

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Thursday, September 18, 1969

MR. SPEAKER: Before we proceed with Orders of the Day for this evening I wish to apologize for an oversight on my part earlier this afternoon at which time we had three visitors of His Honour - or guests of His Honour Lieutenant-Governor who were visitors in our gallery. They were Lady Clay, widow of the late Sir Jeffrey Fletcher Clay. The late Sir Jeffrey Fletcher Clay during his lifetime served in various capacities - the Colonial Agriculture Service and later continued in the field of agriculture as advisor to the United Kingdom Secretary of State, and in connection with the latter function as member of various United Nations Agricultural delegations and missions. With her were Mr. Frank Hamilton, Board of Grain Commissioners of Winnipeg, and Mrs. Ethel Fraser, whose husband was on the council of the government of Kenya. Again, my apologies for any embarrassment that I may have caused anyone by this oversight.

The Honourable Minister of Finance. (Loud Applause).

MR. CHERNIACK: I don't know, Mr. Speaker, if this is in order to delay proceedings or to encourage me but I'll assume it is friendly encouragement. I hope you continue to be.

Mr. Speaker, this, my first budget speech will not follow the conventional form of such speeches. Traditionally this speech provides a documented review of the economic situation generally prevailing in the province, then gives a general overview of the province's financial condition and concludes with an assessment of the financial future.

The main reason for departure from the traditional mold is that the major part of what I'm presenting to you consists of the exact duplicate statement of estimated revenue presented to you just a few months ago by the previous government. This statement of revenues, all of the estimates of expenditure, and over 60 bills which had been introduced in the last Legislative Session were not approved prior to the dissolution of the Assembly.

This government announced that its first formal act of financial stewardship would be to ask for the approval of the estimates of expenditure and of revenue as they were presented by the prior government at the last session. In addition, we indicated that there were a restricted number of bills which we felt should be dealt with by the Legislative Assembly. We stated that in our opinion, since these estimates had received the full 80 hours of debate only a few months ago, it should not be necessary to spend considerable time in reviewing them or the bills which we are presenting to you in this session. We consider that these estimates now presented as they were introduced by the previous government are necessary to carry out the programs which we have inherited. It is essential that the financial affairs of the province should be put in order and that the new government should be put in a position to function in a proper fashion. We consider this to be a clean-up Session which is essential to free us for the important task of preparing our programs and estimates for the next Session at which time we will introduce a budget for which we will be truly responsible.

In the absence of a properly approved Budget, we have until now been forced to rely on the authority of Lieutenant-Governor's Special Warrants to finance the continuing functions of the provincial government. These Special Warrants have been used to cover normal operating requirements and to meet approximately one and one-half million dollars in special additional expenditures, including the election costs, not provided for in the former government's original main estimates. A complete summary statement of Warrants issued since the dissolution of the 28th Legislature is appended to and forms part of the Supplementary Estimates.

"Government by Special Warrant" should be utilized only when there is no reasonable opportunity to seek legislative consideration. This first Session of the 29th Legislature has thus been called as soon as possible after our government took office. In the interval no undue payment delays have occurred and the financial position of the province has not been weakened in any way in the transitional circumstances of the past few weeks. The main estimates have been filed with the House and are now being reviewed. In addition thereto I have filed Supplementary Estimates which indicate those special matters which this government felt it necessary to bring before you in order to carry out certain extensions of programs which this government feels are urgent.

The Party which forms the government which took office on July 15, 1969, has long insisted that government must play a much more active role in making it possible for every Manitoban to lead a useful, happy and productive life. To this end it is necessary to create a healthy environment which will provide the equality of opportunity for each individual

(MR. CHERNIACK cont'd.) Manitoban to fulfill himself in his role in society.

We have always stressed the fact that in providing for this equality of opportunity, there must be an equitable contribution to the costs of government based on the application of the principle of ability to pay. In all of the measures recommended by this Party we have recognized that money must be made available to support them. When we opposed the flat premium tax imposed for Medicare, we argued that the required funds should be raised by more equitable alternatives, and we are prepared to live by our own advice. We intend to utilize sources which produce revenue in a more equitable manner.

It is our intention to rely more heavily on income taxes in achieving this end and we propose to recommend that appropriate action be taken at this time. I will introduce at this Session a bill designed to increase both personal and corporate income tax rates to become effective next year. This will help to relate the provision of essential public services to a financial structure based upon the principle of ability to pay.

The bill to be introduced will recommend increasing the Manitoba personal income tax from 33% of the Federal basic tax to 39%. It will recommend increasing the Manitoba corporate income tax from 11% to 13% of corporate profits. These new proposals will mean that Manitoba will use the vehicle of progressive income tax in preference to less equitable tax forms to a greater extent than any other province in Canada.

Although there are recognized inadequacies in the existing income tax structure, we are nonetheless convinced that it is the most progressive form of taxation available at this time. To be properly evaluated, the effects of the proposed tax legislation should be set beside the effects of the recently considered legislation on Medicare premiums. The effect of the Medicare legislation was to reduce the premium tax of a married man by \$104.40 per year. An increase of 6% in the personal income surtax will mean the following increases for a married man with two children under 16 years of age:

Gross income	\$ 1,000,	increase	Nil
" "	2,000,	"	Nil
" "	3,000,	"	\$ 1.68 per annum
" "	4,000,	"	8.58 " "
" "	6,000,	"	27.66 " "
" "	8,000,	"	52.62 " "
" "	10,000,	"	81.96 " "
" "	12,000,	"	116.16 " "

It is readily seen that the greater equity lies in the new proposals.

I'd like to depart for a moment, Mr. Speaker, from my written speech to make some additional comments on the impact of these changes.

It is expected that the income tax increase will substantially take care of the Medicare premium reductions for the following fiscal year. A reasonable profile of income distribution in this province may be seen in the reports of the Department of National Revenue on tax returns. The latest report made public is for 1967, and I doubt that the situation has altered materially since that time. This report shows that in that year more than 43 percent of all Manitobans filing income tax returns indicated a total annual income of less than \$3,000.00. These figures are startling and they're depressing; particularly when one contemplates the fact that by any reasonable standard of measurement, people with these levels of income are living near or below the poverty line. Tax relief of the kind granted here is exceedingly important. While it is obvious that the greatest benefit of the new tax program will accrue to those who most need it, it should be noted that substantial relief is also provided for those above the poverty line but still with a modest income. A typical family head with an income of \$6,000 will gain almost 75 percent of the premium tax change, about \$75.00. If the same man's income is \$8,000 he will still gain almost 50 percent of the amount of the reduction, about \$50.00. Only when he earns \$11,348 will he equate, and beyond that exceed in increased income tax the amount he has saved by the reduction of medical health premiums. Now I return to my formal speech, Mr. Speaker.

While it has played no role whatsoever in the decision that has been made, the decision having been arrived at well before editorial speculation began, it is satisfying to note the fact that the two major daily newspapers of the province have anticipated the government's intention and commented favourably on it. One of these, indeed, faces the issue squarely, saying,

(MR. CHERNIACK cont'd.) "The most equitable way to raise the revenue required by the Medicare adjustment would be through income tax." And that is our position.

The question will be asked as to how during the present fiscal year we intend to meet the obligations which we have assumed. Current indications are that because of a substantially improved revenue position, we will be able to finance all of the expenditure proposals for the current year and balance the Budget for 1969-70. The Federal Government has informed us that the yield to the province from personal and corporation income taxes and from the Federal equalization payments, will be substantially in excess of the estimates which were given to the previous government at the time that the main estimates of revenue were prepared. Furthermore, I have been informed that even had the previous government's estate tax rebate bill been passed at the last Session, the revenues for this fiscal year from the provincial share of estate tax would not have been reduced appreciably. The provincial government receives its share of estate tax many months after the date when the estate becomes subject to taxation.

You will find, therefore, when you review the Supplementary Statement of Estimated Revenues for the current year that enough additional monies will be received from these sources to take care of the additional costs in the Supplementary Estimates which have already been submitted to you. Indeed, there would have been a surplus approximating the one predicted by the previous government for this fiscal year had we not recently been informed by the Federal Government that a recalculation of the equalization adjustments in the three fiscal years previous to this one revealed an indebtedness by Manitoba to the Federal Government of the order of \$5,700,000. I am informed that it will now be necessary to negotiate with the Federal Government next March concerning the terms of repayment of that sum. The actual amount owing is to be calculated in March 1970 and repayment will probably be scheduled over the following three year period. Since we are aware of this debt and its approximate size, it is proposed that the monies otherwise available for surplus should be made available to apply in part payment. For these reasons, I am presenting to you a fully balanced budget to the extent that there is neither a surplus nor a deficit.

We are satisfied that the measures we propose will meet the immediate financial needs of the province and establish a more satisfactory base for future program development. Beyond this point, we propose to explore a wider use of this ability-to-pay principle along with a correspondingly lesser use of flat rate or other less desirable forms of levy. This we will do with a full realization of the constitutional and the economic restrictions on this province. We will investigate all provincial sources of revenue with the purpose that the ultimate redistribution of the tax burden shall have particular regard to the equitable tax treatment of the less affluent people in Manitoba.

It is unfortunate that we are still awaiting the Federal Government's long awaited White Paper on Tax Reform. The many postponements and the promised releases of this White Paper have only served to frustrate and confuse the Canadian taxpayers. We now understand that the Federal White Paper will be published by the end of October and that the target date for the subsequent implementation of tax reforms is not until after the next fiscal year has commenced. We must express our grave concern over the delays that have occurred in acting on the recommendations of the Carter Royal Commission on Taxation. The New Democratic Party has supported many of the recommendations of this Commission since its report was released in 1966. We sincerely hope that in the long period since that date, the Federal Government has not lost sight of the validity of many of the Carter proposals.

In any event, this government intends to pursue actively taxation discussions with the Federal Government. We wish to include in these discussions the effective role of the Estate Tax and the problems posed by the forgiveness enactments of some of our sister provinces. In our discussions of the Estate Tax we intend to give particular attention to correction of the condition which exists all too often where, as in the case of the family farm or the small business, the corpus of the estate must be disposed of to provide the funds necessary to meet the tax liability. We also want to discuss in depth the possibilities of making the income tax formula more equitable and more effectively enforceable by plugging recognized holes in the income tax structure.

At an early point in this speech I made reference to the peculiar situation which faced this government when it took office. Its predecessor had not completed its work. The previous government saw fit to leave office without having secured the approval of this Assembly

(MR. CHERNIACK cont'd.) either for its program or for the necessary supply to carry out the program. This is surely a strange way to do the province's business. This Session has been necessary, almost wholly, to attend to matters which should have been disposed of previously - and would have been disposed of had the affairs of the province been in the hands of a group more concerned with government and less concerned with politics.

Time has not permitted the new government to frame the programs which will embody its philosophy and its intent. These must await subsequent Sessions of this Assembly. While we are not as yet prepared to submit specific program proposals, I do believe that we should now indicate clearly certain basic principles according to which we will develop our legislative programs for submission to this body.

Elsewhere in my remarks I have used the words "equality of opportunity". To this government this is more than a catch-phrase. We are gravely concerned that after a lengthy period of unprecedented economic expansion and material enrichment, there remain substantial numbers of individuals, and groups of individuals, within the provincial community who for one reason or another are barred from the abundance of good things this society has to offer. It may be that as individuals or groups they represent a minority of the population. The conscience of the community can rest no easier for this fact. The barriers that face these people are numerous - income levels, educational levels, geographic location, ethnic origin, and similar matters. But if these barriers are numerous, they are also crude. We hold firmly to the belief that a properly aroused community, acting intelligently and in concert, can remove these crude obstructions and open a new way to those who have previously known only disparity and discrimination.

A second and related principle is that it is most important that we should press forward with the development of an increasingly sound economic base from which to operate. We recognize that the realization of our social aspirations hinges in large measure upon our ability to make increasingly effective use of the wealth of resources, human and natural, with which this province is endowed. We are also aware of the fact that within the pattern of recent Canadian economic growth, Manitoba has not enjoyed its full share of the development. Considerable emphasis will be placed upon resource development and the creation of a sound infrastructure. By the latter I mean the provision of the basic services and facilities necessary to support economic development. These are the things which will make economic development a reality. We are satisfied that given sound policies and programs for the development of our basic resources and our infrastructure, capital will flow readily through many channels to realize the opportunities that are here. This aspect of our future, we face with great confidence.

As Minister of Finance I should add to all of this that while the government faces the challenges before it with a sense of confidence, it also intends to act with a full sense of financial responsibility. That we are fully aware of the realities of public expenditure programming should be amply evident from our first financial presentation to this Assembly. We are well aware of the fiscal limitations placed upon a province by its resource base and the constitutional limits within which it must operate.

We are also aware of the possibilities which can arise out of a practical co-operation between the two senior levels of government in matters of common concern. While it is our intention to maintain a co-operative attitude in the full range of Federal-Provincial discussions, we believe that we should declare a particular interest in the recent enactments of the Federal House having to do with regional economic expansion. It appears to us that this legislation has great potential for application to this province. It is our intention to proceed with the development of projects for which that legislation provides.

With these few remarks the government presents for your consideration and that of the people of Manitoba the main estimates of revenue as presented at the last Session together with our own supplementary estimates for the balance of this fiscal year.

Mr. Speaker, I move, seconded by the Attorney-General that Mr. Speaker do now leave the Chair and the House Resolve itself into Committee to Consider of Ways and Means for raising of the Supply to be granted to Her Majesty.

MR. SPEAKER presented the motion.

MR. WEIR: Mr. Speaker, . . . of debate but I wonder if the Minister would answer a question for me.

MR. CHERNIACK: I'd be willing to hear the question then decide.

MR. WEIR: Mr. Speaker, I'm wondering, there was no indication of what the anticipated revenues were of the increase in personal and the increase in corporate income for the year ending March 31st, '71. I wonder if it is possible to give those?

MR. CHERNIACK: You're talking about the next taxation year?

MR. WEIR: It's my understanding, Mr. Minister, that it doesn't come into effect until the beginning of the next year, so it would be the following year, March 31 . . .

MR. CHERNIACK: Well, yes, I can give you an estimate of what I've been informed by my department. That on the basis of an increase of six points in the personal income tax for one year, the revenue on the basis of last year - this current year - would be some 14-1/2 million dollars. If there is the same rate of growth it would rise to 20.7 million; an increase of two points in corporate income tax based on this fiscal year should be approximately about 5.4 million. If there is the same rate of growth as last year it should rise to about 8 million. These are of course approximate.

MR. WEIR: I'd like to thank the Minister, Mr. Speaker, and may I move, seconded by the Member for Riel that the debate be adjourned.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. SCHREYER: Mr. Speaker, since the Minister of Finance is tired I should like to act as House Leader and ask you, Sir, to call second reading on Bill No. 32. The adjournment standing in the name of the Honourable Member for Lakeside.

MR. SPEAKER: Adjourned debate on second reading, the proposed motion of the Honourable Minister of Finance. The Honourable Member for Lakeside.

MR. HARRY ENNS (Lakeside): Mr. Speaker, I adjourned the debate the other day on this Bill not so much for the reason of having any great further contribution to make to it. I understand the Minister indicated to us and from my memory of the Bill that this is essentially the Bill that was contemplated by the former government. I could not pass up the occasion, however, that this Bill presents, to remind the Honourable Minister, and indeed the government opposite, that usually while I accept the housecleaning aspects of the Bill and the Session generally, that here is an occasion where a Bill is being opened up for amendment, and while the priorities are not of my choosing but indeed of his colleague, the Honourable the Minister of Mines and Natural Resources, that one of the very first priorities of your government would be a very serious look at, and one would gather a review or revision of the royalty structures within our mining communities and mining associations. I just make that very small point at this particular time that the Minister has taken the time to bring a few housecleaning operations or amendments into the Bill, but obviously does not feel that the inequity of the present situation which he elaborated on with great skill and was identified very early on when he and his members opposite took over the government that this surely was one of the first things they were going to do is to get those big mining fellows to pay their share of the shot.

We heard very nice sounding words today about the ability-to-pay principle - and I'm not going to hold it up gentlemen. We're passing a bill right now, we're opening up The Mining Royalties Bill which is not going to change the royalty structure for INCO; it's not going to change the royalty structure for Hudson's Bay Mining and Smelting Company; it's not going to change the royalty structure for any mining corporation which was so often such a favorite target for the members opposite. I repeat the word once again that was the phrase, the single word that was used by what is now a responsible minister of the Crown, with respect to this royalty structure and the contribution of the Mining Association. The other session it was termed as being "peanuts" - the contribution of the Mining Association to the economy of this province was termed as being peanuts.

Now we have the Minister of Finance who just made a stirring speech, and I congratulate him for his speech, because I certainly can agree with many of the principles that he espoused, the ability to pay, among others. I suppose it's a question of defining that ability in some cases where we differ. But I couldn't help having the opportunity coming so immediately on the heels of this budget speech -- and I should point out to the Minister that I am standing here making this speech not because it is my priority but because it's a priority of the making of his own colleague, that indicated -- in fact, Mr. Chairman, I believe it was even before he was Minister, it was just when the Honourable First Minister indicated that he might become minister. I'm referring to the Honourable Minister of Mines and Natural Resources. It was a very public statement. I'm referring to the fact that he indicated that if he

(MR. ENNS cont'd.) should in fact become Minister of Mines and Natural Resources, that among the first things he would want to do was to restructure the royalty collections within this province.

Mr. Chairman, I think I have made my little point. I have no intention to delay the procedure of the bill. I could not pass up this occasion to put in my little contribution in this respect. Thank you.

MR. SPEAKER: Are you ready for the question? The Honourable Minister of Finance.

MR. CHERNIACK: I would like to thank the honourable member for his contribution. I can only assume encouragement on his part that we go ahead and do that which we said we wanted to do. I assure him that we are looking forward to an investigation of those very features of the mining industry's contribution to the growth of Manitoba, just as he outlined them. I can only hope that we will have his support, even in negotiations if he was willing to offer to participate in those negotiations, but certainly when and as we bring in estimates and measures to this House, that he will support us in that field.

Mr. Speaker that concludes the debate on this matter.

MR. SPEAKER put the question and after a voice vote declared the motion carried.

MR. SCHREYER: Mr. Speaker, I would like you, Sir, to call as the next item of business, second reading on Bill No. 34. That's assuming that the Honourable Member for Rhineland is ready, willing and able to proceed.

MR. FROESE: Mr. Speaker, I have not completed my examination. I would ask the indulgence of the House until tomorrow.

MR. SCHREYER: . . . Bill No. 30. An Act to Incorporate Brandon University Students Union, standing in the name of the Honourable the Member for Lakeside.

MR. ENNS: Mr. Speaker, the debate was adjourned in my name. I was not in the House at the time. Upon further examination of the Bill we have no further reason to delay the passage of the Bill.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, in closing the debate on this Bill I would like to thank the Honourable Minister of Finance for his interest in the debate and I would like to refer to one or two questions that he posed during his remarks on the bill. He has asked a question which I consider is a very good one at this point - that he wonders why the students at Brandon University are pursuing this method of achieving incorporation through the Legislature rather than that of the authority given by the Registrar of Companies. My understanding of this point is that the students, many of whom are under the age of 21, would under the Manitoba Companies Act be unable to serve as directors, so they feel that it is necessary to achieve their incorporation by this method in order that they may at their age act and serve as directors of the corporation.

The Minister was also interested in how it could be that the students of the University of Manitoba could operate a newspaper, publish a newspaper and do a number of other things that they were doing similar to the aims and objects of the University of Brandon students without having incorporation. I feel that this is possible but the students at Brandon were anxious to be incorporated in that they could borrow money and invest money and act as a trustee for the funds of the students over the years and perhaps to even engage in the building of student residences. They felt that to be incorporated it was important to achieve these objects and to give them a better ability in the money markets to pursue these aims.

I think these are the main points that were introduced by the Minister. I feel that when the Bill reaches the committee stage that there will be representatives there, both legal and from the university, to answer any further questions that might be posed at that time. Thank you.

MR. SPEAKER put the question and after a voice vote declared the motion carried.

MR. SCHREYER: Mr. Speaker, it's our hope now that we can proceed to Committee of Supply, and accordingly I move, seconded by the Honourable the Minister of Health and Social Services, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Elmwood in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: We are dealing with the Department of Agriculture. Resolution 6 (1) (a). The Honourable Member for Morris.

MR. WARNER H. JORGENSON (Morris): Mr. Chairman, the statement that was made by the Minister in the introduction of these estimates I think took all of us aback. Listening to the Minister in previous years one often wondered if he would ever run out of words in order to make a statement, and the brevity of the statement that he made tonight in the introduction of his estimates I'm sure must have been a surprise to everybody.

The Minister continues to say that they are our estimates. What he seems to have forgotten is the fact that this government took office on July 15th and from that day forward he has been responsible for what goes on and I think that they better become aware of that fact. I was somewhat intrigued by his comment of confidence in the personnel of his department and I wholeheartedly agree with the statement that the people that are in the department are competent, competent to give him the kind of advice that not so many months ago he refused to accept. And I'm sure that in the few months that he's had the opportunity of getting that kind of advice that his education has been improved considerably from the time that he used to sit on this side of the House and pour forth his exhortations on what the government should be doing, the answer to every conceivable problem that ever existed, and where a problem didn't exist he invented one so that he could find an answer for it, so when we here tonight listened to the Minister make that all too brief statement on policy I think many of us were somewhat dismayed that he did not let us in on some of the things that he intended to do, some of his attitudes, some of his philosophies towards agriculture, because I know that we can't go by the things that he said when he was on this side of the House. Obviously that's all gone by the board now. He's developing a new philosophy -- (Interjection) -- The First Minister should contain his soul in patience because I will be giving him, not advice but I will be giving him my views on the present situation and it's a serious one. I don't intend to continue on in this vein for the rest of my remarks. But I do think that the occasion has presented itself whereby a few comments of this nature have been warranted. And I'm sure that my honourable friend the Minister of Health and Welfare will agree with me. I know how envious he is of me and this side of the House because I know the relish with which he used to stand up in this House and lambast us and how much he enjoyed that. I know how terrible he feels sitting over there having to sit down and contain himself so often and for so long. He's muzzled. I know how he feels because I've been in that position myself. But I never thought that this muzzle would apply to the Minister of Agriculture. I didn't think it was possible to muzzle him. It was so interesting tonight to listen to this all too brief commentary on what has been going on in the department since he has taken over. But now, Mr. Chairman, enough of that.

I do want to deal in a serious way with the difficulties. I'm aware of the difficulties being one of those people who are engaged in agriculture production; I know that I have my share of problems as well as a good many other farmers. I don't think that you can deal with the problem of agriculture in a narrow sense. I doubt very much if it's possible to say well this is the situation as it exists in Manitoba without dealing with the entire problem of agriculture, indeed not only in Canada, but since its ramifications are felt throughout the world. I hope the Minister will forgive me if I stray abroad and talk somewhat of the international situation as it applies to agriculture because it does have a direct bearing on the difficulties that we face in this province and indeed in this country.

The problem as I see it today is a twofold one - the immediate situation, one that some measures have to be devised to deal with, the immediate cash problem of the farmers. The First Minister made some comments the other day, not in this House but elsewhere, to the effect that bartering may be a means whereby more of our agricultural produce could be disposed of.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I don't want to interrupt the Honourable Member for Morris but I must say that when I read that in the paper I was very surprised because I don't recall talking about barter. I don't even recall talking about the subject so therefore I don't know how I could be quoted as making reference to barter. It could have been. It's not that I wish to renounce what was said. It may have been said by a colleague or someone

(MR. SCHREYER cont'd.) in my office but it wasn't said by me.

MR. JORGENSON: Mr. Chairman, it just goes to show you how careful that these people have got to learn to be if they expect to get the proper interpretation of their remarks across. My honourable friend the Minister of Transportation should take this lesson to heart because he is one that has a tendency to run off somewhat at the mouth and then regret his comments later. I . . .

MR. SCHREYER: Perhaps we shouldn't argue the point. I don't disagree so much with the content of that particular remark but I want my honourable friend to accept the fact, and it is a fact that I did not make that statement. I'm very surprised, very puzzled really to know how it was attributed to me in the paper.

MR. JORGENSON: The First Minister has said that the remark was not made and I accept that. I'm not quarreling with that at all. I just couldn't resist the temptation to take a dig at my friend the Minister of Transportation, who leaves himself open to these attacks, suffering somewhat as he does from a severe case of foot in mouth disease.

But as I was saying before I was interrupted there, the problem is a twofold one. There is a problem of getting immediate cash into the hands of the farmers so that their purchasing power will not be lost to the growth and the development of the economy of this country. Now that is a real problem. Various measures have been sought. The Federal Government -- there has been statements made earlier this afternoon to the effect that the Federal Government to a large extent is responsible for agriculture policy and there is no quarrel with that statement. I believe this to be essentially true, although there perhaps are certain things that can be done within the province that can assist the Federal Government in the development of those policies and complementing agricultural policies; but the immediate program is one I think that is complementary to the long-range objectives and I over the years have become somewhat skeptical of the talk of planners that long-range programs in agriculture can be effective programs, because long-range -- (Interjection) -- Yes, we said it ourselves. I'm not denying that. We said it. I'm just saying that I've come to the conclusion that this kind of long-range planning may sound very well in theory but as many theories go they do not work out in practice. Almost invariably you find that your long-range plans are cast aside and rendered somewhat ineffective by the advances of technology. So no matter how much you may want and how sincere you may be in the development of programs to assist agriculture -- and I think that agriculture is perhaps more subject to this dictum than any other industry because you're dealing with so many variables -- that I've come to the conclusion that the best way of dealing with agricultural problems is to insure the degree of flexibility within the industry itself, the ability to shift production from one commodity to another, the ability to assist farmers in making those adjustments, and certainly cash assistance is very important. At this critical time the need to shift from wheat production seems to be so apparent that I hardly need mention it.

The Task Force on Agriculture has stated that some 10 million acres must be taken out of agriculture production. But as if to laugh at the task force the farmers did decrease wheat acreage this year by quite a number of million acres, and the result has been that the production has increased, which shows you that the objective of reducing acreages alone does not provide you with the kind of an answer that you want to the problem. In the world today if you want to compare it with the situation that existed in 1960, I doubt very much if the situation in terms of bushels of wheat that are in surplus, I doubt very much if the situation is as bad as it was in 1957 or 1958. At that time the total commercial market -- when I say commercial market I'm talking only of that quantity of wheat that moves in international markets from an exporting nation to an importing nation, not the volume that is produced and consumed in that particular nation. The total commercial market ten or twelve years ago was one billion bushels. The surplus at that time was two and a half billion bushels. What is the situation today? The total commercial market is two billion bushels, it's doubled itself in ten years; and all the predictions of the grain experts seem to be that that commercial market will be three billion bushels within the next ten years. The surplus is no more than it was in '57. The surplus is actually under two billion bushels. So in terms of the available markets as opposed to the surpluses that we have, the situation is not as serious as it was in 1957, and yet the cash situation on the farms itself is a great deal worse. I think that to a large extent the reason for this is because farmers have taken the advice of many of the experts who have repeatedly told them that they must develop themselves into larger, more economical units, that they must specialize their production and that the day of the mixed farm was now gone.

(MR. JORGENSEN cont'd.)

What is the situation? Today, I'm sure that anyone who has taken the trouble to examine the situation in the rural areas will find that the smaller farmer who has provided himself with some built-in diversity in his operation is the one that is surviving. He is the farmer who is capable of meeting the situation that we face today. My honourable friend the Minister mentioned earlier that he has set up a, I hesitate to call it a Task Force, but a committee to examine into the extent of the problem that does exist, and already they have found out something that most of us knew anyway, that the problem is not a universal one. In the areas where there is extensive livestock production, special crops, the situation is relatively good and so therefore no drastic measures are required to deal with that situation, so here's perhaps a hint to the Minister that the application, the universal application of a program will perhaps not do enough for some farmers who need help the most and will be helping a lot of people who really don't need any help at all. And so any program of assistance that is devised must ensure that kind of assistance that is required goes out to those who need that assistance, and whatever that form will take I have no way of knowing. The government, the honourable members opposite, are the ones that are going to have to deal with that problem. But I hope -- and I am somewhat disturbed at the Minister's comment when he said that the committee had done a preliminary survey and on the basis of that preliminary survey he was able to determine precisely what I have just related and that they are going to be able to develop a brief. Now surely, and I presume when he said they were going to develop a brief, I presume that what he meant was they are going to have something to present to Ottawa. Well, Mr. Chairman, I would have hoped that a man of his ability, a man who sat over here and had all the answers, as I said, to all the problems and answers to some of the problems that didn't even exist, one would have thought that some of the responsibility for finding answers to that problem would have rested with the government opposite. Yes, I'll permit that question now, Mr. . . .

MR. SCHREYER: Mr. Chairman, the question has to do with the matter which the honourable member has just touched on in passing, that is, if the honourable member would mind giving us his views as to whether he thinks it would be a good way to proceed for government at the provincial level, realizing the limitations that provincial government is under in trying to assist agriculture through a period of crisis, does the honourable member think it would be good policy for provincial government to encourage through one Crown agency, Crown lending agency or another, groups of farmers, either in a body cooperative or a body corporate, to enter into livestock production on a large scale so as to obtain the economy of scale of operation?

MR. JORGENSEN: Well you know, as they often say in politics, I'm awfully glad you asked that question, because it gives me the opportunity of moving on to something else, and I would be happy to deal with that. Of course I wholeheartedly agree with the First Minister's observation and I commend him for seeking advice, because I know that he has the problem to deal with, and the remark interests me because it seems to me that not too many years ago when the Manitoba Development Fund was under consideration - and I can't recall the year but the First Minister was in the House here at that time - I remember reading something of his remarks concerning Friendly Family Farms. Now here, Mr. Chairman, was an organization that was far ahead of any of us in their foresight because they recognized the situation that was developing and the need to develop something of that nature in the form of an agricultural organization in order to deal with the very thing that the First Minister has mentioned, and I won't recount to him some of his caustic comments on this side of the House in opposition to the Manitoba Development Fund lending Friendly Family Farms that money in order to start up that very kind of an organization. I am glad that he has been converted.

MR. SCHREYER: . . . the honourable member, since he's good enough to permit another question, does he not think that the comparison is quite invalid and irrelevant because Friendly Family Farms, as I understood it, was not a corporation composed of farmers owning shares in more or less equal amounts, but rather a corporation set up for food production, made up of shareholders some of whom were elephants and some of whom were chickens; some had 60 percent -- large blocks of shares, and the farmers in the district had a pittance in terms of equity.

MR. JORGENSEN: Well, I am not familiar with the distribution of the shares but I am familiar with the type of an organization and the intent of that organization . . .

MR. BARKMAN: They were all human beings.

MR. JORGENSEN: They were. My honourable friend from La Verendrye says they were all human beings, and whether they had a few shares or whether they had lots of shares, the fact was that they were all engaged in this operation in an effort to overcome the difficulty that we are faced with today, and there are going to be more of them. There are going to be more of these organizations developing, and I hope my honourable friends opposite are not going to become a barrier to that kind of development. I see a conflict already between the Minister of Agriculture and the First Minister who . . .

SOME MEMBERS: Oh no.

MR. JORGENSEN: . . . the Minister of Agriculture on this side of the House was vehement in his opposition to the development of large farms and corporate farms and the like. -- (Interjection) -- I am awfully glad to hear that because both of you, I presume, have become somewhat educated since you have assumed the reins of office. You are now beginning to learn something about the responsibilities of government. If you could only keep from putting your feet in your mouth and making statements that get you into trouble, I think perhaps there may be some hope for you.

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(MR. JORGENSEN cont'd.)

My honourable friend keeps detracting me. I rose here this evening with the intention of making a serious contribution to this debate and it seems to me that they are determined that I am going to be detracted. What it does, of course, Mr. Chairman, is it compels me to lose 10 minutes or so and makes it necessary for me perhaps to make another speech, perhaps some time later on in the debate, but I ask my friends opposite to consider very seriously, and it is within their competence to deal with, the question of the cost of money, that farmers will require to carry on and to amalgamate, to incorporate or to cooperate or whatever you want to call it. One of the barriers to that type of development today is the high cost of money. Provincial government does have within its competence the ability to pick up some of a cost through subsidization of that interest rate, and I think that this is one of the useful ways in which the government can contribute without - and I want to emphasize this - without interfering with the ability of any one particular group or any one particular farmer, the ability of that particular individual of making his own decisions. I don't think that you can force farmers into decisions that go against their better judgment. I think if anybody has ever had any experience with farmers they know that this is impossible, but once having made a decision, every effort should be made to assist them in achieving those goals that they hope to arrive at.

Now, I mentioned a while ago the market that was available for wheat, and unfortunately we -- I won't go into this, but I think my honourable friends know that the problem that arose with the International Grains arrangement was one that, to a large extent, was the making of the Government of Canada, and they, I think, should be held responsible for that particular phase of the problem. But what is even worse than that is that at the same time that this wheat market was slipping by us, there was a growing market for feed grains within the same period that I mentioned, from 1960 to 1969; the commercial market for feed grains has increased from 7 million bushels to 1700 million bushels - exports. That is the commercial market, the international movement of grain from exporting countries to importing countries.

MR. USKIW: Would the honourable member repeat the years in question?

MR. JORGENSEN: Approximately '57, '58 to 1960 or to -- no, to 1970, to now, 1969. That market has increased threefold from 700 million, or if you want to use tons I think it was 19 million tons to 42 million tons, and Canada has not shared in that market. Not a bit. It has been largely taken up by

MR. USKIW: Would my honourable friend submit to a question? The honourable member states that Canada has not shared in the expansion of the feed grain market. Is it not a fact that my honourable friend was then the Member of Parliament for, what was it? Provencher, and that his government was then the government of Canada, and a fact that they did nothing about the fact that we lost sales as a result of this?

MR. JORGENSEN: As I said, that market developed from 1957, '58, until today. -- (Interjection) -- Yes, but the bulk of that market developed within the last few years. There was a feed -- and we were selling feed grains. We were selling feed grains, and in addition to that, the bulk of the feed grain, in fact all of the feed grain that we were producing in this country was consumed in this country. There was no feed grains for export. We were exporting wheat and, as I may say so, we were doing a pretty good job of it. The difficulty, of course, is establishing the kinds, the variety of feed grains that will be competitive with corn from the United States which makes up the bulk of that market. For some reason or another I hesitate to blame anybody but our feed barley market, for example, is not much more than a by-product of the malting trade, and all the varieties of barley that have been developed have been developed for the malting trade and whatever you can qualify for that it was sold as feed barley. It seems to be obvious that if we are going to compete on the world markets for feed grain, then we have to develop the kind of barley that will be competitive with other feeds in other countries, and that means the developing of perhaps a lower quality but a higher yielding barley. And I can't help but be struck by the need in this instance to start to relate the agricultural production, or agricultural prosperity, not so much in dollars and cents per bushel, but more in income per acre; because I as a farmer could care less if I got 50 cents for my barley as long as I got a profit of X number of dollars per acre, and if I could sell it. This is the thing that's important. So if you can produce a barley that is competitive with feeds that go into the international markets, even if you have to take a lower price for it, your income per acre is just as good, if not better, and it seems to me that this is the sort of area in which our research people should be working.

A lot of talk has been made about the need for developing marketing research and I am not

(MR. JORGENSEN cont'd.) in opposition to that - I think that marketing research is important. But I recall in 1961, the then Minister of Agriculture at that time began to stress the - Mr. Hamilton - began to stress the need for us to move in - and this was at the FAO conference in Rome - to move in to some of the markets in Europe because of the possibility of a shift in consumption habits of people living in more affluent societies, and that the increase in protein content of their diets would make it possible for us to perhaps compete in those markets in selling beef, or even a finished food process product or feed grains.

MR. USKIW: Will the honourable member accept a question?

MR. JORGENSEN: Surely.

MR. USKIW: If this was the position of the then Minister of Agriculture, I wonder why, then, in Canada he advocated the increased production in wheat at the same time?

MR. JORGENSEN: There was nothing stopping him from advocating or in trying to encourage those countries in Europe from purchasing -- (Interjection) -- No one ever knows whether it is a stable market. Political predictions, as my honourable friend knows, are hazardous at any time, and I don't want to get involved into that sort of thing because we didn't know. We felt there was a potential, as there is a potential today, for moving protein food products into countries such as Japan, as there is a potential to doing the very same thing in Western Europe. The point is that the kind of research that is needed is, to a large extent, being done already by private industry, and the development of the Labatt-Ogilvie project here right in this province is a move in that direction - and I hope my honourable friends do nothing to stop that development because they will be doing a disservice to this province and particularly to the agricultural industry. But I don't think that one needs to stop there. I think that it's quite possible for government to assist in that kind of research in whatever way that they can be of assistance, and I hope that some effort is made to doing that very thing.

MR. CHAIRMAN: . . . the honourable member does not

MR. JORGENSEN: Well, there is no real problem here, Mr. Chairman, because you know I can speak as often as I choose, so don't worry about it. I'll close before the end of my 40 minutes. I just want to make one final comment in this regard and that is the recent publication of the Board of Grain Commissioners' report on the changing of grading regulations for wheat, and I think this is a very important report. I think that we have reached a stage where it becomes necessary for us to market our grain customer-oriented. I don't think that we can hide behind the value of selling No. 1 Northern any more. The customer wants a certain grade of wheat or certain mixture of wheat. The Board of Grain Commissioners' regulations should be flexible enough to permit the Wheat Board or the millers, whoever is going to be delivering that package, be able to give that customer precisely the prescription that he asks for, whether it be a high protein No. 1, or whether it be a mixture of several grades, and I think that here is one area in which we have lagged behind the world demand for a few years. But, more important, the Board of Grain Commissioners' report has indicated that the production of high protein wheat in Manitoba is not the kind of production that this province should be engaged in, with the exception of that southwestern corner where high protein wheat can be grown; lead one to believe that we should be thinking very seriously now of what forms of production we should be taking in order to take best advantage of our climatic conditions and the potential that exists right here in this province. And I hope that honourable members opposite have taken a close look at the TED Report because a good many of the observations that I have made here tonight are contained in that report, and a good many suggestions, and I think that notwithstanding the particular difficulty that we're faced with at the present time - and I am like the Minister, I'm optimistic about that; it's serious right now, admittedly, but I am confident that the government, with their feeling for farmers, although not many of them are farmers, I know the Minister of Health and Welfare is very sincere in his attempts to do something for the farmers and he'll be the stongest advocate for some form of assistance to the farmers - and apart from that present difficulty we face today, I hope and I honestly believe that the long-range future of agriculture in this province is a bright one, and we should be thinking about doing the things that are necessary now to ensure that successful future in agriculture.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Thank you. Mr. Chairman, I take this occasion to formally congratulate the Minister on the assumption of his portfolio. I know that he'll agree with me that he has an excellent group of fellows to work with in that department. Certainly I enjoyed the association with them during my tenure in that portfolio. And I, too, would like to open my few remarks

(MR. ENNS cont'd.) with those same remarks made by my colleague the Member for Morris in expressing an optimistic outlook for the future of agriculture. You know, the farmer is a born optimist and he's a man of enduring patience. Maybe it's partially because of the kind of work that he's involved in, which very often means travelling around and around and around the fields in ever smaller circles, as I was this morning - I was cutting hay. And that's why we have the patience to wait for that moment, which we know will come, when once again we will have a Conservative Government in the federal House of Commons, and indeed here in this Legislature, and we will resolve these problems. And, Mr. Chairman, I know that while it's not an item on the Minister's estimates, I'm sure that the members present in the House will agree with me that it's rather fitting that on this occasion, while we're discussing the Department of Agriculture's estimates, that great friend of the western farmer, none other than the Honourable John George Diefenbaker, is celebrating his birthday in our city and I think we should honour him with some commendation about it.

Now, Mr. Chairman, I'll not belabour the Honourable Minister with what he is so quick to point out aren't really his estimates. I really have a little difficulty with his response in this matter. If he wants to shy away from these estimates, you have the opportunity to change them, my friend. I know you had short opportunity to change them but if they were that disagreeable with you, by all means. In fact, I did believe on a few occasions it occurred to you to make a few changes. I want to indicate to the Honourable Minister who has assumed this most responsible portfolio in the government here in Manitoba, that in terms of improving on the batting average of past Ministers and past governments in this particular area, that he has a sizable job ahead of him, because when this government, a young Conservative government came in, within a very short period of time, within a span of a year or two, such major innovations as crop insurance, the Manitoba Agricultural Credit Corporation which put some 50 millions of dollars into the hands of the farmers in terms of long term credit needs, that introduced to a great extent the extension service as it now is, and it's a good extension service. -- (Interjection) -- Well now, the First Minister has reminded me about that word "emasculatation". Mr. Chairman. . . .

MR. CHAIRMAN: Let's not get into that again.

MR. ENNS: I will resist the opportunity to get into a further definition of that word as I did the other night, and in fact, Mr. Chairman, it's not my intention to dwell on these points because it's been said here in the House that I'm one who believes in that, that there is little gained in our pursuits here in this House in dwelling on the past; if we are going to help the industry that we are discussing tonight we should be looking to the future, and it's an area that has not been touched on by most of the members speaking today that concerns me most.

I asked earlier on in the Session a question of the First Minister as to who was the responsible Minister for the ARDA and FRED programs. He indicated to me that there was no change and so the assumption is, and I believe correct, that the Honourable Minister of Agriculture is that one and the same person. Now, Mr. Chairman, I'm concerned, because in the ARDA and FRED programs we have had to date what I would have to very seriously suggest to members opposite the first real breakthrough in terms of making modern government, with all its departments and all its complex budgetary problems and so forth, begin to work more effectively and more streamlined. If the Minister of Finance was here, I'm sure he would agree with me if he has had the time to check into the, for instance the FRED administration, the way the FRED program is administered in the Interlake; that this is perhaps the only sound and good example that we have in government today of a sound program budgeting effort which involves a number of departments and brings the abilities and the capacities of a number of departments to bear, with a goal of a total improvement, a comprehensive improvement, within a specified area. -- (Interjection) -- I'm very glad I like it because, Mr. Chairman, the First Minister once again leads me to remind members, all members in this House, that for some reason, for some reason our friends opposite, because of their infatuation with the word "social", that they have no monopoly on social programs, and I would hasten to assure -- and the First Minister knows it because he was, I believe, if not in this House, then in the federal House; that that program, the ARDA program, was introduced by none other than the gentleman I just referred to a little while ago, a Conservative Government in Ottawa, carried to a successful fruition by a Conservative Government here in Manitoba of which I was very fortunate and privileged to be a signature to, namely the \$85 million total of the Regional Development Program in the Interlake.

A MEMBER: You had to do

MR. ENNS: Never mind what we had to do. The fact is we did it. But what I'm concerned about from a government - and we heard it in the debates on the Throne Speech and others - that talks in very nice glowing terms about total people involvement, people programs, you like to refer to yourselves as the people's government, then let me remind you of this program in the Interlake. The other day the Honourable Minister of Tourism and Recreation was privileged to announce the development of the Hecla Park development. Well, Sir, that initiative didn't come from you, it didn't come from your predecessor, it didn't come from a Conservative Government, it didn't come from an NDP Government. It came as a result of prolonged discussions over two or three years involving the local people of the northeast Interlake in an area development board. And the whole essence of the Interlake program is built on that basis, because another group of people identified the need to clear some of their arable land and they needed some assistance, so programs were developed to enable that. And we have, in the short years that this program has run, cleared some 87,000 acres in this respect.

The same kind of an example could have been said about the fishing program at Hnaua which this government saw fit to pull out for special mention in the Throne Speech, and again I would have to say to the First Minister, it was not on the initiation of the Department of Mines and Natural Resources, it was not so much on the initiation of past governments, but it was a program that was brought about as a result of countless meetings at the local level, through the Regional Development Board meetings, which took a painstaking number of years to sort out these different areas of needs, and then the efforts of government co-operated with them in developing these programs. And, Mr. Chairman, we've been in this House now for the greater part of this Session, and this total program has somehow escaped the attention of the government to the point that none of the honourable members or Ministers opposite seem to have an appreciation of its importance, and it's important that we keep this up because this is a long-term program and unless there is a continued support for the program surely it will falter. There are difficulties right now in the thinking of some of the people that are currently involved in the program, in identifying themselves with these programs. They think these programs should have been done differently. They have difficulty right now in remembering that these programs were initiated by them in the first place. They now are beginning to, in some instances, think that well, this is just another program that's been foisted on us by the civil service or by a government. And it takes constant reminder and a constant effort on the part of those who are now responsible for the administration of that program, to keep this program active and alive. Far more important, Mr. Chairman, is that it is obviously, with some changes, a kind of program, an approach to government programs that is currently in tune with the thinking of the Honourable Mr. Marchand in the federal Government and, if we are to get our fair share of development dollars into this province, then we have to have ready our share of programs in this area.

I want to ask the Minister specifically what is being done in terms of re-negotiating a new ARDA agreement, or is it possible that ARDA agreements will not be forthcoming in the future? My understanding is that the current five-year program is running out on March of 1970. Has the government made any approaches to the federal authorities with respect to re-negotiating a further ARDA agreement that covers the total province? There has been a major review undertaken as called for in the agreement in the FRED Program, the Interlake. Has the government accepted the recommendations of this review? These are areas, Mr. Chairman, that not only the people of the Interlake but indeed it's in the interests of all Manitobans that, just as we are concerned about the development of all our peoples, it's everybody's concern, likewise it's a concern of all Manitobans that no single sector or region of our province should remain undeveloped or should be developed to a lesser extent than it can be if given the proper guidance and assistance.

Mr. Chairman, more important is the fact and the knowledge that I have that our provinces to the west of us, Alberta and Saskatchewan, are negotiating new agreements with the Federal Government, regional development agreements. This is not an unlimited fund and I suggest most sincerely to the Minister that unless he has a program, unless he has definitive policies to put before the Federal Government, we're not going to be in a position to enjoy the benefits of the monies that the Federal Government has made available for this kind of endeavour.

(MR. ENNS cont'd.)

So, Mr. Chairman, I'd like to hear the Minister reply to some of these queries. I'd like to hear from the Minister that he has more than just a passing interest in this phase of his department. I would not like to think that the capable administration -- and it's a very small administrative staff that's involved in this particular area of work. We have a most capable director in the person of Mr. Poyser. He has two or three assistants, and I doubt very much whether anybody on government's side or any of your colleagues can point out to a program that has less administrative overhead. You have a very small handful of people charged with the responsibility of running an \$85 million program, that are doing more to bring the efforts of all departments working in harmony rather than with the kind of inter-departmental jealousies that so often occur even under the best of circumstances, that have an opportunity -- (Interjection) -- Education is very much of it. After all, you know, it was again the identification on the part of the local people at the Outlook Conferences, whether they were in Teulon and Arborg - these go back to '62 and '63 and '64 - that said that we have to do something about the 165 one-room schools in the Interlake. We found out that we were ten, fifteen, twenty years behind the rest of the province in schools consolidation, and so \$28 million was earmarked for education in that over-all \$85 million program. And so the Boundaries Commission was sent in first into the Interlake, much to our agony at some times, because any rationalization, any sudden change is fought off to some extent, is resisted when you really seek to solve a problem rather than just pass it over or pacify it.

But I still suggest that it was in the over-all approach that the past government was able to, with federal assistance, accelerate a program, the development of that region, that would otherwise not be possible. It was possible for us to get the Federal Government to help pay for roads in the Interlake which, with all deference to my friend the Minister of Transportation, he's going to have one blazes of a time getting, if he just runs down there -- unparliamentary, I retract. If he just packs his bag and goes off to Ottawa and camps on the doorstep there looking for a handout to build a highway or to build a road, Ottawa will listen to him if it's part of a regional development program; if it's part of aiding, or if it's a necessary part of the infrastructure that will help the total development of that area, just as we received that help when we went down; but we had a program to offer them and that program was not easy in the making. It could only come with a great deal of painstaking attention to detail. It took two or three years to get some degree of local support behind the program. It took two or three years to develop the program on the part of our senior civil servants once they had the guidelines or the directions set out for them.

Mr. Chairman, it's in this area that I think that the government has not indicated in any way, either that they are fully appreciative of this aspect of your department, or whether or not you intend to pursue this kind of a policy in an active manner. I think it calls for the remark that I must express some disappointment, because I would suspect, I would suspect that a reactionary conservative shouldn't have to be the one to lecture you on this particular subject, that among the programs that you have, among the programs that you have, that we left you, this is one of the first ones that you would have embellished on, and would have drawn to the forefront and to the attention of the public and to us here in the House. I find now that it's getting to that stage of the game where the House Leader is introducing speed-up resolutions; that the First Minister is hoping that the estimates will pass in good and short order, and I share that hope with him, but I had to, and I would at this time make my remarks about this very important area that concerns me.

Mr. Chairman, it is always a pleasure to give my views on emasculation and other subjects, but I make these remarks with perhaps more sincerity than the House is willing to accord to me on some occasions, because there is a very dangerous element in this program if it is left to slide. We went through the painstaking efforts of going to the people, of setting up -- (Interjection) -- Mr. Chairman, they are not giving me a chance when I'm being serious. We went to the people in '62 and '63 because we had a Minister of Agriculture at that time in this province who - we were very fortunate in having that Minister of Agriculture in this province at that time, a very forceful person, with a social conscience, and we developed first of all the motivation on the part of people that were in many instances hard to motivate, to come together voluntarily in groups to join and make up 10 or 12 different area development boards. These were citizens serving without pay, without recompense, coming together once a week, once a month, sitting down with experts in the various fields of government service and laboriously and painstakingly working out programs that they felt would be of assistance

(MR. ENNS cont'd.) in improving the area that they were most involved with, namely their own area.

Now, unless there is some continuing interest shown on the part of the senior governments that have launched these programs, these people lose heart; the programs are set into motion and they lose interest because they are not always involved in the actual business of operating the programs of course, and in that state of affairs the program can lose its sense of direction and its achievement of its goals. And let me say, it was our intention while we were in government that this program that was entered into in the Interlake, was always considered by us to be one of a pilot nature; if successful should be broadened to include other areas of the province that require this program, or indeed the whole province to some extent, modified of course in those areas where the problems were not the same as the ones that were identified in the Interlake. We in fact did move to some areas where we moved parts of the programs to include the West Lake area in the constituency of Ste. Rose. I think there is a need for this program in the southeast portion of the province. There is need of this program or of the kind of a program in the northwest portion of this province. Indeed there is a need for a program of similar nature in tackling our whole problems in the north, and it's in only this way that we will find the Federal Government willing and able to come to our assistance with the hard dollars that we are going to need if we are going to make any meaningful progress in this area. I am not suggesting that if we don't get into these programs that things won't be done. Sure they will be done. The whole feature of this program is that we can do it with some acceleration and with a little better use of our own resources, a little better use of our own technical and expert staff, a little better use of our own dollars and cents that we put into these various programs.

Now Mr. Chairman, I assume that the Minister of Agriculture will give us the benefit of his thinking. Certainly I'll be very interested. I know that the people who have worked so diligently and so hard on the very many aspects of the program in the Interlake, current members of the area development boards, will be interested in any remarks that he has to make with respect to these programs. Thank you, Mr. Chairman.

MR. WATT: Mr. Chairman, I just want to direct a question - I don't wish to speak again - if I could direct a question to the Minister before he starts answering questions.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. WATT: Tonight, Mr. Chairman, I have listened to the astonishing charge made by the Minister of Agriculture over a TV station, that the Federal Government had deliberately restricted or dragged its feet insofar as selling western grain as a means of suppressing inflation in Western Canada. I am wondering if he has anything to really concretely back this statement up. The Right Honourable John Diefenbaker, who spoke immediately after, said that the charge was ridiculous. I wonder if the Minister would comment on his statement.

MR. USKIW: I don't know whether my honourable friend needs a hearing aid or not.

MR. WATT: Mr. Chairman, I point out to the honourable member that I heard him perfectly clearly and so did the Right Honourable John Diefenbaker, because he commented immediately afterwards.

MR. USKIW: Mr. Chairman, for the benefit of my honourable friend I may point out that I expressed concern whether or not the western economy was being neglected for the sole purpose of controlling inflation and dampening the economy, and that's as far as my statement went. But nevertheless, Mr. Chairman, I have a very happy announcement for the members of the House. Today, in the province of Ontario, which is Tory country, there was a by-election in Middlesex South and I assume that you would be interested to know the results of that election. It has been announced that the Conservatives and the Liberals have conceded the election to the New Democratic Party and it's a seat in which we were third the last time around. -- (Interjection) -- That's old history.

MR. CHAIRMAN: Would the Minister proceed?

MR. USKIW: Mr. Chairman, it was not my intention to prevent others from speaking at this time. I just wanted to take the opportunity to make that announcement. Now if there are others who wish to speak, I certainly won't proceed at this time.

MR. F. JOHNSTON (Sturgeon Creek): Thank you, Mr. Chairman. I would like to also congratulate the Minister for his portfolio, Minister of Agriculture, and he may think it strange that a member from the city is standing to speak on agriculture. Well, I don't intend to say that I'm an expert on agriculture because I'm not, but I have listened with interest to the many people that have spoken on agriculture and they have outlined the serious problems that

(MR. F. JOHNSTON cont'd.) are in the province of Manitoba today, and I would only like to say that the serious problem is not only in the country but the condition that the agricultural industry is in, in the Province of Manitoba today, reflects very greatly on the people who live in the cities, and especially the city of Winnipeg.

The Honourable Member from La Verendrye mentioned today that farmers were having to purchase things. They still have to buy fertilizer, they still have to buy parts, they still have to purchase all of the things that they use on a farm. In the farm towns there are houses to be built, many things to be bought to build those houses, in different industries. In the industry that I work in, and when I'm travelling around during the day, calling on people, talking with salesmen who travel through the country parts of Manitoba, they tell me it's dead. It isn't even worth going out to make the calls because there's no business, and the only result that that can effect in the city of Winnipeg is less people working in time. I know you all realize, as I said, the importance of agriculture to the Province of Manitoba. The Minister has continually said, and the government has said, the First Minister has said, that the selling of wheat is mainly the responsibility of the Federal Government, and I will agree with that; but he has also stated any time that he's had questions asked of him, that he would like to get down to doing the business and getting his policy ready. Now we are not in a situation where we can wait for new policies at the present time. We are in a situation of almost emergency, and the Minister continually refuses to answer questions of men who have been in agriculture for a long time and have a lot of experience.

Now I think the time is coming when we have got to have some answers. We've got an emergency right now and this House has to look at it. This government at the present time has to look at it. We don't want to get in the situation of an area like Regina, and if any of you have been there in the past while you will find that because of agriculture, which is more important to Regina than it is to Winnipeg, it's in a very bad state. We've seen towns like Moose Jaw almost close up, and Winnipeg is not so big that we can get along without the agricultural industry at the present time.

So I would like to suggest to the Minister that you don't leave a person when they are drowning. You don't walk away and say, "We'll do something about it later," or "We'll figure out a policy." I suggest that we should get down to business and do something at the present time; at least keep fighting for the benefit of the farmer of Manitoba and the people of Manitoba.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I had not planned to take part in the debate at this time but maybe I should make a few general comments. I already participated in debating the estimates on the Agriculture Department earlier in the year and made my contribution at that time. However, since there are a number of new members in the House, I think it wouldn't hurt to mention one particular matter that I have brought to the attention of members before. It's not new, but I feel it's very important, and I feel that since we have a new government whether they would not tackle this matter - and that has to do with the matter of inland storage. I feel that this is something that is within our realms that we can do. This is the only thing that we can do as far as marketing wheat in Manitoba, and since Manitoba is a prairie province with the smallest production of wheat in Canada, that we should make every effort in this direction to do something for the farmer of Manitoba.

Our production of wheat is roughly 90 million bushels a year and, if we looked after the matter of providing inland storage as a government effort, this would certainly mean that the farmers would have to spend that much less on their own for storage facilities which, in a year like this when you have a fair crop and yet have very little means with which to provide the storage facilities, and in most cases this requires cash or has to be paid before long, at least before the year end, that this is quite a serious matter for the farmer.

But then the main reason for bringing this about, in my opinion, has always been the point that we would provide so much more prosperity for the farmers of this province, that he would then be able to deliver his crop in a given crop year and would receive settlement for that and so he would be in a position to pay his bills; we would have that much more money in circulation and we are always told, before a given dollar of credit gets to its ultimate end it's provided the velocity of 2 1/2 times its value, and therefore, when we are speaking of 100 million bushels of wheat at \$1.50, that's \$150,000,000, multiply that by 2 1/2 times, you can see the large amount that we are actually speaking of in turnover that it does create. As I have pointed out, this would not be so costly that we cannot tackle it; certainly when we think

(MR. FROESE cont'd.) now of the price reduction in wheat that we've had during this last year, that just the reduction in price would have been sufficient to pay for this whole program, in my opinion. A hundred million bushels at 20 or 25 cent reduction, that's already \$25 million and I figure that this would have paid for the program in itself. In addition, these facilities would then be owned by the government and they could be of such a type that they could later on be used in the various centers for recreational purposes.

When I speak of storage facilities, I speak of probably erecting structures that would provide arenas, skating arenas later on - bigger buildings of this nature that could be used for other purposes later on. We have the elevators in the various towns. You could weigh your grain and load it in cars later on through those elevators. We could use those elevators at the same time. And all we need to do is then work out arrangements with the Canadian Wheat Board whereby they would take this on account and it would be added to the inventory of the Canadian Wheat Board and we would have satisfied the farmer, we would be providing greater prosperity for the farmer of Manitoba, and we would really have accomplished something - and certainly this is within our means.

The selling of grain, exporting and so on, is the prerogative of the Federal Government and the Canadian Wheat Board at the present time. This is a matter that is not within our realm but certainly the matter of providing storage facilities and then that the farmer could deliver his crop, certainly this is within our means and I'm sure that the program wouldn't be that expensive that this couldn't be done. And I certainly would recommend to the government that they give serious thought to this and act on it as soon as possible because, had we done this a year ago or so, had the previous government tackled it, it would already have paid for itself and we would have much greater prosperity in this province. People would then have the means wherewith to pay their bills. Not only that, they would have money on their hands to invest and to provide development, create jobs and likewise do many other things. So that I do hope that the government gives consideration to this matter during the next couple of months or in the future before our next session, so that we will see something develop.

Mr. Chairman, there are many other things that I could dwell on tonight but I feel that I'd like to give the Minister a few minutes to reply, so that I will be speaking further on this on a future occasion.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, the Honourable Member for Arthur pointed out that there are certain specific areas in which we have our problems and I think I have recognized those in answers to questions that have been put before me on a number of occasions and indeed this afternoon. The research that we have been able to do so far well establishes the fact that we do have a problem in the grain area and I don't think we have to overly convince anyone. I think we're all convinced of this. It's a question of what has to be done to cope with the problem.

The Honourable Member for Arthur questioned what was being done in the area of market research, and no doubt he's reflecting some of the suggestions which I made in this House for the last three years and indeed it's a very good suggestion. I have never departed from that idea. I would hope that, in the course of my re-structuring of my department, that we as a province will do as much as is provincially possible to provide for a market research branch within the Department of Agriculture. But I want you to appreciate the fact that we are not in a position of making major revolutionary changes at this time because we are indeed dealing with estimates and budgets which were indeed prepared by the previous administration, so it's utter nonsense to demand that all the things that were said by our group when we were in opposition, that they should be forthcoming at this early stage. I think it's absolute nonsense and my honourable friends opposite know that it is. Perhaps they're hoping -- they're hoping for the ignorance of people not to know the difference, but I'm sure that most people in Manitoba recognize the fact that we are not going to make these vast changes overnight; it takes some doing; it takes some developing; and that when we bring in our program we will embody in that program the kind of changes that we have been asking for for a number of years.

With respect to the conference in New Brunswick, the Honourable Member for Arthur pointed out that we didn't deal with the question of the prairie grain problem, and he's quite right, other than the indirect way in which I approached the Minister of Agriculture at that conference. That conference, as my honourable friend ought to know if he doesn't know, is designed to deal with national problems in agriculture, problems which affect every province. It is not an area where regional situations are discussed, and the agenda was full of national problems wherein all the provinces were participating in discussions and trying to come up

(MR. USKIW cont'd.) with some sort of solutions to. So I can't accept the fact that that was a forum in which we may have arrived at some decision on the critical area of the grain situation on the prairies, other than to say that I used that opportunity to have discussions with the Minister of Agriculture of Canada and that hopefully, with a follow-up, we may be able to get some benefit from those discussions.

As far as agricultural credit is concerned, the former Minister has outlined to me that the present policy is not effective, and I agree that it isn't. I simply want to remind my honourable friend that when he proposed the changes which brought into effect the present agricultural credit system, I was one of those that questioned those changes very strongly and I can only point to him now and say, "I told you so." But changes will be made. I anticipate that you will be asked to approve changes in credit legislation before very long, and you will have an opportunity to then debate the pros and cons of what we consider to be our program in that direction, the direction of credit for the development of agriculture in Manitoba.

I may point out to my honourable friends opposite that the changes that we will bring about are going to be very meaningful to the area that is indeed finding itself in a great deal of difficulty at the present time. It is my opinion, or position at this time, that we will be very directional in approach no matter what program we are going to launch from here on, whether it be during this particular session or whether it will be in future sessions of this government. So, for the benefit of honourable members opposite, I want to say that I don't believe in the concept of flat system or formula that applies to all and sundry, but one which is very directional and which is going to attack the problem where the problem is, and we will reveal that particular policy in due course.

As far as the two-price policy is concerned, I don't think I have to apologize to anyone for adopting that position because it is still a very meaningful policy. I may not agree with the extent of the two-price system that we have under the present government at Ottawa, but indeed it is a policy that I am prepared to support because I recognize, even with the limited two-price system that we have today, that we are going to receive a few million dollars more than we would without it if we were to allow the international marketplace to dictate the prices for our grains on the domestic market. To the extent that the domestic consumption is looked after in terms of a higher price to the producer, I think it is a commendable position. My position mainly is that it ought to be broadened and we certainly are not apologizing for endorsing a two-price system on wheat.

MR. PAULLEY: Mr. Chairman, I think this would be a convenient time to move that the Committee rise.

MR. CHAIRMAN: Committee rise. Call in the Speaker. Mr. Speaker, the Committee of Supply has considered a certain resolution, has directed me to report same and begs leave to sit again.

IN SESSION

MR. RUSSELL DOERN (Elmwood): Mr. Speaker, I move, seconded by the Honourable Member for Kildonan, that the Report of the Committee be received.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. SPEAKER: It is now 10:00 o'clock. The House is adjourned and will stand adjourned until 10:00 o'clock tomorrow (Friday) morning.