

THE LEGISLATIVE ASSEMBLY OF MANITOBA
10 a.m. Friday, March 5, 1976

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 24 students of Grade 5 standing of the St. Charles Academy. These students are under the direction of Sister Champagne. This school is located in the constituency of the Honourable Member for Assiniboia.

On behalf of all the honourable members I welcome you here this morning. Presenting Petitions. The Honourable Member for Radisson.

PRESENTING PETITIONS

MR. HARRY SHAFRANSKY (Radisson): Mr. Speaker, I beg to present the Petition of Heller-Natofin (Western) Ltd. praying for the passing of an Act to amend an Act to Incorporate Tri-State Mortgage Corporation.

MR. SPEAKER: Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports. The Honourable Minister of Resources.

TABLING OF REPORTS

HON. HARVEY BOSTROM (Minister of Renewable Resources and Transportation Services) (Rupertsland): Mr. Speaker, I have for tabling the Annual Report of Channel Area Loggers Limited for 1974-75.

MR. SPEAKER: Any other Tabling of Reports or Ministerial Statements? Notices of Motion; Introduction of Bills; Questions. The Honourable Leader of the Opposition.

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MR. DONALD W. CRAIK (Leader of the Official Opposition) (Riel): Mr. Speaker, I direct my question to the First Minister. I wonder if he can advise when the government will be in a position or if they are in a position to advise the public regarding the National Energy Board decision on the proposed power line by Manitoba Hydro to the U.S.

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Yes, Mr. Speaker. I could provide that information now but it doesn't lend itself to any concise verbal reply since it has a number of qualifiers to it and so on. Perhaps the honourable member could best handle this by an Order for Return I should think.

MR. CRAIK: Mr. Speaker, in view of the urgency of the matter as presented to the NEB at the time I might perhaps ask the First Minister a series of specific questions then. Can he indicate what proportion of the power export proposed will be deleted as a result of the non-admittance of firm power export?

MR. SCHREYER: Mr. Speaker, I repeat that I could perhaps circulate to my honourable friend a written document which even in summary form would run to some four or five pages. Perhaps he would like to do it that way.

MR. CRAIK: Mr. Speaker, a further direct question. I wonder if the First Minister can comment on the Energy Board's decision that the price of three mills "is disproportionately low."

MR. SCHREYER: Mr. Speaker, I could comment on it but I wouldn't be able to do so in 60 seconds.

MR. CRAIK: Mr. Speaker, then a final specific question. Is Manitoba Hydro now going to proceed with construction of the line?

MR. SCHREYER: Mr. Speaker, the sequence of events from this point, having

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(MR. SCHREYER cont'd) just received the National Energy Board ruling on the matter, is that senior officials of Manitoba Hydro will be in further negotiations with Northern States Power and geographically related utilities in an effort to obtain certain modifications to the original intent, which we are quite optimistic will be possible, and then to get this adjudicated under the terms of reference and procedure of the National Energy Board without the necessity of a hearing, since it is supplementary to an earlier procedure of the same energy Board.

I have no reason at this point to be pessimistic as to the prospects of this unfolding in the most positive way in the next thirty to sixty days. Only the actual results of that partial renegotiation will of course tell the tale.

MR. CRAIK: Mr. Speaker, a further question to the First Minister. I noted that he referred to Northern States Power. If he meant Northern States Power, is he implying by this that Minnesota Light and Power connection is now going to be reconsidered and possibly dropped.

MR. SCHREYER: Mr. Speaker, this has to do with, I believe it's Minneapolis Light and Power, and one or two of the smaller utilities in the north central part of the state.

MR. CRAIK: Mr. Speaker, then the First Minister did in fact not mean Northern States Power. There are not negotiations with Northern States Power as opposed to the power utilities that were to be connected directly with this proposed line.

MR. SCHREYER: Well, Mr. Speaker, there is as the honourable gentleman knows, negotiations of some considerable importance with Northern States Power. They're in the context of not the particular line at issue. In other words, it has to do with the proposed 500 KVA line.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, I was going to ask the First Minister a further question on the same topic. Can the Minister indicate whether there have been any form of exchange agreements or contracts signed with Northern States Power concerning future exports of electrical power from Manitoba, at this stage.

--(Interjection)--Have there been any exchange agreements or any contractual arrangements made with Northern States Power for future exports of Manitoba power to that particular utility?

MR. SCHREYER: Mr. Speaker, there have been negotiations with Northern States Power going back over some considerable period of time. Negotiations with Northern States Power have to do with possible sale of summer surplus energy and also the exchange of seasonal diversity energy as between Manitoba Hydro and Northern States Power. It is not a case of just a one directional or one-way sale because, as the Honourable Member for Fort Rouge I'm sure knows full well, the peculiar nature of the peaking pattern of the two utilities are what one could call seasonally complementary. That is to say peaking is at different times of the year and therefore there is good mutual economic attractiveness to have an inter-connection that will allow for the movement of energy south in the summer and north, back to us, in the winter. What is before us right now in the questions of the Honourable the Leader of the Opposition - my honourable friend is trying to sort of take some line of questioning that flows from it - is not Northern States Power but Minneapolis Light and Power or Minneapolis Power and Light, I've forgotten.

MR. AXWORTHY: A supplementary, Mr. Speaker. Can the Minister indicate whether the Cabinet's order-in-council or Manitoba Hydro's Board of Directors made very definite plans for additional transmission lines through the United States and can he indicate how many lines those would be and what kind of voltage would be carried and what sort of export market would they have the potential of conducting.

MR. SCHREYER: Well, Mr. Speaker, it is a little bit unsettling to me, Sir, to answer questions in the broad generality; it lends itself to misunderstanding. I would much prefer if my honourable friend would care to do it that way, that he file a series of specific questions which we will then give specific written replies to.

Just as a starter I would say to him that the nature of the discussions with Northern States power now, NSP, has to do with the possible construction of a 500 KVA

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(MR. SCHREYER cont'd) line, most of which would be constructed in territory of the United States and only about 70 miles would be constructed within Canada.

MR. AXWORTHY: Well, as a supplementary, Mr. Speaker - I'd be pleased to submit such an Order for Return - but I would wonder if the First Minister could answer this specifically: whether in fact an order-in-council of the Cabinet has been passed authorizing further transmission lines to carry power exports of Manitoba power to the United States.

MR. SCHREYER: Mr. Speaker, in terms of intent. But nothing can be proceeded with prudently, indeed I would say it cannot be proceeded with until there has been the National Energy Board adjudicating on the matter.

MR. AXWORTHY: A supplementary, Mr. Speaker. If that intent has been decided upon, can we understand - or if that point in council has been passed--(Interjection)--

MR. SPEAKER: Order please. That's hypothetical.

MR. AXWORTHY: . . . Mr. Speaker, Could the Minister indicate whether there has been any application to the National Energy Board for additional transmission lines or whether we can expect such an application within a short period of time?

MR. SCHREYER: Mr. Speaker, there is no doubt that at some relatively early date there should be the expansion or increase of inter-connection transmission capacity so that we are in a better position to exchange seasonal diversity energy and to move whatever quantum of energy may be surplus to us in the summertime when we have maximum hydraulic flows. If this were indeed to be carried out and realized then it would give both utilities a degree of insurance, to use that term, that would obviate the necessity of further costly installation of capacity in southern Manitoba, such as it could help to postpone the installation of expensive nuclear capacity.

A utilities system, Sir, does require considerable expenditures to maintain operational reliability and reserve factors and to protect against outages on long transmission capacity. In order to bring that about it requires the installation of additional capacity such as nuclear or the installation of transmission inter-connection capacity, both of which provide insurance.

MR. SPEAKER: The Honourable Member for Flin Flon.

MR. THOMAS BARROW (Flin Flon): I direct this question, Mr. Speaker, to the Minister responsible for Autopac. Due to the fact that I have documented cases of two people seriously injured with skidoos and snowmobiles and such, both through no fault of their own, they're not eligible for any form of compensation either through suing, Criminal Injuries Compensation Board or Autopac, Would you consider legislation to rectify this kind of situation?

MR. SPEAKER: The Honourable Minister of Public Insurance Corporation.

HON. BILLIE URUSKI (Minister for Manitoba Public Insurance Corporation) (St. George): Mr. Speaker, I would have to get the details from the honourable member and we would have to consider whether or not some form of passenger hazard or third party liability should become compulsory for operators and owners of snowmobiles.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, my question is to the Honourable Minister of Labour. Can the Minister advise the House whether the mediator in the Winnipeg transit strike has reported back to him as yet or whether that event will await tomorrow's deadline date of March 6th?

MR. SPEAKER: The Honourable Minister of Labour.

HON. RUSSELL PAULLEY (Minister of Labour) (Transcona): Mr. Speaker, I've been in conversation with Professor Dale Gibson. It is anticipated that there is the possibility of the report being made sometime later today and if not it will be reported to me, in accordance with my request, tomorrow.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is to the Honourable the First Minister and relates to the Federal-Provincial Energy Conference that's taking place in Ottawa today. In view of press reports earlier in the week that there was some doubt as to whether or not the Province of Manitoba would be represented,

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(MR. MCGILL cont'd) I wonder if the First Minister can tell the House whether or not his government is, in fact, represented today.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the sequence of events is as follows: We were in receipt of a letter from Premier Lougheed, the Prime Minister's copy of which was sent to us, which intimated and intimated rather directly that there was some form of pre-existing agreement or understanding on the part of the Government of Canada that oil prices of domestic Canadian crude would be allowed to go up to international levels. We sent a Telex, Sir, to the Prime Minister asking if this could be true and if so to advise whether there was any point in us sending a representative to attend at what was already a fait accompli. We received assurance yesterday by return Telex, from the Prime Minister that, in fact, there is no such undertaking and that therefore there was no fait accompli.

MR. MCGILL: Mr. Speaker, again to the First Minister. Then I take it that his government is represented this morning at the Conference.

MR. SCHREYER: Yes, affirmative, Mr. Speaker. By my honourable friend's running mate, if I can call him that, the Member for Brandon East.

MR. SPEAKER: The Honourable Member for Gimli.

MR. JOHN C. GOTTFRIED (Gimli): Mr. Speaker, I would like to obtain leave from the House to make a non-political statement.

MR. SPEAKER: Agreed? (Agreed)

NON-POLITICAL STATEMENT

MR. GOTTFRIED: It's debatable, Mr. Speaker, whether this matter wouldn't be better presented under the debates on the Estimates in the Department of Agriculture, but I think its import is of such magnitude that it is probably best introduced here.

I am referring to an event that took place one century ago in the Province of Manitoba. I have here a copy of the Daily Free Press, Monday, October 23, 1876, and by your leave I would like to read excerpts from it into the record. It concerns the first shipment of grain from Manitoba.

"The first shipment of grain from the province took place on Saturday last when 857-1/6 bushels of wheat were consigned to Steele Brothers, seedsmen, of Toronto by Messrs. Higgins and Young of this city. This, a not unimportant item in itself, is fraught with the most important results to the agricultural and business interests of the Northwest inasmuch as it represents a prospective demand for our choice grains to supply a much more profitable market than one for mere milling purposes."

Now I think that this item is of very great significance to this province and that possibly it should be recognized in some way by, oh, having things affixed to the pamphlets coming out of the Department of Agriculture or possibly by a commemorative stamp of some sort. I'll go further with this if you wish.

"In Ontario during the past year or two choice grains have been taken up with avidity at \$2.00 and \$3.00 per bushel for seed purposes so that the margin allowed over what is paid for milling grain will cover freight, together with a good profit to the enterprise." And it goes on to say, "Our surplus crop will be absorbed for seed by the over-cropped lands of the eastern provinces and the States."

Further it says, "Now it is maintained by some, and we believe the opinion is one generally accepted by agriculturists, that wheat from a northern district where the season is short carries its habit of quick ripening with it when sown in a southern district where the season is longer. Acting upon this view the people in Illinois and Iowa have sought to obtain seed wheat from Northern Minnesota and it appears that our new Province of Manitoba is now looked to as a source of supply of seed wheat for localities south of the boundary line."

Now the item concludes with this remark, "Great credit is due to the gentlemen whose efforts have led to the first shipment of our staple products to the eastern market for seed and as it may be interesting at a future day also to know whose growth composed

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(MR. GOTTFRIED cont'd) the first shipment of seed wheat from the Province of Manitoba, we append a list of the growers obtained through the kindness of Messrs. Higgins and Young, who with characteristic enterprise, at a considerable loss of time and labour guaranteed Messrs. Steele Brothers a shipment of good grain on a week's notice being given and thereby gained the credit of meeting the first buyers of shipment as well as the first shippers of grain from the Province of Manitoba, a fact which will be worthy of remembrance when in the not distant future our shipments amount to millions of bushels."

I would like to read the names of those who contributed to this first shipment. "The following is a list of farmers who supplied the grain in quantities of a load or more as time allowed. The first is G. R. Miller of Kildonan, 204 bushels; John McIvor, Greenwood, 17-3/4 bushels; J. W. Carleton of Clear Spring, 80-1/6 bushels; H. Soar, St. John, 154 bushels; F. Dick of Springfield, 35 bushels; Neil McLeod of Victoria 22 bushels; Mr. Black, Springfield, 102 bushels; D. McDonald of Springfield, 94 bushels; John Spear of Springfield, 44 bushels, T. B. Robinson, Rockwood, 32 bushels; Alex Gibson of Springfield, 33 bushels; John Reich of St. Paul, 40 bushels." Now one of the reasons why I wanted to read these names into the record is because some of these people are from my constituency and they constitute some of the early settlers of British stock that have gone to settle into Gimli Constituency. The price paid was 80 cents per bushel and the rate of freight to Toronto is 35 cents.

MR. SPEAKER: Order please. Does the Honourable Member for Morris have a point of order?

MR. WARNER H. JORGENSON (Morris): I'm sure that you will recognize, Sir, that since the event that the honourable member is describing took place 100 years ago that the urgency is so great that it could not wait until the Estimates of the Department of Agriculture were before this House which will be in a few moments. Sir, I think you'll recognize that what the honourable member is doing is a flagrant abuse of the privileges of this House.

MR. SPEAKER: Order please. I cannot agree with the Honourable Member for Morris for the simple reason that permission was asked for and it was granted and I am in the hands of this Assembly. Did the Honourable Member for Gimli finish his statement?

MR. GOTTFRIED: Yes, Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 22 students of Grade 11 standing of the Rosenort Collegiate under the direction of Mr. Bjarnason. This school is located in the constituency of the Honourable Member for Morris. On behalf of the honourable members I welcome you here.

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MR. SPEAKER: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Speaker, I direct a further question to the First Minister regarding the NEB decision. Mr. Speaker, it's reported in yesterday's media that the line was approved. Mr. Speaker, I want to ask the Minister directly: if the information as reported today in the Financial Post is correct it would appear that the line, in fact, is dead as far as any meaningful construction would be. It would appear, Mr. Speaker, and I would ask the First Minister to confirm this directly because it's critical to it: is the firm power export denied in the licence granted and is the interruptible power portion approved substantive enough to justify a line. The indications are that there is no justification now for the building of the line.

MR. SCHREYER: Oh no, Mr. Speaker, my honourable friend I think would be jumping to very premature conclusions, ultimately I believe incorrect ones but

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(MR. SCHREYER cont'd) that remains to be seen, but certainly premature conclusions because my very tentative interim information is that the firm power exports of renewable energy are approved by the National Energy Board under certain qualifying modifications. One being that instead of for a ten-year period at a time this would be changed to six years and that each block of power or energy would not exceed a six month duration. But then on the other hand the National Energy Board in its ruling provided that there could be a number of agreements that could be submitted for approval that could make up in aggregate the same quantum, just that the duration of each block would be of a six year rather than a ten-year time frame. These would require incrementality, or additionality would require National Energy Board approval on a from time to time basis.

MR. CRAIK: Mr. Speaker, I believe I said in my question that the report I referred to is in the Financial Post, it's in the Globe and Mail report today not the Financial Post. So the First Minister then, can he confirm that the firm power export, that is the same sort of power export that was being proposed before guaranteed at a fixed level and not interruptible, then will still proceed under the licence as granted.

MR. SCHREYER: One of the changes, Sir, being a six-year time frame instead of ten-year. That's why I say, Sir, that it really would be quite premature to draw any conclusions at this time. There is admittedly in the National Energy Board finding or ruling, need to renegotiate certain specifics with Minneapolis Power and Light and this will be sort of in train, under way in the next thirty to sixty day period.

MR. CRAIK: Mr. Speaker, I would ask the First Minister then if when the rates were set at ten mills for export power, if the government was knowledgeable of the fact that the rates for local sale would be set at approximately 15.8 mills, with the 20 percent-plus increase that is to be announced or in effect in Manitoba as of April 1. Was the government aware of the fact that this rate increase was going to be imposed on Manitobans because the rate to the American exports on the firm power is ten mills versus the 15.8 proposed for Manitoba.

MR. SCHREYER: Well, Mr. Speaker, I would really insist that if we're going to use specific numbers that we do so in the context of specific written questions. My honourable friend is bandying about numbers now to leave, in my opinion, Sir, a very false impression. It has been long but really longstanding in utility pricing for the exchange or sale of inter-utility energy to follow a formula which averages out the incremental costs to one utility and the detrimental costs to the other and to take it at a half way point, the reason being that it is better to sell surplus amounts of energy than to run it into the ground or spill it to the sea as the case may be. If a utility is for example on nuclear base, then a utility that is a nuclear base at certain periods of the day when consumption is at its nadir or at its ebb, instead of poisoning the system it is better to try and arrange for the sale of that energy at off peak prices which means at lower than prevailing rates.

My honourable friend the Leader of the Opposition, I think, will find when he looks at prices for which energy was sold from Manitoba to Saskatchewan, let us just take as an example eight or ten years ago, that the price in which quantum of kilowatt hours being sold was in the order of one-quarter, one-fifth, one-sixth of the prevailing prices in Manitoba at that time.

MR. CRAIK: Mr. Speaker, I direct a further question to the First Minister. In view of the fact that thirty to sixty days is going to be taken to review the negotiations, will the government take into consideration not what he has just replied in the last question, but that the Energy Board has said and I quote: "the price is disproportionately low."

MR. SCHREYER: Mr. Speaker, if the National Energy Board feels that some elements of the proposed agreement - if the price was disproportionately low I of course will want to find out in a very careful and precise way the context of that observation and the percentage of the total proposed quantum of energy that that statement would be applicable to. Certainly insofar as the main amounts of the energy under the agreement is concerned I have no reason to believe that anything was negotiated disproportionately low.

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MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Speaker, I'd like to direct a question to the Minister responsible for environment. In light of the National Energy Board's comments that are critical of the Manitoba Hydro's lack of preparation in environmental impact statements and in view of his own statement in this House yesterday concerning new rules set forward by Cabinet, can the Minister indicate whether Manitoba Hydro has been instructed to prepare proper environmental impact statements for the proposed new transmission lines that are being planned.

MR. SPEAKER: The Honourable Minister of Mines.

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I haven't had the occasion to read the comments by the National Energy Board with regard to environmental impact statements. I may say, Mr. Speaker, that I have very little faith in the National Energy Board's competence to deal with that subject.

MR. AXWORTHY: A supplementary, Mr. Speaker. While I'm pleased to know about the Minister's attitude towards the National Energy Board, could he tell us whether in fact the Manitoba Hydro has been instructed to prepare environmental impact statements for the proposed new transmission lines before the application is submitted to the National Energy Board.

MR. GREEN: Mr. Speaker, the honourable member knows full well that the Manitoba Hydro did prepare an environmental impact statement for submission to the National Energy Board. Whether that board has the power to demand it or the competence to deal with it is in my opinion very questionable.

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, I wonder if I could have leave to table a Return.

MR. SPEAKER: Leave? (Agreed) The Honourable Minister.

ORDER FOR RETURN

MR. USKIW: I wish to table the Return to an Address voted by the House on February 25th, 1976.

ORDERS OF THE DAY - SECOND READINGS
GOVERNMENT BILLS

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Yes, Mr. Speaker, I wonder if we could start by proceeding with the adjourned debates on second reading.

MR. SPEAKER: Bill No. 2, proposed by the Honourable Attorney-General. The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Could I have this stand, please Mr. Speaker.

MR. SPEAKER: Bill No. 4 proposed by the Attorney-General. The Honourable Member for Rhineland.

MR. ARNOLD BROWN (Rhineland): Stand, Mr. Speaker.

MR. SPEAKER: Bill No. 11. The Honourable Member for River Heights is away.

Bill No. 12.

Bill No. 13, proposed by the Honourable Attorney-General. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Can I have this stand please, Mr. Speaker.

MR. SPEAKER: Bill No. 18, proposed by the Honourable Minister of Mines. The Honourable Member for St. James.

MR. GEORGE MINAKER (St. James): Stand, please, Mr. Speaker.

BILL NO. 19 - THE RENT STABILIZATION ACT

MR. SPEAKER: Bill No. 19, proposed by the Honourable Minister of Consumer and Corporate Affairs. The Honourable Leader of the Opposition. Order please.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I'd like leave to proceed with this bill.

MR. SPEAKER: Does the Honourable Member for Assiniboia wish to speak on Bill 19? The honourable member.

MR. PATRICK: Thank you, Mr. Speaker. I wish to make my comments on this bill at this time because I feel that it should proceed to the Law Amendments Committee as soon as possible because I feel it will be delayed, you know, at Law Amendments for quite some time.

The other point that I wish to see is that the Minister in this House demonstrates not only to the House here but also to the builders, to the landlords and to the people in this province that this legislation is fair and equitable. Because otherwise, Mr. Speaker, if he does not do that I think he has some serious problems on his hands as far as accommodation, housing, is concerned in this province. Now I'm not speaking against the bill, I'm for it, Mr. Speaker, but I have some reservations about the bill. I feel that there should be appeal procedures immediately, not fourteen months from now. That's one area that I think that the Minister has to reconsider.

The other point, Mr. Speaker, I also cannot see why the legislation should be retroactive to July 1st. I think it was indicated by the First Minister in one of the news releases that legislation will start October 1st and I would like to hear from the Minister, tell us why he wants it to start July 1st.

The other point, Mr. Speaker, and it's got to be demonstrated to this House by the Minister that there will be some kind of a rent review board to establish what is a fair rent because what happens if somebody purchases some rental property now that has not been a rental property prior to this time. How do you establish a rent? This property may be not new property, which will be exempt for five years, which is under construction or will be under construction. So that's an area that I know the Minister will have great difficulties. There must be some mechanism in this legislation and at the present time when he introduced the bill to the House he did not indicate if there will be any kind of mechanism to deal with these problems.

If I can demonstrate or indicate to the House: what happens if somebody purchases a piece of rental property, and by the former landlord the rent structure on that piece of property - which has come to my attention just this morning - was \$85, which would hardly cover the property tax on that rent. But that was the structure. That was the rent set by some former landlord. There might have been reasons why that was. Now the new purchaser of that rental property, before he pays the tax and takes all of his other costs, he has to establish a fair rental value on that property, say of \$185, which immediately increases that rent by \$100.00. What mechanism has the Minister got or the government to establish what is fair and equitable rent on a piece of rental property? The other point, I know that the Minister is not in the House, but I would have liked to have--(Interjection)--No, that's a private small, four room bungalow, and you'll find many many cases just like that. So as far as I'm concerned, Mr. Speaker, the Minister must demonstrate that this legislation will be fair and equitable, because otherwise he's going to have great difficulties.

I know when the Minister introduced the legislation yesterday he talked about that it was a product of social conscience of the government, of the NDP Party. Well, Mr. Speaker, who is he fooling? This is the last province to implement the rental legislation or rent stabilization. All the other provinces have already enacted legislation of this type. So this isn't something new that government is just bringing in because of social conscience and I know that he talked about other legislation as well.

We've been asking, I know my colleague from Fort Rouge has been asking, for a Rent Review Board. Perhaps if it was started last fall we wouldn't have had the difficulties that we have at the present time. So I hope that the Minister will read Hansard and will be able to give us some of the answers. I know the Minister talked about housing and got some credit that in 1972 they built 6,000 units and in 1975 this decreased to some 2,800 or 2,900 units.

BILL 19

(MR. PATRICK cont'd)

Well, Mr. Speaker, I believe this is one area that the government certainly has lacked any foresight and imagination because three years ago, four years ago, five years ago, they were told in this House that there is going to be serious problems as far as housing is concerned in this city and in this province. They can only take a look at resolutions that were proposed in this House by myself, going as far back as eight years ago, about housing problems. I know the Premier many times has got up in the House and said, there will be no problems in housing, there will be no problems.

The point is, I don't criticize the government for their record in the public housing. But what is their record in the private housing? Even the public housing, it's not so good, it dropped. The percentage has dropped continually, but the record in private housing is deplorable, Mr. Speaker, very deplorable. Because I still feel they need - well, what happened? They ignored the private industry as far as the housing problems were concerned. The private sector was completely ignored. Now this is an area where the Minister for Urban Affairs I think should have shown some leadership. The problem was - well the Minister says, "he won't", from his seat, that he'll show no leadership. I say to the Minister, all you had to do was put 3,000 lots on the market that were available and serviced and you would have solved all of your housing problems and solved them quite quickly. "He hasn't got them," he says. But he knows that there is a lot of land available. There's land adjacent to the property. "I don't own it." He says, "I own it."

What's wrong with the Minister that's responsible for housing to meet with the private sector that own the land, to meet with the city, say with the Mayor of the City, sit together with them and say, we have a problem in this city; we have a serious problem in having serviced lots. You have the land. How quickly can you put this land on the market? How quickly can you put the services in say for 1,000 lots that you can develop yourself and perhaps put 1,000 serviced lots on the market that the small builder can buy. Why hasn't the Minister done that? But he's not prepared to meet with the private sector and he says, "I won't do it." Well that's why you have the problems as far as the housing is concerned in the province.

Sir, the Minister must know that there are no small contractors left in the city. There used to be probably 50 to 100 not too long ago and now we have none because they haven't got the capital to buy large parcels of land to sub-divide it and to put the services in. They haven't got that kind of money. But, all it took, all it required, is a little bit of leadership shown by the government and what the Minister's indicating from his seat, he will never do it; he will never show any leadership as far as the private sector is concerned. Well I'm disappointed, because there is a lot of land that's owned by the private sector in this province, in this city, and I think it's the responsibility of the Minister to say, look, how many lots are you going to put on the market this year? Can you put 3,000 lots on the market? If you want to build yourself on 1,500 that's fine. What about the other 1,500? Perhaps you can release that to the small builder. You'll have great competition in the housing market; you'll have housing available. What about Manitoba Housing and Renewal Corporation? Have they not got 6,000 acres of land in this city or close to it? Well then again the Minister has given the wrong direction to his own corporation, saying, buy land that can be developed 25 years from now or 30 years. He's land banking for 50 years from now or 25. It doesn't make sense, Mr. Speaker. It just doesn't make sense because you may not need - maybe the change in accommodation will change in 25 or 30 years from now. Maybe people will prefer to live in condominiums or in apartment dwellings or a different type.

Instead of land banking for something 30 years from now way out in the sticks where he's had some problems in the East Selkirk area - and I think it would have been much easier for the government to expand instead of starting at this time, and I don't argue with satellite towns - but at this time when he has a real crisis on his hands arguing for satellite towns I think it would have been much easier to go to a town like Selkirk where there is land available. You have the fire people there; you have the police there; you have everything there and there's a lot of land. All you have to do is to

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(MR. PATRICK cont'd) service some of the land that's in Selkirk. You have all the facilities.

MR. SPEAKER: Order please. The Honourable Member for Ste. Rose state his point of order.

MR. A. R. (Pete) ADAM (Ste. Rose): Yes, Mr. Speaker. My point of order is I believe we're debating the rent control bill. Now we're gone far afield into land banking and all other sectors. I'm just wondering whether the honourable member wouldn't confine his remarks to what is before us.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I wonder if that's the new leader in the House. I'm trying to demonstrate the reasons why we need rent control and the problem with housing. The Minister, he talked for at least ten minutes about the housing records of this government, and he took great credit for it and I'm trying to demonstrate it's not so. So I'm sure the Member for Ste. Rose doesn't know what he is talking about in this area.

Mr. Speaker, the point is that the government was told not last year, not the year before, but they were told as far back as five years and eight years and there has been enough reports done in this country that we will reach this problem we will have this problem and the governments did not respond. My point here is, it's not good enough to say, we're land banking; we're land banking for 25 years from now. I think that we need some serviced lots on the market now.

The other point, I wish that the Minister would really change his attitude and meet with the private sector because they have land, and say, look, if you're not prepared to put it on the market we'll have to take some other action because the land is right adjacent to the housing developments, large housing developments in the city. I think that that would really, Mr. Speaker, perhaps solve some of our problems, not all.

I know that this is not an easy problem to solve because the country is in the grips of serious inflation and the dollar has less purchasing value every month and every year and something has to be done. We have to do something to curtail the inflation that we have at the present time. I know that on a national and international basis we can say that Canadians are pretty well housed. We're probably housed better than most of the people in most of the other countries. That could be said. I know we had some 230 construction units completed in 1975 nationally and indications are that we will have 235 units this year. Well that's fine. But inflation has been so drastic and high that what has happened, at least 50 percent of the people are now unable to buy homes because of the high cost. I know the reasons and the problems, that legislation is needed; I know that the house prices have increased in this city alone some 30 percent between 1973 and 1974. They have increased a little more than 30 percent between 1974 and 1975 so this is an indication what has happened and why you need some measures of control.

Not only that but your interest rate has increased from nine to ten and 10½ percent between that year of '73 to '74, and again in '74 to '75 it has increased from ten to 11-¾ and 12 percent. So the costs have really just gone up. At the same time your tax has really gone up, your property taxes which add to your cost of housing where it makes it difficult for many people to be able to absorb that kind of increase. Not only that but your Hydro is going up now, and this all adds to the increase.

The rents have, through some of the surveys made in the city, the rents had increased in 1975 alone anywhere from eight, ten to 35 percent. So there are enough indications, Mr. Speaker, that we need some mechanism or some rent review mechanism that people should not be subject to very high or exorbitant increases. I know that the housing construction in the city has decreased considerably, decreased by 24 percent in 1974 and decreased by 10 percent again in '75. So what has happened, this has really put pressure on many people. Your apartment units declined by 50 percent in 1973 to '74. When you decline, that kind of heavy decline, of that magnitude, Mr. Speaker, then you will have serious problems, and this is what has happened, 50 percent increase in apartment units, in private apartment units. So that is really a serious problem. What I'm saying to the Minister, and I know that he's probably busy in his office but he's not in

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(MR. PATRICK cont'd) his chair at the present time, I think that the program must be fair to the landlords who are also facing rising costs. It must be administered that the benefits are also not undermined, Mr. Speaker.

I think that it's important that it deals with illegal rent increases but at the same time I have a question for the Minister at this time: what kind of a staff will he have and what does he expect the cost will be? This is also important, Mr. Speaker, at this time. Will he have a staff of 200 people or 50 people, and will it cost \$3,000,000 or \$4,000,000. I think that he has some indication and when he introduced the bill he did not give us any indication what the cost will be. I think it's important, Mr. Speaker, that we have some idea, some idea of what the cost will be.

The other point he indicated that the reason he's using the retroactive part of the legislation in the bill, to go back to July, because Saskatchewan went back to '74. But he would also agree that Saskatchewan enacted the legislation in the fall of 1975. So they do not go back more than 12 months and the Minister in this legislation has gone past the 12 months. He's gone longer than a year. Somebody says, what about Ontario? I don't believe Ontario went back further than a year, as well.

Now, there's another feature in the bill that sort of concerns me. I understand the fine is almost double what it is in most other provinces. In the other provinces it is \$500; it's \$1,000. Again I'm concerned because it may be somebody that's renting one four-room bungalow, it may be a senior citizen that this is his extra revenue and he may be hit with a heavy fine and the return on that piece of property may be quite small. I hope that there will be consideration on the Minister's part and perhaps the reason that he can indicate that the fines are heavier than in the other provinces.

I know the Minister talked about that it's fair and it's equitable, and I agree perhaps a 10 percent limit is fair. But I am concerned about where he indicated no appeal procedure in the first 14 months. Mr. Speaker, I say there must be an appeal procedure in the first 14 months, there must be.

The second point, it was going to deal with exorbitant rent increases and I don't argue. That's what the Minister indicated to the House. The recovery of excess rent paid. Mr. Speaker, I have some concern because there's property changing hands every day. The property will continue to change hands every day. Some property when it comes on the market is properties that were not before in the rental market. It may come into the rental market now. Well somebody will have to decide what is fair and equitable rent or value on that property because it's never been in the market before. How will you establish that? There must be somebody, some board or review board to establish. Like I indicated just a minute ago I had a call this morning and the people said, well look, our PIT is \$200 and we're receiving rent of \$185.00. But the prior rent by the former landlord was only \$85 which hardly covers the property tax. Well immediately, under the present legislation, under the present law, this landlord would have to pay back \$100 a month for the last three months if he owned the property and he couldn't hold the property. There's no mechanism in this legislation - I know the Minister indicated that it's a very simple bill. It may be but it's not that simple when you haven't got any recourse and no appeal procedures in the first 14 months.

The other point that I would like, and perhaps the Minister can expand when he's closing the debate, he indicated that he will check the management fees that there's no great charges made as far as the management fees are concerned. Well I just wondered what he meant by that. Will he put some kind of controls what the management fee can be, or will he be using any percentage basis or any percentage rate? Again I think that it's important that the Minister will indicate this to the House.

I know he indicated that the bill will be suspended and I approve of that completely. I think it's the right course of action that the Government is taking, that if the inflation was reduced that the bill will be suspended and I think that's the right course of action.

My concern is that if the Minister of Urban Affairs does not meet with the private sector and does not increase the construction of homes and units in this province we will continue to have this difficulty. He knows that there are large acreages and parcels of

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(MR. PATRICK cont'd) land right immediately close to the housing developments now. There'd be no difficulty putting in services. I can't see why he can't meet with the private sector and say, what is the holdup? And meet with the city officials.. Because when you talk to the government - and how many times we've heard from the Member for St. Matthews - and he took some issue with the councillors of the City of Winnipeg and said they're to blame. Any time you talk to the city council they say it's the government. to blame because it's their legislation. So it's passing the buck and passing the fault at somebody else.

So, Mr. Speaker, I am concerned with the legislation. I've indicated there must be an appeal procedure now. I hope that it will be retroactive to October and not to July and I hope there will be some kind of a review board that will set some rent structure on new units coming on the market for rental purposes now. I know it doesn't apply to the new construction. I hope this will happen because if it doesn't, Mr. Speaker, I know that we'll be cut off completely as far as new units are concerned, as far as any apartments are concerned and I know that there is great concern.

The other points, the government housing and the co-operatives and so on. It will not apply to government units and again the Minister never even mentioned anything about that. I hope he will because I cannot see why it should not apply to government housing. He said, well it's not a profit organization. My concern is that some of those units may be run in a very unprofitable way but the rent structure may have to be very high on those units. I would like to have some answers in that respect as well, Mr. Speaker.

These are some of the points that I wish to raise at the present time. I hope that the Minister will not cut off public hearing because I know there will be great interest as far as this legislation is concerned. There'll be great interest and there'll be a lot of people before us. I know there's reasons for increasing rent. There are many reasons, Mr. Speaker, such things as demand is outstripping the supply. That's one big reason and that's more so than the inflation.

I think the rental construction also, Mr. Speaker, depends on the rate of return and I'm sure that the Minister will find out and I believe he has because he indicated himself that in many cases or in most cases - there are some rent gougers, that's true - but in most cases the people in the rental operation now, at the present time, are not getting even a fair return on their investment. I doubt very much that many are getting probably between six and eight percent and then they have all the grief and the problems with it. So that's another reason for the increasing rents, Mr. Speaker.

As well there's been alternative investments perhaps which involve no risks and no management, where people can put their money and certificates or bonds and get nine and a half percent and they don't have to risk in rental accommodation which in many cases, and I know that many of them can bring you their statements as far as certain apartment units are concerned, they're not making more than six to eight percent. So perhaps that's another reason.

I know that the rising cost of serviced land, partially caused by perhaps legislation, by municipal and perhaps by some policies of municipal governments which have not serviced land quickly enough. Again the high interest rates since 1973 have resulted in a shift in perhaps the consumer preferences from ownership of homes to apartment dwelling which again puts a great pressure. So there are many reasons, Mr. Speaker.

Over all I don't argue against the legislation. That's the remarks that I have to say on it this morning. I only want to again indicate to the Minister I hope it's equitable; I hope it's reasonable; I hope it's fair. The points that I raise with him I intend to hear from the Minister to give us some indication if he will give any consideration to appeal procedure, or some appeal procedure, in the first 14 months. About the retroactivity he must give us some explanation why to July 1st and again some mechanism to review what should the rent structure be on new units coming on the market. I don't mean new units that are presently under construction who are exempt for five years but units that could be purchased and go on the market.

MR. SPEAKER: The Honourable Member for St. Johns.

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MR. SAUL CHERNIACK, Q.C. (St. Johns): I wonder if the honourable member would permit a couple of questions. As an experienced realtor what return on the investment does he expect to see in buying or selling an apartment block? Would that be a percentage return related to actual cash investment or the total cost of the apartment block?

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, if I understand the member correctly I think that he's talking about the investment and the equity in an apartment.

MR. CHERNIACK: Both.

MR. PATRICK: If that's what he's talking about I'd say it's probably around eight to ten percent, somewhere in that area.

MR. CHERNIACK: On the equity.

MR. PATRICK: Yes.

MR. CHERNIACK: Would that be before or after capital cost allowance?

MR. PATRICK: After depreciation.

MR. SPEAKER: The motion will remain in the name of the Honourable Leader of the Opposition. The Honourable House Leader.

BILL NO. 6 - AN ACT TO AMEND THE COMMUNITIES
ECONOMIC DEVELOPMENT FUND ACT

MR. GREEN presented Bill No. 6, an Act to amend The Communities Economic Development Fund Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, it's my impression that the changes that are being made in this Act are of a pure administrative nature. Now I say that with all the optimism in the world. I don't know whether members of the opposition will be able to point to sections of the Act which they feel are more substantive.

The essential reason for the changes, the large part of the changes, is to separate the administration of the Communities Economic Development Fund from the Manitoba Development Corporation. As originally conceived the Communities Economic Development Fund operated under the umbrella of the Manitoba Development Corporation. However, it has its own Board of Directors; it has its own Manager; it has now its own Treasurer and operates very autonomously so that the sections of the Act which link it to the Corporation are both redundant and a problem, because the legal requirements of the Act must be accomplished and yet the Fund is operating for all practical purposes in a separate manner. So the large majority of these changes are to effect a legal separation of the Communities Economic Development Fund.

I may say, Mr. Speaker, that with regard to the Board of Directors of this Fund, similar to the Board of Directors of the Manitoba Development Corporation, we are really blessed with receiving the very very almost gratuitous services, in other words they are given almost gratuitously on the basis of the public services of the individuals concerned, we have been blessed with assistance from public spirited citizens who I'm sure that all members of the House will agree are very very competent in the world of private affairs and have given their time and effort to this very very difficult institution, in terms of the objectives of the institution. So I do want to go on record as expressing our appreciation to the members of that Board of Directors for the time and effort which they have to put in on the basis of serving the public and, as in any public service, sometimes receiving an amount of notoriety that they, I am sure, would rather be without.

Now those are the essential changes. There are some additional changes, Mr. Speaker, which I believe are purely administrative. If indeed there is anything in the Act which members of the opposition suggest constitute great changes in principle, I'd be indebted to them if they would point them out. I believe that we are dealing with almost a purely administrative matter.

MR. SPEAKER: The Honourable Member for St. James.

BILL 6

MR. MINAKER: Thank you, Mr. Speaker. I beg to move, seconded by the Honourable Member from Pembina, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

BILL NO. 10 - AN ACT TO AMEND THE
ANIMAL HUSBANDRY ACT

MR. GREEN: Mr. Speaker, yes. I would like to proceed with Bill No. 10 at the present time and if the Minister of Labour returns, Bill No. 14.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW presented Bill No. 10, An Act to amend The Animal Husbandry Act, for second reading.

MOTION presented.

MR. SPEAKER: The Honourable Minister.

MR. USKIW: Mr. Chairman, this bill is very much a housekeeping proposal. Members opposite would recall that we have had now in operation a Semen Distribution Centre for a couple of years and have had the benefit of the advice of an operative board and discussions with the users and technicians during the course of that time. Emanating from the discussions we are now in a position to update our bill to reflect the agreement in principle and the way in which this Act should be set out and the way in which we should operate the centre, and in essence it provides for what is now taking place. In effect it validates the method of operation that has been in effect now for several months, but through the concurrence of the existing board who have the authority. This removes that authority and places the operation in the hands of the department as a departmental service, and a board which is to be nominated by the users of each region, in five regions, and two from the technicians, will from this point on after the passage of this bill act as an advisory board to the department.

There are provisions in the bill for more complete licensing of sellers and producers as well as licensing of sales reps of out-of-province companies. We also have provisions within this bill to better control disease problems with respect to the handling of the product and for technician training, a more extensive approach towards technician training.

Also a provision in the Act to guarantee to the user his free choice of product, that the technician must provide through his service an ample supply and choice of products as determined by the user so that no one particular company could dominate through any one particular technician.

Those are essentially the amendments to the present legislation. They are housekeeping in nature and they are pursuant to a great deal of discussion that has taken place.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I beg to move, seconded by the Honourable Member for Gladstone, that the debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I move, seconded by the Honourable the Minister of Agriculture, that Mr. Speaker do now leave the Chair and the House resolve itself into Committee of the Whole to consider and report on the following proposed Resolution:

THAT the Report of the Special Committee appointed for the purpose of reviewing the application, effect and enforcement of the amendments to the Rules, Orders and Forms of Proceeding of the Legislative Assembly of Manitoba received by the House on Tuesday, the 17th day of February, 1976, be concurred in and adopted by this House.

MOTION presented and carried and the House resolved itself into a Committee of the Whole with the Honourable Member for Logan in the Chair.

COMMITTEE OF THE WHOLE

MR. CHAIRMAN: The Honourable Minister of Mines and Natural Resources.

MR. GREEN: Mr. Speaker, I would assume that honourable members have before them, or if they don't I would suggest that they had before them, the Report of the Rules Committee which contains the verbatim in No. 4 of Votes and Proceedings.

I am of the impression, Mr. Chairman, that this Report will receive very speedy and, for practical purposes, unanimous approval through the House. I don't intend to say anything about the report; it speaks for itself. I do want to indicate that the proceedings of the Committee on Rules for the past three years has been an example of goodwill perhaps or as good relations as between members as I've ever seen in any Legislative Committee, and I don't put that forward as an example as to how Legislative Committees should behave because I believe that the differences between us that should reflect a little bit more combat.

However, with respect to the Rules Committee, I think we have the good fortune, Mr. Chairman, and I think that any committee on rules that had similar characteristics would have the same good fortune that there are members of the committee in the Opposition bench who are considering rules on the optimistic assumption that someday they may be in government; and that there are members in the committee in the government benches who are considering the rules on the basis that someday maybe perhaps, we want to avoid it, but we may be in opposition. And if members consider rules in those ways, then I think that they come to conclusions which reflect on the good conduct of the House. And I do believe, Mr. Chairman, that there have been significant, really significant improvements in the rules which have reflected on the conduct of the proceedings in the House in the past two and a half to three years. In particular the removal of the time limit on Estimates has almost made redundant the time limit on the Question Period, because we hardly ever reach it. There are dangers inherent in the rules but we've provided safeguards for the dangers by ultimately relying on a majority of the House to deal with the question that where one group or the other feels that abuses are being taken advantage of.

Essentially I think the changes this year are carrying forward the kind of procedures that we have adopted over the past four years and I don't intend to say anything else except to thank all of the members, or express my personal appreciation to all of the members of the Rules Committee for dealing with the matters before us in an expeditious and in my opinion, in an intelligent manner.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, without becoming redundant and echoing the sentiments just made by the Minister of Mines and Resources, I think I should add that the manner in which this House has dealt with the rules is an example of how rules should be dealt with, since we are all concerned and all have to live under the same rules. There is no question in my mind that unless the members as a body can have some input and some say in some decision-making as to how and what rules we'll operate under, then it becomes a very arbitrary procedure indeed, as has happened in the House of Commons. The imposition of rules there have taken away to a large extent the effectiveness of that body, and I am glad to see that the new Leader of the Conservative Party in Ottawa has promised to restore parliament to some of its greatness.

But without commenting on all the sections of the report, I do want to deal with just one section of the report that in my mind raises just a little doubt, and I hope that the House Leader can perhaps set my mind at ease. And that's Section No. 3. If I understand our decision correctly, it was agreed that the committee that was going to consider the estimates outside the House would be - or the set of estimates would be decided outside the House, would be decision of the Opposition House Leader or the Opposition Party. I am not sure that that wording is precisely carried through. I think the intention is there. But I don't ask for a change in that or anything if the Minister can give us his assurance that that intention is going to be carried through, that's good enough for me.

MR. SPEAKER: The Honourable Minister of Mines.

MR. GREEN: Mr. Speaker, I was surprised to see the wording of the rule. I wasn't at the last meeting for all of it, and I was surprised to see this wording. I am

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(MR. GREEN cont'd) prepared to do both things. To change the wording to say that the sittings outside the Chamber shall be determined by the House Leader of the Opposition, because that was definitely the intention; or if that offends some sensibilities of this being a detraction from majority rule in parliament, I'm prepared to give the Member for Morris my personal assurance that they will be done in that order. Either way. It may have been changed because somebody, and I wasn't there at the time, felt that this is not the way in which parliament is supposed to operate that ultimately it's a majority. But we have made the definite concession that if a department is to consider outside the House, the order outside of the House will be determined by the Opposition. And I make that unqualified assurance.

MR. JORGENSEN: Mr. Chairman, I was certain that that was the agreement and I am sure that even the wording had intended that. I just wanted to make sure that the Minister was prepared to agree to that at this point, and I certainly will be prepared to take his word that that is going to be the procedure that we'll follow without bothering to change the particular item at the present time.

MR. CHAIRMAN: Is the will of the Committee to proceed item by item? What is the will of the . . . All right. Item 1, page 3--pass. Page 4--pass. Page 5--pass. Page 6--pass. Page 7--pass. Page 8, the top part--pass. Committee rise. Call in the Speaker.

Mr. Speaker, your Committee of the Whole has considered the Report of the Rules Committee and directed me to report the same, and asks leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for Ste. Rose, that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Yes, Mr. Speaker. I want to make one point before we proceed further. As the rules stand there is no rule at present with regard to concurrences and the report says that we will eliminate the concurrent motion on the basis that it will be dealt with on the Committee of Supply second reading of the bill. But there is no rule in our Rule Book at all with regard to concurrences and the tradition has been where no rule is there then parliamentary tradition applies. However, we have in our report that the concurrence motion will be dispensed with and I am asking the Clerk to have Legislative Counsel draw an appropriate rule so that we know what is happening when we are finished in the Committee of Supply that it will be concurred with on the Supply reading. So I have done that.

I would now move, Mr. Speaker, seconded by the Minister of Agriculture, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee of Supply with the Honourable Member for Logan in the Chair.

SUPPLY - AGRICULTURE

MR. CHAIRMAN: I would refer honourable members to Page 7 in the Estimate Book. Resolution 14(c)(1) Manitoba Marketing Board: Salaries. The Honourable Member for Rock Lake.

MR. EINARSON: Yes, Mr. Chairman, I don't want to dwell much further on this matter that we were debating yesterday but my colleague from St. James in the comments that he made and the reply the Minister gave, the Minister seemed to be hung up on the comments that the member made in regard to Crocus Foods and they were debating the surplus and the reasons why he felt this plant should be built.

Now the question was asked, Mr. Chairman, about the amount of milk that went

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(MR. EINARSON cont'd) into Saskatchewan and the price, and also the question I believe was asked, what was the price received for that milk? And there was debate evolved around a problem of the surplus milk in the Province of Manitoba. And I think the Minister indicated about 1.9 million pounds of milk that had to be used to produce butter, and from that the rest of it thrown down the sewer. I'm given to understand too, Mr. Chairman, and the Minister can correct me if I'm wrong, that this surplus seemed to materialize on a Friday or on a weekend. The point that we tried to make was that, why couldn't the Board make arrangements sufficiently in time in advance for the plants to take care of the surplus. I think the other thing is, I'm wondering if the board had consulted with the various plants, whether it be Modern Dairies, whether it be Manco, whether it be what used to be Moundview Dairies, and all the plants throughout the province. On weekends they have to pay overtime, which is double pay, and the thing is that when this whole thing is regulated, and I want to be fair about this, because the reports have been given and the fact was mentioned yesterday that the whole dairy situation has improved to the point where no province in Canada has a better situation from the producers' point of view and the consumers' point of view than we have in Manitoba. And I have no complaint with that. And I would commend the Minister for that. But what we're debating this day is another matter. The Minister, when we asked about what was the price that was received for milk going into Saskatchewan, I don't think the Minister gave that, and without going any further, I wonder if the Minister couldn't tell us exactly what was received for that milk going into Saskatchewan.

MR. CHAIRMAN: The Minister of Agriculture.

MR. USKITW: Mr. Speaker, I'm not sure that I can dig up that kind of information, that is obviously information that is internal to the board's operation. I could attempt to find out from the board just what amounts and what value was received but we don't have it here as departmental data. It is not departmental information. It is a board internal subject matter which we normally wouldn't have. So if my honourable friend wants to know that, I am prepared to find out for him.

I'm wondering whether the member has completed his remarks because if he has I would then want to respond.

With respect to the larger question, the weekend problem which results in milk having to be diverted or dumped. You know the Member for Rock Lake I am sure can appreciate the fact that you can't turn the tap off on Friday evening, that the cows have to be milked on Saturday and Sunday as well. And--(Interjection)--That's right. The Member for Morris suggests we have to educate our cows to provide milk only five days out of the week, or we have to develop a cow that would do that. But you know the nature of the beast is that the provision of milk from a cow is not designed necessarily for human consumption. It was designed to feed the offspring of the cow, who happens to want to eat seven days a week. So we have a bit of a conundrum here, Mr. Chairman. We are trying to evolve into something that suits mankind while we're prepared, according to the suggestion by the Member from Morris, to disregard the natural obligation of the cow to feed its offspring. And so I'm sure that we're going to be a long time in search for that kind of a formula.

But in any event, in any event, Mr. Chairman, I want to point out that those that want to invest their capital in the dairy sector have to more fully appreciate that they cannot unload their responsibilities on the shoulders of the producers. And if they are unable to take milk supply on weekends they will have to make provision to make it possible, whether it would be through holding tanks or whatever that they must do. But they must appreciate that they cannot unload that responsibility and burden on the producer.

Now the proposition has been made to the Producer Marketing Board on more than one occasion that they are prepared to take the milk on a weekend providing they get it at a cut-rate price, like about 350 a hundred-weight or so. That is a nonsense that I'm not prepared to accept nor tolerate. Because the Milk Marketing Board has established what it cost to produce 100 pounds of milk and if the industry wants that milk then it has to be prepared to pay those costs. It's as simple as that. And they will have to arrange their plans in such a way that they can handle the volume on a seven-day a week basis.

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(MR. USKIW cont'd)

You know, it's not a new innovation that plants operate seven days a week, two shifts a day, three shifts a day. That is nothing new in our industrial society, that's been with us since the late 1800s. But for some reason we weren't able to develop a system in the milk industry which takes the weekend into account. And that is something that I suspect will be resolved. But in the meantime while it has not been resolved we have cheated the milk producer of his rightful return on his production.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: Mr. Chairman, when I raised the suggestion that the government or somebody should be doing research on a five-day milk cow, it may not have been as facetious as it sounded at the time, and it was intended to be that. But the Minister knows that already technology is in advance of him because milk is being produced from soy beans right now, and I can tell the Minister that if he continues to impose restriction and continues to attempt to raise prices, and I am all for the producer getting a fair price for his product, but there is a limit to the extent that he can do that. And I think he should be made aware of it, if he isn't already, that it isn't going to be very long before substitute milk will be coming in, and that will then pose a far greater hazard - a far greater hazard - and a far greater income loss to the dairy producers than anything that he has mentioned up to this point. I would suggest to the Minister that in the back of his mind, and in the back of the mind of his department, is that possibility and that he be constantly aware that the minute you try to prevent something happening that will happen in due course naturally, that he immediately stimulate somebody to find the way around that restriction. That kind of technology is going on all the time and even the Minister can't stop it. So I hope that he's aware of a possibility that his course of action may be a greater menace and a greater hazard to the dairy farmers than anything he has contemplated.

MR. USKIW: Mr. Chairman, the only point I was making was that there was greater need for co-operation as between the board and the processing industry. And as history would advise me of late, you know, we do have situations where the plants themselves give no more than six hours notice that they are unable to receive any quantity of milk from that point in time. Now that is not acceptable. And from my point of view it seems to me that a plant should be able to indicate in advance to the Producers' Board as to how much milk they want in the seven day period so that the board can allocate accordingly - they have not yet done so - and that they should pay for that milk in accordance with its use on the volumes that they have ordered in advance. Now there's some distance to go before we arrive at that kind of arrangement. It's perhaps going to take some negotiating and a bit of tug-a-war to accomplish that. But there's no way we can accept the present arrangement where the plants, at least some of which don't want to indicate any responsibility to accept milk production when it does occur, that they would rather that that be the responsibility of the board and the board should - and that is one reason, that is one reason why, you know, if the board is to accept that responsibility, that's fine. But it would make it much easier for that board if it had one of its own facilities so that it wouldn't dump milk into the sewer but was able to process that milk and get a higher return for it.

MR. JORGENSON: One step further then, Mr. Chairman. The Minister should also be aware that if it is his intention to channel all that milk through his idea of a milk processing plant, Crocus, he could also be faced with the possibility that if he thinks he's going to set prices beyond the reach of the consumers, that again technology could thwart him, that again that plant could be sitting there idle and milk, substitute milk being brought into this country and finding its way on to the grocery shelves and into the homes of the consumers. And the Minister should be well aware of that in all his considerations of Crocus Foods.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. BROWN: Thank you, Mr. Chairman. I would just like to make a comment on this milk that was dumped down the sewer. We're hearing so much on this and, Mr. Chairman, it was my distinct understanding that this milk originated in Ontario, it

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(MR. BROWN cont'd) never originated in Manitoba. The creamery in my home town was asked whether they could handle this milk, and this was on a Sunday, and they said, no way, not at this short notice because their employees were away, out of town. They tried to call them together but they couldn't get them together, they couldn't get enough employees together to process this milk. So they had no advance warning that this milk was coming down but it was my very distinct understanding that the only time that milk has ever been dumped in this province was this particular shipment that originated in Ontario.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: . . . the Honourable Member for Rhineland would appreciate that yesterday we gave a month by month statistical data on the dumping of milk that occurred over a twelve month period. It was not one single incident. It was a number of incidents, about ten months out of twelve.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I have a couple of questions to the Minister and I tried to ask the same question in the earlier part of the estimates but I was told to wait till this section here. I know that the Minister is aware that the food prices have been rising in Canada probably, and rental property faster than most other things, and which at the present time the boards, the marketing boards are not subject to the anti-inflation board, it makes no reference to the increase to the consumer prices. And at the same time I appreciate and agree that there's a need for increased prices to farmers so that we can have an adequate supply of food in the country. My question is, through - I know the Minister feels quite strongly on the marketing boards and on the marketing system - through his actions what he's taking at Crocus Food in Selkirk, and perhaps other boards which we have at the present time. We have over 100 marketing boards in Canada I understand. Are we removing efficiency in our production by imposing marketing boards in many of the areas? Are we removing efficiency and making the cost much higher?

Now I know that Beryl Plumtre has been fighting against some of the marketing boards, or many of the marketing boards. In fact there was a study in eastern Canada - I forget, was it a forest study or something like that - have indicated quite strongly that the prices have increased as a result of the marketing board. And somehow that increase does not go down to the farmer because the Food Prices Review Board have indicated that it's the retailers, and the food retailers are the ones that are skimming off the profits in much of our food. So the question to the Minister, by more marketing boards in this country are we really penalizing the consumer and at the same time not giving any benefits to the producer or the farmer?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Chairman, the marketing boards as I understand it do come under the purview of the Anti-Inflation Board. But having said that, I think the Member for Assiniboia should appreciate that marketing boards are nothing different from trade unions who attempt to bargain collectively for their costs and their wages, and so on. And that is an acceptable thing to me. I don't know whether it is to the Member for Assiniboia.

But with respect to the observations of the Plumtre Report, you know, I had read with a great deal of interest the writings of that board and the various comments made by its chairman, and I have not been impressed whatever in some of those instances at the statements that were coming forward. Now the Member for Assiniboia may think that he would want to hang his hat on that particular agency. I can assure him that I am not prepared to do so. I am not prepared to do so. And the member's own comments indicate that, you know, there was excessive profiteering, that it was really at the retail end, and therefore I don't know how that can be attributed to the operations of a marketing board because the marketing boards in this province have not controlled the margins of profit at the retail level, although the law provides that scope of activity. Marketing boards in this province have not exercised that authority. They

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(MR. USKIW cont'd) have merely used minimum requirements to enforce their bargaining position but have never attempted to set margins for processors, other than the Milk Control Board of Manitoba who has the responsibility by statute to set the margins for the producer, the wholesaler, and the retailer. Not the margins but minimum and maximum prices. So that in essence while there may be variations as to the margin, depending on the efficiency on any one individual or plant, the minimums and maximums are established by the law of this province through the control of the Milk Control Board of Manitoba.

But apart from that the marketing boards have no relevance with respect to profiteering at either the wholesale or retail level. And they are always in a position to have to compete with similar products that move interprovincially and internationally. They are not isolated from that. So those are the constraints that they have to live under and I would suspect that in most instances that those constraints serve to hold prices down. Obviously when there's a shortage of a given commodity due to a weather situation, or something like that, or a disaster in other parts of the world where the product is in high demand, then of course from time to time the marketing boards of course exercise that opportunity to return a higher profit margin to the producer. But that is not common practice on a day to day basis, it's a windfall that occurs from time to time. But certainly they don't do it by design.

MR. PATRICK: Mr. Chairman, would the Minister not agree that there is less interference in the United States by government in agricultural industry and less boards, marketing boards, and he'll find that the food is much cheaper, and at the same time the farmers don't seem to be suffering.

MR. USKIW: Well you know the American program has been one of less marketing control, that is organized marketing control on the part of the producer, but more marketing control on the part of the buyer. And a high degree of American subsidization from time to time, so if the member is suggesting that we move away from marketing boards, who bargain collectively, and try to extract from the market the cost of production and that we get into a food industry which is totally subsidized by the state, that is something for consideration. But one cannot deny the producers of any commodity the right to bargain the same as any other group in society bargains to pay for their cost of production and their wages and so on. That is a principle that is not acceptable. So if the member is suggesting we repeal the Natural Products Marketing Act and let the free market forces resume their place in this province, and if we did that we would be the only province doing it, because that would be most beneficial to consumers. I would suggest to him that that would be a tragedy, not only to the producer, but to the consuming public as well. Because it would be a matter of time until they were faced with total dependency on the imported product under those kind of conditions.

. . . . continued on next page

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MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I didn't think I would be pursuing this much more but you know the Minister has made some comments that I think can't go unanswered. There's two areas here in which he speaks of the Manitoba Milk Producers' Marketing Board having full authority and that he would have to consult with them before he could give us an answer in this House. The question was brought before and I would have thought - not just this morning, it's been brought before to him - and I would have thought that when he went back to his office that he would have been able to check with the Manitoba Milk Producers' Marketing Board or even his officials of the department and could find out and get the answer for him. But since, Mr. Chairman, he did not choose to do that then we're going to have to let that rest and be as it may for the present time.

But you know the Minister talked about the responsibilities of all the processing industries in the Province of Manitoba and there are two areas here I want to dwell briefly on. One is - and only because we got some information before the Minister yesterday were we able to find out who was taking part in this whole plan of Crocus Foods. The Minister is talking about responsibility here. So I'm saying now, Mr. Chairman, do I understand the Minister to say that Manco for instance, who has 450 dairymen in the Province of Manitoba who support Manco by selling their product to that plant, is he saying that they are not competent in what they are doing at the present time? Is he saying that the Manitoba Milk Producers' Marketing Board are saying to Manco that, you are not competent in the job that you are doing in processing all the dairy products, therefore we've got to build another plant, namely for Crocus Foods to be able to take care of the problem that you have created or have helped to create.

The other point I want to make, Mr. Chairman, is that of all the creameries in the Province of Manitoba - and if I understood the Minister correctly yesterday, he said, those creameries have no more useful purpose in the Province of Manitoba in providing such things as butter. I have one in my constituency in Notre Dame de Lourdes. Is the Minister saying that the creamery in Notre Dame de Lourdes tomorrow or maybe the next day is going to have to close up because they serve no more useful purpose merely because he's expounded on the fact that there's been a few million pounds of milk supposedly that had to go down the drain.

These are two areas, Mr. Chairman, that I'm concerned about in the comments I hear from the Minister. Maybe he'd want to comment on that.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I commented yesterday as to the incredible position of the opposition and of course the Member for Rock Lake displayed that here again this morning. If he reads Hansard he will find that my comments with respect to cream production in this province were that historically over the last two or three decades there has been a shift away from cream production in favour of industrial milk production simply because there's a higher return on industrial milk, more than double the price of milk shipped for separation or separated milk. So that in essence it doesn't make any sense in the long term to think that there will be a reverse of that trend, that the writing has been on the wall for three decades and will continue to be there and there will continue to be shifts of production from the cream sector to the milk sector. If one was to project into the future one can readily see another one hundred million, a hundred and fifty million pounds of milk production just in the transition. Now that may take a period of years but that's an ongoing thing and it's been with us for a long time and will continue until we have a very marginal component in cream production of our total dairy industry. So it's not a matter of opinion, it's not a matter of desire, it's a matter of fact that should be staring my honourable friend in the face. All he has to do is look at the statistics.

MR. EINARSON: Mr. Chairman, I could see now that the Minister of Agriculture doesn't know much of what's going on amongst the producing farmers in this province. I want to say to him that who is he to decide whether a creamery is going to operate for the next year or for the next ten years. Mr. Chairman, the problem is here that he's talking about building another plant and because of his actions, maybe as a result that they're going to close up. Because there are a number of farmers in the Province of

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(MR. EINARSON cont'd)Manitoba who don't milk that many cows for the purpose of producing milk. There are many of them that have maybe two or three cows. They milk them by hand and they separate the milk and it's shipped as cream merely to maybe help pay some of the grocery bill. There are a number of farmers in that category, Mr. Chairman, in this province that I'm concerned about. It indicates to me that the Minister is trying to tell those farmers that next year no longer are they going to be able to milk those cows to provide a few dollars to help pay for their grocery bill. This is the point I want to stress, Mr. Chairman. We have to get into real details and specifics of what this whole thing is all about.

I think that is a matter for the Milk Producers' Marketing Board and I think that's what the purpose of the Board is. I know the Member for Assiniboia is concerned about the consumer and rightfully so. But we also have to be concerned about the producer and I for one am in full agreement with that. We have to be sure that the producer is going to get a fair price for his labours because he's a dairyman. This is how much confidence I have in this government because we've seen what's happened in other ventures that they've taken upon themselves, if Crocus Foods could develop something like Saunders Aircraft or Flyer Coach Industries or a number of other things that they've embarked upon.

The other thing I'm wondering about and I want this put for the record, that since Manco was involved in this thing now, as we are given to understand, and when we ask for a feasibility study, the Minister says, I'm not going to give it to you, or words to that effect. The Minister now says from his seat, he says that those of us on this side are not entitled to it. I stand in this House, Mr. Chairman, representing farmers in this province in the same manner that he does only I'm on the opposition and I think it's my duty and my responsibility to come before the members of this House to question as to what is going on in the industry. Here we're talking about tax dollars as well as contributions by the producers because the Minister knows full well himself and I repeat again that when the first Annual Meeting of the Manitoba Milk Producers' Marketing Board was held last December farmers wanted to know about this very subject, as to why they were being assessed. The Minister talks about democracy, that the Manitoba Milk Producers' Marketing Board have complete control. When they asked him because he has been the creator of all this he refuses to give even the farmers an answer. That's exactly what happened at that first annual meeting in December last.

You know, Mr. Chairman, I'm amazed at the attitude of the Minister of Agriculture and his attitudes towards members of the opposition. I think that we're justified and I think reasonably so in requesting this kind of information. Because if the Minister can prove to us that what he wants to embark upon, namely this building of Crocus Foods, if he can prove to us that this is justified economically and it's going to be a sound business in the interests of not only the producers but the consumers of this province, then I would have no quarrel on this side of the House, Mr. Chairman. But it's not that way. The Minister has decided that he's only going to tell us what he wants to tell us and when we pose questions to him he seems to do it in a roundabout way and yet never give a specific answer to any of the questions that we ask, questions that we consider on this side are valid and are important to the total of the dairy industry in this province.

MR. USKIW: Mr. Chairman, I appreciate the problem of my friend the Member for Rock Lake. He has his head deep in the sand, Mr. Chairman, and he's got his feet up in the air and he doesn't know what to do with himself. That is his problem.

I want to read him the statistics on the conversion of cream shipments to milk since 1968. I want to remind him that in 1968 we had 13.24 million pounds of butterfat in cream shipments; in 1975 we have 4.92. He thinks that there is something strange about my projection into the next decade or two. That's nonsense, Mr. Chairman. That is already well under way and almost completed, that transition, and a transition that has taken place in every province of this country. It's not something that we have to speculate on; it's a matter of fact. It's just a matter of what is the time frame; that is the only question. Is it in a five-year period or will it take ten? That may be debatable but nevertheless it's inevitable and he knows it; he knows it. He would like to suggest to his creamery friends that somehow there is salvation for the creamery industry that

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(MR. USKIW cont'd) . . . they will live forever notwithstanding this trend. Well that is absolute nonsense, Mr. Chairman, and they know it and he knows it.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. DAVID BLAKE (Minnedosa): There's also another trend, Mr. Chairman, that the Minister has made much about. It's the trend of people away from the rural areas and your stay option has amply illustrated your strong concern. Would you not express the same concern for the decrease of an industry that has provided employment in many towns for many many people. I for one am concerned because I have a creamery that makes butter that's taken red ribbons for years and years and years. I'm concerned with the loss of that industry in my town and I would like to see some movement by the department to maintain that industry. Now this concern should be exhibited equally as strong as the depletion in the rural areas.

MR. CHAIRMAN: The Honourable Minister.

MR. USKIW: Well, Mr. Chairman, I appreciate those comments because the Member for Minnedosa has a valid reason to be concerned about any of his entrepreneurs in his community. But he really must be telling me here, Mr. Chairman, that what we have to do is get the return on a hundred pounds of milk shipped for butter purposes, not \$3.50 but about \$12.00. Now if he can bring that magic about I agree with him, Mr. Chairman. Then we can have either a shipment of cream or a shipment of milk and it makes no difference to the milk producers.

But what about the stay option? He has one creamery which involves management and some staff but to which hundreds of milk shippers supply that facility. Now at \$3.50 a hundredweight he's going to lose every one of those milk shippers and therefore the stay option does not hold water if he insists that we require people to ship milk on the basis of \$3.50 a hundredweight. If that is what his proposition is he is dead. In fact it will wipe out his constituency to the point where redistribution will put him out of office, Mr. Chairman, under that philosophy. That's exactly what will take place. On the contrary, on the contrary,--(Interjection)--The Minister of Mines suggests that might not be a bad idea.

On the contrary--(Interjection)--It is not an exaggeration. On the contrary by stabilizing and improving the return to milk producers you will have the retention of more rural people in Manitoba and that is the direction that we are moving and that is the basic part of our dairy policy in this province.

Now the Member for Rock Lake has another reason to be upset this morning. Because today I tabled a Return to an Address for Papers requested by the Member for Lakeside. Just to indicate to you, Mr. Chairman, the nonsensical approach of members opposite, they had asked for an Order for Return which they did not want me to accept, Mr. Chairman. They thought if they worded it in such a way that it would be impossible for me to accept that they could have realized a debate on Crocus Foods before we got to my Estimates. That's really the game, Mr. Chairman. So, Mr. Chairman, I accepted their Order. Why? Because it's meaningless. An Order for Return asking that we table in this House the feasibility study on the Crocus Food plant which was paid for by the producers of this province. Well, Mr. Chairman, the producers of this province never put one penny into any feasibility study. But members opposite wanted to leave the impression that they did and then they wanted a debate because they thought I wouldn't accept the Order. Well egg is on their face today, Mr. Chairman, not on mine.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): Mr. Chairman, what I'd like to ask is: this plant that's being built at Selkirk or being contemplated, was it mainly planned for the idea of processing whey? I heard one of the members say yesterday that whey had been put on soil in different places and that it hadn't caused pollution and that actually it acted as a type of fertilizer. Now if it can be used for fertilizer, and we're not getting into trouble with environmental people, why are we bothering to process it when it's going to cost us more to process it than what we sell it for.

MR. USKIW: Mr. Chairman, the Member for Pembina is of course taking a very current position in terms of the price of whey powder. The current position world-wide of whey powder or milk powder is one of depression. Not so a year ago, not so

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(MR. USKIW cont'd)two years ago, the prices were double what they are now, and not so a year or two hence. The market has bottomed out on milk powder for this particular period of time.

That doesn't mean that you don't consider building plants to handle that product. That doesn't mean that you shouldn't convert a waste product into a human food. The Member for Pembina should be belabouring the point that it's tragic to be wasting a human edible food product as we are, that we should convert every ounce of it into edible human food. That should be his concern.

Market cycles are something that we're all accustomed to and I'm not prepared to turn a deaf ear to those people who insist that there is a long term potential and a long term future in processing whey and milk powder. As a matter of fact in the United States and in other provinces of Canada we have just such facilities. Manitoba is one of the few that does not, that does not. We are still wasting that product.

MR. HENDERSON: Mr. Chairman, I'd just like to go a little further. I certainly don't believe in wasting food or anything like it but I believe in the economics of the thing and I was recalling what the Member from St. James said, that it wouldn't even pay for the hauling of it. If it's that bad, not to mention the processing of it and the distribution of it, you know, I'm concerned about the economics of it too. If it's anything like that bad I wonder has there been any type of a feasibility study really carried out to show that at times it really will make money or that it is a good thing. Because if they're going to haul all this extra milk that far so as just to accommodate the whey plant so as it makes a few cents, then what's the use of going ahead with it. I have been given the idea from time to time that some of these other companies would have been considering a whey plant if it hadn't been for the fact that you, or maybe not you as such, but that it's being considered, building this whey plant at Selkirk.

MR. USKIW: I have to tell the Member for Pembina that he has answered his own question. First he suggested that there's, in his opinion at least, a lack of feasibility. Then he is telling me, Mr. Chairman, that the private sector is prepared to build a whey plant. They are prepared to invest money which is going to lose them dollars every day of the year and every year for the lifetime of a plant. That's what he is saying. That is what he is saying, Mr. Chairman, and I would like to know who is so kind, because if that is so I will want to give that particular person a call immediately, Mr. Chairman.

MR. CHAIRMAN: Does the honourable member have a point of privilege?

MR. HENDERSON: I didn't say that these people were going to . . .

MR. CHAIRMAN: Order, please. Order, please.

MR. HENDERSON: I didn't say that they were going to be losing it. And if they were going to process right where they were processing the milk, it could be done more economically. But to gather all this milk together and to gather this whey in, is a large expense. If it all has to be centralized, this is a case where centralization is far more expensive than if it could be done locally in different spots throughout Manitoba.

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

MR. USKIW: Mr. Chairman, I can assure the Member for Pembina that if in the opinion of the government who is providing financing, and in the opinion of the Milk Producers Marketing Board who is a shareholder, or wishes to be one, and in the opinion of the Manitoba Dairy and Poultry Co-operative, that the project is not feasible. It will not proceed. It will only proceed if the opinions are the reverse.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSON: The Minister made a big thing about the kinds of deceit that he is capable of performing in this Chamber from time to time. He knows that there is a feasibility study on Crocus Foods, and I don't care personally whether it was paid for by Milk Marketing Board, or whether it was paid for by the government, and I believe that my honourable friend the Member for Lakeside was in error when he suggested that it was paid for by the Milk Marketing Board, and the Minister knows that. The Minister knows there's feasibility study, and to play games with this House by trying to pretend that there is no such study is sheer deceit on the part of the Minister, and he knows it.

--(Interjection)--

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MR. CHAIRMAN: Order, please. I think the honourable member should just reconsider some of the words that he is using. Order, please.

MR. JORGENSON: Mr. Chairman, the Minister is playing games. The Minister is using words to try and hide something that he knows is a fact. And the fact is that there was a feasibility study made, and he knows it. And if that feasibility study had indicated that this was an economical project, it would have been available for all the world to see. Everybody knows what's contained in that feasibility study in spite of the fact that he has not revealed it, that he refuses to release it. And everybody knows that that feasibility study has indicated that it is not a practical economic project. Why is he trying to hide that? Who does he think he's fooling, and who does he think he's kidding? Not a soul in this province. And he should start to recognize that. He thinks that he can stand up in the House and that by the mere fact that he utters words, that he makes everybody believe what he is saying. He knows that isn't true. And he had better start to realize it. And he has the audacity to stand in the House here, Sir, and say that he doesn't believe that there should be milk be thrown down the drain . . .

MR. CHAIRMAN: Order, please. The Honourable Member for St. Vital on a point of order.

MR. WALDING: Mr. Chairman, I believe just a few moments ago, you asked the honourable member to withdraw a word that he had used in the House. I'm still waiting to hear him withdraw it.

MR. CHAIRMAN: I didn't say that the honourable member should withdraw it, that he should reconsider the words that he did, and I think he did reconsider. The Honourable Member for Morris.

MR. JORGENSON: . . .that that satisfies my honourable friend. But the Minister now stands up in the House and says that he deplores the idea of throwing milk down the drain, that a good food should not be destroyed. He has no such compunction about LIFT Program that he supported vigorously, when that was destroying food, or preventing food from being produced; he certainly tried to defend the Egg Marketing Board when they were destroying eggs, that didn't bother him. Why the concern about milk? Why the great concern in this instance? Only one reason, Mr. Speaker, and everybody knows what that one reason is. He wants to build that monument to himself in Selkirk, and nothing short of that, and he doesn't care whether he destroys the dairy farmers, which I think he will; he doesn't care whether it costs this province millions of dollars, which I believe it will, on a useless project that is not going to do anything for the dairy farmers, the consumers, or anybody else in this province. But, he's going to build it because it's the monument that he wants, like a Pharaoh in Egypt. That's the Minister's attitude.

The Minister has played games in this committee on every occasion, getting around answering questions. He hasn't recognized yet his responsibility as a Minister in this House. His responsibility outside the House is to administer the Department of Agriculture, but in this Chamber he has a responsibility to answer truthfully the questions that are asked, and the kind of circumvention of the truth that he is attempting to employ, is not good enough for a Minister. When he makes a statement in this House, he should recognize that that statement is supposed to be the truth, and the facts and he'd better start giving the facts to this Chamber or lose his credibility entirely as a Minister.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: You know, Mr. Chairman, I always enjoy the contributions of the Member for Morris because he makes them so dramatically, and so colourfully, and so on, but I think that it should be stated at least, at least we should be reminded that all of the members in the Assembly, perhaps with the exception of the two new members, know that since ever I can recall that an internal document which is what he is referring to, is never provided to the Members of the Opposition. Never when they were the government, and not when we are the government--(Interjection)--Oh, yes, feasibility studies are privy to the government. In tabling the kind of information he wants us to table, he was really suggesting that we tell the competitors of the proposed plant what our studies indicate. That's what he is really suggesting. That's the desire on his part.

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(MR. USKIW cont'd) Whoever they are in the processing industry of dairy products in this province, he is suggesting that it's in the public interest to do so. Well I tell him that it is not in the public interest to do so, and he knows it; he's hoping that the people of Manitoba don't make that distinction, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, it becomes more alarming as we hear the Minister of Agriculture answer to those comments that come from this side of the House. I don't know why he's saying and is so concerned about divulging information that might be valuable to the opposition. He is taking complete control of the industry, Mr. Chairman. I don't know why he is concerned about that. The Minister has taken complete control of the industry. He pays the farmers for his milk, and all the way down the line, he's got control of it, and that's one of the reasons why there is a reasonably good position from the producer's end, and from the consumer's point of view insofar as prices are concerned at the present time.

But the point that my colleagues and I are making, and I'm going to carry this one step further - I know they won't like it - but I don't think any action of this government and its Minister of Agriculture has proven before that it really is all in the interest of the producer and the consumer. I think that there is some political overtones in this whole matter as well. I think there is some political overtones, Mr. Chairman, and whether they like it or not, I'm going to register it, because if they're concerned about 18 months from now, what may happen to some of them if they don't have this thing a reality. I'm very concerned, Mr. Chairman, about this. I'm concerned about the sincerity of the Minister of Agriculture and about all of his colleagues on that side of the House when it comes to this very subject.

And I would like to ask now, the Minister of Agriculture, if he can give me some idea of the feeling of one, or any number, of the directors of Manco as to their feeling actually about the building of Crocus Foods. How do they feel about this thing? And are they not concerned about the future of even Manco continuing when the Minister right now denies them the right to build a new plant in, say, Winkler, and he denied the right to Mound Dairies in Pilot Mound when they asked for a licence to put in equipment to take care of the whey problem, and this plant is now owned by Manco, Mr. Chairman. I'm sure that while they've expanded to that degree, they must be concerned, Mr. Chairman, about what is the future destiny for their organization. When the Minister talks about the opposition he doesn't have to worry about Beatrice Foods, or anything.

And you know, Mr. Chairman, I'm going to use the same kind of debate right now, as I did when we dealt with Autopac some five years ago, and say to the Minister, if he's concerned about any one private enterprise that is operating in the dairy industry in Manitoba, if he feels that they are not operating in a manner which is in the best interest of the producer and the consumer, he has all the authority in his hands to bring in the kind of legislation that would protect the people from the exploitation of such an organization, if it should so develop. And you know, Mr. Chairman, these are the things that we are concerned about. I'm concerned about Manco as I am concerned about Modern Dairies and all the rest of them. What is their future? And the Minister talked about stay option. You know, if he had granted a licence for the Moundview Dairies a few years ago to take care of their whey problem, I would have said that he was following through his stay option program, but Mr. Chairman, he is now contradicting that very policy because these plants throughout the province are in danger of closing up because of his monumental political enterprise that he wants to build in Selkirk.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Chairman, I would like to respond to the Member for Rock Lake on the question of whether or not the members of the Board of Directors and management of Manco have any enthusiasm for this particular project, and I would like to tell him that my information is, and my advice is, that the majority of the Board of Directors of Manco are very enthused about the prospect of their participation in this proposal, not unanimous, but the majority. I would like to tell him that a member of the Board of Directors on Crocus Foods Limited is also a member on the Manco Board

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(MR. USKIW cont'd)of Directors. If he thinks there is no liaison and integration, then he'd better re-think that position, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Well, Mr. Chairman, it becomes very apparent that there is a feasibility study and it must be one that the Minister doesn't believe in; it must be one that doesn't recommend the building of this plant at Selkirk. So is the Minister saying that the feasibility study is all wrong and that I know what I'm doing, and that we'll go ahead anyway? What's the point of the feasibility study? I don't think it's wrong of the Opposition to ask whether the feasibility study recommended a plant or not. Now if there has been a study conducted, and it says - it is not an economical thing and shouldn't be proceeded with - why should you proceed with it? I believe we are entitled to an explanation.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Chairman, I had indicated before, and I'll repeat it for my friend, that if the feasibility study was negative we would not be proceeding, neither would the Producers Milk Marketing Board be proceeding, nor would Manco be expressing an interest at all. So the decision whatever it will be, and it has not yet been finalized, is based on feasibility.

MR. CHAIRMAN: Resolution 14-(c)(1). The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): I wonder if the Minister of Agriculture could just inform the House is the DREE application grant-does that expire as of March the 15th?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Yes, the corporation must respond by the 15th of March as to whether they have accepted the offer from DREE.

MR. BANMAN: Thank you, Mr. Chairman, another question to the Minister. One of the basic discussions that we have been having out in our area, and that is that certain equipment that was to be installed in Grunthal and other places, hasn't been installed, for different reasons, and I'm wondering if the Minister could tell the House at this time if this new centralization of this plant, what effect that will have on the other plants as far as future expansion, as far as applications that they intend to make with the government, will this more or less curtail the activities of these plants in these smaller rural areas? Because I think this is one of the problems that we all face. We want to see as much industry and much development in our rural areas as possible. We want to go after a decentralization trend, and I think that the government has stated several times that this is the objective that they have. We want to make sure that we can get those couple of extra jobs that a whey dryer will be able to do in Grunthal or the construction of better facilities in New Bothwell, if again a licence has to be applied for and received from the Department of Agriculture. And this is the main concern of the members over here.

I want to make sure that the area that we are, that we won't be precluded from expanding our industry in southeastern Manitoba, where, I may add, most of the dairy products come from, the areas I think of myself, the Member from Emerson and the Member from Springfield. We've got a lot of dairy farmers out in that area. Maybe the most logical place for a plant like this would be somewhere in the southeastern area. I don't understand the logic for Selkirk, but basically what we are concerned about is that we want to make sure that we can maximize any natural advantage that we do have, and provide employment for the people in our area, and provide the growth that is needed in southeastern Manitoba.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, the intent of the plant has nothing to do with wanting to close any other existing plants down. To the extent that Manco enters into the arrangement, of course that will be determined by their own Board of Directors as to their purpose and intent of entering into the arrangement. That is internal to Manco, and by and large they are the plant, they are the company that have a number of small

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(MR. USKIW cont'd)plants throughout the province. With respect to Modern Dairies, of course there is nothing in this proposal that will handicap Modern Dairies.

MR. CHAIRMAN: Resolution 14-(c). The Honourable Member for LaVerendrye.

MR. BANMAN: One further question, Mr. Chairman, to the Minister. I wonder if he could tell us: two of the appointed people sitting on the Manitoba Milk Producers Marketing Board, are they also sitting on the Board of Crocus Foods?

MR. USKIW: Mr. Chairman, I'm not sure if there are three or two, but there are members of the Milk Producers Marketing Board on the Board of Crocus Foods, yes.

MR. BANMAN: So, the Minister is saying that there is sort of an interlocking membership, or directorship, as far as these two organizations are concerned.

MR. USKIW: Yes, that is correct, and there is one member who is also a member from Manco.

MR. CHAIRMAN: Resolution 14(c)(1). The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Chairman, I would like to ask the Minister if there has been any representation made to Ottawa to extend the length of time that the option on the DREE grant is open.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: No, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BANMAN: I wonder if the Minister could give us the figure to date, what the Manitoba Development Corporation has advanced to the Crocus Food people.

MR. USKIW: Mr. Chairman, the moneys that were provided for were provided for by an appropriation in my department for the feasibility studies that were undertaken and for the development costs, which to date is about \$140,000. Those are departmental costs or at least they were absorbed by the department.

MR. BANMAN: In the Annual Report of the Manitoba Development Corporation tabled a few days ago, there's the loans receivable authorized by the Province of Manitoba under Part II of the Development Corporation Act, and it says here, "Crocus Food Products Limited, \$75,000" and I'm just wondering if the Minister could explain that one; plus, last year I believe there was over 100,000 allotted, 140, I think allotted to the Crocus Foods from the Manitoba Development Corporation under Part II, and I wonder if the Minister could tell us how much money has been advanced from the Manitoba Development Corporation to Crocus Foods in the last number of years.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Again, Mr. Chairman, let me repeat that the department absorbed those costs by repaying to the Manitoba Development Corporation their initial input.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Speaker, while discussing on this point of the DREE grant from Ottawa, there are certain conditions I believe that are attached to that DREE grant insofar as its application to Crocus Foods. I wonder if the Minister could explain those conditions that are laid down by the Federal Government in order that they will be forthcoming.

MR. USKIW: I don't believe, Mr. Chairman, that pursuant to the agreements or discussions with DREE that we're in a position to give that kind of particular information without jeopardizing the grant itself. It's one of the conditions. So that is something that we are not at liberty to divulge.

I simply want to take this opportunity to inform members opposite, and some of the newer members might be impressed by an Order for Return dated April 7 of 1969 that was in response to a request from the - it was then the Member of Inkster who is now the Minister of Mines, and it's that an Order of the House do issue for a Return showing questions, particulars of contracts to keep the banks of the floodway free of debris including names of persons of whom contracts were awarded; portions of floodway covered by each contract; rate of remuneration for each contract. The answer, Mr. Chairman, was nil reply. Question: Particulars of manner in which said contracts were awarded. Answer: nil reply. The Minister in charge: the Honourable Harry J. Enns.

MR. CHAIRMAN: Resolution 14(c)(1). The Honourable Member for La Verendrye.

MR. BANMAN: Mr. Speaker, with regards to the few comments I made before and the couple of questions, I wonder if the Minister could inform the House if the

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(MR. BANMAN cont'd)Crocus plant is built with the amount of whey drying capacity that we have more or less been led to believe there will be. This would then preclude any of the smaller plants getting involved in any whey drying facility. Would that be correct?

MR. USKIW: Well I think if the original proposal was to be proceeded with that it wouldn't make economic sense for the small plants to try to look after whey disposal. It in essence would be a subsidy to those plants in that the province was prepared under that proposal to pick up the cost of processing whey. That is if there were losses they're prepared to underwrite those. So it would be a relief to the existing plants who now have a cost in disposal of whey.

MR. CHAIRMAN: 14(c)(1) - the Honourable Member for La Verendrye.

MR. BANMAN: Again along the same line, Mr. Chairman, would this also then preclude any increase of milk production or milk processing by these plants in light of the large facilities that would be housed in this new Crocus facility?

MR. USKIW: Mr. Chairman, in the feasibility study I believe we had provision for 30 million hundred pounds of milk.--(Interjection)--Pardon me? Oh I am sorry. I meant 30 million pounds of milk so that there would be a whey and milk component and between the two the plant would be marginally feasible and of course if we raise milk through-put of course it would become more feasible. In the long term however as I mentioned earlier this morning, the probability would be that there would be increases in milk production that would go through that facility given the conversion, further conversion, from cream shipments to milk shipments. But that's some way down the road. But initially in any event the feasibility was based on 30 million pounds of milk to be put through that plant.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Thank you, Mr. Speaker. I'd like to ask the Minister a question with regard to the DREE grant. Would the total DREE grant be available if the plant was built in stages and had a two-phase program? Would the entire grant be available at this time if they went ahead only with the milk production portion and deferred the whey portion till a later date?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: No, I think, Mr. Chairman, we would end up with a withdrawal of the DREE offer if that were the case.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, I'd just like to try to get something straight. He said this plant would have to have 30 million pounds of milk as well as processing the whey to break even or to be a marginal operation. Is there about 30 million pounds of milk available from that immediate area around Selkirk or does it mean that milk would have to be hauled from other places in Manitoba considerably further away?

MR. USKIW: First of all I think one has to take into account, Mr. Chairman, the date at which the feasibility study was considered. That goes back some period of time. But in the last twelve months we have had an increase of 30 million pounds of milk production in this province. That was envisaged when the feasibility study was done and that increase was to be allocated to this plant had it now been built. We have now the extra milk production but we don't have the plant. We anticipate in the long run that we will have further increases of milk production.

Now with respect to the Selkirk location, that has the highest potential for additional milk conversion and production given the nature of the opportunities for agriculture in the Interlake. Interlake and eastern Manitoba is basically grassland agriculture so that in terms of potential into the future it has an awful lot of potential and still has an awful lot of cream shippers in the area.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. ENARSON: Yes. Well then, Mr. Chairman, I'd like to pursue on one other point then. When the Minister was aware of what's happened in the overall picture of the dairy industry, namely the Minister of Agriculture in Ottawa announced that there would be a reduction in the subsidy; there would also be a reduction in the quota and I am given to understand - I don't have the press reports here - but I am given to understand that the Minister had indicated when he received that report from the Federal

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(MR. EINARSON cont'd)Minister or through the press, I don't know how it was, that he was going to have to reconsider his position in regards to Crocus Foods. I wonder if he could give us some comments in regards to that matter.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, this is right and we will have to be in a position to give a definitive reply by the 15th of March. That is what we are now undertaking. That is part of the discussions under way now as between the Producers' Board and the Manco Board and the government. The total picture is under review.

MR. EINARSON: Well then, Mr. Chairman, if the total picture is under review and he talks about the increase last year of 30 million pounds, in view of that then if what's happening, in the announcements that have been made, there's a possibility that the production may be reduced considerably throughout the Province of Manitoba in the coming year. That being the case, and I don't want to sound pessimistic, but that being the case and supposing Crocus was to go ahead and to build it and you have in the time when there is a reduction in the amount of milk being produced, and it's built for the specific purposes of whey, then is the Minister then in order to . . .the viability of this thing is he going to go after the processing plants and request that a portion of their quota will have to be diverted to Selkirk.

MR. USKIW: Well again we're a bit late with the project. But had we proceeded when we had initially proposed it we would have had the milk supply because we have had that incremental increase in production.

Now with respect to the future. One cannot build plants on the basis of an interim downturn in market opportunity. We've had that before. There's no doubt in my mind that the dairy industry will keep on expanding in terms of Canadian production and our share of course will be within that amount of production. So that in the long term, and you must appreciate the fact that it will take a year and a half at least to build a plant, all of those things taken into account will of course make the final determination. But we have not yet arrived at the final position and we are debating here in a bit of a vacuum because the decision has not yet been made.

MR. CHAIRMAN: Resolution 14(c)(1). The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, because of things that have happened in the past and the authorities that the Minister has vested in himself, to say to the processing plants, you know if you don't sign an agreement for instance in the whey situation, which was an environmental problem here a year or a year and a half ago, that you would then forfeit a portion of your quota of milk that they had established and built up themselves, I am concerned. This is the area which I am discussing and I can see that this could happen in the future. What assurances are the processing plants that are presently operating going to be given that that sort of tactics will not happen in the future should this plant be built? That is really my point, Mr. Chairman.

MR. CHAIRMAN: Resolution 14(c)(1). The Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, it has been said here that whey was getting them in trouble with the environmental people and it has been said that it's been put on land and if it was good for fertilizer and there was no more trouble about it. What is the present position of the environmental people in regards to the spreading of whey on the fields and using it for fertilizer.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: I would suggest the member look up the recent regulations that were passed in that connection.

MR. CHAIRMAN: Resolution 14(c)(1)--pass. The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Well, Mr. Chairman, I have a question on another subject matter and it's regarding the Manitoba Feed Grains Commission. I wonder are they still functioning?--(Interjection)--It's under marketing board.

MR. CHAIRMAN: Resolution 14(c)(1) - the Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, when we are dealing with the whey plant can the Minister indicate to us what the anticipated total possibility of whey in the province would be? You're talking about a 30 million pound plant. Now what is the total possible whey production in the Province of Manitoba at the present time?

MR. CHAIRMAN: Order please. The hour of noon hour having arrived I am leaving the Chair to return at 2:30 this afternoon.