actually were.

I suppose in his own capacity with his political background and certainly having a lot of knowledge of the turkey industry, his limitations end about there, Mr. Chairman, and I would think with the staff, all he has to do is very briefly go and discuss some of the serious problems that we have in this province with his staff, who I'm sure are quite familiar with it. The ag reps they're dotted around this province, are very familiar with some of the very serious problems that we have — and I have on occasion taken this, I guess you wouldn't call it a Regina Manifest, maybe at the Honourable Minister's constituency where they cooked up this great document that they used to brainwash the people of this province during the election campaign — it raises some very serious questions with the staff that work for the Honourable Minister. The one I've been going around and talking to, the various ag reps and staff in the department, is this one, unless decisive action is taken now Manitoba's family farms and the rural communities that service them are going to simply vanish.

Mr. Chairman, if the Honourable Minister would jump in my car with me tomorrow I'll take him around and show him a lot of communities, unless he comes up with some more programs and more planning than we see in these Estimates, that will simply vanish as it's spelled out in that manifesto. It's a tragedy that the Minister brings his Estimates here before this House I daresay in my time — and I've been here 15, 16 years in this Legislature — I never saw the agricultural industry in this province in a more critical condition than it is as we sit here tonight; very very serious and before very long a lot of things are going to be such that there is going to be no industry. I raised it the other day, unless first of all the inflationary factor is attacked not only by this province but by the Federal Government, unless we can dampen inflation there will be no more agriculture in this province, there is no room. Agriculture can't afford the double digit inflation that is going on year after year after year when their commodity prices are remaining the same or are lower year after year after year. You don't have to be a very brilliant politician to make that allegation.

I'm surprised that in this opening statement of this Minister he said nothing basically about inflation, and what he and his government is going to do to attack that disease that's plaguing this country. He never said a word and his First Minister has never attacked that, nor has his Finance Minister attacked that problem and that makes me concerned then, Mr. Chairman, most concerned.

I daresay if the farm population around this province were sitting in this forum tonight they would be most concerned to see this Minister laying his spending program for the year ahead on this, and there is nothing there at all. In fact he hasn't even openly

committed himself that he is going to try and help Trudeau rattle inflation to the ground. Of course, Trudeau has never rattled to the ground because he's never tried.

But I'm asking this Minister, I'm asking you tonight, you are the Minister of this, what are you going to do to try and rattle inflation to the ground? What policies have you got? What plans have you got in your Estimates with your government that's going to be positive and directly try and attack inflation? Because if you're not interested — and he was laughing a moment ago — then ball game over, ball game over, Mr. Chairman, ball game over.

**MR. CHAIRMAN:** Order please. The Honourable Minister on a point of order.

### POINT OF ORDER

**MR. URUSKI:** Mr. Chairman, on a point of privilege. The honourable member can make all the comments he wants but, Mr. Chairman, when he makes serious allegations that someone is laughing about the plight of the farmer in Manitoba, that member should apologize and take those words back. We are very serious in what we are doing here, Mr. Chairman. If the member is not serious than he had better not make those allegations, he should withdraw those allegations, Mr. Chairman.

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

**MR. McKENZIE:** Mr. Chairman, on the same point of order, I would like you to show me in the Rule Book where I can't make an allegation that somebody is laughing in this Chamber, show me the Rule.

**MR. URUSKI:** The honourable member in his remarks insinuated that I was laughing at the plight of the farmers, Mr. Chairman, that's the very remarks he was making. Mr. Chairman, the Estimates that I have presented in all seriousness was meant to deal with the problems the farmers are facing. The honourable member is insinuating that some members on this side including myself are laughing at the farmers in Manitoba. Mr. Chairman, I challenge him to withdraw that statement on the basis of the remarks that he has made.

**MR. CHAIRMAN:** Order please. We wouldn't want the debate to deteriorate into a shouting match. I would just suggest that members on both sides be more thoughtful in their remarks and perhaps if we could continue from here on an item-by-item analysis, that might be possible.

Order please. The rules ordinarily require that the member speak from his seat. The rules also allow the Minister to move to a seat that will accommodate him and his officials therefore I would recognize the Honourable Minister of Community Services and Corrections.

Order please. The Honourable Member for Arthur.

**MR. JAMES E. DOWNEY (Arthur):** On that same point of order, Mr. Chairman, you've indicated that it

has been the procedure to speak from the member's chair. Would it not have been appropriate for the Minister to have moved over so that the individual can speak from the chair at this particular time? However, Mr. Chairman, to accommodate the House we would allow the member to make his comments from the . . .

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

**MR. McKENZIE:** On the same point of order, I warn you, Mr. Chairman, if you're making a ruling that members can speak from any chair in this Chamber, it will be a nightmare for the Pages in this place. It's never been done in my years here, and I warn you to watch what you are doing, Sir.

**MR. URUSKI:** To the same point of order, Mr. Chairman, the Honourable Member for Roblin should remember that his Minister had to move, members had to move from the second bench down in the Estimates, and it so happens that the Estimates process, where the table's been set up for the Estimates has been not next to my chair. Other Ministers have moved and have used other chairs. I happen to be sitting in the Minister's chair, Mr. Chairman, so he should be able to speak from that point.

**MR. McKENZIE:** Point of order, Mr. Chairman, all I'm trying to do is be helpful. It has never happened in my time here that members are allowed to speak from other than their own chair unless we use the Estimates system and the Minister is allowed to come down to the front and bring his staff in. I forewarn you because, then on any given day any member can sit in any chair, and it would be very difficult for you, Mr. Chairman, or especially the Pages to see people shuffling all over and very difficult to manage.

**MR. CHAIRMAN:** Just before — on a point of order? The Member for Elmwood.

**MR. RUSSELL DOERN (Elmwood):** I mean because of the fact that the Minister happens to be occupying his colleague's seat, I think it's only sensible that the other Minister may be allowed to speak from another seat. I mean that's just common sense, otherwise you're going to play musical chairs. I also want to say to the last speaker that there was a longstanding tradition in this House going back to day one that a member who was in the House for a vote was compelled to vote. As I recall, he's the first person who violated that tradition a couple of years ago.

**MR. CHAIRMAN:** Order please. I appreciate the remarks from the Member for Roblin-Russell and with that understanding I would ask leave for the Minister to speak from a different seat. Does he have leave? (Agreed)

The Honourable Member for Community Services and Corrections.

**HON. LEONARDE EVANS (Brandon East):** Thank you, Mr. Chairman, I appreciate the problem that you were presented with and it is for some reason or other all the Ministers on this side seem to enjoy my chair.

I rose strictly on a point of order to try to facilitate the orderly and rational review of the Minister's Estimates. I wanted to point out, Mr. Chairman, that we're dealing with an item called Planning and Management, I believe. The Honourable Member for Roblin was, in my view, wandering far off the topic of Planning and Management. It seems to me that the kind of debate we heard from the Member for Roblin was more appropriate under the Minister's Salary. I gather we're not on the Minister's Salary, so it seems to me that it is out of order to talk on far-ranging philosophical matters. I would think that you would want to get onto the item under review, the very specific item under review. I think that's the orderly way of dealing with the Estimates of any department.

**MR. CHAIRMAN:** I think that point has already been made. I would thank the Minister for adding to it. I would hope we could proceed from here on an item-by-item basis. The Minister has indicated that he's willing to answer all questions as they come under the appropriate item and perhaps we could proceed with that understanding.

On the same point of order, the Member for Emerson.

**MR. DRIEDGER:** Thank you, Mr. Chairman, on that same point of order. I wonder if somebody could clarify Planning and Management, which is under General Administration if not anything that the Minister of Agriculture does come under Planning and Management; if there's a change here, that these things don't come under that kind of heading, if somebody could indicate where we're at, that would be fine.

**MR. URUSKI:** Mr. Chairman, if the honourable member wants to know; he raised questions about credit, MACC is Item No. 3; he raised questions about the Beef Income Assurance Program, Mr. Chairman, that topic is Item No. 10; he raised questions about marketing and the like, of agricultural products; he raised questions about the AgroMan Agreement; if the member looks through the Estimates, all those items are listed in those areas that we can discuss very much in detail, the various topics that he has covered, all those items that he's touched upon right now. Every area, I can assure him that he will have a chance to discuss in depth, his AgroMan Agreement and those areas in the specifics of items that we will come to in the Estimates.

**MR. DRIEDGER:** Mr. Chairman, on the same point of order, just to clarify things. I appreciate the fact that we can go into detail on all these things and that's why when I made my remarks, I made them on a general basis which actually applied to Planning and Management, and that's what I think the Member for Roblin-Russell was doing at the same time; that we are covering not specific instances, we want to get into all these little details yet. We'll be here for a long time. We're making general statements in terms of Planning and Management which is what this is all about. Once we get down to crop insurance and stuff of that nature, then we will deal with specifically that. Now we're covering sort of the planning aspect of it, of

the administration. That is basically what we're doing. By anybody's raising objections, certainly the Member for Brandon East to raise objections to that, I can't understand that.

**MR. CHAIRMAN:** Item 1(b)(1).

The Member for Roblin-Russell.

**MR. MCKENZIE:** Mr. Chairman, for your benefit, I'll use the word planning every second line if that's going to be helpful to the Committee. I'm also regretful that the rule that you made tonight, Mr. Chairman, because right now I feel like walking down and sitting in that chair over there and carrying on my remarks for the rest of the night. We'll face those precedents when things happen in this place and the rules are changed which I regret, but, nevertheless, that ruling is made and it's over.

Mr. Chairman, let's get back to the subject matter. Of course, anytime you ever bring a matter of any serious concern to socialists, they start dragging the red herrings across the room. I've seen it for years and years. I was trying to get out of this Minister, some sense of order or a commitment, what he and this government intend to do about inflation in these Estimates and in the year ahead, the year ahead after that, and the year ahead after that. I'm very serious. I was never more serious as I have as a member. I want this Minister and this government to respond at the earliest possible date. Of course, that's the way they operate. Once you bring a serious matter to the attention of this Minister, they drag these red herrings across the floor because I don't think they have a policy. I don't think they have a program to deal with that matter.

My second question to the Honourable Minister in Planning, what's he going to do in this government about energy costs that's going to kill the agricultural industry in this province? Is he going to send directives to Ottawa and give us the benefit when the Americans are buying gas right across the border today for 98 cents a gallon? His NDP Caucus in Ottawa and that group support the energy policies that we're facing in this country today. I want to know where he stands, and his government, on the future energy policy of the agricultural industry in this province. I don't want him to skate around that one or drag red herrings across this floor. I want the policy of that government laid on the line. Where do you stand on the energy policies of the Federal Government and what are you going to do about it and are you going to make some . . . and express the concern of the agricultural industry in this province? I want some answers; I want some answers and the agricultural industry in this province deserves some answers from this Minister and this government.

First of all, inflation; that's the first answer I want. The second one, what's he going to do about energy costs? The third problem, Mr. Chairman, that I would like to know and he wonders about how severe the problems are out in rural Manitoba. May I draw to his attention today how bad it is in Roblin. Roblin Forest Products, that industry that's thrived for decades, is shut down. Winnipegosis, where the Marchenski Lumber Company has been set for 25 years, shut down; the box factory, Winnipegosis, shut down; Clement's, Russell, the biggest, the oldest General

Motor dealership, I daresay of all of Western Canada is in receivership. Does he think there are not some serious problems out in the country, Mr. Chairman? —(Interjection)— Well, he asked the question, what are things like out in the country? I'm telling him, they are bad; they are very serious.

May I ask him very quickly, Mr. Chairman, what's he going to do to the beef herds, the purebred and the registered beef herds, who in my constituency, I daresay, have the finest registered purebred beef herds anywhere in Canada? Not a word, not a word. He's got some kind of a two-bit beef program. He never even mentioned those people in his communique. Not a word, not a word, he never mentioned those people at all. What is he going to do for the dairy industry in this province, Mr. Chairman? I stand up here week after week after week and ask him what he's going to do about this problem at Rossburn, the cheese factory at Rossburn and Pilot Mound. You know what I get? A sort of a stern look across the way and he doesn't say anything; he says we're looking at it, we're reviewing it.

Mr. Chairman, when cheese, an edible food in this province which we've grown in surplus, it's being manufactured in surplus at Pilot Mound and Rossburn. Cheese, which you can eat, and this Minister and this government say they can't sell it? What's wrong with this province? What's wrong with this country? What's wrong with this government? But he didn't say that in their communique that they ran around the province with, Mr. Chairman. What did he say: "Unless decisive action is taken now." That was likely written last October, November?

Manitoba's family farms and their rural communities that service them are simply going to vanish. What are you going to do about those people who are unemployed in that cheese factory in Rossburn? Have you got a job for them? What about the ones who are unemployed at Rossburn? Have you got a job for them? Mr. Chairman, he has nothing. What are you going to do with those dairy producers? Those dairy producers have been established there all their lives and are now trucking milk to Yorkton. I now understand there's a possible conflict in the plant at Yorkton and they may not be able to take their milk, or how long are they going to have to drive their milk to St. Claude or there's some to Silverwood's in the city here. Is that what you're talking about in this manifesto, Mr. Minister? Is that the future of agriculture at Rossburn? Is that the future of agriculture in Russell, in Roblin, in Grandview, in Gilbert Plains? Mr. Minister, you are not telling us half enough of what you're going to do or maybe you can't do anything; and if you can't do anything, stand up and say so.

But, Mr. Chairman, they don't do that. Every time we ask a serious question, they throw this Crow thing up and then they start to giggle. We're going to get you guys on the Crow; we're going to get you guys over here on the Crow. Let me remind you once and for all, Mr. Minister, and all your backbenchers over there, you think you're the only ones in this province that represent the agricultural community. That's a joke. There's nobody in our caucus that hates the policies of the Federal Government any worse than I do. I don't trust that Federal Government, I never did, I never will until they remove the guys that are in there right now.

If you stand up and think that we're supporting the Crow that they're going to ram down our throats, no way, no way. Every day they come with glee: "We're going to get you guys on the Crow, we're going to get you guys."

You remind your colleagues in Ottawa. Who put Trudeau back in office when he was down in '79? The NDP caucus over there put him back in. Who put those rights in the Charter that you're not allowed to own property in this country any more? The guys opposite, the New Democratic Party. The day that you stand up and say, Mr. Chairman, that they represent the people of this province, forget it, forget it . . .

**MR. CHAIRMAN:** Order please, order please.

The Member for Elmwood on a point of order.

### POINT OF ORDER

**MR. DOERN:** Mr. Chairman, I just want to say that the member promised he'd use the word "planning" in every second sentence. He hasn't used it yet — (Interjection)— maybe planning to do it. But, Mr. Chairman, I'm simply saying, he is getting a bit off the topic.

**MR. CHAIRMAN:** Order please. I'm inclined to agree with the Member for Elmwood that the discussion has strayed from the topic. Would the member please keep his comments to the point?

**MR. MCKENZIE:** Didn't I tell you, Mr. Chairman, every time you raise something in this House that's important, they drag another red herring across the floor.

When I started talking about what they did, what the New Democratic Party did, to the Constitution of this country, where they put a clause in there that people don't have the right to own property and then he raises a stink and gets up and says — but nevertheless, the facts are there.

Mr. Chairman, let us get serious about the cheese industry at Rossburn and Pilot Mound. What's this Minister going to do with that surplus cheese? Has he got any policies at all, a food item? Are they facing the future in Rossburn and Pilot Mound that they'll never open those plants again, because that's my understanding. My understanding was that if those markets that they had enjoyed were not fulfilled by March 31st, those cheese contracts would be lost forever. I tell you, it took a long long time for Rossburn to get that cheese contract that they have and the Minister knows that. If it's gone, we may never get it back. —(Interjection)— I know he doesn't, at least he hasn't done anything about it, and that is great concern to the Rossburn people and it should be. My gosh, that's their No. 1 industry in that town.

Maybe the fault should lie with the Minister of Co-operative Development over there because if we can help the credit union movement in this province as we have the other day, my gosh, the cheese industry isn't looking for that much money. They just want some guidance and they want some guts and they want some courage from this Minister and this government, and they're not getting it. I'm very annoyed and I'm sure the people in Rossburn and Pilot Mound are

annoyed, and they have a right to be. What about those poor dairy producers? What about them? Is that their future, to drag milk to Yorkton or St. Claude or Silverwood's for the next 10 years? It scares me, it scares me.

The other thing that I want the Minister to tell me is what's the future for the purebred and the registered breeders in this province? I thought he would have some statement in his opening remarks about it because they have real problems out there today. As I said, I daresay, the finest breeding stock of all Canada rests right in this province and a lot of it is in my constituency and the Minister knows that. They are very very concerned because they've got all those herds out there of young bulls and they can't sell them. When the market is depleted and the inflationary factor is running so high who wants to get into the beef industry when you have to prop them up with programs such as the Minister announced this week. They are concerned, and greatly concerned and maybe we can't solve that alone in this province but certainly all the Ministers of Agriculture across this country had better address themselves to that problem very very quickly because if we lose that base there goes the beef industry, not only in this province but all across Canada.

So with those few remarks in the planning part of the Minister, I look forward with keen interest to some of the answers which I hope the Minister will be able to provide to me and the people in my constituency.

I thank you, Mr. Speaker.

**MR. CHAIRMAN:** Item 1.(b)(1) Salaries. The Honourable Member For Morris.

**MR. CLAYTON MANNES (Morris):** Thank you, Mr. Chairman, I'd just like to know specifically what positions are covered under item (b)(1)?

**MR. URUSKI:** There are 10 positions under item (b)(1); that is the Deputy Minister, secretary to myself, to the Deputy Minister, and another secretary in my office, the Administrative Assistant to the Deputy, there is the DREE negotiator, Executive Assistant to the Minister, Special Assistant to the Minister, Co-ordinator of Program Policies and the Director of Grain Transportation in terms of the staff that are under this Budget - 10 staff.

**MR. MANNES:** Two items, in particular, and I didn't quite catch them but I heard you mention the Director of Grain Transportation, maybe you can tell me who that is, and secondly, you mentioned a Policy Co-ordinator, maybe you could tell me who that is also.

**MR. URUSKI:** Mr. Chairman, those two areas, the Policy Co-ordinator has retired, but I've given him all the functional names of the staff in the department. There is no one directly in this position now, there is someone in an acting position in the policy co-ordinating area; and the Director of Transportation was Mr. Forbes.

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

**MR. DOWNEY:** Mr. Chairman, my first comment I

would like to make in regard to the Planning and Management, I thought the Member for Roblin-Russell had asked some specific questions of the Minister coming out of the Planning and Management part of the department. I'd asked him earlier if there had been ongoing discussions with the Federal Government and I think what the Member for Roblin-Russell has done is further asked some questions in direct relationship to what kinds of comments or discussions or relationship is there between the Federal-Provincial Government, particularly on a subject which I felt very strongly about, Mr. Chairman. The Member for Roblin-Russell pointed out again the high cost of energy that the producers of agricultural commodities are facing and one of the recommendations, and one of the things that I spoke about earlier in this House, and that is, is the Minister still requesting the Federal Minister of Agriculture and the Federal Government to remove the federal taxes that farmers are paying through the purchase of their farm fuels and their energies because it is a fairly major cost to the farm producer thus being carried forward to the consumers. Not only, Mr. Chairman, as a direct cost on the diesel fuels and the gasolines that they are purchasing, Mr. Chairman, but also on the natural gas that goes into the fertilizer which has also had tagged to it the cost of operating a Federal Government, particularly in purchasing PetroCan and Petrofina.

I don't believe, Mr. Chairman, that the farm community, when they're already buying combines, tractors and all those things that it takes to produce food, should be forced to buy an energy company at the same time through their tax money. And that's a policy I would hope, Mr. Chairman, that this Minister would carry forward with some way of alleviating some of the high prices of energy that the farmers are paying; I think that's the point that has to be made. Is that the kind of policy we can expect from this Minister? It isn't a factor of costing him money; is his department advancing or promoting that particular policy to the Federal Ministers of Agriculture and to their deputies and all the staff in Ottawa. Because, Mr. Chairman, I think it's a good common-sense approach to take, again, at no cost to this Minister, to this Treasury, but as a relief to the farm community and a relief to the consumers because it is allowing them to keep producing their food at less cost. So it is an important factor and I think it has to be carried forward by this Minister. It isn't a cost factor but, in fact, creating an environment.

So, Mr. Chairman, the Member for Roblin-Russell has asked a direct question, particularly on the energy issue and also on the inflationary factors, and again I would hope the Minister of Agriculture and his staff, through his Planning and Management and whatever this comes under, would again advance to the Federal Government and to the policymakers in this country and point out that when it comes to inflation, Mr. Chairman, that the farmers are recipients of inflation when it comes to the costs of input and they are the recipients of what they receive for their commodities. And the accumulative affect of all the inflationary costs on the machinery and the fuel and all the other inputs, Mr. Chairman, has created the problems that the Member for Roblin-Russell has pointed out. What is the Minister advancing to the Federal Gov-

ernment as far as his policies on how we can correct, Mr. Chairman, some of the inflationary problems.

Mr. Chairman, I read sometime ago in the Free Press where one of the Minister's staff, and we'll get into it a little bit earlier, at an outlook conference, it was reported in the Free Press, had reported that the answer to the inflationary problems of this country and this nation and this province rested with Ronald Reagan. That was one of the staff members of the Department of Agriculture, reported in the front page of the Free Press, Mr. Chairman. But what does the First Minister do. He gets up and he slashes away at the President of the United States for trying to control inflation. What are his answers? Does he believe in what his staff have said? Does he listen to what they say; is that correct; does he believe that some of the controlling of the inflationary costs that farmers are facing rests with some of the policies that are being developed in the United States or is he just letting it float and not being a part of it?

Those are specific answers that I would hope he would come forward with as far as policies and what input his staff have. He's got the staff around him to make recommendations on some controls or what the effects of inflation are having on the farm community, they're specific questions which I would hope he would have an answer for.

Mr. Chairman, on the Planning and Management positions he has said that, I believe he said that, Mr. Reg Forbes — he wasn't clear on it. Is Mr. Reg Forbes still employed as the Grain Transportation Co-ordinator with the Department of Agriculture?

**MR. URUSKI:** No, Mr. Chairman, he is not employed as the Grain Transportation Co-ordinator, his duties have been re-assigned.

**MR. DOWNEY:** Mr. Chairman, he is saying that he is not any longer working as a Grain Transportation Co-ordinator. Mr. Chairman, I will ask the Minister who now is carrying out the role of Grain Transportation Co-ordinator? I would have to look back at some of the positive developments and some of the things that have taken place with that position. I would hope that he is not planning to have it removed from the Department of Agriculture and not have an active role. I would ask him who will be performing those duties if he is carrying on with the position, because I will go back to some of the things that have taken place. That individual had a pretty good idea of what was taking place in the grain handling and transportation industry. He had good rapport with the grain transportation co-ordinating office, good rapport with the Canadian Wheat Board and the Transportation Department of that organization. He was able to put together a lease agreement, Mr. Chairman, that this province, when we lease cars, to help the movement of grain. So, Mr. Chairman, there is an individual who is doing, what I would say, has done a good job. What is he going to be doing, what position will he be carrying out or is he being given the golden handshake like the Minister has done to a lot of the Boards? Is he going to be maintained with the Department of Agriculture? Is there going to be a grain transportation co-ordinating position there and who is going to fill it?

**MR. URUSKI:** Mr. Chairman, the position of grain transportation, the responsibilities specifically of Mr. Forbes, are now under review and under discussion between staff within the department. The responsibilities for transportation and co-ordination regarding transportation are being undertaken by the Department of Highways and Transportation whose Estimates are now in the other committee. Those duties, in terms of handling transportation matters and grain transportation in particular the Crow debate, are being handled by the Minister of Transportation.

**MR. DOWNEY:** Mr. Chairman, as well he has indicated that the policy co-ordinator — I'm aware that the individual who is filling that has retired and I would only be remiss if I didn't make a comment about the individual at this particular time. It was Dick Filteau who did a tremendous job and I would say through his lifetime has dedicated his life to the betterment of agriculture and had probably as wide a knowledge and as good an understanding from the farm level right to the policy decision-making process in government of the kinds of policies and programs that were best suited to serve the agricultural community. The individual who I have to say was not only a personal friend, but he had been a regional agriculture representative both in the area of Steinbach in his initial days in the southwest corner of the province and, of course, over to Brandon and then, of course, moving in as a policy co-ordinator, but had a pretty good rapport with the farm community, with the processing industry, with all the segments in the agricultural community that are a part of it. So I would be remiss if I didn't compliment him on his efforts and thank him for it during this Estimate process.

Is the Minister carrying on with that position and who is going to fill that position, Mr. Chairman?

**MR. URUSKI:** Mr. Chairman, that position is being filled by a Mr. Bruce Dryburgh from the department.

**MR. DOWNEY:** Mr. Chairman, apparently the Minister is not going to answer the questions that were put forward by the Member for Roblin at this particular time. We will have to make note of that and would either expect the Minister to come forward with a policy statement or position on those or keep repeatedly asking the questions at other points throughout the Estimates because they're answers that we want. We feel they're important to the continued viability and survival of the farm community and would hope that he would come forward with some answers.

**MR. MCKENZIE:** Well, Mr. Chairman, I'm most disappointed that the Minister is not prepared to make a statement tonight on the matter on inflation. I raised the matter the other day and I'll refer to the same article again I think which pretty well puts it into perspective how serious this economic disease is in this country and this article . . .

**MR. URUSKI:** It appears that the Honourable Member for Roblin and some honourable members want to lay the root causes of inflation on the doorstep of the Minister of Agriculture of Manitoba. —(Interjection)— Well, but that's apparently what it is.

The Member for Emerson initially indicated that the Department of Agriculture and the farmers of Manitoba were not being treated very well in the Estimates of the Department of Agriculture. Maybe the member was, I hope he was speaking in jest or otherwise he can't count and he can't add, Mr. Chairman.

If one looks at the Estimates and looks at it carefully in terms of what is being requested, the funds that have been put forward are really, with the budget that is shown and the announcements that have been made in the last number of weeks, we see an increase of some 60 percent within the Department of Agriculture's budget in terms of programs and policies for rural Manitoba. The agricultural budget is shown as 42.1 million, Mr. Chairman. We had an announcement of 17.5 for beef and the interest rate program will be somewhere, I placed a rough estimate of eight million, it may be even more towards the farming sector. When you add that, that totals 67 million, Mr. Chairman, as compared to 39 million last year in the actual current expenditures. When you look at that Estimate, you're talking of a 60 percent increase in the current budget of the Department of Agriculture.

Mr. Chairman, the honourable member, I will give him one more piece of information in case he hasn't heard properly. The budget of Manitoba Agricultural Credit Corporation with the present — (Interjection) — well, now here the Member for . . . let's put it on the record, the Member for La Verendrye is now indicating that we're spending too much money for agriculture in the Province of Manitoba.

Let the Opposition indicate where they stand on this area. The budget of MACC virtually has doubled, Mr. Chairman, in terms of what — we had a budget last year I believe of 36 million. It has been increased to 50, plus the 24 million for the beef income program in terms of allowable loans for that sector. We have, roughly 100 percent-plus increase in the budget of MACC to deal with some of the problems that I acknowledge and I think honourable members should have acknowledged several years ago in terms of agricultural financing and the assistance to the farmers of Manitoba. But because of their ideological hang-ups, they went and devised policies — and we'll deal with them later — but, Mr. Chairman, the Member for Roblin has the audacity to come to this House and say, how are you going to deal with inflation, the root cause of inflation.

Mr. Chairman, the two root causes of inflation that farmers face — and he talked about both of them — interest rates, interest rates which his government, his Minister of Finance, and while they were in government supported the bank policies of the Government of Canada. You are the people who have fueled the fire of inflation in this Province of Manitoba. The Minister of Finance when he was here in the former administration got up and said, we support that the policies of the Federal Government are basically sound, or words to that effect, Mr. Chairman. Now, the Member for Roblin has the gall to come back into this House, now that the people of Manitoba have kicked him out and his group, Mr. Chairman, his own group are now on the opposite side of the fence now they can logically say, what are you going to do about the root causes of inflation? The Member for Roblin should go home and hide his head in shame for the

policies that his government supported and, Mr. Chairman, when he talks about the policies of Ronald Reagan, should we in this country be tied to the high interest rate policies and the restraint programs of Ronald Reagan as being the cure-all to inflation? We should not.

The other area on questions that they have raised is the question of high cost of energy, Mr. Chairman, and I agree. It was the Leader of the Opposition, the then Premier of the province, that said that we have to go to world prices, we have to support world prices in energy, Mr. Chairman, and these agreements that have been supported, the agreements with the Premier of Alberta and the Prime Minister, they will take out of the pockets of Canadian citizens, not only farmers, but of all Canadian citizens to the tune of over \$200 million will leave and that is going to be the greatest root cause of inflation and the greatest cause of increases by man made, by the stroke of a pen, Mr. Chairman. It was your administration that said that we have to go to world prices in energy.

Mr. Chairman, if at least I knew and if we knew that those increased costs of energy were able to be taxed off and to be able to bring about the programs of assistance to the agricultural sector and the like; to be able to maintain their costs of operation and keep the costs down, then one could at least argue and say yes, while we're increasing the costs of energy but we know that there are offsetting programs to be able to lower the cost of energy to our farm sector, the basic producers of food. Mr. Chairman, I could live with that, but that's not what they were supporting. They were supporting a policy to make sure that the oil industry received the proper incentives to develop the oil in this country, Mr. Chairman, while hundreds of millions of dollars were being exported from this country to the United States. We said in Manitoba as a government — you were the government. We want to go to world prices in oil and we support, we want to move in that direction when we support that kind of a move, Mr. Chairman.

Now for the members in the Opposition to get up and say, look what are you doing about inflation; what are you doing about energy costs, Mr. Chairman? That is just totally being totally hypocritical in terms of the stands that they took while they were in government. Obviously, one of the greatest inflationary items as well that he touched upon and didn't want to talk about very much, because he feels some kind of compulsion that we are trying to force his group into a corner and that deals with the transportation question. We are not trying to force anybody in a corner. We want you to be on our side; to see the damage, the potential damage that the change in the Crow rate will have to our farmers in Manitoba. Obviously, maybe some of you are a bit schizophrenic in terms where you should be on this issue.

**MR. CHAIRMAN:** Order please.

The Member for Tuxedo.

**MR. GARY FILMON (Tuxedo):** I rise on a point of order. The Minister has used the word hypocritical in his references to members on this side. I refer you to Page 107 of Beauchesne which indicates that is — (Interjection) —



**MR. URUSKI:** Mr. Chairman, I apologize to the honourable members for that remark. They know very well where they stood in terms of the policies. They have now flip flopped when it comes to where they stand on the issues in —(Interjection)— They are totally unprincipled, Mr. Chairman.

Mr. Chairman, the issue of transportation will be another issue of great inflation to the farmers of Manitoba. I hope that the members will read the information that has been presented by the staff; the analysis. The analysis was done, Mr. Chairman, by your administration. In fact, if you go back to Hansard, going back, I think, into 1980, the former Minister of Agriculture, when I raised that question in Estimates dealing with the costs and the studies, the Minister at that time promised me that he would bring me that study that was available; that obviously he . . .

**MR. DOWNEY:** I would expect it delivered in the way in which you got it.

**MR. URUSKI:** Well, Mr. Chairman, when the Minister says he didn't expect it to be delivered; when I came into office the cupboard was bare. There wasn't one file in the office. Everything was destroyed in the Minister's office, Mr. Chairman. That's what the Minister left me with, Mr. Chairman, and he now says . . . even the secretaries there said my god, they forced us, we worked so hard to put these files together, we had to shred everything. Mr. Chairman, they were instructed by the Minister of Agriculture when I came in; the files were bare.

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

**MR. DOWNEY:** Mr. Chairman, on a point of order. The Minister has put on the record that I forced my secretaries to do something. I wish he would withdraw that statement. I never forced my secretaries to do anything, Mr. Chairman. Equally, Mr. Chairman, the point of order that I wanted to make is that —(Interjection)— No, Mr. Chairman, there was no forcing, it was all —(Interjection)— On the point of order, Mr. Chairman, I think it should be left corrected on the record that wasn't the case. The Minister's office was left exactly the way I found it when I became the Minister, Mr. Chairman.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. URUSKI:** Mr. Chairman, I have to say that either the Minister was responsible or he now admits that he wasn't responsible for that office. There was not one file; not one file. He can't have it both ways. Either he's telling us that his secretaries ran his office or he ran his office, and if the secretaries ran his office, obviously now we understand why agriculture in Manitoba was in the chaos it was; that there was no leadership in that office. That's really what he is trying to tell us here now; trying to admit to us that really he didn't.

I mean who would have authorized the destruction of those files within his office. You know, I've had people write me letters and come to my office and say well, obviously, Mr. Minister, you have the file because we've had previous discussions and I've had to say,

I'm sorry, I have to go into the department to see whether there's any correspondence because there were no departmental files left, none whatsoever, not even one file folder.

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

**MR. MCKENZIE:** Well, Mr. Chairman, again the famous old red herring. Here the Minister took off on a tirade like he usually does. Never said nothing. He talked about five years ago; he talked about 10 years ago. May I remind, Mr. Chairman, this Minister he's the Minister of the Department of Agriculture in this province this day, April, 1982. I want to know and I want the farmers of this province to know what he is going to do about inflation; not about what some government in the past did or what some government in the United States or wherever. I want to know for the benefit of the farmers in this province where this Minister and this government stands on inflation as of today? If he doesn't put a statement into the record, I'm going to be most disappointed.

Mr. Chairman, for the record, I don't think there's a more intelligent man to speak on the matter of inflation than this newly appointed President of the United Grain Growers by the name of Lorne Hehn. Mr. Hehn, Mr. Chairman, made a statement in Rosthern, Saskatchewan on February 9th that deserves the record of this province. He went on to say that the key to freight rate negotiations and the added costs farmers bear rests with the rate of inflation. Mr. Hehn told the meeting, it says, "if there was no inflation a farmer would not pay any more to ship his grain than he does now." He said, "the real question is not one of freight rates but for farmers to decide if we can afford double digit inflation or anything close to it for the next 10 years." Mr. Hehn went on, he said, "we simply cannot tolerate these levels, of course, and these figures are shocking enough to have politicians realize that the agricultural industry can ill afford this type of inflationary trend whether it be at the production level, the processing level, the shipping level or the transportation level." In simple terms Mr. Hehn said, "with double digit inflation we won't have to worry about transportation rates or what our share of that rate is, if commodity rates don't match inflation we will no longer be in business anyhow." And that was the remarks that I substantiated in my argument with the Honourable Minister.

The second point that the Minister failed to recognize and he again dragged another red herring across the room, I want him, the Minister of Agriculture in this province April 1982 to tell us what he's going to do and what his government is going to do about the energy costs that farmers are facing in this province today. I don't want him to tell me what happened last year or the year before, I want to know about this year, next year and the year after, with inflation and energy costs and I hope the Minister will address himself to those questions, Mr. Chairman.

**MR. DOWNEY:** Mr. Chairman, I was pleased that the Minister did respond to the Member for Roblin-Russell, however, it has really brought to light the unfortunate situation that agriculture is really in today

with the lack of understanding that the Minister has of the whole cause of inflation and some of the factors that are working to try and correct it, Mr. Chairman. And when the Minister says inflation is caused by high interest rates, Mr. Chairman, I really have to wonder what we do have as a member of the Treasury Bench. Mr. Chairman, we all know that the big cause of inflation — there is two major ones that I'm aware of — and I'm no expert on it, but my layman's understanding is that in 1973 when the OPEC countries, Mr. Chairman, started to increase the price of oil not through cost of production, not through cost of distribution or fair return, but the OPEC countries established what they were going to charge for the price of oil and the rest of the western world had to suffer those increased charges from \$2 a barrel in 1973 to close to \$40 a barrel in 1980. Those, Mr. Chairman, were some of the initial causes, plus the fact that all people in society excluding the farmers were demanding more out of the system through their wages than they were expecting to put back into it. Those, Mr. Chairman, are some of the causes of inflation, big government and over-expenditures of government is costing people, this nation and the world higher rates of inflation. —(Interjection)— Well, Mr. Chairman, the Minister of Natural Resources, who should know better talking to the Member for Emerson —(Interjection)— it's where you spend the money, Mr. Chairman, it's where you spend it. You can't spend it on doing other people's laundry, Mr. Chairman. You have to spend it in the productive society and create the wealth from our resources, Mr. Chairman.

Mr. Chairman, you have to do those things that will, in fact — so it concerns me when we have the Minister of Agriculture getting up and saying the interest rate is the only thing — as I understand it, Mr. Chairman, it is the higher interest rates that have tried to control inflation and bring things back into line. I believe that's some of the reason for higher cost money. We, Mr. Chairman, have seen a runaway credit system in this country, the use of plastic money far increased the real ability of people to pay — promises, promises to pay have created an inflationary situation in this country.

It's a combination of things, Mr. Chairman, but for the Minister to stand up and say that it's the high cost of interest that has created inflation, you know, I would hope that, as I say I'm not here to lecture or to give any wide-ranging knowledgeable speeches on it. As a layperson that's how I understand it and on this issue, Mr. Chairman, I would recommend to the members of the House to read about two weeks ago a copy of the Manitoba Co-operator editorial where they finally are indicating — I think it's a glimmer of hope that we have in this country — that we are finally seeing the OPEC countries trading oil for real commodities. And I think that's what we have to get down to, trading real grain or commodities for real commodities. And that, Mr. Chairman, is, as I understand, what has to happen, we have to get some real value back into the system.

Mr. Chairman, the comments that the Minister has referred to on files and that type of thing I think if he would check back with his predecessor or with my predecessor about what was left for me — and the other point that has to be made, Mr. Chairman, that

this Minister of Agriculture was offered by our leader, by us as a party leaving office, the opportunity — and I personally offered that to him — to sit down in any areas to discuss with him his concerns. Well, Mr. Chairman, he never asked me about it, he never took the opportunity and the office was no more bare when I left than when the Member for Lac du Bonnet, who is now the Minister of Highways, left the office for me, Mr. Chairman.

**MR. MANNES:** Thank you, Mr. Chairman, I would like to ask a question specific again to that one position — the transportation position. I'm led to believe that, in fact, the individual that was in that position is no longer there, is that position going to continue in existence, has the Estimate allowed for it?

**MR. URUSKI:** Mr. Chairman, the position in terms of the individual is there, the role of the individual is being redefined and re-assigned.

**MR. DOWNEY:** As I understood, the Minister said that was being transferred over to the Department of Highways. Does the position not transfer over, is he leaving it as an extra position to fill at his will and not answer to this committee as far as the filling of that position. Would it not have been appropriate to transfer that position to the Department of Highways?

**MR. URUSKI:** Mr. Chairman, I didn't say that we're transferring the position. The functions of the role of the grain transportation aspects and authority are being handled by the Department of Transportation Services, the individual is staying within our department and his duties are being re-assigned.

**MR. CHAIRMAN:** The Honourable Member for Portage la Prairie.

**MR. LLOYD HYDE (Portage la Prairie):** Mr. Chairman, thank you. I want to take the opportunity at this time to speak to the Minister and he must be aware of the fact that he is recognized today as Smiling Billie — he's the Smiling Billie, the Minister of Agriculture, he came on strong just last Thursday or Friday — I think it was Friday, yes — that he had a big announcement to this House where he was coming and going to be the Minister that was going to be the salvation to the stockmen of Manitoba. Far be the case, Mr. Chairman, far be the case, that he is the salvation to our stockmen of Manitoba. Personally, I'm very disappointed with the Minister's stand, with his proposal to the answers to the problems of the stockmen of Manitoba.

The Beef Stabilization Program today is a laughing stock, without a word of a doubt. It is a laughing stock, as I say, to the business people of Manitoba. As you know, agriculture today, is the No. 1 industry in this province and I am so very, very surprised and disappointed in the Minister's support to this very important industry to Manitoba.

The Opposition, today, as I said earlier — Mr. Minister, we expected better of you on this issue. We did, we expected better of you. You are today, Mr. Minister, playing into the hands of those who elected you, not the true agriculturalists of Manitoba. You are dealing into the hands of those who elected you as Minis-

ter of this Agricultural Department of Manitoba.

You'll rue the day, and it's coming, when you and your government is going to have to take a back seat to the leading — I've got to be careful of what I say there — we have some very strong agricultural districts in this community of this Province of Manitoba who are not in support of your government. Some day, down the road, Mr. Minister, you are going to realize the importance of spreading your support not to one segment, one sector of the province. But you must realize, some day, that you will have to deal with the rest of the province of Manitoba.

Mr. Chairman, through you, to the Minister, I want to say this. As far as I'm concerned, as the representative for Portage la Prairie, you haven't heard the last of me when it comes to speaking on behalf of my constituency, my people from Portage la Prairie, who are probably the strongest and the leading producers in the commodity of food in this province, whether it be beef or whether it be vegetables, whether it be corn, whether it be staples, the products of wheat, oats and barley, the commodities that, as far as we're concerned, in the Portage area, we are ahead of that. We are leading in the production of agriculture in our area.

I want to get back to say to the Minister that he is going to have to look after the people of our area of Portage la Prairie because, if he doesn't, I can assure you, that the day will come when he will regret the day that he is not looking after this particular area of our province.

**MR. CHAIRMAN:** I.(b)(1)—pass — the Member for Roblin-Russell.

**MR. McKENZIE:** If I may, I'm still waiting for the Minister's answer to the problems of the cheese industry, and I thought surely, he would address himself, because Planning and Management Salaries — maybe I could raise it under Milk Prices Review Commission, although I don't know whether it's in order there or not.

**MR. URUSKI:** I'm sure the honourable member will have many specific questions dealing with it. I'm certainly as concerned about that matter as he is. We can deal with that in the areas of the Animal Industry Branch which has the whole milk testing area, the whole area of milk.

**MR. CHAIRMAN:** Item I.(b)(2) Other Expenditures—pass; Item I.(b)(3) Milk Prices Review Commission — the Honourable Member for Arthur.

**MR. DOWNEY:** Mr. Chairman, the Minister is well aware of the fact that there was a fairly major change in the price-setting mechanism for the table milk industry or the nonindustrial milk in the province which we introduced as a government some year ago, I guess it was now, that we had a major change that there was a milk — two years ago I guess it is now — anyway, not to specific on what time, but at least, a fairly major change had taken place with the Milk Prices Review Commission; there was an appointment of a commission. The Minister has left the funds, or there are funds here. Could the Minister at this

particular time indicate if he's planning to make any changes to the pricing of table milk in the province, away from the changes that were made by our administration? Is he going to change back to the old pricing mechanism of milk in Manitoba and is he going to maintain the same Milk Price Review Commission in place?

**MR. URUSKI:** Mr. Chairman, certainly I want to indicate that the commission is intact. There is a provision to fill a position within the Milk Prices Review Commission. We had a Board and selected a candidate but the offer was turned down for another position elsewhere and then we had to, as a result, re-advertise that position within the Milk Prices Review Commission.

I should indicate to the Minister that, the Board that is presently in place, we've had a request from the Chairman to be relieved of his duties because of his duties elsewhere and we're in the process now of reviewing the membership on that Board at the present time. For the immediate future, it is not my intention to make any changes to the Board and its process. We certainly had no argument at the time, Mr. Chairman, of setting up the cost of production formula and having that method of determining what producers receive without the hearing process. We didn't have any argument.

What we're finding though, Mr. Chairman, and I should indicate to the honourable member, is that while there are some large retail outlets in the City of Winnipeg now using milk as a loss-leader in the Province of Manitoba, in certain areas, which is creating, as I understand it, and I'm just starting to get some of this information and I don't have very many details, but there are some impacts on the smaller retailers. The corner store retailers, the Ma and Pa grocers who are very concerned about the large conglomerates being able to pass on those costs, while they can lower the price of milk, of course, can increase their costs and their margins in other commodities, and, as a result, use a basic staple as a loss-leader. Mr. Chairman, this is not unlike the situation that occurred before the formation of the Milk Control Board, if you look at it. I don't know how, at this point in time, how serious the situation will get and what pressures it will place on the various areas and the processors in the dairy industry. They are also very concerned about what is happening. However, at this point in time, all I can say is there are concerns being expressed about the way things are turning out. We are at the present time monitoring it and we will be seeking to see what other alternatives might be available, if any, and just to see how things are going. I should mention to the honourable member while milk is in certain areas of the city, not anywhere rurally or the other parts of the province, in a few large retailers, milk is being used as a loss leader. That is, of course, creating concern amongst the small corner grocery stores who use the weekend, the milk trade and other small grocery sales, that they can't jack up their other prices because they don't have the variety and the volume where that kind of a cost could be absorbed in other goods as is being done by the large retailers. That concern is being expressed by not only the small grocery stores, but also by some of the dairies who are producing milk.

**MR. DOWNEY:** Mr. Chairman, if I understand the Minister correctly what he has indicated is that the Milk Prices Review Commission Chairman is being changed. Is that correct? Did I understand that, Mr. Chairman? He can clarify it, I missed the answer on that.

The other question was, could he give me the staff complement in the Milk Price Review Commission? As well, I appreciate the member's comments on the loss leader or the use of milk as loss leader by some of the larger chains and I do believe that the Act and the powers that the commission have can correct that problem through a review and through a regulatory mechanism that's available to them. I would ask the Minister at this particular point, it would be apparent through his comments that he in fact would say now that it was a good move to make; that the changes made in the Act, even though he voted against it at that particular time, he would now be supportive of the mechanism and the bill that's put in place and that we have some form of reasonable and rational price-setting mechanism between the producers and the consumers of milk and the protection is there for the consumers; if there is in fact some pricing that he's not satisfied with or the commission are not satisfied with. At the same time there is protection there for the producers who are suffering the higher costs of inflation and interest and all those added costs; that there is an ability to increase their returns without having to confront a public forum and go through the, I would say cap in hand approach to the consumers. I would like if the Minister — I don't expect him to stand up and give anybody any compliments — but I would hope that he'd at least indicate that he's prepared to carry on with the Milk Price Review Commission; the Act as it is and not revert back to the old Act. That's basically the question. I would hope the Minister would come clean on it

**MR. URUSKI:** Mr. Chairman, to be very specific, there is one staff complement in the commission. There is no change in the staff complement of the commission. There is an increase of some \$12,000 because there had to be revised Estimates and in dealing with the first year operations, there is expected to be a shortfall in the workings of the commission.

Mr. Chairman, I want to indicate to the honourable member and just remind him of the debate that went on with respect to this legislation. I think he says he may remember quite well. We didn't oppose the setting up of a formula and changing the hearing process to a commission. What we did oppose is leaving the other sectors of the industry wide open. Some of that is, and I've raised the concerns that are starting to surface now, precisely the area of using in certain areas by large chains, milk as a loss leader. There are some concerns being expressed. We will have to examine that and see whether we continue with this. I certainly at this point in time will carry on with the present system as it is until I'm shown that there may be some alternatives that may be as good or better than what we have in place now. Certainly, the structure or the thrust of setting a formula into pricing we had no argument with and I'm not ashamed to admit that to the honourable member.

**MR. DOWNEY:** Mr. Chairman, I wasn't clear on what he said about the current status of the Chairman of the Milk Prices Review Commission.

**MR. URUSKI:** I understand that he has asked our staff to be removed. I haven't received the letter. There may be a letter but I haven't seen it. — (Interjection) — I'm advised that there's been a phone call to our office that he has asked because of his duties, to be relieved. We haven't made the change yet and that will be done as soon as we can.

**MR. DOWNEY:** Mr. Chairman, on that particular issue I again like it to be a matter of public record that I do think that Dr. Gilson who was the Chairman of the Milk Prices Review Commission, as well as the other members of the board were appointed to do a job and they did an excellent job in administering the Act and putting in place a mechanism that I think will prove to be working very well.

I have one specific question and I'm not sure whether the Minister wants to deal with it at this particular point but it's a policy issue that he'll have to deal with at some point in time. He can either do it at the — I would hope he could do it now but again there may be another place he'd like to refer to it. That is, what is his stand or his position or what is the current status of he and his department and government to do with the two-price milk policy in this province? Does he believe, Mr. Chairman, that we should revert back to the old two-price system or is he further reviewing it or what is the current status or his position as the Minister of Agriculture dealing with the two-price mechanism for milk in the Province of Manitoba?

**MR. URUSKI:** Mr. Chairman, what the member is referring to, of course, is the two-pool system of milk that we reverted from when we amalgamated the industrial milk and the fluid milk sector into the various grades of milk and pooled the prices. Mr. Chairman, the member well knows that I raised that question numerous times in the Legislature asking him his position and whether he was going to be reacting to the submissions that were being made to him and to his marketing council. As I understand, the council did review that proposition and turned it down. I have to say I'm very pleased that the council that the Minister had saw the difficulties that the industry could get itself into by moving back to the two-pool system in the price of milk and the Minister in the House here indicated that he was not in favour of it and obviously his council, the council that he appointed took some policy guidance and they reviewed the proposals. I presume, I'm only assuming that the Minister's governmental policy indicating that he was not in support of it — I certainly am not — obviously, we would not have moved to the one-pool system initially if we were in support of it but we wanted to do something to bring about some equality in the milk industry and that was one major move that was made and certainly I believe it will be retrograde for the Province of Manitoba to go back and through even some minor means to move back into the two-pool system in the pricing of milk and to set up a two-tier system, sort of a high upper echelon and a lower echelon amongst producers in terms of the type of milk that they ship. I

believe that the milk industry should be, as totally as possible, integrated and that producers who produce a good quality of milk be paid as such regardless of the use of that milk and the benefits be spread out amongst all producers based on the quality of milk that they produce, not on the use of the milk.

**MR. CHAIRMAN:** Member for Arthur.

**MR. DOWNEY:** Mr. Chairman, I again can certainly get a feeling that the Minister of Agriculture is entering back into that philosophical arena and that dogma approach that the socialists normally enter into at particular times.

Is he satisfied that the majority of the dairy producers are benefiting from the maintaining of that policy? Is the total agricultural industry benefiting, Mr. Chairman, in the national picture when it comes to the overall quota, allocations, to the Province of Manitoba? Is he taking a closed-eye approach and saying, we changed it eight years ago, four years ago, whenever the initial change — probably 12 years ago now — but we made that initial change. We believed it was right then, we go through a period of time and because we believed it was right then, it is still right and there's no use even talking about it or saying, we're prepared as I can indicate I was giving consideration to it at the particular time in November when the government changed to having a review or an assessment of that particular policy. He's right, the marketing council did recommend that no change take place and I have no trouble in living with that particular decision. That was a decision made by a mechanism of government.

There were certainly dairy producers who were making very strong representation to me. In fact, the chairman of the Manitoba Producers Marketing Board, elected by the producers, representing the producers, and several members of his board, Mr. Chairman — (Interjection) — he's listening. Mr. Chairman, the Minister knows that the Chairman is probably listening or can hear, but the point is, is he prepared to review it? You know, because it was right 12 years ago or eight years ago and he believed in the philosophy of equalizing it, is he sure, is he satisfied in his own mind that all the dairy producers are getting maximum benefit? I'm not talking about one class or two classes of dairy producers, one getting more than the other, is he satisfied that the mechanism is working properly? You know, he's doing policy reviews. I would challenge him to make sure, particularly when the chairman or the chairman of the Milk Producers Marketing Board, which is a producer-elected organization, that he's satisfied that there aren't benefits being lost both within the province.

Mr. Chairman, and because it is a regulated commodity and is a direct inter-tie with the national dairy picture, dairy policy, in the quota allocation; that we are allocated quota on the basis of the national picture and market share which is correct, that we are maximizing our quota opportunity for all our dairy producers and be allowing our dairy industry to expand — something that I would hope he, as a Minister, is addressing. I hope he's just not trying to slide by this issue, and I would hope he would come forward with what his policies are and tell us in the best inter-

ests of the dairy producers just what his policies are on the future of the dairy industry dealing with specifically within the national picture and our share of our quota and as well the fairness within the dairy producers in Manitoba.

**MR. URUSKI:** Mr. Chairman, specifically to the member, as I understand it, our share of the national quota has been met in terms of where we are nationally. There has been a movement by some western provinces, namely British Columbia and Alberta and to some degree even Saskatchewan, wanting to move away from the principle in quotas dealing with milk, that there be a special allocation made to certain provinces on the basis of their markets in those areas. Once we get into that game, Mr. Chairman, of allowing the movement of quota interprovincially on the basis of regional markets and population growth, we're dead in Manitoba if we accept any movement in that direction. Because, Mr. Chairman, the only advantage, if we have an advantage in Manitoba and I believe we do have, is that on the basis of any other province we have a comparative advantage; we can produce agricultural products in Manitoba as cheaply, if not more cheaper, than anywhere else in this country and we should not reallocate market share on the basis of population growth and/or regional markets. We should be able to, because we're in a position to produce agricultural products here as cheaply as anywhere else in this country with the only difference being the transportation cost, compete with any part of the country. We cannot move away from that principle. That principle was enshrined at the insistence of Manitoba in federal legislation. However, I have to admit that it has been very very loosely, to put it mildly, applied in terms of the national agreement and in terms of the agreements that have been established. I am maintaining that any changes in quota allocation between provinces should be solely on the basis of comparative advantage of production, only on that basis and not on the basis of regional markets and/or population growth. That is the basis, I believe, that Manitoba can do and produce and prosper in our entire agricultural industry vis-a-vis any national agreements that are in place now whether it be milk, whether it be in other commodities, Mr. Chairman.

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

**MR. MANNES:** Thank you, Mr. Chairman. First of all, I want to compliment the Minister on that last assertion of his, that of supporting comparative advantage. Certainly, as he is well aware, that was the former government's approach to any dealings on a national scale. I am very pleased indeed to know that he still supports that whole concept as far as sharing of additional quotas nationally. No doubt we'll have further opportunity to expound and to develop that whole area in Section No. 6.

But I'd like to make some comments as they relate to (b)(3), the Milk Prices Review, and the dairy industry in Manitoba as such. First of all, I think I should go on record as saying I'd like to tie this into a discussion we had earlier today or this afternoon regarding the freedom of boards, statutory commissions and boards, because I would want everybody to know here that as

far as the decision reached on the two-pool price and that was definitely a decision that was made at the level of the board. Had it been in conflict with the government of the day, I don't know what may have happened. But I say these situations do occur — (Interjection)— that's right and that's the way the system should work. I'm saying don't write off boards as strictly political tools because in many cases they do not operate that way. And I think that those that haven't sat on them before may have the wrong impression of them.

Now, strictly back to the two-pool system, having watched the development and an attempt to sell that system I think I, as one member of that board and I think including other people within the whole industry became very concerned as to the general understanding by the whole dairy industry, the production side of it, the farmers. As to the understanding of the whole system, or system of pricing milk, and how the determination is made through one season and another as to how, the amount of revenue received and to how it's determined. And I'm wondering, it's not a new problem, I'm sure it's one that's existed for many years but I'm curious to attempt to find out the Minister's feelings on this and to see how he would propose if he, in fact, cares, to see come forward a system that would allow milk producers themselves to have a better understanding of their whole industry.

**MR. URUSKI:** Mr. Chairman, in speaking to some of the boards and producers who are within regulated commodities I have indicated that we will attempt to - there are various problem areas that crop up in the various boards — and that we will try over the next number of years to work co-operatively with the boards to make sure that there is a, at least attempt as best we can, consistent approach to the various problems that various regulatory boards have in terms of whether it be market share in milk, eggs or poultry or whatever. The problem areas that do arise we want to make sure that there is some consistent approach between government and the ways the boards are treating their producers in those areas. In terms of understanding the formulas and the pricing of milk I believe that maybe there is a role that we can play in terms of our staff and the marketing board in a communications way to try and formulate some regular publication directed specifically at producers to say here is how the formula works and that can be done on a co-operative basis. I would see any policies evolving, in terms of getting a better understanding between producers and their marketing agency, would evolve not in a heavy-handed way from government, the co-operative approach would have to be used and that would be my approach to say, all right, we have complaints, we have problems; can we work out some co-operative approach to be able to bring either resolution or a better understanding of the situation amongst producers and the board. Because there are conflicts from time to time, the interests of individual producers at times are not necessarily the interests of the marketing board in the interests of the total industry. And if we can improve communications and liaison between the two groups we will try and act in a co-operative manner to build on that approach and have a better liaison and a better understanding

between producers and their boards. That would be my approach to that.

**MR. MANNES:** Thank you, I won't say any more about that. I'll lay specific examples of some of my concerns, across all the boards in another section but specifically dealing with milk. I think there is one main area of concern that, to me at least, is even more disconcerting than specifically the one we've just talked about. And that is what appears at least, and I would say it's more than that, to be a conflict through many parts of that industry. And I know my colleague here from Roblin-Russell has made great mention of the MANCO dispute. And that is one area and we also see where the producer board at times has run into a major dispute with the producers Co-op and I think somebody who has had an opportunity as an outsider and I freely admit that to review and to scrutinize some of the actions within that whole industry, I'm terribly concerned. And I think it's a comment that ties into what the former Minister of Agriculture has said as to what this government is prepared to do as far as to review and to study where that whole milk industry is going in the production level and in the secondary manufacturing level. Because in many cases, as you're well aware, you're having producer pitted against producer and of course that never leads to any favourable situation, whatsoever, regardless of what industry you're talking about in a rural sense. And it's something that, I know, concerned the former government and I would like to hear from you specifically to what extent it concerns you and what you feel you are prepared to do about it.

**MR. URUSKI:** Mr. Chairman, I have to acknowledge to the honourable member that this whole issue is of very great concern to myself in terms of the dispute and the viability of the Co-operative of MANCO. We have, and I have met, and I have offered the services of my department, we have attempted in the marketing end to move some of the cheese. We have even said that look, we are prepared to assist in management, we are prepared to assist in all areas but we want to examine from you, we have to have from you a specific proposal as to where you see the problem is, the problems that you are having. The problem that was indicated to us verbally at one meeting was that the price of milk is too high for our production, so, Mr. Chairman, I indicated to the general manager and to the president of MANCO at this meeting. I said, if you feel that the price of milk is out of line have you approached the Natural Products Marketing Council to appeal the decision in terms of the pricing of milk because that is beyond my jurisdiction. We have, you're appealing the decision of a producer group, a marketing group, who have a formula in terms of establishing the price of milk. They said, no. So then they obviously went that route. The board has heard the application and it's made its finding known and now, basically, we have had no approach made from the producers in the area. I've talked to many producers who, I'm equally concerned, from St. Lazare, from Rosburn, from Brandon, because that co-operative spreads across the length and breadth of Manitoba. It has a milk plant in Brandon, it has plants in Dauphin, in Rosburn, I think in Winkler, Pilot Mound. there is a

new plant there — there are areas that we have, frankly; been concerned and this isn't a new problem. It seems to be every six or seven years there of financial position and management has been a recurring problem it seems that we're back into the cycle that we were in the early '70s in terms of the financial difficulties of that co-operative.

I see, Mr. Chairman, that there really should not be, in my mind, a great dispute among producers because they do have one co-operative and their main co-operative is their marketing structure. The Manitoba Milk Marketing Board is really the true producer's co-operative, which really sets the price of milk for all producers in this province. So the producers who ship to MANCO, really, although they are members in effect of two co-operatives, in my mind their loyalty, if one can put it, really should be to the total milk industry in the province.

Now I believe that the main co-operative, the Manitoba Producers Marketing Board, as well, on behalf of all producers, has a responsibility and I believe that they're recognizing that, because they are, as well, concerned as to what impact that will have on their total handling of milk within the province if certain segments of the industry fails.

We are trying to facilitate the kind of discussion and movement between those sides and if we can assist in other ways of management and the like, we're prepared to review that; but I have to tell the honourable members, in all seriousness, we have not had a proposal from the Board of Directors saying, look, we have been told that we have financial difficulties, and we've discussed, and I've discussed, what the financial difficulties are. They said we've got an oversupply of cheese, so we've put in staff, we've attempted to market that cheese as best we can through our marketing branch and we've phoned all over Canada to try and establish markets and look at other areas. We've done that and we're prepared to continue to do that, but I believe part of the problem may be some personality problems within the organization. I have to recognize that, and when you deal with people you're not always able to resolve some of the inner plays that people have between one another so you say to yourself, okay, I am prepared to assist but I want some feedback, some proposals and some concrete determination of how far that board of directors and how how far that board is prepared to work and allow government to assist them.

Until such a time, we're prepared to co-operate and have been co-operating with them, but the answers, I have to say, are not very clear to us as to, do we make the next move, if that's the question. I say, look, I'm not prepared to interfere directly into the operations of this co-operative unless there's a willingness and a desire and a proposition put, and say, look, we need assistance and this is the kind of area your staff and your people may be able to help, and I say, yes, we're prepared to examine that to see what we can do. But we've not had, to this point in time, other than that one move from them, and I've had many telephone calls and many discussions with producers, I have to tell the Honourable Member from Roblin, from his area, from Brandon, from Pilot Mound. All over the province producers are concerned about the co-operative. We are very concerned about this whole area as well,

because it does and will have an impact on the entire milk industry in the Province of Manitoba. I believe that co-operatively between the three groups, because there are three groups, we can't isolate government and MANCO as two groups; we have the overall co-operative that does the pricing of milk and does the marketing of milk in the province; they also, and I think they're prepared and they have acknowledged that they're prepared to be involved in this to try and resolve this situation.

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

**MR. MANNES:** Thank you.

I notice, by way of the Minister's spirited answer that obviously it's a subject close to his heart. He's given some comments or, at least, he's directed his last remarks to the conflict between MANCO and the Producers Marketing Board. I would ask if he could also make a comment about the conflict in the past between the Manitoba Producers Milk Board and the Manitoba Producers Co-op. — the producer groups, the two of them?

**MR. URUSKI:** Mr. Chairman, at this point in time, I gather there was some small dispute dealing with levies and the like. I gather that's been resolved and there is no great problem there now.

**MR. MANNES:** The only reason I bring that up, because I guess I'm that concerned about it, I'm wondering if, and we've heard the term, "the heavy hand of government," if this particular Minister, if conditions continue to be what they are right now, which I do not feel are good, or if they even deteriorate from what they are now, can the Minister see himself calling the parties into his office and asking for a clarification and attempting to bring some resolve to this whole industry?

**MR. URUSKI:** Mr. Chairman, I am prepared to use my offices to try and facilitate and mediate and assist in bringing parties together if the parties are willing. There is no way that I can impose myself on some parties and say, "You have to come here and you have to come here." That would be, I believe, irresponsible of me. If the parties wish to use my offices, through staff and the like, I am certainly open enough to be able to try and get it rolling, but I think there has to be a desire and there has to be a want on behalf of the parties concerned, to move in that direction. To impose oneself, as one would, on someone who is unwilling, really would be, I believe, asking for great problems and, really, if problems would erupt as a result of that, then one would understandably and logically criticized for interfering. But I'm certainly prepared to assist, and I have, and I have all along and I've said this to members in the House that we've certainly wanted to co-operate and do what we could to assist in covering or assisting the operations of the groups to try and resolve the difficulties that they've run up. We did in the past.

Historically, in fact in the early '70s MANCO ran into financial difficulties and management difficulties. We did assist them by putting, at their request, we brought in management. We did turn the operations

around. As I understand it, the management of the plant then had left and over the last couple of years started sliding down again; we're back to where we were, and it's basically, as I understand it, a repeat situation of where we were in the early '70s. Frankly, I'm not in the position of someone coming into the office and saying: "We're in financial difficulties; we want a blank cheque," and sign your name to it; obviously I'm not in a position to do that and no Minister would be able to be put in that position, but we're certainly prepared to assist in other ways; to see that this problem if we can assist the co-operative to resolve its difficulties, we're prepared to help out.

**MR. DRIEDGER:** Mr. Chairman, I just want to make a few comments here. I was very pleased with the Minister's indication that he favours or feels that the Milk Pricing Review Commission, that this setup is working well; because if he would look at the Manitoba Food Market Review thing on the week ending April 2nd, 1982, it's a good indication that what the Minister of Agriculture did at that time has been very beneficial and working well because there's been reduction where supermarket chains were offering milk at reductions etc. The Minister indicated that he thought it was working well and he would support that. — (Interjection)— Well my impression was that the Minister felt that the system was working well. If the Minister feels otherwise then, unfortunately, this afternoon we had the Chairman of the Manitoba Milk Producers Marketing Board up in the gallery listening to it and unfortunately he's not here and I would hope that somewhere along the line before this particular item gets passed that we would be able to have some input from, you know, some advice possibly from there.

What bothered me a little bit, Mr. Chairman, was the fact that I don't think this Minister understands when we talk of the two-pool system; what it's all about. When he made a reference to going back to a two-pool system I knew right away that this Minister doesn't, he either has not conferred with the Manitoba Milk Producers Marketing Board or he's totally blanked his mind to actually what they have been proposing. I don't think he understands what that proposal was all about. Just the reference of going back to a two-pool system that was changed; that is not what this whole proposal has been all about by these people. If this Minister would take a little time and listen to the Producer Board in terms of what it's all about.

I would like to draw to the Minister's attention there's over approximately 400 applications of producers that want additional quota. Now why would they want that? These guys are prepared to produce all kinds of quota understandably because the costs of production; if they feel they produce more; if they can have a few more cows in their production, they can probably meet some of these type of things. What the Minister does not appreciate or probably understand is the fact that why was this proposal of a two-pool system presented in the first place? What happens is that you have many shippers, either new shippers that have bought a new dairy farm or guys that want to expand this type of thing. What they do, they over produce. As a result, with the price structure, what happens, the general price comes down to the producers, all of them. Now you have an efficient pro-

ducer that has reached his level of production, let's say a 40-60 cow herd where he is efficient; he's got year round level production. What happens? He should be able to get maximum dollars on this thing. What happens though is that you have many shippers have either bought a new operation is indicated or new guys coming into the system. What they do, they over produce and when you have the extra poundage on the market it brings down the average price. I'd just like to ask the Minister, has the Minister had occasion to talk with the Milk Producers Marketing Board about the two-pool system?

A question to the Minister: Has the Minister had occasion to meet with the Manitoba Milk Producers Marketing Board to discuss their problem? I would want him to answer that question then I'll pursue it.

**MR. URUSKI:** Mr. Chairman, while the honourable member is partially correct in terms of saying that the average price is brought down but only on the assumption that the fluid market is filled and the rest of the milk that is produced has to be diverted into lower-priced products namely cheese, ice cream and other products that are consumed. But, on the basis as I understand the proposal, was that you were going to move away from pooling the price of milk and that the average, the producer who was able to maintain a constant production of his milk throughout the year would then be able to sell a greater portion of his milk on the basis of the higher-classed milk regardless whether that milk was used for that class or not based on the evenness of his production. I believe that was the intent. Well, Mr. Chairman, that does ultimately, no matter how you cut it, sooner or later you're moving in that direction. You're moving whether it's; it may not move in one fell swoop but that would be one step in the direction of moving and splitting the industry again.

Mr. Chairman, I am always open to be convinced otherwise but that is basically my understanding of it, I have to tell the other honourable member and honourable members in this, I am not for it. I would not recommend to my colleagues and I certainly would oppose a move in that direction; that there would be a dual system in the pricing of milk to move in that direction. Certainly, if my understanding isn't that way then obviously I think the Chairman of the Milk Marketing Board and his members will want to attempt to convince me otherwise. I certainly, from my short period here, I hope I have developed a good relationship with them. We've met on a number of occasions; the staff have met with them; there have been problems in other areas that they've raised and certainly they will no doubt in time want to raise that proposal again with me and obviously they're free to do so and explain their side of it. I'm certainly prepared to listen to it but I want to tell the honourable member what my feeling is. If that's the direction it goes, I want to tell him that I would not be impressed and I would not support that kind of a move.

**MR. DRIEDGER:** Very specifically then, to the Minister, could the Minister indicate whether he has met with any of the Milk Producer Marketing Board people to discuss specifically the two-pool system?



**MR. URUSKI:** Mr. Chairman, I've met with the Chairman of the Milk Marketing Board himself. I have not met with the total board per se. They have not approached me on that specific issue; we've had discussions through our offices on a number of other issues that they've raised in the industry but specifically having that proposal put to me, no I have not.

**MR. DRIEDGER:** Mr. Chairman, I wonder if in all fairness to the people on the Milk Producers Marketing Board since I think this is of vital concern to them whether we could possibly have the Committee rise and maybe deal with this particular item tomorrow so that we can have a chance to consult with them on certain issues that they would like to raise, because I think that was the intention of some of the people that were up in the gallery today waiting to have this dealt with. I just pose this as a question. If it is agreeable, then I would ask that somebody maybe move Committee rise. If not, then we want to debate it further.

**MR. URUSKI:** If I knew what the honourable member was getting at I'd have no difficulty in that, if I knew what he was getting at in terms of having the people — are you expecting people to be up in the gallery tomorrow and this is the reason why you want to curtail the discussion on the Estimates on this one area or what is the intent?

**MR. DRIEDGER:** Mr. Chairman, no it was not necessarily to try and make a grandstand issue if there was people there. The intention was that possibly we could take — I certainly would like to take the opportunity to check with some of the directors on the Manitoba Milk Producers Marketing Board to see whether there was any points to be raised. It was not a matter of trying to make a big issue out of it again tomorrow because I think we've covered it to some degree but I — (Interjection) —

**MR. URUSKI:** The honourable member should realize that he will have a lot of opportunity to discuss the whole area of marketing and could raise the area of milk marketing under the Marketing Branch. There is certainly no — under the Marketing Council that can be raised at and under the Marketing Branch, that whole division dealing with marketing, that certainly wouldn't preclude the specific questions with milk marketing all over again. We've deviated, I have to say, we've allowed the debate to go on because we were talking about milk prices review. We've come into the area of marketing, I certainly have no difficulty but there is certainly ample opportunity in several areas of the department to discuss the very issue that the member wishes.

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

**MR. ROBERT (Bob) BANMAN (La Verendrye):** Thank you, Mr. Chairman. The Minister has briefly touched on the Manitoba Milk Producers Marketing Board and the role that they play versus the role that MANCO plays. Really, if I could sort of read into his remarks, as what he was more or less suggesting and he can correct me if I'm wrong, that really MANCO set up as it was previously without having the Manitoba Milk

Producers Marketing Board in place has really almost, if I was to read his remarks accurately, has almost become redundant in the sense that he said that the Manitoba Milk Producers Marketing Board was really now their co-operative. I wonder if he could just elaborate on that.

**MR. URUSKI:** Mr. Chairman, I don't know whether I've let myself get into something here, but basically the honourable member isn't far out in terms of the producers who are shareholders in MANCO are themselves in a bit of a dilemma because they are part and parcel of a larger co-operative that is the entire milk industry of Manitoba in which that co-operative sets the price of milk to the wholesalers and processors in this province. It happens that while they set the price to the wholesalers they are, in effect, one of the processors of the wholesalers of that milk and they in turn are attempting to, through their operations, to gain a profit from their own milk which they wish to receive the best price for and their co-operative or their management is saying that the price of milk that their own organization is getting is too high.

That's basically the argument that's been put; so there is a dilemma that producers that are involved in this because I believe that total responsibility to all producers in Manitoba is through the Milk Marketing Board. They are the true co-operative of all producers in the province and MANCO happens to have now a dual role, is that while they've got a portion of the producers of Manitoba, they also are attempting to achieve a better return or at least a profit on that milk that they produced and, obviously, there has been a problem in terms of their financial ability to do that. So while the whole industry is, and we are concerned about one aspect of it, the aspect of that co-operative itself to be maintained because it does play a role in Manitoba in terms of the processing of cheese. I would think that between the total co-operative, the Milk Marketing Board and one segment, the other co-operative, there may be some merits of some kind of a marriage or a merger or some way of working this out in terms of using that co-operative as a vehicle on behalf of all producers to market milk in the Province of Manitoba.

I see that as an option, as a positive thing, that rather than a few producers being involved in this and having to shoulder the financial responsibilities, it may be to the advantage of the entire milk industry that this co-operative be a thrust of the marketing board for the Province of Manitoba, or of the Milk Producers Association which encompasses the other producers, the rest of the province or all the producers of the province who belong to it and sit along with the marketing board. There are several options that are open there, but basically there is a problem for those few producers who are actual shareholders in MANCO versus their position to their mother co-operative, the Milk Marketing Board.

**MR. BANMAN:** Well I guess, Mr. Chairman, there is a bit of a quandary that we face with this. I guess the concern that I would have and the concern that many rural people would have is the loss of some of these facilities within the smaller communities and I think that's the problem we face right now. There has been

a rationalization, if you want to call it that, over the last number of years; we've closed down many of the smaller plants because they just weren't economically feasible any more. I guess this is a further rationalization that is taking place and I, for one, would be sorry to see that but I can see the problems that these co-operatives face now. The thing that'll have to be looked at very carefully is how, either through the Department of Co-operative Development or some area, we can try and work out a solution to the problem.

I would hasten to add that I don't think the Manitoba Milk Producers Marketing Board taking them over, and I must admit to the Minister, I would be scared of — his colleague is convincing him to start another crocus food idea plant which would concern me. But on the other hand many of these facilities have served the communities in which they are fairly well and you've got some pretty modern facilities. The one in Winkler, which I just happened to tour several months ago, is a very modern facility; they're concerned about their existence also. The employees out there are really concerned and so is the town and they've just spent a whole bunch of money to clean up their whey problems as well as a lot of other things.

But I just say to the Minister, when I was in charge of Co-operative Development, one of the problems that I had is the members opposite who are now government were after my hide constantly saying that there was no development in the co-op movement; there were no new co-operatives being formed and it was because of the inactivity of the Co-op Development Branch. It's just pleasing for me to hear today, Mr. Chairman, that the Minister of Agriculture realizes that some of the statements that his colleagues were making during the Estimate review a short year ago weren't as simplistic as they would have liked to put out; they would have liked to see more numbers. We are experiencing problems within the co-op movement that we are experiencing in all sectors and there will have to be some rationalization and concentrated efforts on that to keep the ones alive that we have at present, never mind expanding into all greater fields. So, it's rewarding for me to hear at least that maybe a few people on that side are sort of changing their tune right now and will be listening to what kind of a tune they will be whistling over the next little while.

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

**MR. GRAHAM:** Thank you, Mr. Chairman, I want to say a few words to the Minister of Agriculture at this time on the dairy . . .

**MR. CHAIRMAN:** The Honourable Minister.

**MR. URUSKI:** Mr. Chairman, on a point of order. Mr. Chairman, I know we've ranged this discussion and we've got into the dairy industry specifically. If I can encourage the member to keep his comments with respect to the Milk Prices Review Commission and we will, no doubt, discuss the dairy industry in length again and the situation dealing with the dairy industry and the further processing of milk because there will be ample opportunity, and I've spoken to other members, I think we've gone this route and we will be

back at it again. So, if I could encourage the member that his questions be put, with respect, to the Milk Prices Review Commission.

**MR. GRAHAM:** Thank you, Mr. Chairman. I accept the words of the Honourable Minister but I think the Honourable Minister has to realize that we do have two committees going and some of us are charged with certain responsibilities and when some committees rise earlier than others, then we have to avail ourselves of the opportunity that does present it to us to bring forward the concerns of the areas that we represent. And when it comes to the pricing of milk and the operation of the various milk producing facilities, I want the Minister to take into consideration what occurs in the agricultural sector when we find difficulty arriving at a — it's all right, Mr. Chairman, if the Minister wants to carry on a conversation with somebody, it's all right with me . . .

**MR. CHAIRMAN:** The Honourable Minister on a point of order.

**MR. URUSKI:** I appreciate the member's comments that he's making and I only assume that he will confine his remarks to the area that we are discussing.

**MR. GRAHAM:** Thank you, Mr. Chairman. I just want the Honourable Minister to take into consideration what happens to those people in the agricultural community who have spent years of their life and thousands and thousands of dollars building up a dairy herd, and anybody knows that you do not establish a dairy herd overnight. It takes many years of breeding to produce the highest quality dairy animals, and to find that their whole livelihood is wiped out because of an argument over pricing of milk and the transportation of milk, the Minister has to be concerned about those farmers. Sure, he loves to get into the argument about who is right between the Natural Products Marketing and the Milk Producers Board and all the other things about the pricing of milk. But just remember, it's the livelihood of farmers that's at stake; farmers that have invested literally hundreds of thousands of dollars to develop a herd to the point where they are now proud to have one of the finest dairy herds, only to see the whole thing wiped out because the Minister of Agriculture is not prepared to use his good offices to ensure that the dairy industry survives in this province and those people can continue to make their livelihood. Surely the Minister has to have some concern for the individual farmers and, rather than sitting listening to all of the arguments that he gets from the various boards and chairmans of boards, sometimes I hope that he would think about the farmer, the producer, the person who has invested his whole livelihood in order to provide, for society, that very necessary commodity that we all want to see on the marketplace.

**MR. MCKENZIE:** Mr. Chairman, I have a couple of questions. Maybe the Minister will answer them tomorrow or later. It deals with the Rossburn thing where we were discussing it briefly. I'm getting questions by producers and people in the industry there, that the company is facing the problems, because of

huges surpluses of cheese in Ontario and Quebec, and I have no records to verify that. The other one that keeps coming back, there is quite a strong reaction from the consumers today, at the price that they're asked to pay for cheese in the marketplace, and that's another factor that I can't prove, nor can I answer the producers, correctly. The other one that keeps coming up is, what influence does the Federal Government have on the cheese industry, or, whether it's healthy in this province or is there some way the Federal Government could intervene and help these co-operatives at this time when there are surpluses of cheese, and those are the questions — I don't have the information. Maybe the Minister can get it tomorrow or the next day and advise the committee on those questions.

**MR. URUSKI:** Mr. Chairman, I appreciate the comments the honourable member has made. I will try and give him as much information as I can. I can share some information with him with respect to the — part of the problem, I would say, that there is in Eastern Canada, a supply problem with respect to the amount of cheese and that MANCO has been shipping a lot of cheese east. There is a shortage of cheese, but then it gets in to the type of quality and the type of cheese that is being produced, a shortage of cheese in Western Canada. I gather that MANCO'S marketing strategy has been, primarily, to use Eastern Canada as its main market source. As well as Manitoba, it provides a large percentage of the Manitoba market. It has, I understand, done some, I believe, some shipments westward but certainly there is potential in the west but then it gets into the type of equipment and the type of cheese you produce. I wish it could be only as simple as saying, yes, we've got an over-supply of cheese; let's find a market for it. It's a matter of what markets exist and the type of cheese that one has to move into. It's not done overnight. It's a management marketing strategy and those kinds of areas that have to be developed, and I have to say again to the honourable member that I am very very concerned about this. We've helped them before and we'd be in a position to try and assist again, but only on the basis that there is a desire that they want our involvement, and whether we sign some agreement in terms of management help, marketing strategy, our people have now assisted and we will continue to do what we can.

I wasn't quite sure, the Honourable Member for Virden spoke about farmers losing their operations, Mr. Chairman. As I understand it, I haven't been made aware of any specific dairy man who is in production today who has been forced out of business. As I understand it, right now in the milk industry there is a long line-up of people wanting to get into the dairy industry because of the stability of that industry in terms of the prices that farmers receive through their marketing agencies and the stability of the price to producers. I understand that all the milk is being marketed and, although some of it is being transported out of the province, with some loss in additional transportation cost, there is some reduction in price.

The Member for Arthur indicates that there is, I believe, some additional transportation costs which, of course, are then reflected into the pooled price for all producers. But, if the member has any specifics, I

have not been made aware of any one producer being forced out of business as a result of this dispute or anything surrounding that.

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

**MR. GRAHAM:** Well, Mr. Chairman, I'm not talking about any individual being presently forced out of production, but just remember the farmers can read probably better than the Minister of Agriculture can. They see the writing on the wall and when plants are closed in their vicinity and transportation costs are rising, they know that it's just a matter of time and when you start dealing across provincial borders, who knows what's going to happen in Saskatchewan in three weeks time. Given the mood of the farmers in Saskatchewan at the present time, they have no faith in an NDP Government out there. The farmers in Manitoba have very little faith in an NDP Government and that was evident in the last election. There were a few turkey producers voted, but not too many dairy people.

So I say to the Minister that these people who have invested large sums of money for a long-term business want to have assurances of long-term markets and the present pricing structure and the kaffuffle that the Minister has done nothing to solve does not lead to any confidence on the part of the dairymen in the ability of this Minister to do anything.

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

**MR. DOWNEY:** Mr. Chairman, the Minister has indicated that he did not want to get into the whole area of cheese plants and processing. We've covered it tonight, not as much as we as an Opposition would like to, because I have some major concerns that I'd like to deal with. If the Minister can assure us that we'll have an opportunity to debate that particular issue coming up in the near future, I would be certainly agreeable to passing this item and then probably having committee rise.

Before I do, Mr. Chairman, I do feel very strongly that there has been a total lack of caring or a total lack of co-ordinated effort by the government when it comes to the whole dairy industry. We've seen the Minister of Co-operative Development do nothing to support the biggest or one of the largest dairy co-ops in the province. We've seen the Minister of Economic Development where some 50 people lost their jobs, Mr. Chairman; the Minister of Agriculture saying we're reviewing or we're looking at and we've tried to help sell cheese.

Mr. Chairman, I would say this government, the government that we have here today have taken on a job that they aren't living up to their responsibilities and we have, Mr. Chairman, quite a large amount of questions or a lot of questions to ask when it comes to the whole area of the dairy industry and the milk industry, the cheese processing and the way in which they have demonstrated their inability to deal with a situation. The Minister has just admitted that it's costing higher transportation costs to do what? To transport the milk out of the province at the same time they're transporting their job opportunities with those truckloads of milk.

So, Mr. Chairman, if we will have the opportunity, the Minister has indicated we will have, I would suggest we pass the Milk Prices Review Commission and then move Committee rise.

**MR. CHAIRMAN:** Committee rise