

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, October 2, 1989.

The House met at 8 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY—HIGHWAYS AND TRANSPORTATION

Mr. Chairman (Harold Gillehammer): We will call this committee to order. Prior to breaking for Private Members' Hour, the committee had been considering 5.(a) Transportation Policy and Research: (1) Salaries \$789,300—the Member for Assiniboia.

Mr. Ed Mandrake (Assiniboia): Just prior to leaving, Mr. Chairperson, I had asked the Minister about, of course, the 48 initiatives that he had undertaken, and he said he would come back to me with information. Of course, then I went on to ask him about would he table the long-term strategy for Churchill. I am quite sure that he will take that under advisement and provide me with those figures which I appreciate. But he also went on to talk about rail costs and he tabled various types of figures that he enunciated here in committee. Could he possibly table that for us, please?

Hon. Albert Driedger (Minister of Highways and Transportation): Mr. Chairman, I had it here before, we do not have it here now. I will table it for the Member. Maybe we still have it here, it is part of another document, but we will try and get that available. So I just want to indicate that these figures can be played any which way, and I just read out the figures that basically CN had put forward to us, and like I say, you can add/subtract those whichever way. I do not know whether I would put that much stock on those figures. I had just used those figures basically to illustrate the fact that I think we had to be very cognizant of the fact that the figures that CN were using, some were duplication.

An Honourable Member: Double counting.

Mr. Albert Driedger: Double counting, yes. So I just want to illustrate what they had done with some of the figures that they were presenting to us, but I will try and get that information to the Member.

Mr. Mandrake: Mr. Chairman, going through Hansard of 1986 of June 12, and when they were in Opposition, I would like to just quote what they said, just discussing the rail traffic to Churchill, and hopefully, it can be developed, has the Minister any studies at his disposal on the possibility of two-way traffic into Churchill? I realize that probability needs warehousing facilities, but what studies have been done to encourage or enhance two-way marine traffic in and out of Churchill?

Now, the reason why I bring this up, Mr. Chairperson, is when they were in Opposition they were very critical of the previous administration because of their—

Some Honourable Members: Oh, oh!

Mr. Chairman: Order, please.

Mr. Mandrake: —lethargical attitude towards probably doing something for Churchill. Well, 16 months have gone by, could this Minister table at least one initiative that he has taken to implement this suggestion which they made when they were in Opposition?

* (2005)

Mr. Albert Driedger: Mr. Chairman, yes, with great pleasure I will tell you something. The thing that we had concerns about when you look at the history of Churchill, and if the member has time to go through some of the background, at one time we used to bring in cars through Churchill. We used to bring in tractors through Churchill. There used to be a variety of things that were going both ways at one time, and that has sort of tapered off and died away. We have had discussions about the possibility of doing that again so that, as I think I had indicated earlier at one time already, we had requested the federal Minister to remove the Churchill line as a grain dependent line. The purpose for us asking that was we had hoped maybe that would give incentive for the CN people to look for alternate activity on that line and maybe set up competitive rates.

We felt possibly things like through Manfor or Repap—there has been a change of ownership there—or through the Hudson Bay Mining and Smelting. Subject to that we have had discussions with the Belgium consulate and the Ambassador to Belgium about the possibility about developing a two-way traffic movement through the Port of Churchill.

I have had the occasion to meet with the consul and the Ambassador to Belgium and initiated early discussions or initial discussions about the possibility of developing two-way traffic. The Member is probably well aware that Belgium is sort of the entrance, or the door, to the European Common Market and they have expressed interest that we could probably try and develop something along these lines. So these discussions have taken place and we will continue to follow them up in terms of developing that scenario.

They have expressed interest in places like Hudson Bay Mining and Smelting. They have also expressed interest in terms of tapping the market under the Free Trade Agreement into the southwest United States where they, basically at the present time I think, are identifying the kind of product that they are putting into there. They were hoping possibly, as this free trade developed, they could access the southwest market in the United States, through Manitoba. So there are discussions about the possibility of developing that.

I think we are looking at whatever ways we could bring forward, in terms of enhancing that kind of an

activity, because that would certainly make it a much more viable operation.

We have also had some initial discussion about possibly setting up a container type of traffic through there. Cranes would have to be established, the warehousing, et cetera, but we are looking at that possibility. We have, I suppose, a lot of irons in the fire and none of them are burning too hot at the present time, but we certainly hope that we can develop some of these.

We are also talking about the grain shuttle to Sydney, which was in discussion already for some period of time. Actually, with the drought that sort of tapered off, but we are hoping that we can renew that kind of discussion again.

There are various aspects of it that are sort of in the mill. I do not know how I would outline to the Member all the activities that are taking place and at what stage we have them at, but I am just giving him an idea that nothing is standing still. We are trying to move on some of these things, and I think it is very important that we package all these activities.

Mr. Mandrake: Mr. Chairman, I find this Minister's remark, "irons in the fire rather hot." I think they are cold, if not cold, they are dormant.- (interjection)- Sure, sure. Indeed, indeed.

Here he has given us a good case scenario of how this provincial Government is trying to advance the Port of Churchill. Has he also made this type of presentation to federal Minister Bouchard on behalf of Manitoba, saying these are the initiatives that we are taking and for goodness sakes do not cut off VIA Rail or the CN.

* (2010)

Mr. Albert Driedger: Mr. Chairman, we have been, as I indicated, in communication with the federal Minister on the VIA Rail issue on one hand as well as the other things. That is why I indicated before that my staff and the federal Minister's staff will be getting together and working out a variety of these options and see what kind of long-range plan we can come up with. The Member might feel the irons are cold but maybe if he acquainted himself with exactly all the activity that was going on he might have to change his position.

Mr. Mandrake: Well, I do appreciate the Minister's reply but when I said cold, I meant that. I have never—this might be neglect on my part, I should be discussing this with the Minister a little bit more on a more frequent basis. If he has any documentation to this effect I am quite confident that the two critics would appreciate that. We would appreciate some type of dialogue with the Minister as to what actions he has taken on the Port of Churchill so that when we do come to a committee such as in Estimates, we would not have to be asking these kind of questions. If he has any documentation as to Belgium or any other type of initiatives that he is undertaking at the present time or past or future that may be it would be of benefit to the Member for Dauphin (Mr. Plohman) and myself to

have a copy of this correspondence so that we do not have to delay this process unnecessarily.

Mr. Albert Driedger: Mr. Chairman, last year when we got myself as a new Minister and the Member for Assiniboia (Mr. Mandrake) as a new critic, I extended at that time an invitation that any time when the Member had questions he could come and check and staff would work with him and give him all the information. I want to make a further offer to him that as far as the initiatives that we have with the interdepartmental committee, that if he has a desire he can come and we will make arrangements, we can do it here piecemeal and spend all kinds of time or I will extend the invitation that he can drop in to my office at his given opportunity and mine and go through it exactly in detail, one by one the activities that we have in the mix. I just want to say there is nothing secret about these things. I just felt that instead of going through the 40 some-odd projects there on a piecemeal basis that I want to offer the Member that either he or anybody else who wants to come can come and have discussion with it and certainly we are going to be receptive to any ideas that will help enhance the Port of Churchill.

Mr. Mandrake: I appreciate the Minister's forthright answer and I will take him up on that. I will phone his office and hopefully we are going to be able to arrange an appointment whereby it will be okay for him and myself.

I have provided the Minister with our task force hearing and just as an example, Mr. Chairman, we have an opportunity—the KAP, for example—in the Resolution No. 1 and they have itemized this as fertilizer imports from the U.S.S.R. and they are saying that because of the trade imbalance that exists between the U.S.S.R. and Canada it is possibly an idea that could be looked at, and that is the importation of rock phosphate from the U.S.S.R. Now, it is a suggestion. We could be bringing it in from the U.S.S.R. almost on a constant basis because they all come from the northern ports unless they are utilizing the Port of Churchill on a far more frequent basis than what we are doing right now.

Mr. Albert Driedger: Mr. Chairman, the Member was quoting from appendix (a) and (b). I wonder if he could clarify what document is he referring to.

Mr. Mandrake: I presented you, sir, last Thursday, the Liberal Party of Manitoba submission to the federal Liberal Task Force on VIA Rail, and on that I included appendix (c) and (b). Now, this is just one suggestion that possibly we could entertain, and I think if we looked at it why should we be bringing in everything from the United States? Why can we not go to some other country to make some of these procurements and possibly reduce the trade and balance that is in existence right now?

* (2015)

Mr. Albert Driedger: Mr. Chairman, I do not know whether I have a copy of that or not, but we have no

hang-up about looking at that and the suggestions encompassing those that we have not already got on the books, along with ours there. I think the Member is also well aware that based on the hearings that his Party had across—just the province or across the country—that I submitted the position of the Manitoba Government as to what our position was vis-a-vis VIA Rail.

So if the Member is prepared to offer that document to me, in terms of what he has there, certainly I am going to turn it over to staff and have them look at that and see whether those are some of the things we already maybe have in the mix, and those that we do not have we will certainly be prepared to look at them.

Mr. Mandrake: Mr. Chairman, it will be a great pleasure to present this report to the Minister and these are suggestions, and I hope that he would possibly take one under advisement and see what he can do with it.

I have before me, Mr. Chairman, a letter written to me by the Manitoba Environment Research Council dated the 17th of May, 1989, and this was addressed to the Minister. It says, very briefly, it is a very lengthy letter; it is the development of the Port of Churchill as a storage, transportation, feed manufacturing and shipping centre. Does he have a copy of this letter and, if not, would he like a copy of that letter?

Mr. Albert Driedger: Mr. Chairman, I wonder if the Member could clarify, which letter that was.

Mr. Mandrake: That is the Manitoba Environmental Research Council.

Mr. Albert Driedger: Mr. Chairman, I am advised that we had quite a bit of correspondence from this group. It is from the Manitoba Environmental Research Council. Like I say, we have quite a bit of correspondence but most certainly we would be prepared to accept that document as part of our reference paper as well.

Mr. Mandrake: The only reason I am bringing this up is that, as I say, it is a very, very lengthy document, Mr. Chairman, and it does have some very good suggestions and if it is going to make the Minister's job a little bit easier to probably have a frontal attack against the federal Ministers, I will be more than happy to have a copy made and sent to his office.

Mr. Albert Driedger: I will accept that, Mr. Chairman.

Mr. Mandrake: Mr. Chairman, the Member for Dauphin (Mr. Plohan) brought out a very important issue regarding CN people during Question Period today and so I went downstairs and I dug up some data with regard to people who are going to be losing their jobs, and I will go through some of the list. For example, Thicket Portage, Sifton, Wabowden, Weir River, Westray, and I am going to spell this name, I do not want to insult those people, P-i-k-w-i-t-o-n-e-i, Pikwitonei, Runnymede, Pit Siding, Pine River, M'Clintock, Mafeking. I could go on and on and on.

Mr. Chairman, there are people with years of service starting from, one, under five years of service, and this is going from age 40 and down, and I shall recite them. There is 10 and 15, there are two of them with 10 and 15 years service; 41, three; between 16 and 19, one, so on and so forth. I can go on down the list, and show the Minister exactly the kind of a calamity that these people are in because people who are 40 years and over are going to find it very, very difficult to find employment in places which I had identified.

What programs has this Minister discussed with the Minister of Labour (Mrs. Hammond), and Rural Development Minister (Mr. Penner), as to what steps they are going to take to assist these people when these jobs are going to be lost?

Mr. Albert Driedger: Mr. Chairman, a question was raised of the Minister of Labour (Mrs. Hammond) in the House today, and the Minister indicated that the moment we are aware of these situations that her department is always very prompt in terms of trying to make contact, and make people aware of exactly what is available through her department.

In fact, I have just had discussions with her this afternoon yet. We will be arranging a meeting to go through exactly what is available. We are going to be ready to have a discussion with the people once we know exactly what the impact is going to be and whom it is going to affect, but there are programs in place that we will try and implement so that whatever can be done, in terms of lessening the impact of job loss, and I have expressed my concern and sympathy many times about the trauma that it creates for people who have been working for 10 or 15 years and all of a sudden they are faced with—have done a good job, feel secure in their job, with their benefits and pensions and all of a sudden, it is jeopardized. As politicians we accept that because we know what we are getting into beforehand, but for people who have chosen this as a life career, for them it is a very difficult situation. I can only indicate that whatever programs there are available through the province, that we will apply that together with the Minister of Labour. Also, at the same time, I want to raise the concerns very strongly once we know what the impact is going to be with the federal Minister as well as with CN and VIA Rail, in terms of making sure -(interjection)- pardon me?

An Honourable Member: We know that Albert, we know the impact.

Mr. Albert Driedger: What I am saying is that once we know who, how many are going to be laid-off—you do not know that. I do not know whether the Member is talking VIA Rail or CN, either way it does not matter.

What we will do is we will make sure that we apply whatever can be done and, hopefully, we can make the impact of losing a job, either through retraining, through whatever programs there are in terms of trying to help them get re-established and continue with their life.

Mr. Mandrake: Mr. Chairman, this is not VIA, this is CN. The Minister was aware of these layoffs back in

* (2020)

May of 1989. We are now into October, a few months have gone by and it still did not see any kind of plan of action by this Government to provide these people some type of assistance or some type of retraining programs either through labour, rural—we could care less from where—provincial or federal, so that these people when they lose their jobs, that they will at least have some comfort that the Government will provide them either with a retraining program, or something that they can at least sustain themselves and have a little bit of dignity in life. It is a very, very difficult thing—

Mr. John Plohman (Dauphin): There you go. Jobs Fund. It sounds like the NDP Jobs Fund. Is that what you meant?

Mr. Chairman: Order, please. The Member for Assiniboia.

* (2025)

Mr. Mandrake: The Member for Dauphin says, the Jobs Fund. We know what kind of a blunder they made on the Jobs Fund, so we will not go any further into that. I mean millions, and millions, and millions of dollars went into the Jobs Fund, to what? Sure, to patronize all of their own little cronies. Well, I am sorry. That is not the answer.

Jobs Fund only on a temporary basis, Mr. Chairman, is only a temporary thing, so let us not fool all the people like they have been fooling Manitoba since 1980 whatever, whenever they got into power, and that was a day of disaster. So let us not get overly sympathetic about our Party, how good it was with the Jobs Fund. The Jobs Fund had its moment; it had its times, but unfortunately it is past. It will never ever come back again—hopefully not.

Going back to the question, what is this Minister going to do with the people who are going to be misplaced and laid off with less than 10 years service? That is the one that is bothering me most of all, particularly people who are 40 years and older.

Mr. Albert Driedger: Mr. Chairman, I do not think that we necessarily want to go through the whole Minister of Labour's (Mrs. Hammond) Estimates in terms of the programs that she has available and that she would be applying and looking at these things. I know that the union people themselves are on top of these things trying to negotiate with CN in terms of benefits for people who are being laid off. All I can indicate to the Member is that whatever is available will be applied to try and make the unhappy situation of being laid off as easy as possible, if it is possible at all. Maybe there is early retirement for some, for some there will not be—the programs that the Minister of Labour has in terms of retraining and subsidization, whatever is available through Government policies will certainly be applied.

Mr. Mandrake: Obviously we are not going to be getting an answer from this Minister, so we will wait until the Minister of Labour decides on taking some positive action for the people who are going to be displaced.

Mr. Plohman: Are you going to be satisfied with that, Ed? I am not.

Mr. Mandrake: Well, then you can ask your questions after I am finished. Thank you very much.

On July 29, Winnipeg Free Press—and this is the big beautiful bold letters—it says: P.M. promises fast action on Churchill. I will ask the Minister. Where was this action? He said that he is going to do all kinds of things, that he is going to talk to the Premiers of Alberta and Saskatchewan for refunding of the—

Mr. Chairman: Order, please. The Member for Assiniboia.

Mr. Mandrake: Provide funding for the board—and unfortunately that has never been consummated. Again, I am finding myself in a bit of a quandry here. This is the First Minister of the province saying, promises fast action on Churchill. My God, I hope the heck it was not slow action because Churchill would never have had any grain this year. So could the Minister please explain to us what was his intent when he said fast action on Churchill. He is part of the House.

Mr. Albert Driedger: Mr. Chairman, I do not know who the Member for Assiniboia is quoting. If he is quoting the Prime Minister, I have great difficulty explaining what the Prime Minister meant on that. Was it the Prime Minister who said fast action was promised?

Mr. Mandrake: Good news is coming for the Port of Churchill, Premier Gary Filmon said yesterday. Filmon said the Legislature—Prime Minister Mulroney has taken beleaguered port interests into his own hands. I guess that is why we are having problems. We expect that there will be some positive announcements forthcoming in the near future. This is what the Premier said. Well, we are waiting for these forthcoming wonderful announcements. What was the intent of his statement? Was the Minister of Transport consulted on this or was the Premier (Mr. Filmon) just talking like he normally does?

Mr. Albert Driedger: Mr. Chairman, if the Member could pass me that piece of information out of the paper, because I sometimes have a little reservations about what the paper writes, but I would like to maybe just see—July 29, this is over a year ago—

* (2030)

An Honourable Member: We still have not got any action.

An Honourable Member: Nothing is happening.

Mr. Mandrake: Just on a point, Mr. Chairman, since when did I become the communication officer for the Minister of Highways?

Mr. Albert Driedger: You did not.

Mr. Mandrake: Oh, you seem to be always asking me for everything.

Mr. Albert Driedger: Mr. Chairman, this press article is July 29, 1988, and I can anticipate only that it was made at a time when it looked like we were not having any grain movement through the Port of Churchill and I think there was some ray of hope developing at this stage of the game and this is what it referred to. I cannot indicate—my gosh if I am supposed to cover all the press clippings from last year on, on Churchill, there has been a lot of them. I can only assume that it had to do with the grain movement or lack of it last year, and when we were pushing very extensively—all three Parties were pushing very extensively in terms of trying to get grain through the Port of Churchill.

Mr. Mandrake: The Minister says it was prior to. If this is the kind of action that we are going to get from the Premier and the Prime Minister of 51,000 tonnes of grain out of Churchill, well, now we know exactly where we stand.

Mr. Albert Driedger: Mr. Chairman, I thought I spent extensive time this afternoon explaining to the Member for Assiniboia (Mr. Mandrake) the process in terms of how this grain movement through the Port of Churchill is developed between, first of all, the Wheat Board who basically develop the program, and then CN, the rail line, and the Ports Canada that have to get involved in this. The Prime Minister does not the decision make, nor does the Premier make the decision. The Wheat Board basically develops a program. We can lobby as extensively as we want, but they are removed from the political arena. There is very little influence that anybody can apply to them, other than lobby, which we have done, but that is how the grain program gets developed. It is through that process, and we spent a lot of time discussing that this afternoon.

Mr. Plohman: Mr. Chairman, I wanted to just go back for a moment to the 48 proposals that the Minister had circulated to the committee on possible action for Churchill and northern Manitoba, particularly Churchill. I think it was September of '88, just about a year ago now, that the all-Party committee and representatives from the communities met at the Legislature to discuss future action and possible succession and succeeding agreement to the old subagreement that was in place since 1984 and which expires—well, expired officially actually in '89, but is carrying on now by a one-year extension.

So the Minister has had—I believe he developed those or had those developed for that meeting or shortly after. It is nearly a year now, that these 48 proposals have been identified and it seems from the questioning here that we did this afternoon and now this evening, that there has been very little progress on those in the last year, which is really quite regrettable and quite unbelievable really, because the Minister has had a full year to develop priorities and put forward a specific proposal to the federal Minister and the federal Government for which they could either alter, or agree to, or reject.

The Minister has not given us any indication that he has even had a meeting yet with the Ministers, as a matter of fact, on this issue to negotiate. He said that

the meeting did not come to fruition this summer, and now his officials are trying to set it up. The officials are still meeting on a regular basis because they still form the steering committee of the agreements, I would think, so they are still seeing each other.

I would like to ask the Minister, has he narrowed down these priorities? He had 48 proposals. Has he narrowed them down to a proposal? This is slightly different than the Liberal Critic was pursuing this afternoon. He wanted to know what the strategy was, and he wanted the Minister to table it. I am asking whether the Minister has begun to identify that strategy through a number of proposals that he now believes are the ones that should be put forward for definitive action, under an agreement, or under federal-Provincial cost sharing of some kind.

Does he have those priorities identified? Has he narrowed down the list, and have his officials had an opportunity to meet with federal officials and start the preliminary negotiation rounds? Even further, have they narrowed down those priorities between the two levels of Government? Has any of this gone on?

Mr. Albert Driedger: Mr. Chairman, our interdepartmental committee has been continually working on various other projects. I have been informed that some of them are moving forward. There has been communication as late as in the last week with the federal counterparts in terms of bringing some of the proposals forward to them. So various projects are moving; others again are not moving. It is depending on circumstances and the kind of reaction we have been getting, but contact has been made with the federal counterparts on this.

Mr. Chairman, this afternoon I indicated that staff will be preparing a report on the status of each one of these projects which will be made available to the critics. Once that is available the assessment can be made by both critics and, certainly, if there are further comments or input that they want to make at that stage of the game, I would certainly appreciate that.

Mr. Plohman: I appreciate that he makes the offer, but he conveniently, during the Estimates process, has undertaken to give us a lot of information after the fact. We will provide these documents and this delays the process -(interjection)-

Mr. Chairman: On a point of order, the Honourable Minister.

Mr. Albert Driedger: Mr. Chairman, on a point of order. I have indicated all along to the Members that when I took a question as notice, every day that I have been walking in here I have been supplying additional information, as much current as we could at this stage of the game, and indicated that any questions that have been taken as notice would be—depending on the question of the information required—that as it becomes available will be made available, and there is very little information that is actually outstanding, because I have been tabling reports every day when it came in to the committee. I do not want the impression

left that I am taking questions as notice and not replying to them.

Mr. Chairman, I just want to indicate this might not be a point of order, but if the Members want to we can go through these projects one by one right now. There are 48 of them. I am prepared to do that.

Mr. Chairman: A dispute over the facts is not a point of order. The Member for Dauphin.

Mr. Plozman: Mr. Chairman, the Minister has provided us a lot of information quite quickly on some things, and other things they are much more longer term. We wanted some action by the time these Estimates are taking place. This Minister knows it has been, as I indicated, a year since that committee met with these groups here at the Legislature last September, I believe, of '88, or maybe it was October. I think it was September of '88. We do not see a lot of progress at least on the surface of it. The Minister cannot even give us the progress on them. Which are moving, which are not moving, which have been tossed out, which ones are the priorities? Now he said he is going to give us a list sometime in the future. You know when he talks about providing us with all of the answers, we have to remember too that when we dealt with the rail line issue and all the abandonments that were going to take place, we are going to have a meeting sometime in the future to look at all the lists of the lines that are possibly being abandoned and the usage and so on, what is happening with the proposal on rail line abandonment, that is all coming down in the future.

* (2040)

That is a very important issue, that whole issue of rail line abandonment and what the Government is doing on that side, the federal Government particularly. On this one now, it is so important to have these negotiations underway. I want to ask the Minister then, I think I know the answer from what he said, that because he does not have a package that he has gleaned from these 48 proposals, that this then constitutes a formal package to the federal Government, to say this is what we are proposing, here is the price tag, here is the cost split, this is what we would like to see done.

I would ask the Minister then and he can confirm or not my suspicions, has the Minister received direction from Cabinet as to the parameters of an agreement with the federal Government on Churchill? Have the Minister's colleagues authorized the Minister to make a specific proposal with specific dollars? He does not have to give us the dollar figures and he does not have to give me the whole package tonight, but I think it is important that this committee knows whether he has gotten to that stage or not, because we all know the Cabinet has to give that kind of authorization. So I ask the Minister, has he received that, has he taken a specific proposal to Cabinet and does he have specific direction?

Mr. Albert Driedger: Mr. Chairman, no, I have not. We are developing that program right now. Once we have

something developed to the extent that we have something that we can work out in agreement with the federal Government, I will take it to my colleagues and get approval on that, but that is the process that we are in right now, trying to work out some of these things.

Mr. Plozman: Mr. Chairman, that is very shocking that a year after the Minister has developed this list, he has not gotten more progress to the point so he can have something specific to negotiate with the feds.

I would ask the Minister, I would expect that the Cabinet has authorized specific funding for an agreement on the Southern Development Initiative, for example, that they have said, yes, negotiators can go forward, or they have negotiated some parameters with federal Ministers, or officials have negotiated some parameters of an agreement and specific levels of funding with the federal Government on that agreement. Is this concept of an agreement a successor to the subagreement under the ERDA umbrella that we had in Churchill for five years? Has this reached the stage where it has even been approved in principle by this Government to proceed further for an agreement with the federal Government? Has this Minister received approval in principle for an agreement on transportation or on Churchill that involves transportation?

Mr. Albert Driedger: Mr. Chairman, the federal Minister had indicated that there would not be a renewal of the agreement that was in place. What we are in the process of right now is trying to develop, together with our federal counterparts, various options, as I indicated earlier already, to try and develop something that we can take and sit down and hammer out between the feds and ourselves. As I indicated, staff is working with these things. Once we have something more definite then I will go back to my colleagues and see whether we can hammer out a deal that is going to be acceptable to Manitoba.

Mr. Plozman: Just to clarify, Mr. Chairman, in the interdepartmental committee, which is chaired by Transportation, has not reported to the Minister in the form that the Minister could take to Cabinet for approval in principle for some action on the future of Churchill.

Mr. Albert Driedger: That is right.

Mr. Plozman: So what we have here then is not even agreement by the Minister's colleagues that this, in principle, would be acceptable to pursue on behalf of the Government, and even a global idea of the dollars involved that the province would be willing to spend. We do not even have a commitment that they would be willing to spend dollars on such an agreement.

Mr. Albert Driedger: Mr. Chairman, until I have something of a definite nature that I can present to my colleagues then I cannot speculate, in terms of dollars or anything of that nature. We are developing a program and trying to develop options, and once we have that done then we will take and move forward.

Mr. Plozman: Mr. Chairman, is the Minister not concerned that maybe he is putting in all this effort

with the committee, interdepartmental committee, for nothing, that he will be rejected, that he will not be given any authorization or any authority to negotiate further? Does he not have any indication that there would be a positive response to these proposals?

Mr. Albert Driedger: Mr. Chairman, the purpose of the interdepartmental committee is to make sure that all players in there know what is going on so that we can try and work in tandem. The interdepartmental committee is working on various projects of the ones that we have identified as anything that had some potential, that is what we identified. They are working on these and some of them are coming forward, some of them are not moving forward.

Aside from that, I have indicated before that my director of Transportation will be meeting with counterparts from the federal Minister to see whether we can develop some of these programs jointly with the federal Government, and to consider what options there are in terms of the long-range viability and future of the Port of Churchill. I do not know what more the Member is expecting at this stage of the game. I have tried to explain exactly the process that we are in right now, and there is no change.

Mr. Plohman: Well, Mr. Chairman, what I was looking for was a specific indication from this Government that they were interested and willing in putting funding towards some kind of an agreement with the federal Government on the future development of Churchill. That is missing yet completely. There is only an interdepartmental committee which has now been in existence for over a year, and has no specific proposals yet.

They are still working from the 48 proposals, perhaps some new ones, some have moved along further. The Minister is saying, I do not know what that means, moved along. I would like him to then, if he cannot give us the answers which I would have liked to have seen that there was specific commitment from this Government towards a succeeding agreement, can he indicate when, specifically how long it would be before he could provide the critics, the opposition Parties, with the specific proposals that are moving along and which ones have been rejected?

Mr. Albert Driedger: Mr. Chairman, first of all, I want to indicate to Members of the committee that the Premier (Mr. Filmon) and this Government—in fact the Premier has instructed myself, through my department, to do everything possible in terms of assuring the ongoing viability or not viability, but just that we promote Churchill, that we do everything possible to keep Churchill in operation.

I want to indicate that based on the interdepartmental committee that is working on it, I have given the assurance that we will come forward with the progress report on all the projects. In checking with my director we feel we should have that information by the end of the week in terms of an update on each one of the projects.

Mr. Plohman: I would very much appreciate getting that by the end of the week, and I thank the Minister for that commitment, if possible.

I would ask the Minister just to follow up with one of the other issues that was raised a moment ago. That deals with the CN layoffs now to take effect October 30 the Minister advises us, not October 1 as was planned. One month additional for some transitional assistance to be arranged, I might add, and the Minister should use that time wisely.

Perhaps major layoffs—it looks very likely now from the information we have, being announced perhaps Wednesday, on VIA Rail which will put those workers, many of them, in the same boat, long-standing employees with no job and many of them too young to be retired, even early retirement.

I would ask the Minister in view of that, in light of the thousands of workers, but at least hundreds in Manitoba, thousands across Canada, hundreds in Manitoba, between CN and VIA—hundreds, what specific proposals has he made or requested for programs from the Minister of Labour in this Government to assist them during this difficult time, this transition in losing their jobs from CN and VIA? Are there specific proposals that he has made, or has he received any specific programs and proposals from the Minister of Labour (Mrs. Hammond) that she is working on to assist those workers?

Mr. Albert Driedger: Mr. Chairman, the Minister of Labour (Mrs. Hammond) indicated today in the House, and has also indicated to me separately, that there are programs in place, and at the moment that her departmental people become aware or she becomes aware of any of the impending layoffs, that her people make contact and start working to see which of the programs could apply. That is in progress right now I assume.

Further to that, I have indicated I will be meeting with her further to look at various options. I have also indicated to the committee, a day or two ago, that I have been in touch with Mr. Cerilli from the union to see exactly what their position is, to see whether we could develop a joint plan of action in some of these cases. We are doing what we can, with what is available, to see whether we can make the possible layoffs easier for those people involved.

Mr. Plohman: The Minister's words are not very comforting to people losing jobs unless there is specific action taking place. The Minister -(interjection)- well, sir, there can be some comfort only as a last resort, obviously. Naturally, retaining the job and maintaining the status quo or even a better job would be better for these people, but obviously there are ways to ease it and provide them with some hope and some future.

I would like to—the Minister mentioned that he assumes there are things ongoing at the present time. He says, "I assume." I do not think that assuming anything by the Minister is again any comfort to these workers.

I would take it that he is meeting with Al Cerilli from the labour groups. That means he wants to develop a plan of action which is good, good intentions, but again no cigar.

Does the Minister have any plan at the present time that he could provide us with here in the committee within the next short while of specific programs available to these workers? Could he consult with his Minister of Labour (Mrs. Hammond) and then provide us with that information by the end of this week as to the specific programs that are available to those workers, and that they have been told are available to them in this difficult time for them?

Mr. Albert Driedger: Mr. Chairman, I already indicated a few times that I have been in dialogue with the Minister of Labour (Mrs. Hammond) and there are programs available.

I will have a list. I will consult further with her. As I have indicated, I was meeting with her and I will have a list available by the end of the week as to exactly what is available for people that are displaced under these circumstances.

* (2050)

We cannot—if we want to start covering the Minister of Labour's Estimates we can do that as well, but I indicate to you and make that commitment, we will have that list available. I think I have indicated what my position is through my department, and that I am dialoguing with the Minister of Labour (Mrs. Hammond). We can get into that whole realm of it, but I promise that I will bring forward whatever is available through the Department of Labour in terms of making this kind of a situation easier for those people who are getting laid off.

Mr. Plohman: Mr. Chairman, we have in the past had Ministers respond from their seats, but we do have a lot of issues to cover and as long as the Minister gives a specific commitment to provide that I think that would be satisfactory here tonight.

I would like to ask the Minister about another important area and then turn it over to the Member for Assiniboia (Mr. Mandrake). He may want to follow up on some of the issues that we have discussed already. This is dealing with the deregulation, the changes to the Board of Transport Act and the National Transportation Act that were made by the federal Government a couple of years ago, and implemented, I believe, January 1, 1988.

There was a National Safety Code that was developed amongst all provinces with some federal funding that we negotiated for a five-year period to implement. The Minister last year had provided us with some information on the status of that, but I am more interested in the—and I will get to that perhaps when the Registrar of Motor Vehicles is here because I believe he is working more directly with the safety code.

In the meantime, I wanted to ask the Minister, from his position as Minister, how the proposals for the trucking industry have been handled here in Manitoba. Is the trucking industry satisfied generally, the Manitoba Trucking Association and others, with the way that the province has been approaching this issue, that is I am to understand, as it was under our Government, one

of a slower transition period, rather than complete deregulation insofar as an entry test, as is being done in many other provinces. Is the Minister continuing with that process? Is there a meaningful test in Manitoba, before the Motor Transport Board? Is there a dramatic increase in the backlog, or is it being decreased? That has grown, I know, from the time this happened. Has it been changed? Is there any dramatic change in that waiting list, and has there been a number of applications turned down under the new process that the Minister has in place now with the Motor Transport Board?

Mr. Albert Driedger: Mr. Chairman, I have no difficulty dealing with it now, or we can deal with it under the appropriation under the Motor Transport Board, whichever way the Member feels more comfortable with it.

At that time I would have my respective people here, but I am prepared to give him a general overview on the whole matter because there is a lot of detail involved here in terms of what I was going to reply with and I can do that whenever the Member wants.

I just want to indicate, when he raised the National Safety Code, which is also under the next section, but I thought I had got updated information to the Members the other day in terms of where we were at.

Mr. Plohman: I just wanted to clarify, I was more interested in the policy. I did ask some specific questions about backlog, but that was as an implication of the policy that this Minister might be following with regard to implementation.

So this does fall under a policy, and whether the Minister has followed the transitional type of approach which was intended, at least that we intended, envisaged under the Motor Transport, not what a lot of other Ministers in other provinces had envisaged, mind you, but there was a provision after much fighting on our part for this, a transition of at least I believe five years, for the process of deregulation to take effect insofar as the entry tests for prospective truckers. Can the Minister indicate whether that is indeed what is happening in this province, or has he moved over, with pressure from other provinces, almost to a complete deregulation-style process here?

Mr. Albert Driedger: Mr. Chairman, I will take a little time explaining exactly where we are. One of the things that faced me last year was the fact that deregulation was in progress. Federal legislation had been passed allowing a five-year transition period in terms of total deregulation. Initially I had some discomfort with that. However, I have gone back twice to my colleagues in Cabinet just to reconfirm the position that we would adhere to the federal legislation that is in place. As the Member is well aware, I was getting tremendous pressure from other provinces in terms of wanting us to instantly deregulate.

We have continued to use the slow process that is available to us in spite of the pressures that we are getting, but then the Member knows full well too that we are an exporter of transportation services, one of the few provinces that have that. In fact, the

transportation industry to Manitoba is almost like what, maybe on a lesser scale, oil is to Alberta and potash is to Saskatchewan. We are an exporter of transportation services. With nine of the 14 national carriers being headquartered in Winnipeg, I think we have a responsibility, and rightfully so, that we try and protect the transportation industry to the best of our ability. We have proceeded on that basis to deregulate according to the federal legislation. However, as part of the means of entry process that is in place, we have had applications being opposed. There is a group in the trucking association that is basically opposing every application. The only reason they continue to do that is that they feel that as long as it is the intention of the Government, as it is, to use the maximum time, that they will continue to oppose, which sort of slows the whole process down.

I have to indicate, and I will get more specific information later on, but I think we had in the area of maybe between 100 and 150, 120 applicants, backlogged. Certainly that creates a lot of concern in some areas. However, we have been working continuously very closely with the Manitoba Trucking Association in terms of how we handle this process. I would have to indicate to the Member that there was an application made to the Court of Appeal in terms of the process that we were using, which was the means of entry test. We unfortunately lost the decision. It came down against the decision just a couple of weeks ago. We were using the cumulative affect of granting a whole series of licences at one time and that was thrown out. Subsequent to that we are appealing to the Supreme Court of Canada, in terms of that decision, to see whether we can, and just that process itself we feel will ultimately, also, maybe, hopefully slow the process down. I do not want to put too many statements in there because we are going through that process. I just want to give the Member a bit of an idea of what we are going through. We are using every means we can to take and apply the federal legislation to slow down the process.

* (2100)

The reason for that, in our conversation with the Manitoba Trucking Association, is we feel that it would allow time for adjustment within our province. When we open it wide and have all the tremendous amount of applications that are from out of province. Most of these applications are from out of province, and we feel would have a detrimental effect on our whole process.

We are in that ongoing mode, as the process was started and we are adhering to that as indicated with the support of the Manitoba Trucking Association. We, in spite of the pressures and the difficulties that have come forward, we feel that we want to continue at this speed and, hopefully, it is going to give the people in the industry time to adjust and prepare for what is coming.

Mr. Plohman: I am pleased to hear that. It was certainly our position while in Government that an adjustment period and a transition period was a meaningful adjustment and transition period was necessary, not

one on paper only, but one that was meaningfully implemented and one that many provinces were not committed to. They wanted to move. I think the Minister would concur, although it is up to him to do so if he feels that it is a fact, that a lot of the other provinces had not made any attempt to have an adjustment or a transition period, but moved quickly to total deregulatory process insofar as entry into the business was concerned.

It is important, and I know that the Trucking Association as a leader in Canada, in Manitoba the Trucking Association is a leading Trucking Association in Canada has taken this position very strongly to protect Manitoba's position as one of the centres of trucking transportation services. Not wanting to see a huge upheaval in Manitoba that would effect jobs and the economy of Manitoba, our Government had taken the position that it was necessary to move slowly and deliberately in a thoughtful way. I am pleased to hear that the Minister is continuing to pursue that kind of process at the present time.

I would ask the Minister whether he is as well taking a serious position with regard to the evaluation and the review that was to be done of this process over that period of time as a matter of policy? Is this Minister seeking and giving notice to the federal Government that the evaluation process must be a meaningful one? There should be recommendations made to the Council of Transportation Ministers in this country on the basis of the experience of those five years or four-year period when the evaluation will take place. Recommendations based on that experience as to whether they should move to complete deregulation or extend the period of time of transition or in fact move back from it a bit to reregulate in some instances or in some way because of the experience.

Mr. Albert Driedger: Mr. Chairman, I can indicate that we are proceeding with the evaluation as outlined, as was programmed. I do not often do this, but I do have to indicate to Member that I realize that he was instrumental in setting this up, and there has been no deviation from the way their program was designed. The way their legislation was passed, we are proceeding on the same path. We will proceed with the evaluation and we will raise that as the process develops, and we will be looking at the evaluation of that.

I have to indicate that I feel very selfish about the trucking or transportation industry for Manitoba. I really do. I think we have a very valuable asset here which has a dramatic economic impact on the province. I think it is incumbent on the Government of the Day to make sure that we try and do everything to protect that aspect of it.

The other side of the coin, for example, we have some concerns about, as the deregulation moves forward I think we have to also address the potential impact of what could happen if the north-south activity develops and the trucking giants from across the line would decide to target some of the activities out here. We could also have a dramatic impact. We are trying to keep a handle on things, and look at all these things at the same time trying to be reasonable and fair to

the trucking industry, because the Member is well aware that not everybody is opposed to deregulation in the trucking industry. There is also a variety of people that feel it would be beneficial. Certainly the industrial people feel that we should deregulate at high speed because they feel there could be some economic benefit for them. So it is a real juggling act, but I just want to reconfirm again that we are following the same process that was outlined. We are doing that very diligently. We will be evaluating, as best we can, the impact of this and raise that at the end of the five-year legislation.

I anticipate really that the last year to some degree is going to move ahead very rapidly. I think by that time possibly those companies that are opposing the applications at the present time will probably throw up their hands and say, well, in the last year, we will not oppose any more and let it go, because they are doing this at considerable costs to themselves, but I certainly have no difficulty with the approach that they have taken. I think it fits into the general plan that we have as Government.

* (2110)

Mr. Plohman: Mr. Chairman, I would like to pursue that when the transport chairman is here perhaps, if the Minister feels it is more appropriate in terms of how many applications have actually been rejected as a result of this opposition, if any up to this point in time, the numbers of applications from U.S. carriers seeking to gain entry into Canada. The situation with regard—I would just mention the American truckers in terms of how many applications, and also the situation with the rural trucking in Manitoba, the current status of their position on this whole process. I know there has been a lot of concerns about upheavals with the small rural trucking companies servicing many small communities throughout this province, and there may be some update there in terms of the recent study that was completed jointly between the department and the trucking association, and what action has been taken on that.

Also in terms of the position of the manufacturers association, clearly I was of the opinion that their opposition was often headquartered in eastern Canada, but many of the smaller, less powerful members of that organization went along with the national positions on many of these issues on what was good for the association based on the golden triangle and not necessarily what was good for Manitoba. I do not know whether the Minister has ever thought of it from that point of view, but that is something that we certainly viewed when we were lobbied by these groups during the process that was taking place with the deregulation process. There are a number of other questions there to raise, Mr. Chairman, but if the Minister wants to make a comment on that I would be willing to pass this over to the Member for Assiniboia (Mr. Mandrake) at this time.

Mr. Albert Driedger: Mr. Chairman, first of all, I want to indicate that there is a report that was done on the rural trucking industry. That report I received and then I forwarded it to the chairman of the Motor Transport

Board to do a review and come back with a comment on it, or a report on it.

As the Member is well aware, the whole trucking industry, the transportation is very complex. You have issues on all sides, people who have concerns on all sides. Certainly regarding the industrial aspect of it, the industry is I think becoming more aware of the impact and the fact that their representation is needed in the west. I believe they are even establishing an office out here.

An Honourable Member: The manufacturers?

Mr. Albert Driedger: CITL is establishing a commission office out here. I have to indicate to the Member that I have had occasion to meet with them a few times. They lobby a very strong case for themselves. As I have indicated all along, the same as other provinces, the Member knows well that, for example, the Province of Alberta never was regulated to any degree. These people are the ones that would really like to get into our industry out here.

With all the balls up in the air, we are staying dead on course. We will not deviate from that. Hopefully we can keep our trucking industry and the trucking associations relatively happy. As I indicated before, we work very closely with them, we have a good liaison with them. Certainly we have tried to address some of their concerns and will continue to do so.

Mr. Mandrake: Thank you very much, Mr. Chairman. I do not want to dwell into the deregulation until we get into the proper Estimates but I would go back to Churchill. The reason why I am going back into Churchill, our present Minister makes several statements that he is very confident that the line from Winnipeg to Churchill is going to be in existence. Hopefully this will come to fruition and it will stay that way. The question I wish to pose to the Minister is this. He previously made that statement that it takes a long time to be able to secure a positive reaction from the Wheat Board and the various other types of people that are involved in the shipment of grain through Churchill. Has he taken any kind of initial action this year to promote or lobby the appropriate departments for shipment of grain through Churchill for next year?

Mr. Albert Driedger: We have ongoing dialogue with various departments. In fact on Friday the tugboat in Churchill that has been in operation for a few years was finally christened. Mr. Wallace was there on my behalf and he made contact with Ports Canada, talking about the future of what is going to be happening.

There is ongoing lobbying taking place from not only myself, from the Hudson Bay Route Association, in fact through the Port of Churchill Development Board and the acting chairman Don Ferguski. Correspondence was sent out to each municipality in Manitoba, Saskatchewan and Alberta. Hundreds of them responded to myself as well as to the federal Minister Bouchard lobbying for the continued operation of the Port of Churchill. There is continuous activity going on in terms of trying to get a commitment, a long-term commitment.

I also indicated before that I will be very diligently, together with my staff, working with the federal department to try and meet again with the federal Minister to see whether we can come to some kind of an understanding so that we have a long-term commitment as to the future of the Port of Churchill. These things are ongoing and we certainly are working with them.

An Honourable Member: Nothing but baffle-gab, eh, Ed?

Mr. Albert Driedger: Well, you bring that out of me.

Mr. Mandrake: You know I am rather amazed at listening to this Minister. I have heard the First Minister on Monday refer to Ontario and Quebec as the golden triangle. Well, I will say that Manitoba is the lost triangle. It is true, because eventually, as long as this Government stays in place, we are going to lose more and more and more and more. Jobs are going to be lost, everything. Now again I am going to ask the Minister, has he taken any kind of initiative to have discussions with the Wheat Board, with the Transport Minister, and all departments as to whether or not they can provide us with some idea as to whether or not we can receive part of that 3 percent or 3 percent of grain going through Churchill?

Mr. Albert Driedger: Mr. Chairman, the Member asks, I thought in the previous question, what we were doing to try and assure that there was going to be grain movement through the Port of Churchill for next year.

Mr. Chairman, I am right now working on this, as concerned as can be about completing an expanded program for this year and I alluded to it before, that we have the possibility, not confirmed, of two more ships. We are looking for an expanded program. My concern at the present time is to see that we get the maximum activity through the Port of Churchill for this year.

I am sure I must have already put it on the record two or three times, the fact that early on this year that I met with the CN, I met with the federal Minister about Churchill, I met with the Wheat Board, I met with Ports Canada, they met in my office. We have a meeting with everybody and we continue to push and lobby for activities in Churchill and will continue to do so.

Mr. Mandrake: Mr. Chairman, in my question nowhere had I stated that the Minister did not try for this year. I am sorry. All I am asking him is: what initiation, or initial action, what initiatives has he taken for next year? I will just go back to August 24, 1988, when I posed that question. We only got 51,000 tonnes of grain through Churchill. Now unless we take action today for next year we might get some grain going out of Churchill, and that is all I am asking.

Has he taken any initiative to at least start lobbying the appropriate departments this year -(interjection)- that is right, one day at a time. I take one thing at a time and do a good job of it. Do not muffle it.

Mr. Albert Driedger: Mr. Chairman, I will repeat again that we are in the throes of trying to get the maximum

activity going through the Port of Churchill for this year. The program has not been completed yet and if the Member would like to maybe visit with the Wheat Board sometime just to get an idea how they operate, they are not selling wheat for next year. They are selling wheat at the present time and once they have their program completed for this year, then they start developing their program for next year. We will continue to lobby and do whatever we can in terms of making sure that we have an ongoing commitment for the Port of Churchill. It goes much beyond that.

I raise that. I wonder if the Member would want to maybe, tomorrow, read through Hansard where outlined are some of the major concerns that we have in terms of the future of the Port of Churchill. It is not just a matter of standing and screaming at the street corner saying, well, ship grain through the Port of Churchill. We have to develop something that is much more meaningful than that over a longer period of time, and that is what we have been working on and will continue to work on.

* (2120)

Mr. Mandrake: Well, I think if we would have taken some initial action back in 1988 and followed the suggestion, the 3 percent quota, we would not be in this situation in which we are today.

Mr. Driedger: My God, Mr. Chairman, we have been stressing from Day One that we have been asking for 3 percent. I have put it on the record 15 different times. What does the Member want?

Mr. Plohman: The Liberals just started getting on that bandwagon.

Mr. Albert Driedger: I mean, we have been talking 3 percent from the day that we have talked about Churchill.- (interjection)-

Mr. Chairman: Order, please; order, please.

Mr. Kevin Lamoureux (Inkster): The Member for Assiniboia (Mr. Mandrake) was asking a question. I do not believe the Minister of Highways (Mr. Albert Driedger) stood up on his point of order, so I would ask and request that the Member for Assiniboia be given the floor back to put forward his question.

Mr. Chairman: Order, please. The Member for Assiniboia.

Mr. Mandrake: I see the Minister is a little bit vexed, so I will leave it at that—

Mr. Albert Driedger: . . . 10 different times with this.

Mr. Mandrake: I will leave it at that, Mr. Chairman, and I will ask him another question. How much money is there left in the Churchill Boxcar Rehabilitation Program?

Mr. Albert Driedger: None, Mr. Chairman. The program has been completed.

Mr. Mandrake: Could the Minister please advise this committee as to how many boxcars are being used for shipment of grain to Churchill and the condition of these boxcars? If my information is correct, a lot of them are now reaching a state of disrepair. What action is his Government going to put in place whereby we can rehabilitate these boxcars for prolonged use?

Mr. Albert Driedger: Mr. Chairman, there are a total of 3,200 boxcars that are in the system for Churchill and at the present time 2,500 of them are being used. They are in various stages of good repair to more marginal repair. I want to indicate that when the first ship arrived, the movement had started, the annex at Churchill was filled. They had 600 cars in the general area backed up around Churchill. We had another 600 cars backed up all the way down the line as we were waiting for the first ship to come in, so an opportunity to look at them. The majority of the cars are in reasonable shape to move grain. I think that ultimately there will have to be an ongoing program in terms of either having a new type of car or ongoing rehabilitation of the car system. Otherwise, the fleet will deteriorate.

Mr. Mandrake: I am happy to hear that the Minister makes the statement that an ongoing program is going to have to be implemented. I would then ask the Minister where is this money going to come from? The agreement that we have, which we had talked about earlier, there is no money left in it. I am sure the Minister received the letter from the executive secretary of the Hudson Bay Route Association which provides a very good suggestion, in my view, and that is when the refurbishing of the grain car is done, would it be possible to put a hatch in the top of the cars? It is a very, very modest type of a change but it would certainly be able to increase the amount of grain that it would carry. Where would this money come from then, Mr. Minister?

Mr. Albert Driedger: Well, Mr. Chairman, because ERDA, or the agreement basically is terminated, that is what the whole context of the conversation has been about in terms of renegotiating with the federal Government, with the federal Minister in terms of exactly what will be happening. Hopefully, that would deal with the boxcars, with the railway, with the port itself, the total complex of what is involved with the grain movement through the Port of Churchill. All these things will be addressed in terms of trying to reach a new agreement with the federal Government.

Mr. Mandrake: Mr. Chairman, just one question on that vein. Could you be so kind as to tell me, Mr. Minister, have there been any preliminary discussions on an agreement which would be comparable to the agreement just expired?

Mr. Albert Driedger: Mr. Chairman, we are just in the early stages, as I indicated before, where my staff will be meeting with the federal counterpart staff. Subsequent to that they will be coming forward with some recommendations, at which time I will then meet with the federal Minister and see whether we can hammer out some kind of a deal, so the process is in place.

Mr. Mandrake: Just one more question. I am sure the Minister mentioned it, Mr. Chairman, but would the Minister of Health please quit yapping and go back—If you want to antagonize me, do so, because you are not going to do it.

Mr. Chairman: Order, please; order, please.

Mr. Mandrake: He is just acting like a little child.

I am sure the Minister mentioned this, and with all the noise in this room, who could hear anything? Has he had any discussions with the Transport Ministers from Saskatchewan and Alberta with respect to funding for the Churchill board?

Mr. Albert Driedger: I have mentioned this on many occasions, including in the House, that I had made contact with them on a verbal basis when we were at various functions together. I also wrote them on an official basis asking them to continue the funding of the Port of Churchill Development Board.

The fact that I got responses that they would not be participating, it is for that reason I indicated we have done away with the Port of Churchill Development Board, or are in the process of doing that, and establishing a Churchill Development Board, which would be a much broader responsibility, and we are in the process of doing that at the present time.

That is the reason why we are moving in that direction, and we do not intend to have representation from Alberta and Saskatchewan on that board because they are not participating financially.

Mr. Chairman: Item 5.(a)(1) Salaries—pass; item (a)(2) Other Expenditures \$274,000—pass.

Item 5.(b) Rural Transportation Grants for the Mobility Disadvantaged \$446,700—the Member for Assiniboia.

Mr. Mandrake: I notice that the Minister has an increase of \$42,200 in that particular line. Could he be so kind as to tell this committee where that money went to and what was the purpose of that increase?

Mr. Albert Driedger: Mr. Chairman, basically that is an increase in the services provided under the disability program that we have.

If I may indicate, we have 34 communities at the present time that are under the Mobility Disadvantaged Program in rural Manitoba, and we have further applications, I think two or three, that have come in since that time. Two additional ones have been approved above the 34 that we have right now, these two are Virden and Lundar. There are two additional ones in process right now which are Treherne and Erickson, and one additional community has indicated that it will apply as well, which is the community of Russell.

I have to indicate that the program is a very, very good program. I think it is serving a tremendous purpose in providing services in the rural areas. Communities are really picking it up and we are looking at expanding

it as fast as we possibly can. What the nice thing about this is, the individual communities can develop their own program in terms of the needs that are in the community and we feel this is just a real plus.

Mr. Mandrake: I would be very appreciative if the Minister would provide both critics with the lists of areas in which this Handi-van service is provided. I am quite sure that we would appreciate that.

There is no doubt, Mr. Chairman, that this particular expenditure, in my view, is more than worthy. I have been to numerous communities where our senior citizens have been very, very grateful for a service such as this. How can you condemn a Government for doing something good, so under no circumstances would I do that.

* (2130)

In perusing through the program of Transport Mobility in rural Manitoba, Study of User Needs and Benefits, I went down through the population aspect of the various towns -(interjection)-

Mr. Chairman: Order, please. We are having some difficulty hearing the speaker. The Member for Assiniboia.

Mr. Mandrake: Mr. Chairman, does it need any discussion as to who started it? At least it is a good program, so who cares who started it? -(interjection)-

You know, the Minister of Health (Mr. Orchard) has always liked to chirp from his seat and that only goes to certify one thing, how foolish he is when he does that, because all he is doing is interfering with another Honourable Member's question and I do not think that is a proper thing. Show a little bit of respect for other people, Mr. Minister. I would never interfere in your questions, so kindly do not interfere in mine.

Mr. Chairman: Order, please. The Member for Assiniboia.

Mr. Mandrake: As I was going to ask the Minister, in this study that was conducted by Dan Kelly and Anita Swiderski, they went to various towns, Brokenhead, Boissevain, Gimli, Neepawa, Souris, Winkler and of course they went to Winnipegosis; and comparing the population, I found that the other towns that they went to certainly were applicable because they had something over 1,000 people, but they went to Winnipegosis and I was wondering why and what reason. Is it because maybe, Anita—that is her home town? Or why could they not go to Swan River where the population is a little bit greater?

Mr. Albert Driedger: Mr. Chairman, it is my understanding that these two were summer students that were working for the department on a project basis and I believe the communities were picked at random. I do not even know. They were doing sort of a general study on that. I do not know why they picked Winnipegosis or why they did not pick somebody else.

Mr. Mandrake: I am not going to get into that, Mr. Chairman. The only thing is that all the other areas had populations of 1,000-plus and all of a sudden they went to a little town, a hamlet such as Winnipegosis with a population of 832. Right nearby we had Dauphin, we have Russell, we have Swan River, anywhere. No, I do not have anything -(interjection)- excuse me, Mr. Chairman, on a point of order.

Mr. Chairman: On a point of order, the Member for Assiniboia.

Mr. Mandrake: You know, the Member for Dauphin (Mr. Plohman) says do I have anything against Winnipegosis? Unfortunately not, because I happen to have a relative living there.

Mr. Chairman: A dispute over the facts is not a point of order.

Mr. Mandrake: All I am asking, Mr. Chairman, is, when we are setting out these various criteria for these type of studies, why can we not be a little bit broader in terms of our areas, going to an area that probably has some significant of the handicap industry, or Handi-Van industry.

Mr. Albert Driedger: Mr. Chairman, first of all, I want to indicate to the Member that we will supply a list of the communities that have the program in place right now. I also want to indicate, coming back to the study, that the study is regarded as a model across North America regarding the needs. We think we have a very good program in place. I want to indicate that whether it is a place like Dauphin or whether it is small community like the area of Grunthalok that has a population of less than 700 people, there is no limitation in terms of the size of the community. Once the Member has the list he will be able to see that.

I want to indicate that no communities have been refused a grant or entry into the program because of a lack of funding. Grants are paid subject to available funds in the program, so there is no limitation in terms of size, up or down, providing that they meet the criteria that they are allowed to enter into the program.

Mr. Mandrake: Mr. Chairman, in no way was I defaming any part of the action of this particular industry. I think it is a very, very, worthy plan and I do not begrudge him for increasing it by \$40,200.00. Who started it? I could care less, because it works. It helps the senior citizens of our country. I hope that the Minister would increase it, but that is not what I was asking. I was asking, when you are doing a study of the industry, why can we not be more broader and go to more populated areas where we would get probably a better cross section of answers as you could opposed to going to a smaller area? That is all I was asking.

Mr. Albert Driedger: Mr. Chairman, I think the purpose of that study was basically to get a cross section of a

more densely populated area, lesser be the population and also the needs are different in each area, because we have allowed that flexibility in there that each community can, if they enter into this program, have to establish the purpose of how they want to use the system. I think that is why they sort of used a sort of a general cross section in terms of when they did their study.

Mr. Plohman: Yes, Mr. Chairman, just a few brief questions. First of all, just in response to the Member for Assiniboia's preoccupation with why a small community was included in the study. The Minister mentioned something about a cross section. I think he is absolutely right that they wanted to ensure that the evaluation was valid, that they took larger communities, smaller communities, to see how well utilized the service was, and how well it met the needs of those various communities.

I think that is very valid, and I am very pleased that they did that now that the Member has raised that issue. Insofar as the expenditures of \$446,700 up from \$404, projected for this program \$42,000.00. Now, there are some increased operating monies that will have to go out. How many additional communities—the Minister mentioned that there are 34 in that budget already. Two were just added I understand, or have they been? Will they be coming out of this budget to make it 36? Virden and Lundar. That would be start-up funds of some \$10,000 for the bus and \$6,000 for the—

An Honourable Member: \$6,000 start-up.

Mr. Plohman: —\$6,000 for start-up. That is \$16,000 each. That is \$32,000 for two. He mentions that Treherne and Erickson also have made application, and that also Russell is interested. Those others would, obviously, not be met in this fiscal year from these figures.

Mr. Albert Driedger: Mr. Chairman, the fact that the application has been made, it takes a little while. They get their start-up grant. It takes awhile until we get the vehicle ordered, so it does not necessarily mean that the money could all be flowing anyway for this coming year.

Mr. Chairman: Shall the item pass—the Honourable Minister.

* (2140)

Mr. Albert Driedger: Mr. Chairman, I am trying to get the answer for the Member. The \$6,000 is the start-up grant that comes out of this section here. The 10,000 grant on the vehicle comes out of the capital grant which comes in the back under a capital program.

Mr. Plohman: Mr. Chairman, for clarification, there are a number of \$6,000 grants coming from this section and some additional operating funds to a maximum of \$20,000 per community. Is that still the same formula? Are the dollars allocated and the formula for each community still the same as it has been over the last seven years or eight years of this program?

Mr. Albert Driedger: Mr. Chairman, the formula is the same and the limits are the same.

Mr. Plohman: Before we conclude this issue, can I ask the Minister whether he has contemplated or has recommended any change in this formula, particularly in the capital grant, considering the expenditures have increased so much over the last eight- or 10-year period.

Mr. Albert Driedger: Mr. Chairman, we are looking at possibly raising the limit of 10,000 because of the increased capital cost of the units. We are looking at that possibility.

Mr. Plohman: Well, I just encourage the Minister to review that issue. It is something that I was considering a couple of years ago as something that more and more communities were making representation on. We were fortunate that we are able to piggyback that on a federal contribution as well which made the amount go further. However, that may not always be possible. Is there any federal funding for capital purchases now, any program that is being tapped into as there was a couple of years ago when we purchased a number of buses for communities?

Mr. Albert Driedger: Mr. Chairman, there is some federal funding into the program, but it does not come through our department. It is channeled through a different avenue toward the communities.

Mr. Plohman: Mr. Chairman, directly to the communities?

Mr. Albert Driedger: That is correct.

Mr. Plohman: Thank you, Mr. Chairman. Pass.

Mr. Chairman: Pass. Item 5.(c) Canada-Manitoba Churchill Agreement; 5.(c)(1) Salaries, \$23,000—the Member for Dauphin.

Mr. Plohman: Just before we pass these two lines on the Churchill Agreement, is the TIDAC Secretariat still operating and is it funded from these at all?

Mr. Albert Driedger: It is financed through the Transportation Development Agreement.

Mr. Plohman: So, Mr. Chairman, is this \$23,000 for ongoing administration of the agreement one term position or half a term position, or what is it?

Mr. Albert Driedger: Mr. Chairman, that is one term position.

Mr. Chairman: Shall the item pass—pass.

5.(c)(2) Other Expenditures, 138,000—the Member for Assiniboia.

Mr. Mandrake: Could the Minister, please, I see an increase in this particular line to the tune of \$56,000.00. Could he please explain that to me?

Mr. Albert Driedger: Mr. Chairman, that money is there as part of a residual that as we possibly try we did not

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know whether we could develop another agreement or not. So the purpose for that money there is to wind up first of all the present agreement and to see whether we can take and get another agreement going with the federal Government.

Mr. Mandrake: You are saying that this money is just to wind up the present agreement? This \$56,000 is all that is left?

Mr. Albert Driedger: There is more than, what is the Member saying?

Mr. Mandrake: \$56,000.00.

Mr. Albert Driedger: I believe \$138,000 is left there, under that aspect of it. The \$56,000 is the increase. That is basically what is left out of that agreement, right?

Mr. Chairman, this money was put in there at the time when this was put into the budget, which is already quite some time ago. We did not know whether we would be coming up with another agreement, also, as indicated before, the finishing off of the present agreement. There is more money left under the enabling vote under this agreement in the back somewhere where I think we have to deal with that somewhere. This is what was anticipated would be needed to complete the present agreement and hopefully negotiate another one.

Mr. Mandrake: That was exactly my next question, Mr. Minister, that when the cloud clears with all of the enabling agreement and everything that we have left over on the bottom. We should make mention of \$809,400 there and then we have an additional \$1,349,000. Now in 1990, when this agreement is terminated, we have a year after 1989 to '90, correct? So in 1990 the expenditure of all the money that we see before us will then be nil.

Mr. Albert Driedger: Mr. Chairman, I am informed that this money that is left in the agreement at the end of this year will then lapse.

Mr. Mandrake: If it lapsed then where is that money going to go to?

Mr. Albert Driedger: It lapses, it is gone, it is all used up. Whatever monies are not expended by the end of this fiscal year, that has not been spent, lapses.

Mr. Mandrake: In order words, it does not go back into Highways and Transportation. It does not go back into Manitoba or Churchill to improve that? It goes into capital expenditure. It goes to the Minister of Finance in other words.

Mr. Albert Driedger: Mr. Chairman, I am trying to understand how I am going to explain this thing here for myself. In terms of the enabling vote, when you have an agreement, a federal-provincial agreement, the agreement is made on a cost-share basis. When the terms of the agreement have been met to a certain

point, certain monies have to flow. When you do not buy the extra car, for example, you do not spend the money, and then at the end of the agreement the money is lapsed. It has not been expended, so it never really flowed. There was provision for it, but it did not flow. That is my understanding, when it lapses, it is gone.—(interjection)—

I think the Member probably is right. That money does not have to be borrowed or brought forward, because it has not been expended, and based on the agreement that is there between the federal and provincial agreement, because both parties are partners in this kind of an agreement to undertake certain things for approximately budgeted figures of so and so much. When you do not reach that figure, for example, if I do not expend the monies on my highways construction program, then the money lapses.

* (2150)

Mr. Mandrake: I understand what the Minister is saying. What I want to draw out of him is if that money lapses, does that, for example, there is a portion of that money, that \$138,000, is Manitoba's dollars and some of it must belong to Canada. No?

Mr. Albert Driedger: Mr. Chairman, that money is all Manitoba money.

Mr. Mandrake: All Manitoba money. Pass.

Mr. Plohan: Mr. Chairman, I just wanted to get some clarification here. Earlier the Minister said that the Canada-Manitoba Enabling Vote also held some money for the Churchill Agreement. Down below, we see that the Canada-Manitoba Enabling Vote has \$809,400 for the Transportation Development Agreement. It gives a total authorization as being \$1,349,000, but there is no indication there—I do not see it anywhere—that there is any money for the Canada-Manitoba Churchill Agreement in the Canada-Manitoba Enabling Vote, which is therefore contrary to what the Minister just told the committee. I would like the Minister to clarify that, because he did say there was additional money in the Canada-Manitoba Enabling Vote which we have to discuss later for the Churchill Agreement, and it seems that he was in error in that regard.

Mr. Albert Driedger: Mr. Chairman, my director indicates that was not an accurate statement, that there was no money left in the Canada-Manitoba Churchill Agreement. The funding that is left under the Enabling Vote is in the Canada-Manitoba Transportation Development Agreement which we will have to deal with later. There is not money left in the Churchill Agreement.

Mr. Plohan: I thank the Minister for that clarification, which clarifies this issue on the books that we have here. There is \$138,000.00. The Member mentioned there is a \$56,000 increase and so on; \$138,000 looks to be the total amount that was remaining to be spent of the Manitoba commitment on that agreement of the \$58 million that the provincial Government had

committed over five years to the Churchill Agreement. Is that correct?

Mr. Albert Driedger: I believe that is correct.

Mr. Plohman: How much of the federal funds were lapsed, and how much does the Minister expect to lapse in this \$138,000 in this particular line, and how much has the federal Government underspent, if any, on that agreement? Just for the final records on that agreement.

Mr. Albert Driedger: Mr. Chairman, we will have to try and check the precise figures, because they underspent to some degree in some areas. For example, they did not deal with the air terminal. They also have not totally completed the dust proofing of the building, but they overexpended in other areas. Staff will try and get the precise information exactly as to where we are at with the expenditures on that.

Mr. Plohman: Mr. Chairman, I would appreciate getting that. Could the Minister answer, insofar as the Other Expenditures, how much he expects to lapse here and what activities are taking place now to expend those dollars under the agreement?

Mr. Albert Driedger: Mr. Chairman, I am informed that it is basically administration and small activities like the launching of the tug, other little things.

I do not know whether there will be any money lapsed or not. Indications are there will be some money lapsed. We do not know exactly how much.

Mr. Plohman: Okay, Mr. Chairman, I am prepared to see this line pass with the proviso or information for the committee that the Member for Churchill wants to have an opportunity to speak on the Churchill agreement and he will probably do so under the Minister's Salary. So he just wanted the Minister to be aware of that.

Mr. Chairman: Shall the item pass—pass.

Item 5.(d) Canada-Manitoba Transportation Development Agreement: (1) Salaries \$24,000—the Member for Assiniboia.

Mr. Mandrake: Thank you very much, Mr. Chairman. Could the Minister explain to me the decrease of \$15,800 in that particular line?

Mr. Albert Driedger: It is a decrease of one SY.

Mr. Chairman: The Member for Dauphin.

Mr. Plohman: Yes, could the Minister indicate where the total \$1,349,000 is going to be spent?

An Honourable Member: We are on Salaries.

Mr. Plohman: Okay, Salaries, yes.

Mr. Chairman: Item 5.(d)(1) Salaries—pass.

Item 5.(d)(2) Other Expenditures \$515,600—the Member for Assiniboia.

Mr. Mandrake: Thank you very much, Mr. Chairman. On this line here we have \$137,000 extra being allocated to this line. Could the Minister please tell this committee as to where this money is going to be spent and in what manner?

Mr. Albert Driedger: It will be largely spent by the Transportation Advisory Committee on studies and projects.

Mr. Mandrake: I am sorry, Mr. Minister. Do you mean to tell me \$515,600 is going to be spent totally on studies?

Mr. Albert Driedger: Approximately \$240,000 of that money is for the Transport Institute at the University of Manitoba for the operation of the institute.

An Honourable Member: How much is that

Mr. Albert Driedger: Approximately \$240,000 for the operations of it.

Mr. Mandrake: Of the Transportation Institute?

Mr. Albert Driedger: Yes, at the University, which basically, I think the Member is aware, was built under joint funding from the federal and provincial Governments and their various arrangements in there. The agreement was that the province, at least at this stage of the game, was paying for the operations of that.

Mr. Plohman: Mr. Chairman, before we did that, I had asked, when I was on the wrong line, I was asking about Other Expenditures. During Salaries, I asked about the \$809,400.00. As well, we are dealing with \$1,349,000.00.

Could the Minister please give the critics a list of the projects that are going to be expended under that amount and why Manitoba is expending so much of it? Canada is going to give us \$146,000 back of the 515 under the Canada-Manitoba enabling vote. Is that 50/50? Does that mean that Canada will be giving us another 600,000 or 700,000 or 800,000 there back? Could the Minister clarify that?

Mr. Albert Driedger: Mr. Chairman, that 1.3 million is the total figure of the agreement, and that does not come forward to us until we show the need for it. We are following the same practice that, I am told, has been done previously under a previous administration. This is how the system works. I am not totally aware of how it works, but I rely on staff indicating that the process is an ongoing process that has been in place for a while.

* (2200)

Mr. Plohman: Could the Minister then just clarify for the committee whether I am correct in saying it is

projected now that the 809,400 will lapse? In other words, the agreement will be that much underspent.

Mr. Albert Driedger: I am told, Mr. Chairman, that that is probable.

Mr. Plohman: Okay, then for the next sitting could the Minister perhaps get us some information to confirm that, and also indicate what particular studies are under way for the \$515,000 that is being expended? We do not need that right now, but we could have it in the next sitting.

Mr. Albert Driedger: Mr. Chairman, I will give the Member the undertaking that we will take and give him a breakout of the projects, and I think there are some salaries and stuff like that involved so that he has a breakout as to the sums of money that is involved.

Mr. Chairman: Shall the item pass—pass.

Mr. Plohman: Yes, Mr. Chairman, and perhaps the Minister could indicate what staff are included in that as well.

Mr. Albert Driedger: Yes.

Mr. Chairman: Resolution No. 76: BE IT RESOLVED THAT it be granted to Her Majesty a sum not exceeding \$2,210,600 for Highways and Transportation, Transportation Policy and Research for the fiscal year ending the 31st day of March, 1990—pass.

An Honourable Member: Committee rise.

Mr. Chairman: Committee rise.

* (2000)

SUPPLY—AGRICULTURE

The Acting Chairman (Mr. Parker Burrell): I call this section of the Committee of Supply to order. We are on item 6.(c) Manitoba Natural Products Marketing Board—the Honourable Member for Interlake.

Mr. Bill Uruski (Interlake): Mr. Acting Chairman, I have just a few brief questions in this area. Can the Minister indicate to us the year's activity on milk quotas? - (interjection)- Sales.

Hon. Glen Findlay (Minister of Agriculture): The market clearing price for March—this is 1989—\$275.00. I will go month by month: 275; 272; 260; 227; 220; 225; and September of this year, 219.50. So it has trended down from 275 to around 220.

Total litres purchased in the seven-month period would be 22,174.

Mr. Uruski: Mr. Acting Chairman, in that agreement that the Minister signed there was a reduction in the percentage that would go to I believe existing small quota holders, or those holders under 300 litres, and there was reduction—or at least the percentage was

changed for the new entrants. Can the Minister indicate how each group fared as a result of those 22,000 litres?

Mr. Findlay: The checkoff was 15 percent of the quota; and there were a number of new producers who received quota was four; and the number of producers off the waiting list who received free allocations would have been 25; and the four each received 300 litres.

Mr. Uruski: Mr. Acting Chairman, there was considerable discussion with the Chicken Broiler Board on the question of unregistered production. Has that issue, in fact, been resolved or is there still movement, or at least desire, by the Chicken Broiler Marketing Board that unregistered production be lessened and it be curtailed in terms of the amount of production that an individual producer can raise and slaughter in registered facilities?

* (2010)

Mr. Findlay: Mr. Acting Chairman, the cutoff for producers is 1,000 birds. Under 1,000, you do not have to be a registered producer. The regulation that was put in, in 1985, is still in place with regard to delivery of those birds, under 1,000 to a registered plant.

Mr. Uruski: Mr. Acting Chairman, can the Minister indicate whether the issues in milk and British Columbia, and some of the issues dealing with Alberta, if I am not mistaken, on chickens, an opting out of the national plan, whether there has been some resolution in those areas in discussions at national council meetings?

Mr. Findlay: With regard to milk in British Columbia, apparently B.C. has struck a deal with the Canadian Dairy Commission, so they are in. We have not seen the details of whatever agreement was struck. To the best of our knowledge it does not affect the producers of Manitoba.

In regard to chickens, B.C. is out of the plan as of December 31; Alberta, who was never in the plan, I guess you could say they are waiting to see what develops in B.C. At this time we are not in the plan. I guess the producers by and large have the intention that they would like to join the plan, the Alberta producers, in the future.

Mr. Uruski: Mr. Acting Chairman, that issue with B.C. serving intention that it is going to opt out of the plan has always been one that has been most difficult for all participants in the system. That has generally been the argument of population requiring extra production. Growing population has been the criteria for increased production with very little, if any, cognizance for comparative advantage and cost of production.

Is this, with the new co-operation that is in place between Premiers and provinces about breaking down trade barriers, an issue that can be resolved as a result of the new co-operation that seems to be in place. Is this not one issue that really should not become the issue it is in this new-found co-operation?

Mr. Findlay: On the chicken issue with regard to B.C., it has really been a very difficult year for all the provinces

in dealing with B.C. They have been, to put it bluntly, relatively uncooperative in terms of their attitudes, their attendance at meetings, and their paying of levies. So right now there is not a very co-operative relationship between them and other provinces. Alberta is sitting there saying, no special deals for B.C., and B. C. is demanding some considerations that they want. Maybe they have a bottom line that they will accept, but it is not a very good relationship on chicken with B.C. at all.

Mr. Uruski: Mr. Acting Chairman, is it possible for B.C. to place order closures on commercial trade in chicken if in fact a -(interjection)- yes, not between other provinces.

Let us say Safeway which would have stores in British Columbia decided to get a good deal from Manitoba, for example. Is there any restriction, or can B.C. disallow the movement of chicken into that province by agreements, either by packer or retailer or a combination of both? Is that within their jurisdiction in terms of the trade question?

* (2020)

Mr. Findlay: I guess the basic answer to the question asked is no, they cannot restrict movement from the regulated area into the unregulated. The other way around, I am sorry. We can move product into there but they cannot move product back into the regulated area.

Mr. Uruski: Mr. Acting Chairman, since the cost of production really is part of the equation in this matter and that Manitoba, I would say in most instances, happens to be the lowest cost-producing province for most poultry provinces, there may be some differential in other areas depending how the national agency and the provinces report their cost of feed and cost of overhead, but generally speaking, Manitoba has historically been at the forefront.

Is there anything preventing Manitoba wholesalers and processors from becoming aggressive in that marketplace? I guess I have always threatened and I guess we are changing roles. I have made the statement to Ministers, primarily from British Columbia, who said there is a way of settling this although it is a heavy-handed way that I would not like to see that happen. But there is one way and that is bring in a few semitrailer loads of chicken every month into the province of British Columbia and basically mass-market it without being a lost leader, basically putting it on at cost.

I venture to say that one could fairly quickly resolve the impasse of the question of opting out of national agreements. Whether that approach has ever been explored between the Marketing Board Council and processors in not only Manitoba, I imagine Saskatchewan as well and even Alberta producers, I think, are probably looking at this whole question even though Alberta is out, I am not sure, to the extent that they are violating the terms of national agreement at the present time.

Mr. Findlay: I guess in theory what you raised is a possibility, but I guess what has happened over the

past period of time is that the cost of production in the various provinces has gotten closer and closer together, such that the spread in cost of production between Manitoba and B.C. is probably less than the cost of transporting it from here to there.

It might have been a few years ago, an opportunity, because transportation costs were less than the cost of production spread, now it would appear that it is probably more. If a guy was really efficient here and he could get a system set up and market it there, there is a possibility, but in reality the cost of transportation makes it very difficult.

Mr. Uruski: Mr. Acting Chairman, just in another vein, are all the marketing boards now at their annual meetings or in statements publishing salaries and expense accounts of all their directors?

Mr. Findlay: As the Member well knows, this is an issue that was dear to my heart many years ago in this process. The answer is yes. I have the publication here of all the boards and the various per diems and expenses and total salaries by the board for each agency. It is published for producers to see and respond as they see fit relative to the job they feel that their directors are doing. You did not want the figures at all, did you?

Mr. Uruski: Mr. Acting Chairman, provided that is made available to all the membership at each respective meeting, then I have no further questions unless my colleagues from the Liberal bench may have some in this area.

Mr. Allan Patterson (Radisson): Mr. Acting Chairman, I would like to ask the Minister, in view of the fact that the potato producers were something over two-thirds in favour of a marketing board some months ago, just what is the situation now with respect to a potato marketing board?

Mr. Findlay: I guess it is fair to say, for table stock potatoes we do have a marketing board, but I think what the Member is referring to is the processing potato producers. Some roughly 100 producers had made requests some many months ago to look at putting in place some mechanism of setting price prior to plant and the mechanism for handling surplus potatoes. They came to us, and I had discussion with them. Certainly there was a problem in communication and relations between the producers and at least one processor. A vote was held and some 68 percent of the producers voted in favour of a marketing structure or a pricing structure. I prefer not to call it a board, but a mechanism of setting up pricing committees to establish prior to plant contracts, and a method of having surplus potatoes over and above the contract.

To this point in time, they have met with the council at least two or three times, the different groups, and I have met with them myself as a group, all three sides, the two processors and the Keystone Vegetable Growers. I have also met with them individually and we are still in the process of discussing the problems that they have. I have repeatedly said to all sides that

there is no way I can negotiate for them or put in legislation or in guidelines or anything, good relations between the two participants in a contract discussion, nor should we put in place restrictive guidelines that favour one side over the other in a discussion setting price.

* (2030)

So at this point we are still in the process of back-and-forth discussions. I think we have at least reached a point that both sides understand there is a problem and that there needs to be some real attention paid by both sides to try to achieve a more amenable kind of relationship in terms of setting price. Setting prices is nothing new, we all do it every day. We negotiate continually. Like I say, when a farmer goes to negotiate on a tractor, he does not run for legislation. If he does not get the price that he wants, he just moves on to the next supplier. The potato producers say that, well, they are locked in. They have got one processor or another. I say the other option is you do not grow potatoes.

So there is some frustration there that has built up over the years, and we are trying to get, both processors and the farmers, to understand the limitations of anything we can do in a sort of a plan that we could put in place for them and get them to negotiate on a more rational basis. I say there have been many, many meetings on this and we are still pushing along. I say it is not all that different than settling the milk situation. We went through a lot of meetings and eventually we arrived at a consensus everyone could live with, and I hope we do the same on this one.

Mr. Uruski: Mr. Acting Chairman, I neglected to ask the number of appeals that our council has heard in the past year, of producer appeals and issues. Would the Minister have a breakdown of the type of appeals that were held and the disposition of those appeals?

Mr. Findlay: Yes, in total there were 13 appeals, four were granted and nine dismissed. In beef there were five appeals; two granted, three dismissed. In milk, five appeals; two granted, three dismissed. Eggs, two appeals; zero granted, both dismissed. In hatching eggs; one appeal, and it was dismissed. So there are really four commodities—beef, milk, eggs and hatching eggs—which counted for the 13 appeals.

Mr. Uruski: Mr. Acting Chairman, would the Minister have—I am assuming in terms of categories of appeals in beef would be against levies or pay-back requests by the Beef Commission or marketing levies or the like. Does the Minister have categorization of the type of appeals that council would have heard?

Mr. Findlay: Just an example on beef, there was one request to apply lower stabilization and premium rates on animals marketed. There were two appeals on request to terminate contracts on compassionate grounds, free of pay back of any outstanding monies owing; another request to refund penalties applied to cattle marketed in Saskatchewan; and a fifth one was a request to cancel invoice for premiums owing on

calves marketed within the marketing limits. So there were appeals all over the place.

Mr. Uruski: Mr. Acting Chairman, I was interested in the Minister's comments on the discussions that are presently under way between the parties in the potato vote, processing potatoes, where a clear majority of producers voted in favour of setting up some sort of pricing structure. They in fact do have the supply management contracts now, although they are not administered by any board. They are negotiated basically as producers, but I am assuming with a global contract based on the needs of processors.

Can the Minister indicate whether any other provinces are moving in or have moved in this direction in terms of setting up a pricing mechanism for processed potatoes. I know there was extensive discussion nationally about the setting up of a national supply management system. While we in principle supported the concept, we felt that before we would agree to setting it up at least—I am going from memory—that other provinces who wanted to go this route really had to do some further work in their own respective areas to make sure that their quota structure was in place and that there was a recognized system in place to be able to control, or at least know, who produces what and sells it to whom, so that any system that would be put into place in terms of supply management, the necessary controls were there. Some provinces like, I believe, Prince Edward Island did not have any of that mechanism in place. Where has that advanced and how do the discussions that the Minister is indirectly and directly involved in at the present time, relate to the national discussions that have been ongoing over the last few years?

Mr. Findlay: The first question, with regard to provision for pricing mechanisms for processing potatoes, really Ontario is only involved in terms of chipping potatoes, the only one in this country.

In Maine and Washington they have some degree of pricing mechanism in place for processing potatoes. With regard to the vote of the national marketing board, we are the only province that has a marketing board right now which is for table potatoes, not for the processing. There is still discussions going on through the Canadian Horticultural Council on the results of that vote. Right now there is no indication it is leading anywhere. Manitoba voted against it as a province. The overall vote in total was 72 percent yes for the national board, but the discussions still continue under the Canadian Horticultural Council. I have not heard anything on it really for some time.

Mr. Uruski: Can the Minister explain who participated in that vote, as he gave me just the results of 72 percent in favour? Who actually were the participants in the vote? Pardon me. Who were the voters, and how was it structured?

Mr. Findlay: Those who voted, or anybody who produced potatoes anywhere in the country, and the number of eligible producers to vote, was 200 in British Columbia, 132 in Manitoba, 340 in Ontario, 700 in

Quebec, 440 in New Brunswick, 39 in Nova Scotia, 610 in P.E.I. and 100 in Newfoundland. So it was roughly anywhere from 40 to 600 province by province and all producers who grow potatoes were eligible to vote.

I said the national average vote yes, was 72 percent in Manitoba, 17 percent voted yes. We were the only province to vote in the opposite to the national average.

* (2040)

Mr. Uruski: Mr. Acting Chairman, now there was also a vote held within our province on processed potatoes, where the Minister indicated producers voted over 60 percent in favour of setting up a structure. That vote was taken when, and can the Minister indicate what type of question was put to the producers?

Mr. Findlay: We are not exactly sure what the precise wording on the ballot was, but it was in general context, are you in favour of the proposal put forth by Keystone Vegetable Growers, which was for a mechanism to set up prior to plant contracts or have prior to plant contracts signed in the event that they are having surplus potatoes.

Just so you know the full results of the vote, there were 103 ballots mailed out; 85 returned; and of those that were returned 68 percent voted yes.

Mr. Uruski: Mr. Acting Chairman, given that vote, has Keystone come back with proposals and/or discussions with the processors in how to set up a mechanism—would the department, has the Minister given the department instructions to facilitate the working out of a plan in terms of price negotiation or price setting? I am assuming that it would not be, certainly price setting, it would be price negotiation with powers to set price after negotiations. How long has it been since the vote and what has occurred?

Mr. Findlay: The ballots had to be back in by February 9, so it was done in the very early part of this year and, what we are talking, what we have discussed as a potential plan has been back and forth and back and forth, and we are probably on third or fourth draft or something like that, and various versions of something, we could try to find a level of acceptance on both sides of the issue.

We are in the middle, we do not want to have one side appeased and the other very mad. We want to have an environment where we can have a growth in the potato processing industry, and have them grown and processed here, because there is no question that French fries produced of Manitoba potatoes have a very high quality known worldwide, particularly in the Japan market.

I think there are additional opportunities for expansion, but the realities of the competitive world have to be kept in mind. We cannot be in isolation here because we are in an export business, so I have sympathy to both sides of the issue.

I think we are getting steadily closer and closer, but I think the real problem has not been the issues it has

been the relationships, the personal relationships on both sides of the issue. I hope we are getting a better understanding there as we work our way through it.

Mr. Patterson: Pass.

The Acting Chairman (Mr. Burrell): Item 6.(c) Manitoba Natural Products Marketing Council: (1) Salaries—pass; item 6.(c) Manitoba Natural Products Marketing Council: (2) Other Expenditures—pass.

Now we will consider 6.(d) Milk Prices Review Commission—

An Honourable Member: Could you go to (h) Certification Agency, right now?

The Acting Chairman (Mr. Burrell): Is that agreeable with the committee to move to (h) Certification Agency? (Agreed) The Honourable Member for the Interlake.

Mr. Uruski: Mr. Acting Chairman, the expenditure here, I am assuming, is for some secretarial expenses and office expenses dealing with the appointed body that the Minister has in place for the certification agency for the representative of the Provincial Farm Organization.

Mr. Findlay: Yes, in addition to what you identified there would be per diems of the certification agency, plus any costs associated with any votes, that would be held to deal with either the General Farm Organization or a commodity group that applied to become recognized so they could obtain a checkoff for their commodity.

Mr. Uruski: Mr. Acting Chairman, was there more than one group applying for the provincial organization? If there was, can the Minister indicate how many and who they were that applied for general certification?

An Honourable Member: The General Farm Organization?

Mr. Uruski: Yes.

Mr. Findlay: In answer to the Member's question, there were two organizations that applied. Keystone Agriculture Producers applied on January 17, 1989, and anybody else who would apply for certification had to be incorporated. The second group, through a lengthy process of discussion back and forth, Manitoba Independent Agriculture Producers, filed an application but did not have their incorporation in place by the deadline of March 20. They were, in essence, two days late in getting their incorporation in place, which was required by the legislation, and they were told that at some time prior to that in the lengthy process of discussion with the council as they attempted to get their application in to the council in time but did not make the deadline.

* (2050)

Mr. Uruski: Mr. Acting Chairman, basically then, Keystone has been certified for a two-year period, and

they will be setting their by-laws that have to be approved by the agency as to setting up the procedure for collection and the like.

Mr. Findlay: In regard to by-laws, essentially they set their own by-laws and the only thing that was approved by the agency was the membership fee which was set at \$75.00.

With regard to the collection of fees, to the best of my knowledge they proceeded to get their mechanism set up with their purchasers. Every producer is aligned with some purchaser who will be identified as the purchaser who will check off for that producer. My understanding is a letter will be going out not too far down the road indicating to each person that he will be checked off at so and so, and then he has a period of time in which to respond to the negative if he does not want that checkoff to occur. Otherwise, it will kick into place. So I guess we would expect, before the end of the year, that process will have taken place identifying the purchaser and giving the farmer the right to opt out if he so chooses.

Mr. Uruski: Mr. Acting Chairman, can the Minister indicate whether there was a minimum, or whether the agency, or whether the council will in fact be setting what is the minimum requirement, or purchase the ceiling for a producer to be either eligible to become a member, or that they would not be involved in a deduction? That was in the legislation, and I believe that amount was set at, was it \$150.00?

Mr. Findlay: The figure set in the legislation has been \$500.00. I do not know what Keystone is using as the cutoff in determining who they will send the letter to as farmers, but away back when initially we were talking, they were figuring they would—500 is in the legislation, but they would pick a figure higher than that, maybe 2,000 or 2,500, something like that, and deem it inappropriate to ask for \$75 below a certain figure up in that category, but I do not know what figure they have selected for their cutoff. They may be using the 500, I am not sure, but still any producer that produces less than that has the right to pay 75 and be a member. The producer has the ultimate decision at any figure whether he wants to be a member or he does not want to be a member.

Mr. Uruski: Mr. Acting Chairman, the plan is a reverse onus situation. Is this an area that the Minister will be reviewing on an annual basis or is this an area that one should look to the agency to look at revising in terms of saying whether there should be a cutoff or just no cutoff, or no minimum amount. I mean \$500, you may as well say the first dollar of sale in terms of who actually is a producer and who is not at this stage. So, I am not sure that \$500 is any more or less realistic than, say, \$10 of sale. If someone wants to become a member they can become a member, but whether or not individuals should in fact be put on any list, say at \$5,000 or \$10,000, and that figure be reviewed on an annual basis, whether inflation should take its course in terms of seeking a base limit.

Is there some thinking going on? Is the Minister looking at this whole area? Although that is a question

specifically right within the legislation, it is one that certainly there are a number of options in dealing with that question, that in fact could be removed out of legislation and left to the certifying agency to even determine that in discussion with farmers and farm groups on a year to year basis.

Mr. Findlay: With regard to the \$500 minimum, I guess I would say that I am open to suggestions from the agency, from KAP, producers at large, on that element or any other element of legislation, and if there is reason to do some changes a year or two down the road, we will certainly entertain those suggestions from any direction. Really KAP is in place now—a year from now it will start into the process of recertification. I guess we will be interested to see how it goes, see what kind of opt-out occurs and how the organization performs in the eyes of the producers it was set up to serve.

Mr. Uruski: Mr. Acting Chairman, I understand a vote was held and that Part 2 of the Act dealing with I think the pulse growers held a vote and they have been certified to set up a deduction for promotion and marketing, I believe. Are there any other votes being contemplated and is that the first and only vote that is being discussed at the present time?

Mr. Findlay: No, that is the only application that has formally come forward, but there have been three other groups that have been involved in discussion with the secretary of the council with regard to mechanisms that they might have to follow. Whether one or all of them come forward with an application for certification remains to be seen, and really if you want the identification, okay.

Mr. Uruski: Mr. Acting Chairman, I am interested to find out how the pulse growers went about identifying those who produced the peas, beans and lentils, those three crops. Was it primarily through all the processing houses in the province and how many producers would have been involved in that vote?

* (2100)

Mr. Findlay: Eleven processors were requested to submit the names of the people that they had purchased pulse crops from over the last two years. As well as requesting names from the processors, a notice was put in farm newspapers to alert producers if they wanted to identify themselves as being eligible to vote that they could contact the council. Of the contact with the 11 processors, 1,531 names were identified as producers of pulse crops and they were mailed the balance.

Mr. Patterson: My honourable friend, the Member for Interlake (Mr. Uruski) has asked several specific questions, but I would just like to ask a general one in view of the fact that KAP has been certified. Just how does the Minister feel if the system has been operating to date? How satisfied are farmers with it and the department?

Mr. Findlay: I guess I would say the process has been relatively good. As I already identified they are in the

process of setting up their mechanism of obtaining their automatic checkoff which I would expect to be in place beginning in 1990.

As a farm lobby group they have been involved with various staff members on a wide variety of issues. I have brought their points of view forward and we have solicited the input from them as an organization. They have a variety of committees set up to deal with the different issues. I think they have been a very active, very busy group.

How they are interrelating with their producers back at the farm level, I guess we will find out when they go to their district meetings this fall and have their annual meeting, I believe, in early January. I have no negative feedback on the way they have operated as an organization in the eyes of the people they are representing. They get a lot of publicity in the farm papers on a variety of issues, federal and provincial. I think they have attempted by and large to attempt to be constructive critics in the various activities that occur or do not occur at the two levels of Government.

I think they have served a very valuable role and along with the other commodity groups and farm organizations that exist, they are just one more sounding board for activities that the Government looks at or the department looks at as to how we are doing in terms of serving the clients that we want to serve.

The Acting Chairman (Mr. Burrell): Will the items pass—item 6.(h) Certification Agency—pass; 6.(d) Milk Prices Review Commission.

Mr. Findlay: Mr. Acting Chairman, would you move to Item 8, because Neil Hamilton is here to deal with the Income Insurance.

The Acting Chairman (Mr. Burrell): Is it the will of the Committee to move to Item 8, Income Insurance Fund, oh, Resolution 8, I see. Is it the will of the Committee to move to Resolution 8, Income Insurance Fund? (Agreed)

Item 8.(a) Administration—the Honourable Member for Interlake.

Mr. Uruski: Mr. Acting Chairman, the Minister has indicated, I believe, that the office of the administration of the Income Insurance Fund will be situated in Portage la Prairie. Can the Minister indicate how many staff will be relocating, or will this be a new branch with new staff there? What is the composition of the administration?

Mr. Findlay: The total complement that we anticipate being in the tripartite unit will be ten staff. Right now they have recruited seven staff members; seven positions have been filled out of the ten. With regard to who filled the positions, none came from the Beef Commission, none from the department, but two are former employees of the Crop Insurance Corporation. The manager is Jim Lewis, formerly with Vicon in Portage. He was a comptroller there. The seven positions by category that have been filled, one was the manager, second, a supervisor, a clerk, three

processing clerks and a secretary. Three positions remain—two inspectors and one clerk.

Mr. Uruski: Mr. Acting Chairman, in terms of the supervisory group here, will this cause a reduction, for example, in staff in the beef commission or other areas within the department dealing with administration of the plans at the present time. Will there be people who are in the department now seconded to do other things, or what is the relationship since all the 10 positions that we have basically are new positions and new bodies in fact. How will that relate to those who are doing the work within the department at the present time?

Mr. Findlay: The Member asked questions with regard to two groups of staff. One is with regard to department staff that were doing the work in the early stages with regard to handling tripartite, and none of those staff have been reallocated out to Portage or are losing their job because these responsibilities are shifted out there, so the department stays status quo.

* (2110)

With regard to the people who were employed in the Beef Commission, the department made a concerted effort to place as many as wanted to be placed. A total of six were placed elsewhere in the department and two or three found jobs elsewhere. To the best of our knowledge there may only be one or two persons who have not found other employment at this time, who were with the Commission.

Mr. Uruski: Mr. Acting Chairman, is the Minister indicating that all the Beef Commission functions have now been or are in the process of winding down?

Mr. Findlay: Yes, there would be four staff still engaged in the activities of winding up the Beef Commission, trying to get all the accounts in good standing. Generally speaking, as I mentioned earlier this afternoon, somewhere between—it was up around 300, I think it is down closer to 200 accounts now that they are working on getting into good standing. Generally it is getting things sorted out as to what they owe the Commission. The marketing desk, of course, is operating out of the Winnipeg Livestock Yards at Rosser with John Kruzenga running the marketing desk.

Mr. Uruski: Mr. Acting Chairman, how quickly we change constituencies! -(interjection)- In terms of staff from the Beef Commission, the marketing arm, is that now left with just one individual basically handling all the calls and bookings through the commission? Is that basically now a one person operation?

Mr. Findlay: One person is running the desk out of an office in the Rosser, Manitoba, facility, John Kruzenga.

Mr. Uruski: Mr. Acting Chairman, in terms of those who have not been able to locate positions outside or within Government. Are most of those positions clerical or management positions out of the commission?

Mr. Findlay: One person would be the administrative assistant, another person a clerk, and we are not sure

about the third person who may, if they are still looking for a job, but it would be a second clerk.

Mr. Uruski: Mr. Acting Chairman, can the Minister indicate the status of the Beef Commission Fund in terms of collecting on the accounts at the present time, where is it at? A portion of it, of course, would have been earned and will be forgiven. What does it look like in terms of write-off? What is the process that the Government is going through in this whole area?

Mr. Findlay: The deficit that will have to be written off is in the vicinity of 16.5 million and, through the process of collecting on debts owed, there is about 1.5 million that is being pursued by the Beef Commission at this time.

Just to give you some idea of the number of contracts in various categories of forgiveness, there were 32 contracts with 50,000 or more forgiveness; 207 between 25,000 and 50,000; 669 between 10,000 and 25,000; 593 between 5,000 and 10,000; 1,868 between zero and 5,000; and 384 accounts that had a credit in them and that credit was returned to those producers. Roughly \$1,000 a producer would be the credit category.

Mr. Uruski: Mr. Acting Chairman, can the Minister indicate how many would have signed up under the federal plan at the present time, how many producers, contract holders, and is there a breakdown of the type of production units under that plan?

Mr. Findlay: The numbers that enrolled would be 1,300 in the cow-calf and 2,400 in the feeder-slaughter. Out of that total which would be 3,700, there were 900 producers that enrolled in both the cow-calf and the feeder-slaughter.

Mr. Uruski: Mr. Acting Chairman, if I am reading the Minister correctly, there has been a marked drop off in the number of cow-calf producers who have joined the federal plan. I find that a bit unfortunate in that I know a number of producers queried me about the federal plan, and I did indicate that the support in the plan was less for the cow-calf sector, given the nature of the agreement. I want to indicate to the Minister that I encouraged every producer to join the plan. While the plan may be deficient from a producer's perspective at the present time versus what they had, clearly if one was within the plan then what I would call political action could take place by the membership in those plans to work toward greater improvements.

* (2120)

I am disappointed, but I can understand with the market prices the way they have been in the last two years for calves running from 1.00 to 1.40 a calf, that the interest even in staying I am sure in the provincial plan, I would have to admit that there were people opting out rather than building credits. I want to indicate that I for one wanted producers to enroll in whatever plan there was so that some measure of protection could be there. It is unfortunate that the number of cow-calf producers decided to opt out, because there will be a period of time when in fact recognizing the

last 20 years in the cattle industry the cycles tend to occur very quickly when things start to bottom out in that industry.

Mr. Acting Chairman, I would like to know, and I will just leave the cattle side at the present time and ask the Minister, whether there is some movement dealing with weanling producers in the National Hog Plan. What are the discussions to date and what is occurring in that whole area because of the real change, especially for those producers who were selling weanlings to other producers who were not in national tripartite or did not have an agreement with those producers to share in either the premiums and the benefits. Many of those producers suffered some fairly substantial price losses over the last number of months. There certainly was a movement to try and get some recognition and participation in the national plan. I believe Ontario producers were involved and are involved in the national plan.

Mr. Findlay: There is no question that there are a number of weanling producers that got caught in the difficult situation because they did not have a contract with the people they were selling the weanlings to to share in premiums and then of course share in benefits. I also understand that over the course of time some of those so-called commitments that were supposed to be in place did not all work out. We have requested the Hog Board, through their weanling committee, to come forward with a recommendation and they have held discussions with staff and have gone back to their weanling producers to get a real understanding as to how many would apply if we were to open up that option for them, or to support them in that option request.

At this time, Ontario and Quebec both have an option for weanling producers to share in tripartite but at this point in time it is in the hands of the Hog Board Weanling Committee. They have been talking about it for a little period of time and we are waiting for them to make their decision as to which way they believe the issue should go.

Any weanling producers that have written to us, we have requested that they deal through the weanling committee of the Hog Board so that a unified position can be established.

Mr. Uruski: Mr. Acting Chairman, it appears that this process has yet some months to go, if I am reading the Minister correctly, before there is any resolution.

I neglected to ask the Minister under beef, Ontario held a vote in the last six months or so on beef marketing. Does the Minister have the results of that vote and the information that was on that vote? It dealt with marketing, whether that information has been made public and is it available or has it been made available to the department?

Mr. Findlay: Ontario did go through a vote and I think there were two questions asked in the referendum. The essential results of the referendum were that 77 percent of the livestock, or the cattle producers in Ontario, voted against setting up a marketing board. Essentially,

in reality the vote is almost exactly what the vote was here in Manitoba way back in the early '70s, 77 percent against.

Mr. Uruski: There has been a new agreement signed for onion producers under tripartite. There is no funding shown here. Can the Minister indicate how that will be handled and whether or not there is any need for funding for that plan and how many producers are enrolled in that plan?

Mr. Findlay: Mr. Acting Chairman, in answer to the Member's question, there are four producers signed up for the onion plan, only missing one commercial producer. The four would represent in excess of 80 percent of total production. The appropriation will be found within existing appropriations under Resolution 8, the Income Insurance Fund. Total premium that we will be paying on behalf of Government will be \$24,000.00.

Mr. Uruski: Could the Minister go down the list? We have been given the numbers under cattle, tripartite cattle. Can the Minister go down the list to sugar beets, beans, lambs and honey and provide us the statistics as to the numbers of producers that have been enrolled, and if the staff have the number of producers that would have been eligible to be enrolled had everyone participated?

Mr. Findlay: I can give the total number of participants and the percentage of production that number would represent for the total province. In the hog plan, 2,400 participants. It will represent 95 percent to 97 percent of the total hog production in the province; in sugar beets, 350 participants, 100 percent of the production; in beans, 140 producers, 95 percent to 97 percent of the production; in lamb, 120 producers, 55 percent of the production; in honey, 180 participants, 90 percent of the production. The cattle and onions we have already given.

* (2130)

Mr. Uruski: Mr. Acting Chairman, in any of these plans, was there a minimum requirement of production units to be able to join? I ask that in light of, for example, the special payment made to honey producers where there was 100 hive deductible. Is there any minimum amount of production that is required before a producer may join the plan?

Mr. Findlay: The answer is no, there are no minimums in any of the plans. There was maximums in the cattle plan but they have been removed, so at this time there are no minimums and no maximums in size of producing units.

Mr. Uruski: Mr. Acting Chairman, could the Minister provide me with the rationale for setting up a special plan for half-a-dozen producers in terms of onions, of tripartite? What was the rationale for setting up a plan for six producers in the Province of Manitoba who would market their produce through the Vegetable Marketing Board who would have a negotiating arm on their behalf

provincially? I would just like to understand the background of that.

Mr. Findlay: The initial agreement, Manitoba and Ontario enrolled, Quebec and B.C. are both looking at coming in under the late entry portion of the contract.

In regard to the reason why we went into the plan for onion producers, even though they have a marketing board to sort of establish their price, really these producers in Manitoba still have to compete with product coming into the province from wherever. So their ability to establish price, relative to cost of production, is still somewhat limited by the competitive price of incoming product. Really, in order to allow our producers to be on equal footing with producers in other provinces, like Ontario and Quebec, we felt it appropriate to protect them by enrolling them in the plan, and they are on an equal footing with their counterparts, particularly in Ontario, where the large onion production occurs.

Mr. Uruski: Mr. Acting Chairman, would onions have been covered under The Agricultural Stabilization Act, as was the case with beans and sugar beets previously, where the federal Government offloaded expenditures. Was that product covered under the Agricultural Stabilization Act?

Mr. Findlay: Yes, under the ASA there are two categories of designation. One is a name commodity where payments are made on a regular basis, but then there are the designated commodities where it is really an Order-in-Council decision, technically an ad hoc decision year by year, as to whether payments occur on various commodities, and onions were in that category of being a designated commodity. So there is no assurance and the producer has no assurance what conditions would trigger a payment from year to year.

The one thing about a tripartite plan, at least everybody knows the ground rules, how you establish a mechanism of triggering a price, and gives producers a greater degree of in-advance knowledge of what is going to go on with regard to premiums and price that they are going to receive, if a payout is triggered. So that is really the basis upon which the province has decided that tripartite stabilization was a better mechanism than the ad hoc process under ASA.

As I said to the Member on numerous other occasions, we had always heard about how ASA was such a great vehicle because producers did not have to pay premiums and they got payouts out of the public purse. Well, any time that I have heard Ministers from eastern Canada speak about ASA, they always want to have whatever programs we have in western Canada, particularly WGSA, which they feel is a much more structured program with much more predictability associated with it. So everybody in the west looked at ASA as a gift that eastern producers got, and the eastern producers looked at the programs of the west and said they are much better. So the grass is always greener on the other side of the fence.

Mr. Uruski: Mr. Acting Chairman, the grass is greener on the other side of the fence when the eastern Ministers

looked at the volume of the dollars involved, not so much I think at the premium structure. Can the Minister confirm that sugar beets were also not a name commodity under The Agricultural Stabilization Act, that it was by Order-in-Council, and yet sugar beet payments were made under the Act for the last several decades, since the passage of the Act.

The Act does contain a formula, not unsimilar to formulas established by negotiation for other commodities, whether it be onions or whatever the product. That formula is related to the cost of production and when market prices, over I believe it was either over the previous five-year period, I am going from memory as to what the formula was, but it was 90 or 95 percent of the cost of production related to the average of the previous five years of market prices that established whether or not the market price was below that average that was calculated, a payment was made. The Government in its wisdom decided whether they had enough money in the pot and whether a payment would be made and would utilize that Act.

I do not believe that the Minister can really state that the system was not a proven system, and he may be right in terms of the reluctance of Governments, from time to time, not to make any payments, but the process that was within the Act, if the Government wished to designate a commodity. The formula was well established as to what mechanisms would be used to establish the support price.

* (2140)

Mr. Findlay: I guess the Member knows full well the kind of history that probably occurred with the sugar beet industry. There were payouts over a number of years, over the last 30 years. I think 20 out of 29 years, there were payouts under ASA. But we got into the mid-'80s and in '83 and '84, there were no payouts. The producers I guess maybe got a little bit used to payouts and wondered why they were not happening according to the formula that was in place, that producers did not feel the formula was being followed. Again, even though a formula was in place, there was no necessity that the Order-in-Council that did or did not get put into place followed that formula. Then in '85 there was a federal-provincial \$10 payment which was a bit of a sharing of responsibility, I guess you might say, under heavy political pressure and then it was deemed by the producers that it was more desirable to get into a structured situation of the tripartite system and that is where they are at right now. Truly, probably there was a formula that was followed for many years, but it got into the '83-84-85 period that formula was not followed and the producers felt a high level of vulnerability and wanted the opportunity to pay premiums towards protecting themselves from the price fluctuations that occur in that industry.

Mr. Uruski: Mr. Acting Chairman, can the Minister indicate what other commodities have been supported under the ASA that are now being negotiated—or at least no further ASA payments will be made and are being negotiated for tripartite?

Mr. Findlay: In other provinces there are two commodities that have been identified by producers

who were covered by ASA who may want their provinces to enroll in tripartite for them. One is corn in Ontario and alfalfa in Alberta. To this point in time there has been no representation made to us to participate in any fashion in that regard in this province for either of those two commodities.

Mr. Uruski: Corn, I understand, was under the Agricultural Stabilization Act. Was alfalfa in Ontario and Alberta, or alfalfa itself, I am assuming for forage, not for seed, was it covered under the Agricultural Stabilization Act?

Mr. Findlay: Corn is the main commodity under ASA and all other commodities are designated or can be designated. Alfalfa would fall under the designated categories.

Do not forget that the corn producers are looking at being named under ASA versus potential benefits of being tripartite. They are evaluating the pros and cons of one versus the other, but being named under ASA is probably a little more secure than being designated. They are still looking at tripartite as maybe being in the long term the better protection mechanism for them. Also in corn, do not forget that there is a corn countervail that is in place to the tune of about 46 cents a bushel. That in itself is a bit of an underpinning to the price structure for corn right across the country.

Mr. Uruski: Mr. Acting Chairman, has alfalfa been designated by the federal Government in past years for payments, and for what type of alfalfa? When I say that, I mean seed or strictly forage.

Mr. Findlay: We are not aware that an ASA payment has ever been made on alfalfa, but you asked whether it was seed or forage. The Alberta interest is in the irrigation-produced forage alfalfa, particularly for feedlot use in Alberta. It is an intensified forage production that they are looking at, but forage.

Mr. Uruski: Mr. Acting Chairman, of the commodities that are shown under Item 13, beef was covered under The Agricultural Stabilization Act as an unnamed commodity. Those were new agreements. There really were no payments paid in the past. The question of lambs and honey, were either of those named commodities, or were they eligible to be designated, and if they were eligible to be designated, have they ever been designated on payments made for either of those two commodities?

Mr. Findlay: Both lamb and honey are designated commodities. In the past payments have been made in both commodities.

Mr. Uruski: Mr. Acting Chairman, so really the process of shifting, to some degree, the burden of cost by the federal Government has almost virtually been completed in terms of commodities. The only sector, and the largest sector, that has not been completed is the grain sector. This year the door was open in terms of the requirement of provincial Governments in

the west in cost sharing a portion of a special payment, but not as yet sharing in any future stabilization plans. Have there been any discussions at the federal level that this still continues to be part of the agenda of the federal Government?

Mr. Findlay: First with regard to WGSA itself, there has been no discussions that I have ever participated in, or our staff have participated in, with regard to any proposal of cost-sharing the Government premium payment on WGSA.

In addition to that as the Member well knows, there has been a lot of different safety net proposals that have been tossed around for discussion. The majority of the discussion has evolved around the mechanisms of how Grains 2,000 might function or some other safety net program that would be a sequel to or a follow up of WGSA. Certainly in the context, all kinds of potential contributions of premium payment have been discussed, whether it is tripartite or bipartite, or how the cost sharing might be split. That is only in the proposal stage.

* (2150)

Personally, I do not see much happening in the WGSA for a long time because it has a substantial deficit related to it and what not, but there has been no discussion on cost sharing of the Government payment of WGSA or offloading as the Member would call it in that respect.

The safety nets, the primary element of interest right now is could they work better than what we have now? Could they give producers more individual security than the present programs? In other words, net income based as opposed to production based which WGSA really is; those that have the production get the premium therefore get the payment; those that do not have the production, do not pay the premium, do not get the benefit. There is a lot of discussion still ongoing in the whole safety net area, and it will probably be ongoing in the national policy review for some period of time yet.

Mr. Uruski: Is there any discussion or work going on within the department presently on the changes that will occur with the increased import quotas that will occur under supply management in turkeys and chickens and the like where the percentage of imports will increase and the time frame for the removal of tariffs on processed product. What is the time frame for that opening up? Is that over the next 10 years and, if so, have the details of those changes been made known to the provinces?

Mr. Findlay: Yes, I guess technically this is a relatively complex kind of an issue, but there are additional quotas allocated to the further processed industry so that they can bring in I guess you might say slightly cheaper priced product to blend with domestic product that they acquire at the Canadian prices, so they can produce further processed product and be in the long term more price competitive with the competition they have to compete with.

There are opening quotas over the 10-year time frame, as the Member has indicated, for the further processed industry.

Mr. Uruski: Mr. Acting Chairman, is the Minister indicating that tripartite will be the avenue that will have to be in place for whether it be chicken, turkeys or, I am not sure about eggs or even dairy, in terms of the future, with the recent rulings and with the increased competition in the future, should that be required. Would that be the route the producers would have to go when they are faced with the increased competition of lower priced processed product?

Mr. Findlay: The question related to whether the supply of managed commodities would be eligible for tripartite. I do not see that happening, because if you look at the supply of managed commodities, the vast majority of their production will be in—the price will be established through the supply management mechanisms. Milk, you get the fluid milk price, you get the industrial milk price.

The change in quotas that he is referring to will not, in any substantial way, affect the total producer income as I see it, because they have their mechanism of being able to establish their price, I guess particularly fluid milk, strictly on a cost-of-production formula. I do not see the need for them to have any further price controls than that, at this point in time.

Mr. Uruski: Mr. Acting Chairman, part of the Free Trade Agreement is the opening up totally of free exchange of processed product in especially the poultry industry.

I am now speaking of one that—while raising concerns for his own industry I am potentially in a conflict position because our family does happen to hold a quota in turkey production.

I will just put the scenario for the Minister. The concern has been raised with me by a number of producers whereby, when the borders open clearly for processed product, and seeing the size of families as they are going down in size so that the consumer preference is moving towards smaller and smaller portions of, for example, turkey product or even chicken, it is further processed but not to the extent—the demand now for fresh product in a cut basis is growing, and that will not likely be impacted by the agreement because that would be subject to the quota restriction.

However, in processed product in terms of the pies, the rolls, the frankfurters and all the other commodities that are just on the what I would call the development edge in this country have been on the shelves in the U.S.A. for a number of years. They will have a leading edge or competitive edge over a developing or fledgling industry in this country, and that is the area that I think indirectly raises the concerns that I am raising with the Minister that will have an impact on the price of fresh product, depending on how much volume of the processed product comes through because that will open the borders totally.

Now, I must admit that at this point no one really knows and I received the answer that I would have

expected from the Minister saying, we do not see anything in the future. It is one that you will have to admit we will have to keep a very close watch on as to what develops in the industry and the impact of that on a) our processing industry, and b) on our producers, and of course the price-setting mechanisms that are in place at the present time.

In the poultry sector, the imports do play a role and have an impact on the prices that are set in this country. While cost of production is a major component of that, the imports as well do place a heavy reliance, or the cost of production relies as well on the import quota. So that there is a balancing trend that we are not going totally out of whack in terms of what we can put as cost of production in this country because they are impacted on the imports.

So this is the area that I am raising the concern with the Minister. I am asking that he and his staff keep a vigilant watch on this because it has occurred already to an indirect extent even, I have to say, prior to free trade in one commodity. I will relate the incident to the Minister and it may have been happening in the last year, and that relates to broiler chickens.

SuperValu or Superstores have a fairly large import quota that they have had for years of chickens into Canada. A number of years ago, Superstores decided to take their global quota for Canada and channel it totally through the Province of Manitoba. In other words, all the imports that they got in for Canada came into Manitoba. That placed an enormous pressure on our processing sector in the province and, in fact, there were very serious concerns at that time about one of our processors having to close his doors because the competition became so very keen, at that point in time, because of the lower priced product that they could bring in from the U.S.A.

* (2200)

That has happened, I want to admit without free trade, but the pressure will increase when it comes down to the total opening of the borders on processed product. That is the concern that I am raising with the Minister.

Mr. Findlay: Yes, what the Member alludes to is the fact that really our processors have to be competitive by and large with products that can come in here. There is no question.

I guess I had a very positive experience when I visited one of the processors to the east of the city, and they talked in terms of, well, you know, two years ago, three years ago, we said a 25-pound turkey, here it is Madam Consumer, take it or leave it. Lo and behold, they found

out the consumer said, we leave it. They realized then that they had to look at further processing. They wanted to buy thighs, or they wanted to buy a breast, or a roll, or whatever. Whatever the consumer wanted they thought as processors they had to put on the table or put on the retail shelf and, they have adjusted in that respect.

When we were out there visiting, there is considerable expansion going on in that processing plant because they had responded to what the consumer wanted. They admitted that they had maybe lived in a bit of a sheltered world and did not pay attention to what the consumer wanted. Now, because of more competitive pressures, they realized they had to respond to what the consumer wanted if they were going to survive as a processing plant. Obviously, looking at the activity level of what they are doing on the expansion side, they are doing very well.

The same processor, as you well know, is doing a very good level of business in southeast Asia because they produce a product that has a quality that they want in that market. They take a further processed product from here to Japan rather than the full burden of processing it there. I saw a success story there, both domestically and internationally, with the way that company has responded to opportunities that they saw. I think the competitive pressures are not all bad, they are good, but I can assure the Member that through the department we will do what we can to keep on top of the issue with regard to what is happening, and work with both the production and the processing side of the industry to be sure that Manitoba opportunities are maximized.

An Honourable Member: Pass.

The Acting Chairman (Mr. Burrell): The hour being 10 o'clock, what is the will of the committee? Do they want to pass these items?

8. Income Insurance Fund, 8.(a)—pass; 8.(b)—pass; 8.(c)—pass; 8.(d)—pass; 8.(e)—pass; 8.(f)—pass; 8.(g)—pass; 8.(h)—pass.

Resolution No. 13: RESOLVED that there be granted to Her Majesty a sum not exceeding \$10,773,500 for Agriculture, Income Insurance Fund, for the fiscal year ending the 31st day of March, 1990—pass.

Is it the will of the committee to rise? Committee rise.

The hour being 10 p.m., according to the Rules, this House is now adjourned and stands adjourned until tomorrow at 1:30 p.m. (Tuesday).