

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 o'clock, Thursday, April 20, 1972

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed, I should like to direct the attention of the Honourable Members to the gallery where we have 100 students Grade 9 standing of the Sisler School. These students are under the direction of Messrs. Cumming and Swerhun. This school is located in the constituency of the Honourable Member for Inkster.

We also have some students from Room 62 of Elmwood High. These students are under the direction of Mr. M. G. Haas. This school is located in the constituency of the Honourable Member for Elmwood, the Honourable Minister of Public Works.

We have 10 students of the John Gunn Junior High School under the direction of Mr. Hnatuik. This school is located in the Constituency of the Honourable Member for Transcona, the Minister of Labour.

And we have 14 students of the Lake Region College from North Dakota. These students are under the direction of Miss Burkland.

On behalf of all the Honourable Members I welcome you here today.

PRESENTING PETITIONS

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Mr. Speaker, I beg to present a petition of the United Way of Greater Winnipeg praying for the passing of an Act to amend an Act to incorporate the United Way of Greater Winnipeg.

MR. SPEAKER: The second one.

MR. PATRICK: Mr. Speaker, I beg to present the petition of The North Canadian Trust Company praying for the passing of an Act to amend the Act to incorporate the North Canadian Trust Company.

MR. SPEAKER: Reading and Receiving Petitions. The Honourable Member for Roblin.

MR. CLERK: The Petition of Ross Meroslaw Kozak and Arlene Kozak praying for the passing of an Act for the Relief of Ross Meroslaw Kozak and Arlene Kozak.

The Petition of The Fidelity Trust Company, praying for the passing of an Act to amend and consolidate the Acts incorporating "The Fidelity Trust Company".

MR. SPEAKER: Presenting Reports by Standing and Special Committees; Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills. The Honourable Member for St. Matthews.

INTRODUCTION OF BILLS

MR. WALLY JOHANNSON (St. Matthews) introduced Bill No. 33 an Act to amend an Act to incorporate Co-operative Credit Society of Manitoba Limited.

MR. HARRY SHAFRANSKY (Radisson) on behalf of Honourable Member for Winnipeg Centre introduced Bill No. 30 an Act to amend the Optometry Act.

MR. SPEAKER: The Honourable Minister of Finance.

HON SAUL CHERNIACK, Q. C. (Minister of Finance) (St. Johns): Mr. Speaker, as I did yesterday, I wonder if I could try the patience of the House to have leave again to introduce a bill for first reading - again it not having appeared in the notice paper - dealing with the Income Tax Act. (Agreed)

MR. CHERNIACK introduced (By Leave) Bill No. 17 an Act to amend the Income Tax Act (Manitoba). (Recommended by His Honour the Lieutenant Governor)

ORAL QUESTION PERIOD

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Opposition) (River Heights): Mr. Speaker, my question is to the First Minister. Has the First Minister given any instructions altering the directive issued by Dr. Briant's assistant forbidding at the Minister of Industry and Commerce's request the granting of further assistance by the Manitoba Development Corporation to the clothing industry of Manitoba?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, the question just asked is a repetition of the question asked yesterday and the assumption upon which that question is based was denied by my colleague the Minister of Industry and Commerce; and I do likewise.

MR. SPIVAK: A supplementary question. Is the First Minister suggesting that such a directive has not been given to the loan offices of the Manitoba Development Corporation?

MR. SCHREYER: Not in the form that the honourable member has posed the question.

MR. SPIVAK: Again to the First Minister, by way of supplementary. Was there no directive given to the loan office of the Manitoba Development Corporation that no further loans were to be given to the members of the Clothing Industry in Manitoba?

MR. SCHREYER: Mr. Speaker, I am advised that no such unconditional directive was given. There was a directive along those lines, it was qualified and it had certain conditional options in it.

MR. SPIVAK: I wonder if the First Minister would table that directive in the House?

MR. SCHREYER: Mr. Speaker, not having sent it, I'm hardly in a position to table it.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, my question is for the Honourable the First Minister and relates to the recent Ontario Supreme Court Decision in the Chemalloy - Tantalum Mining Corporation case. My question is, does Manitoba have valid security for the loan it made to Tantalum?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: We believe so, Mr. Speaker.

MR. MCGILL: I have a supplementary question, Mr. Speaker. In view of the fact that this receivership of Tantalum Mining has been confirmed, does the Government of Manitoba intend to review its loan and its loan position with Tantalum Mine?

MR. SCHREYER: Well of course, Mr. Speaker, we shall review it yet another time. It has been reviewed in the past. We have reason to think that as a result of the Superior Court decision that the security arrangements that have been made to secure the loan are if anything enhanced.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GABRIEL GIRARD (Emerson): I would like to direct a question to the Honourable Minister of Health and Social Services. I wonder if the Minister could advise the House if he or the Clean Environment Commission have received complaints from the Sprague area in regard to the pollution caused by Columbia Forest Products?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

HON. RENE E. TOUPIN (Minister of Health and Social Development) (Springfield): Mr. Speaker, the Honourable Member for Emerson has asked a dual question. Dual because part of the responsibility lies within the Clean Environment Commission which is under the Minister of Mines, Resources and Environmental Management; the other part lies with the Minister of Health because of Health Inspectors being the responsibility of the Minister of Health and Social Development. Such a complaint has been lodged, it's being investigated and I am not in a measure to report on the responsibilities that are tied to myself as Minister of Health at this moment.

MR. GIRARD: I would like to direct a question to the Minister of Industry and Commerce. May I ask him then if the Clean Environment Commission is investigating the complaints lodged by the people of Sprague in regard to pollution caused by Columbia Forest Products?

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Yes, as the Acting Minister of Mines, Resources and Environmental Management, I'll take that question as notice.

MR. GIRARD: May I direct another question to the Minister of Industry and Commerce. I wonder if the Minister would inform the House if he or his people in charge of safety in the industrial operation of the mill have received complaints with regard to the safety or the lack of safety that is being practiced in the operation of the Sprague mill?

MR. EVANS: Well, Mr. Speaker, I'm afraid the honourable member may be under some delusion. The Columbia Forest Products Company Limited is a private enterprise company not under the jurisdiction of the Manitoba Development Corporation or the Department of Industry or the Manitoba Government, although it does have a loan from the Manitoba Development Corporation. With regard to safety practices, this is under the jurisdiction of the Department of Labour, the Minister of Labour and I would trust that they would insure that all safety

(MR. EVANS cont'd) precautions in accordance with the law in Manitoba are being abided by.

MR. SPEAKER: The Honourable Member for Crescentwood.

MR. CY GONICK (Crescentwood): A question to the Minister of Industry and Commerce. What portion of the \$2 million grants that are to be made from the Federal Government to support the Industrial and Service Exhibition in China will be allocated to the Province of Manitoba?

MR. EVANS: Mr. Speaker, I do not have that information at my fingertips and I am not sure whether there has been a specific allocation as such made by the Federal Government. We can look into the matter in that respect.

I can advise the Honourable Member from Crescentwood and other members of the House that there are various Manitoba companies who will be participating at the "Solo Fair" as it's called, in Peking in the next few months and the Department of Industry and Commerce is actively assisting in attempting to get as much participation by Manitoba companies in this very important forthcoming Chinese International Trade Fair.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, I wish to direct my question to the Honourable Minister of Health and Social Services. Is the Minister giving consideration to extending the Medicare coverage to include medicines and drugs?

MR. SPEAKER: The Honourable Minister of Health and Social Development.

MR. TOUPIN: Mr. Speaker, in all due respect, this is a matter of policy.

MR. PATRICK: A supplementary. Will he give consideration to extended care of senior citizens?

MR. TOUPIN: Mr. Speaker, that we are.

MR. SPEAKER: The Honourable Minister of Municipal Affairs.

HON. HOWARD R. PAWLEY (Minister of Municipal Affairs) (Selkirk): Mr. Speaker, yesterday a question was taken as notice in my absence by the First Minister pertaining to the payment of discounts to farmers in respect to the period November 1 to February 29th, 1972, as to payment of those refunds. The answer to the question is that these refunds are being processed as quickly as it is possible at the Motor Vehicles Branch and that in the main the refunds have already been paid to those who have applied for the refunds. Any delay in respect to payment of refunds - and there are certainly a number that have not been paid yet - are as a result in general to issues involving the qualification of the applicant for the refund and also pertaining to various errors in some applications that have been forwarded to the Motor Vehicles Branch. Every effort is being made to finalize this at the Motor Vehicles Branch as soon as possible.

MR. SPEAKER: The Honourable Member for Morris.

MR. WARNER H. JORGENSEN (Morris): Mr. Speaker, my question is directed to the Attorney-General. I should like to ask the Attorney-General if he is preparing regulations or legislation to prevent the indiscriminate rustling of snakes and frogs in the Interlake area?

MR. SPEAKER: The Honourable Attorney-General.

HON. A. H. MACKLING, Q. C. (Attorney-General) (St. James): Mr. Speaker, in answer to that I'm wondering whether all of the snakes and frogs are confined in the Interlake area. However, if the honourable member recommends that as policy that might be considered.

MR. JORGENSEN: Will the first one be on the House?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, on Monday the Honourable Lady Member for Fort Rouge asked a question which was taken as notice, as follows: "Were Manitoba firms not given the opportunity to tender on contract for the supply of 6,000 tires to Manitoba Hydro?"

I have made inquiries and I am advised that an order or a contract for the supply of 2,400 tires was awarded to three tire supply companies, Goodyear, Uniroyal and Firestone. These were the low bids and that no Manitoba firms were precluded from tendering on this particular contract. It should be said, however, that there has been some difficulty over the past few years, since 1967 to be exact, with respect to the meeting of specifications that have been laid down by Manitoba Hydro and two local suppliers have had difficulty in that respect. But there has been no preclusion or prohibition of any local firms from continuing to bid on Hydro contracts with respect to tire purchase.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. INEZ TRUEMAN (Fort Rouge): Mr. Speaker, I thank the First Minister for his information. He says that the local firms were not precluded from tendering, but may I ask whether they were in any way apprised of the fact that there were to be such orders placed?

MR. SCHREYER: Well, Mr. Speaker, I assume, and it is an assumption, that Manitoba Hydro like any other agency of the Crown proceeds by way of public tender, a public call for tender for bids.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, my question is for the Honourable Acting Minister of Mines and Natural Resources. Is the Minister able to provide the House with a current report on the flooding of farm land in the Assiniboine Valley just west of Brandon?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, I took the question as notice yesterday. I have had no communication thus far from the officials of the Water Control Branch in my department.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, I have a question for the Honourable First Minister. Could he tell me where the notice for tenders then would be published within Manitoba, so that it would be drawn to their attention?

MR. SCHREYER: Well, Mr. Speaker, I will check further but offhand I would suggest to the honourable member that the public notice of call for tenders would have been published in the newspaper published by Brigadier Malone and by Ross Williams.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, a few days ago the First Minister took a question as notice for the Minister of Finance, and that was as to whether a particular taxation division of the Manitoba Bar presented to the Minister a submission with respect to the Succession Duty and Gift Tax?

MR. SCHREYER: Mr. Speaker, I apologize to the Honourable Leader of the Opposition for not answering sooner, I could have done so yesterday. I'm advised that such was received from the Bar Association and that the Department of Finance have been analyzing the submission; and the Minister of Finance, of course, is in a position to elaborate further if that's necessary.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: Well my question will be then to the Minister of Finance. I wonder if he would be prepared to submit a copy to the other members of the Legislature before we go into a committee in connection with the bill itself?

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, the Manitoba and Canadian Bar Association submitted a joint brief to the department. I'm sure - well I'm not sure - I would guess that if the honourable member was in touch with them, either Mr. Bob Goodwin of the firm of Buchwald, Asper and Company, or Mr. Martin Freedman of the firm of Aikins and Company that they might well be prepared to let him have copies.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct a question to the Honourable Minister of Education. I wonder if he could advise the House as to whether or not it is the intention of the government to reduce, curtail, or eliminate the construction of school buildings in towns of less than 2,500 in future?

MR. SPEAKER: The Honourable Minister of Education.

HON. BEN HANUSCHAK (Minister of Education) (Burrows): I believe, Mr. Speaker, that is a matter of policy - and the honourable member is no doubt well aware of that - but may I, while I'm on my feet, may I just set the honourable member's mind at ease, that schools are built wherever there has been demonstrated a need for same.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, I'd like to address a question to the Minister of Education. When can we expect the report of the Public School Finance Board?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: Within the time prescribed by statute, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Portage la Prairie.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, my question is for the Honourable Minister of Industry and Commerce. Now that it has been confirmed that there is

(MR. G. JOHNSTON cont'd) two senior officers in the MDC on a four-day week or part-time proposition . . .

MR. SPEAKER: Order, please, the honourable member is placing an argumentative connotation to his question.

MR. G. JOHNSTON: My question is, Mr. Speaker. How many employees of the MDC are on a four-day or part-time operation - 4-day week, or part-time?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, I don't even know whether I should rise to that question. I can say to you, Mr. Speaker, unequivocally that the chairman and other senior officers of the Manitoba Development Corporation work more than an average work week, and I think work harder and longer than the Honourable Member for Portage la Prairie.

MR. SPEAKER: The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Speaker, I wonder if the Minister would care to answer the question instead of the political speech.

MR. SPEAKER: Order, please. The question was answered. The Honourable Member for Souris-Killarney.

MR. EARL McKELLAR (Souris-Killarney): Mr. Speaker, I have a question for the Acting Minister of Mines and Natural Resources. Would the Minister inform the House as to whether he is going to announce a change in policy this Session regarding the Water Supply Board re the sale of water to municipalities?

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

MR. EVANS: Mr. Speaker, I believe this is a matter for legislative changes and I believe an announcement has been made in the Throne Speech in this respect, and if the honourable member will be patient, I am sure legislation will be forthcoming, a bill will be forthcoming in the near future.

MR. SPEAKER: The Honourable Member for Riel.

MR. DONALD W. CRAIK (Riel): Mr. Speaker, I would like to direct a question to the Minister of Education. Could he provide the members of the Legislature with the printed terms of reference for the committee that is doing the study on post-secondary education?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: I believe the question has been addressed to the wrong Minister - or is he addressing it to me in my acting capacity? If he is, then I'll take the question as notice.

MR. SPEAKER: The Honourable Member for Emerson.

MR. GIRARD: I'd like to direct a question to the Honourable Minister of Education. I believe he took a question as notice last week with regard to which school division would be used to establish the Greater Winnipeg special levy. I wonder if he has that information now?

MR. SPEAKER: The Honourable Minister of Education.

MR. HANUSCHAK: No, Mr. Speaker.

ORDERS OF THE DAY - GOVERNMENT BILLS

MR. SPEAKER: Proposed Motion of the Honourable Minister of Finance. The Honourable Member for Inkster - the Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, in the absence of the Honourable Member for Inkster, I would propose that the motion stand in his name, but I would like to invite anyone else who wishes to speak to speak on it. May I indicate that it is my hope that I may be able to close debate tomorrow on this. So if any other members wish to speak then may I encourage them to do so, and then let it stand in the name of the Honourable Member for Inkster.

MR. SPEAKER: The Honourable Member for Winnipeg Centre.

MR. J. R. (BUD) BOYCE (Winnipeg Centre): In that case I would like to make a brief contribution to the debate. I am going to say something nice. Oft times, sitting in the back-bench you wonder if you're involvement in the House is at all meaningful. But in this particular debate I have had my faith restored in the democratic process because there was some aspects of this particular bill that's under consideration that I was rather apprehensive about. But after having sat through the contributions by members opposite, I would just like to go on record that they have succeeded in changing my position.

One of the difficulties in being a member of a group is that the decision of the group becomes the decision of all, and in this particular case there are some areas that I was more or less opposed to. But after, I repeat, but after having listened to the contributions by members

(MR. BOYCE cont'd) opposite, they have succeeded in supporting the position of the Minister of Finance, that this was not only a good move but a necessary move.

So, Mr. Speaker, with these few words I would just like to thank the members opposite for convincing me that the Minister of Finance's position was absolutely right.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, every man in this House I believe has at least once in his life stood in a church, in front of a minister and said, "with all my worldly goods I thee endow". The chances were they didn't have much more than a sort of a hot rod old car, or maybe a transistor radio, but chances were that when they were married they were financially not much of a catch, so to speak. However, I would say that over the years that anyone of you would agree that the wife, the mother of the family has worked from sun to sun, she's put into the family accumulation of property as much effort as the man has, and yet, by bringing forward legislation such as this, all the work that the woman is doing, or has done over the years, is taken as having no value whatsoever.

For a while in this country we had a more enlightened situation, the Federal Government abolished taxation between estates passing between spouses. In 1968 they recognized that marriage was a partnership, and that while it was impossible to calculate the value of a woman's work, yet they felt that it was only fair to regard whatever property had been built up over the years of marriage as least partially hers, and that it was fair and equitable not to tax that money. The legislation that's placed before us is retrogressive, and it places the wife once more in the position of being a slave rather than a partner.

The Report of the Royal Commission on Taxation recognized that it was unequitable to tax transfers between husband and wife, and the sums of money involved are not the important part of this, it's the principle that is involved. I agree with the Minister when he says that very few people or very few estates will actually be taxed, and I speak with no personal concern because our family estate will not be taxed. I think perhaps that will help the Minister and the government to understand that I am most sincerely commenting on the principle that is involved.

Mrs. June Menzies who has been Chairman of the Action Committee for the Status of Women Commission's Report has prepared a paper concerning this matter. I think probably the Honourable Minister of Finance, and many government members are familiar with the positions taken by that group, but I would like to put it on record and make this information available to all of the members of the House.

I am reading from a paper which she wrote in March of 72 concerning taxation between spouses. She says, "A few of the features of the pre 1968 era when there was taxation of gifts and estates passing between husband and wife are set out below because these will form a part of the new tax scene when the six participating provinces have passed their proposed legislation. The 1972 proposal is set out alongside. Pre 1968, on the husband's death, everything a couple possessed unless the husband gave recorded gifts to his wife during the years of the marriage, was considered to be part of a husband's estate for tax purposes. This will be continued in the new proposals. The husband could give \$4,000 per year to his wife, and any other number of gifts, none to exceed \$2,000. The new proposals allow total gifting of \$10,000 per year, no single gift to exceed \$2,000.00. No special provisions for gifts to the wife.

Under the old pre 1968 situation, the husband could give a once in a lifetime gift of \$10,000 to provide equity in the home for the wife. But this is not continued in the new proposals. Any profit a wife made on investing the money received from her husband as a gift was deemed to be his for tax purposes. The same treatment occurs in the new proposals.

If the estate included a pension, the pension was capitalized on the life expectancy of the widow, now judged to be about 76.3 years, and the capital amount was added into the estate for tax purposes. This meant that if a woman was 50 and was to receive \$400 per month pension, the amount of \$124,800 would be added to her estate before the tax was calculated. That is 26 years at \$4,800.00. I think the House would agree that a \$4,800 income in a year is not very much for a woman to live on, but when you add it all together she's taxed on \$124,800.00. It's capital sum looks like quite a large amount. The tax on the hypothetical capital had to be paid within six years, plus interest accumulated on the unpaid proportion, after six months, although the widow might not live long enough to receive even a minor part of the estimated amount. I think that this is an extremely important point, that the pension calculated for the remainder of her lifetime is what she pays taxes on, but that lifetime may be actually much

(MRS. TRUEMAN cont'd) shorter than the average that has been used.

Now in the event that the widow would remarry, her pension would stop, but she wouldn't get any refund on the tax that she had paid on that pension. And of course, having paid a tax on the capital in that pension, the matter doesn't end there, she still has to pay annual income tax on the income that is received from what is left of that capital sum. So double taxation I think is always a bad principle.

Now the taxation of jointly held property. Apparently the same treatment is to be continued that existed prior to 1968. The principle behind this whole matter of jointly held property is that a woman has no visible income and therefore how could she buy equity into the house and other property; so again she is considered a slave rather than the partner in the marriage.

In the matter of preferred beneficiaries, under the new proposals the widow is not treated separately but is one of a group of preferred beneficiaries, who include the children, the parents and the grandparents of the deceased. Under the pre 1968 Act the wife and dependent children were given special consideration. The level of taxation exemption allowed in 1968 was \$60,000 for a widow, and \$10,000 each for dependent children under 26 years of age. This level created great hardships for the survivors and was under heavy attack for its inadequacy when the Minister of Finance eliminated the tax altogether for the wife and dependent children, and did not collect the tax on children until they reached maturity.

In Ontario where the exemption between spouses is \$500,000 the tax burden might not be so onerous. There is no recognition here of the responsibilities that the widow may have for continuing to care for and educate the children; and of course, there may be many years still after the father's death before their education is complete and they become wage earners themselves.

I understand that numerous requests have been made by the women from the Action Committee to stop the capitalization of pensions for estate tax purposes; to stop the double taxation of pensions received by widows; and to make basic exemptions from estate taxation higher and relate them to the widow's continuing family responsibilities so that hardship would not be incurred on the family at the time of paying taxes on death.

Mr. Speaker, there's a feeling of futility in trying to make some comments and suggestions for making this bill more fair and equitable. The women's organizations have tried, I believe, before this bill was ever placed before us so it doesn't appear that the government is willing to listen. I feel that the bill is unfair to women; it's discriminatory; I think that the -- for an estate can be so planned as to escape it completely. For instance, one of the larger estates might have holdings in another province or they might file their wills in another province, move some of their assets away, and I have no doubt that they will. So I feel that this bill is really tokenism and that people will not be victims of it unless they just simply aren't quick and clever enough to take action in planning their estates.

The unfortunate thing is that merely by putting this type of legislation before the House we have set the cause of women back really almost to the point where they were at the time of the passage of the BNA Act when they were not even regarded as persons. In Alberta I think at one time a more enlightened government in an instance where a couple was separating gave the wife half of all the property because of her years of labour for the family and all the efforts that she had made. But I see no such enlightenment by this government and I'm very sorry, Mr. Speaker, to see legislation like this placed before us.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, would the honourable member permit a few questions? I wonder, Mr. Speaker, if the honourable member might agree with me in the suggestion that rather than wait until the death of the husband, the wife would be much better served in the principles of women's rights to be made a partner during the lifetime of the husband and to receive a share of his earnings and savings year by year during their joint lives?

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Well this could be a formality. It shouldn't be necessary. The ~~woman~~ is part owner in everything.

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I'm just wondering in terms of what the honourable member said whether she could suggest an amount which could in her idea pass tax free and beyond which it might be possible in theory and in ideal to accept the tax on the transfer of wealth.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MRS. TRUEMAN: Mr. Speaker, it's my feeling that it would be more fair to take the family property and consider half of it as being the husband's, assuming that he is the one who dies, they seem to pass away at an earlier age than women do, and simply tax the half, if it's necessary to tax it at all.

MR. CHERNIACK: I don't want to fall into the trap of having a discussion with the honourable member which I know is not proper. But one final question then. May I ask the honourable member if she would then agree that on the principle she's just espoused, an estate of up to \$400,000 passing from a husband to a wife would be \$200,000 tax free and \$200,000 at a rate shown in the schedule of the bill?

MRS. TRUEMAN: Mr. Speaker, I'm always anxious about sort of hard and fast rules because they don't take into consideration the responsibilities, for instance, of the special circumstances of a family. Any time that you try to treat everyone the same, I just feel that's never fair and never equitable.

MR. SPEAKER: No further speeches by members? In that case we'll leave it in the name of the Honourable Member for Inkster.

The proposed motion of the Honourable Minister of Finance. The Honourable Member for Portage la Prairie. The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, the Honourable Member for Portage adjourned the debate for me and I wish to proceed on Bill 6 at this present time.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, the comments made by my colleague with respect to Bill 5 and the effects of it on Manitobans, the Succession Duty Act, are also appropriate in the case of Bill 6, the Gift Tax Act.

It is our view that given the facts that neither the Succession Duty Act nor the Gift Tax Act will be uniform Acts across all of Canada and that these taxes coupled with a Capital Gains Tax under the Federal Income Tax legislation will in many cases constitute overwhelming burdens and that the combined Succession Duty and Gift Taxes proposed by Manitoba will be the least generous of any province in Canada.

We believe that Manitoba cannot afford the luxury of these levies at this time in its history. I believe it is very necessary for Manitoba to try and expand its economic base and to have development take place so that we can create more revenue; it is a concern not only to me but I'm sure to all the members of this House, Mr. Speaker. When you have such large Manitoba companies, Beaver Lumber, James B. Carter, Willson Stationery, Silverwoods and Winnipeg Supply and Fuel - these companies are in the ratio of third or fourth or fifth largest companies in Manitoba and in the last year have been taken over by some other non-provincial companies and have become only branch type operation which the decisions will not be made in this province.

I'm not going to say at this time it is the result because of the tax legislation the government presented but in some instances it may be. I myself three years ago have voted for a higher ...

MR. SPEAKER: The Honourable Minister of Finance. Point of order.

MR. CHERNIACK: We're speaking on the Gift Tax legislation. I don't know if the honourable member is directing himself to gift tax.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Mr. Speaker, the two bills are somewhat companion bills and very closely related, and I am speaking on the Gift Tax Bill. As I mentioned at this time, in the history of Manitoba we cannot feel that it is the appropriate and proper time to introduce this legislation. We recognize that if there is to be succession duty, then in order for it to be effective there must be a gift tax act as well to avoid the result that the only persons who would end up paying tax would be those who know enough to seek professional advice. It is therefore in the interests of all the citizens of Manitoba that whichever act we have, they must be effective, Mr. Speaker. It is also important that they be easily understood by the taxpayers and simple to administer, as well as equitable in their application, and in our view Bill 6, the Gift Tax Act, is deficient in these respects.

As I listened yesterday, Mr. Speaker, to the Honourable Member for St. Matthews, I believe that he had some of the members on this side of the House shaking in their boots and it's a good thing that he doesn't occupy one of the front seats or one of the seats on the front

(MR. PATRICK cont'd) benches because I believe he would have many people in this province shaking in their boots as well. I listened to the honourable member and you know he's always condemning the rich, and I wonder who are the rich that he's talking about - the one percent or less than one percent that make more than \$20,000 in this province - I don't believe so.

The other point that was mentioned, the problems that we have. Mr. Speaker, I believe the people that were born in this country, the people that were fortunate to emigrate to this country are the chosen people in the world. This is my opinion. I know it's not perfect, there are many problems. But to listen to the Member from St. Matthews I certainly cannot agree with him. He was one of the ones that last year recommended that he doesn't believe in tax legislation. He said: "I believe in confiscatory estate or estate tax." That you should confiscate everybody's estate on their death. That's what he believes in. That's what he said. He didn't say that? Mr. Speaker, on June 8, 1971: "My position personally is that I would be in favour of a confiscatory estate tax". That's what he said. So he doesn't even believe in any legislation. --(Interjection)-- Hansard, page 1631, so he can look it up and refresh his memory if he doesn't remember.

He also mentioned that in his opinion there were no corporations that left the province; there were no less capital invested in this province. Mr. Speaker, in my opinion I know of quite a few corporations. I know one in the clothing industry that because of the corporation tax left a couple of years ago, went to Quebec, which built a plant and employed 300 people. I also know that there is less --(Interjection)-- I believe cheap labour but I understand that the minimum wage, the minimum wage in Quebec is not that much different from the minimum wage in the Province of Manitoba. So it couldn't be the cheap labour.

Mr. Speaker, he also said there was no less financial resources available in this province and I disagree with him. All he has to do is go and talk to some of the finance companies, talk to some of the trust companies and he will be told that their quotas for Manitoba in the last couple of years have been cut by as much as 50 percent, so they haven't got the same amount of capital to invest in this province as they used to. So I'm sure that the member doesn't know what he's talking about. --(Interjection)-- Okay.

Mr. Speaker, by this legislation I'm inclined to believe that we have made the housewife a neglected person. I think at this time in our society, at least officially, that women have equality of opportunity with men in the equal pay that they receive, equal work, and the law provides against discrimination on the basis of sex. The largest group of women are still employed in the homes as housewives. Would anyone dare to say out loud that these women are a lesser kind of human beings, doing less important work than is to be found in a marketplace? Yet our tax laws assert that they are. I feel that this government should take steps to amend the death tax legislation to remove major inequities particularly those faced by women. There should be no taxes of any kind when husbands and wives . . .

MR. SPEAKER: Order, please. The Honourable Minister of Finance.

MR. CHERNIACK: If the honourable member has completed then my point of order is of no value at this stage. I'm not sure whether he's completed --(Interjection)-- He's not through? Well my point of order, Mr. Speaker, is that we are debating the Gift Tax Act. The honourable member had he not spoken on the Succession Duty Bill I think would be able to relate the two and then be able to expand on it, but it seems to me that having spoken on succession duties, frankly I don't believe he's said a word today relating to gift tax.

Now I look to the Honourable, the House Leader of the Opposition whether I'm not right in suggesting that he has spoken on the Succession Duty Bill; he's now speaking on the Succession Duty Bill, really is under the guise of speaking under the gift tax and I don't think he's referred to any of the gift tax legislation at all. That's the point of order.

MR. SPEAKER: The point of order is well taken. In fact I was on the point of informing the Honourable Member for Assiniboia that he should present his debate and arguments in respect to the Gift Tax Act. The Honourable Member for Assiniboia.

MR. PATRICK: Thank you, Mr. Speaker. In our view the inequitable treatment of certain types of charities as set out in Bill 5 is also contained in Bill 6. Charitable trusts -- (Interjection)-- Yes, they are -- places stringent limitations on the uses of funds provided to them, are not considered to be charitable organizations for the purpose of the Gift Tax Bill. We can see no justification for a difference in treatment of a registered charitable organization merely because of the fact that it takes form other than that of a corporation. If there is

(MR. PATRICK cont'd) concern that there could be avoidance or evasion of taxes as a result of the form of the organization, surely, Mr. Speaker, this is a matter which can be better policed through the registration requirement. We cannot concede that the Federal Government will be lax in the safeguarding of its revenues as to allow wholesale avoidance of tax to take place through charitable organizations.

An unlimited exemption for gifts between spouses is now limited to no more than 5,000 in any one year. This severe limitation of bequests to spouses is not in our view in keeping with the present day social thinking and in my opinion should be revised. We point out that under the gift tax provisions of the Income Tax Act of Canada all bequests to spouses were free of tax; and further that under the Capital Gains Tax provisions of the Federal Income Tax, the Capital Gains Tax is deferred when a gift is made to a spouse and no tax is collected until the spouse who received the gift disposes of the property. This treatment is infinitely more generous than that proposed under this bill. In our view, this difference in treatment between the Provincial Government and the Federal Government with respect to gifts to spouses and the payment of tax thereon is in the one case Capital Gains Tax, and in the other case the Gift Tax, is hardly equitable. It cannot possibly lead to the proper planning of transmission of property and estates which is surely of importance to us all and can only result in situations arising where great amounts of effort and money will be required to be spent to avoid problems which should never arise in the first place.

Mr. Speaker, the Federal Government recognized this when in 1968 it also abolished taxation of gifts between husband and wives in recognition of the equality of women's role in accumulating of assets. For the Manitoba Government to return to this form of taxation, in my opinion, is a step into the darkness. The exemption from tax themselves raise serious questions. The gift tax provisions of the Federal Income Tax Acts as existed prior to October 22, 1968 even though the exemptions were somewhat lower than proposed in Bill 6, were infinitely more generous in the treatment of gifts and that the rates of tax were substantially lower than those proposed in the bill before us. Again even under the former provision there was no limit on the total value of non taxable gifts that could be made in one year such as proposed in the \$15,000 limit set out in Bill 6, and in this respect also the former provisions even before the amendments of November 22nd, 1968 were more generous than those of Bill 6.

Mr. Speaker, the most glaring difference and one which is of particular significance in a province such as Manitoba where great concern is expressed about the welfare of the farmers from time to time -- by all those on both sides of the House -- is the fact that there is no exemption comparable to the exemption which existed in the Federal Income Tax Act of the amount of \$10,000 in respect of a gift to a child of the donor an interest in real property to be used in farming operations.

In our view there is no justification for the failure to include this exemption in Bill 6 and the failure certainly does not support the statement of the Minister of Finance to the effect that exemption provisions would include all but the most generous of gifts. One may well question the sincerity of the government with respect to the problems of farmers in Manitoba. The government may argue that this is a uniform act and they cannot make changes in it unilaterally without the consent of other provinces. But this problem did not appear to have stopped the Maritime Provinces with respect to exemption provisions of their Succession Duty Act; and in our view does not constitute a reason for not making a change in Bill 6, nor in our view would it be a reason to state that the Federal Government would refuse to permit such an amendment under its collection arrangement since the Federal Government could hardly be heard to argue that such an exemption was improper.

Mr. Speaker, another glaring omission from Bill 6 in our view is the fact that there is no credit whatsoever for any other taxes payable to any other jurisdiction other than for a very limited credit in the case of land. This means that there would be no credit for any capital gains tax which may be payable to the Federal Government at the time of making of a gift, which is a tax which in many instances will have to be paid since the making of gifts will trigger the levying of capital gains taxes in all transactions in connection with capital property except where the spouse is concerned. It is also not inconceivable that when a resident makes a gift of property not situated in a province of Manitoba, he may incur gifts or other taxes under the legislation of that other jurisdiction. This possibility was covered in the Income Tax Act since gifts were included in income for tax purposes and there are of course, many sections of the Income Tax Act dealing with credit for income taxes paid to other jurisdictions

(MR. PATRICK cont'd) both in and outside of Canada.

It is our submission that in order for the gift tax proposed to be levied in Manitoba to be equitable in its treatment; there should be a provision for credit for any other taxes which may be payable to any other jurisdiction as a result of the transaction which gives rise to the Gift Tax Act since to fail to give such credit would subject these gifts to unfair treatment and unfair tax levies.

Mr. Speaker, my last general comment would be in the retroactivity of the proposed legislation. As my colleague has stated earlier in connection with Bill 5 retroactivity of taxing legislation is always to be deplored and can only lead to the loss of regard for legislation and for the Legislature which enacted it. We reject the argument that in this particular instance it was necessary to operate in this session since in our view there was ample time between June 18th, 1971 and the end of 1971 in which to call the House for a short period to consider the proposal to the government.

There are many administrative sections of Bill 6 which are written in the same language as is used in Bill 5 that extend to their deficiencies which have been pointed out in the administrative provisions of Bill 5. These deficiencies carry over into Bill 6 and should be corrected. It seems particularly important to comment on the fact that certain of the administrative provisions are subject to the same criticism as has been made for many years to the Federal Government.

For example, one principle of Bill 6 provides for the seizure of taxpayer's records by any official of the department. The limited privileged hearings which was given to taxpayers under the provisions of the Federal Income Tax Act is not available under this legislation provincially. There can be no justification for this omission.

It is also interesting to note that under one section the Minister may authorize any person whether or not he is an officer employed under the Minister to make an inquiry. It seems to me that this is contrary to one of the essential principles of Canadian justice which is that every person is entitled to a fair hearing of charges brought against him. How can a taxpayer receive a fair hearing from an official of the very department which seeks to inquire into his affairs with a view to levying taxes on his property?

Furthermore, Mr. Speaker, under the bill as it is presently presented to the House, there is no right given to any taxpayer to attend at the hearing and to be represented at the hearing by a lawyer. One would have thought that a government such as the present government which has many times stated that it is dedicated to principles of social democracy would insure that such democracy was in fact available to the citizens it intends to take actions against.

Mr. Speaker, for these reasons that I pointed out, we urge upon this House in connection with Bill 6 -- I urge should not be enacted into law in Manitoba. It is inappropriate at this time in the history of our province. As well in our view there are many serious problems in connection with the operation of the bill and the treatment of the citizens of Manitoba. In our view the government will be better advised to spend its time and trouble in improving the economic conditions and position of the province rather than in devising new and extremely ungenerous ways of subjecting Manitobans to new taxes.

For these reasons, Mr. Speaker, we cannot support the bill. I pointed out a few minutes ago that two years ago I supported the increase in personal provincial income tax to take care of medicare. At the same time I believe that our group rejected an increase in the corporation tax and --(Interjection)-- well, the consequences - it appears that we were right, --(Interjection)-- yes. Well because the economic development of the province has been stagnated, you have many companies leave the province. And as I mentioned just one minute ago the sale of the many large Manitoba companies should be of great concern to all of us here. I pointed out the Beaver Lumber Company, James B. Carter, Willson Stationery, Silverwoods, Winnipeg Supply and Fuel; these are anywhere in the fourth -- I understand Beaver Lumber Company is the fourth largest company in this province -- and have all been sold to non province interests and have now become subsidiaries or branch office operations which will certainly have a detrimental effect as far as the employment may be concerned in this province, because the decisions will not be made in this province in respect to these companies, so --(Interjection)-- by introducing this legislation at this time I think may be detrimental to the development of this province, Mr. Speaker, and I cannot support the legislation.

MR. SPEAKER: Are you ready for the question? The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Speaker, I beg to move, seconded by the Honourable Member for Rock Lake that debate be adjourned and at the same time, Sir ...

MR. SPEAKER: Order, please. If the Honourable Member says more he will be speaking to the question. He can make the adjournment.

MR. GRAHAM: If anybody else wishes to speak I have no objection.

MR. SPEAKER: Anyone else wish?

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

MR. SPEAKER: The Honourable Minister of Finance.

MR. CHERNIACK: Mr. Speaker, I beg to move, seconded by the Honourable the Minister of Agriculture, that Mr. Speaker do now leave the chair and the House resolve itself into a Committee to consider of the supply to be granted to Her Majesty.

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 Logan in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Resolution 8 (d) (1) passed -- (d) (2) passed -- (e) (1) passed ... The Honourable Member for Rhineland.

MR. FROESE: On (e) dealing with Research, I know in past years that we have been getting a report of the universities' work that they have done in research. This year that report is still absent, and I feel that we should have some explanation here on the -- when it says "Policy Studies" -- just what is referred to by Policy Studies? I think the Minister should give us an explanation on this and then I would like to speak immediately on the next item.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Chairman, the item Policy Studies, namely \$58,000, is an amount of money set aside for my own discretion and a good part of that money last year was used by the Milk Control Board as an example in doing studies on the milk industry in Manitoba. We have had a number of these over the years, one on Feed Grains a couple of years ago; those kinds of items are what that money is allocated for -- it's a discretionary amount and it's for the Minister to determine the kind of studies from year to year that are undertaken. That's the first item.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: I notice that there is an increase this year -- what studies are being planned for the coming year?

MR. USKIW: These reflect an increase of grants to the Agricultural Economic Research Council of Canada which all provinces are doing this year. It's an amount of \$8,000 more than last year.

MR. CHAIRMAN: Resolution (e) (2) passed -- Resolution (f) (1) passed... The Honourable Member for Rhineland.

MR. FROESE: On (e) (2) Agricultural Research Grant (University) \$570,000 -- Mr. Chairman, if we are not going to get reports that we cannot check out just what kind of work is being done, I think this is needless to spend that much money. I believe in Agriculture Research as far as Plant Breeding is concerned, but there are so many other areas which I feel are not really useful as far as agriculture is concerned. Well I know one year they had tests made as to how much frost a cockroach would stand -- they had it frozen to 80 degrees below zero and yet when they thawed it out it would still live -- well just what use is research of this type? I feel that money that we are appropriating for agriculture should be spent on agriculture and should be put to better use -- and therefore I would move, Mr. Chairman, that this item be reduced to one dollar.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Would the honourable member permit a question? The Member for Rhineland?

MR. USKIW: The Honourable Member for Rhineland has made a motion. Is there a seconder, Mr. Chairman? ... don't need a seconder. Well, Mr. Chairman, I think that before my honourable friend ...

MR. CHAIRMAN: Order please, order please, until I get the motion before me here. ... move that Resolution No. 8, Section (e) (2) be reduced to one dollar. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I am a little disappointed that the Member for Rhineland was not willing to wait for an explanation of this item before he made the motion, because while he may be right there may be a number of areas that the University Research people undertake beyond his immediate interest. Let me assure the Honourable Member for Rhineland that the budget that is shown here for support to the University of Manitoba Agricultural Research section represents about twenty percent of all their research budget, so that to the extent that we withdraw provincial monies we will likely jeopardize private donations as well, because it's a cost sharing arrangement with most of them - there's always an input from 3 or 4 or half a dozen different agencies towards certain projects. Many of them hinge on the kind of input the province itself puts behind a project so that the nature of the amendment, would certainly - the motion would certainly jeopardize a great deal of the program.

I want to indicate to the Member for Rhineland the areas which were presented to us for financial support, the research areas, and they are as follows: Agricultural Economics, \$64,000; Agricultural Engineering, \$109,000; Animal Science 68,000; Interdepartmental Research and that's through the Dean himself, \$113,000; Entomology, 47,000; Food Science, 93,000; Home Economics 168,000 -- no I'm sorry -- no, Food Science is 93,000; Glenlea Research Station, 168,000; and just as an example of the product of their research I think that the Glenlea Research Station may remind us of the new variety of wheat that was introduced only a few weeks ago, namely Glenlea, which was part of their project. Home Economics, 39,000; Plant Science, 108,000; Soil Science 47,000.00. Now that totals up to 158,000, Mr. Chairman. We are certainly not supporting them to that extent; that was their request of us and we cut it down \$858,065, and we had cut them down to \$570, so that that would give the honourable member an overview of what is involved at the University of Manitoba Agriculture Research Station.

MR. FROESE: How much of this actually goes towards plant breeding? I think this is one of the more important items that we as farmers do support in research. We feel that more should be done in the way of special crops. We have the vegetable oil industry at Altona which has for all these many years been importing soya beans for their production. In all these years that they have been in operation there, we still haven't got a soya bean that can be grown successfully in Manitoba that will really do the job. Either it's an early variety that is poor yielding, or a late variety which is subject then to frost hazard, and so on, and as a result is not successful because of that.

I think we have more areas that we should be experimenting in, in special crops. I feel that Durum wheat section is lagging very badly. Look across the line to North Dakota, and they have any number of varieties of Durum wheat that they have grown very successfully. In fact North Dakota is the - Langdon is the state capital as far as the Durum wheat is concerned; they have an annual Durum show with many hundreds of samples of Durum, and they are selling much more in the way of Durum in the export market than we are. And why should we not be developing this market to a larger extent than we do? I feel that we are falling short on this. I think one of the reasons is that we are not doing sufficient research work in the plant breeding section in varieties of Durum. I'm sure if we don't do more than we have up to the present, that we will be losing more of our markets as we go along. I feel that this is too bad, that rather than we lose, that we should be expanding our markets in this direction because we can grow Durum very successfully in Manitoba.

So that I feel that more money should be devoted to the aspect of research and plant breeding, and providing better and newer varieties so that we can compete with our neighbour to the south in these very and various products along cereal grains.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): I also believe there should be more spent on research but the question I'd like to ask is this new wheat Triticale that Dr. Shebeski has been working with a number of years. This has been out for a long time and I understand that a certain person has a contract in growing it. How is this allocated, and how long does this go on in this Triticale wheat?

MR. CHAIRMAN: Resolution . . .

MR. USKIW: I didn't hear the last part of the honourable member's comments. I wonder if he would repeat them, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Well the reason I bring this up is because they want a considerable

(MR. HENDERSON cont'd) amount of this wheat for testing, and it's been grown by one individual in our area for a long time, and he has a, what you could call almost a monopoly on supplying this wheat by what I understand. Now this has been going on for a long time and he's had a good thing going while other people haven't. Now does this come up for re-tender, or how is this handled?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: To pick up the last point, Mr. Chairman. I am advised that the Triticale program is not now a provincial program; it is an international one which requires funding from a number of countries; so it's really not a Manitoba program at this point, although we may be involved financially in it.

The Member from Rhineland wanted to know, Mr. Chairman, the amounts of money in plant breeding. I want to repeat the figure I gave him. Plant Science: the request was for \$108,000 for Plant Science; \$168,000 at the Glenlea station, half of which goes into crop research. Now on the question of what kind of research programs the University ought to be undertaking, I simply want to suggest to the Member for Rhineland that the University is maintaining a very much open door policy, in that people that want them to do specific research should undertake to discuss their proposals with the Dean of the Faculty, and he, in turn, will discuss those research proposals with the Province of Manitoba at the time when he presents his budget to us, and at the time that we consider our grants to his facility. So for the benefit of the Member for Rhineland that if he thinks that there is an area that is lacking, I would advise him to meet on occasion with the Dean of the Faculty of Agriculture, and present to him some concrete proposals.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Mr. Chairman, I'm not altogether satisfied with the answer I got on Triticale wheat because now if it's become a national thing, or international thing, how come one person gets a contract for growing it where he's assured of making money and where he can sublet contracts out for other people to grow and deliver to him? Why can't this be handled on a different way or - there must be some proper explanation for this.

MR. USKIW: Again it's a research program which involves a number of interested parties. The Dean, of course, is supervising the program; he is not answerable to us specifically because of the multiplicity of interest groups involved. I presume that if the Member for Pembina wants to impress the Dean on what should be done to improve this particular situation, that he should do so; but he is not answerable to the government as such, because of the number of areas from which grants come for that program.

I want to indicate to members, however, that the report of the University Research Program is now at the printers and will be available soon, and when members opposite receive that report they will have a better appreciation as to what the programs were over the last year. Now it's unfortunate that they're not available for this discussion but that is the advice that I have at the present time.

Let me indicate to members opposite that there are two Canada Department of Agriculture people working on these research projects as well, so that it involves both federal and provincial governments and other organizations.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: . . but since there is provincial money going into this, I think we should be given an explanation of how this wheat is always grown by one person, or why it isn't tendered so as other people can bid on it.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: On that same particular subject. Can the Minister explain to us in what way, when new varieties are developed, how the seed is distributed? Because I feel that there is a certain clique . . .

MR. CHAIRMAN: Order, please.

MR. FROESE: . . . clique if you could call it that; that certain people have access to the new varieties and others are out, that certain people are benefitting to a very great degree, and that this is more or less, a closed shop. I would like him to answer this particular aspect of it.

MR. USKIW: I don't have the specific document before me, but I can indicate to the Member from Rhineland that the Seed Growers Association usually negotiates with the research people on how any new varieties are distributed, whether in the first instance when there is a

(MR. USKIW cont'd) very limited amount, and whether it's in the secondary stage where there is a larger expansion of the program throughout the province, so that there is involvement of the Seed Growers Association of Manitoba in this regard - and apparently to their satisfaction. Now maybe there are problems that I am not aware of.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Chairman, while we're just dealing with this matter, I think it's rather an important one, and when provincial monies are involved here, my colleague from Pembina has brought up an important point, and as the Minister stated, he is quite correct in that the Canadian Seed Growers Association is involved in most new varieties of grains, forages and what have you, but it seems to me that the matter of Triticale has been something a little different than most other grains. But as I understand it, Mr. Chairman, here's the important point that I'm concerned about is that Triticale has not developed to the stage that Mr. Shebeski had hoped it would. I mean his dreams a number of years ago were that here was a real prospect of a good seed quality grain for livestock, and it has not proven as such, the protein is not as high. I understand now that there's another variety that is taking its place, and I was just wondering if the Minister knew briefly what is happening in this area, from Triticale to a new variety that they are hoping to develop a better quality grain?

MR. USKIW: It's indicated to me that that item may be well contained in the report that is going to be presented to members opposite in a very short period of time.

MR. CHAIRMAN: Proposed Resolution . . . The Honourable Member for Rhineland.

MR. FROESE: Before the resolution or the question is put, it was my intention to bring attention to members of the House and to the government that I, for one, am in favour of research and my reason for putting the motion forward was to impress on the government the way the thing is handled. I feel that these reports should have been out before we dealt with this particular item so that we would know just what the money had been spent on, and also that we would have an itemized list of what the money was supposed to be spent for in the ensuing and the coming year. I think this has been done; I feel much more, the allocations, the way they are made, I don't think they are the best; I feel, I certainly would rearrange the allocations so that we would have more monies made available for plant breeding which certainly would do a lot for the economy of this province. We are so dependent on export, and especially in the field of grain, cereal grains, and that here is an area where we should be doing more than we are doing in this province. And having done so, Mr. Chairman, I will withdraw my motion.

MR. CHAIRMAN: Leave? (Agreed) Resolution (e) (2) passed.

The Honourable Member for Ste. Rose.

MR. PETER ADAM (St. Rose): Mr. Chairman, on research I would like to ask the Minister if -- there's a growing concern by many many people now regarding the production of food by chemical means, and particularly in the beef. This is a growing concern in the States, that there is residue left in the beef that we eat, and I would like to know whether there is any research being done on the production of organic foods? If there is any money being spent in that direction? Growing grains without the use of chemical fertilizers, etc? I think this is very important and I would like if anything is being done in this direction?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: I am not aware, Mr. Chairman, of any particular research in that connection. All I can indicate to the Member for Ste. Rose is that we have items in the budget that deal in the Animal Science and Food Science area, but I don't know specifically about research in particular on that . . .

MR. CHAIRMAN: Resolution (e)(2) -- passed. Resolution (e) -- passed. Resolution (f) (1) passed. (2) . . .

MR. CHAIRMAN: The Honourable Member for Gladstone.

MR. J. R. FERGUSON (Gladstone): This is a very small amount in the estimates \$1,000 but I would like to know, as the pollution kick has taken effect on our manufacture of chemicals, what chemicals are going to be recommended, if there are any in stock, or in a position where they can be moved into the market, and what steps your department is taking to insure that there will be adequate supplies available?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: I'm not aware of any problem in the area of chemical control of grasshoppers. As far as we are aware everything is on track and if necessary there will be chemicals available to control the possible outbreak this year.

MR. CHAIRMAN: Resolution . . . The Honourable Member for La Verendrye.

MR. LEONARD A. BARKMAN (La Verendrye): Mr. Chairman, on that same point. Was there not a report out that there was a grave concern as far as southwestern Manitoba is concerned in regard to grasshoppers?

MR. USKIW: Well, there are a number of areas in the province where there is some indication based on testing done last fall that we might have a very serious problem this year. It has been monitored and our field staff are going to be watching it very closely this year, this summer, so I think we're on top of it at the moment.

MR. CHAIRMAN: Resolution . . . The Honourable Member for Souris-Killarney.

MR. McKELLAR: No, go ahead, go ahead.

MR. CHAIRMAN: The Honourable Member for Gladstone.

MR. FERGUSON: Thank you, Mr. Chairman. Would the Minister indicate what trade names or what products will be used? Could you do that?

MR. USKIW: I don't have it convenient at this point, Mr. Chairman. It's on the registered list, if the honourable member would like to look that up.

MR. McKELLAR: Mr. Chairman, I just want to say a word or two on this. One of the problems we had in the area I think which the department have already notified citizens of southwestern Manitoba is the area north and west of Glenboro, in that area in Sprucewoods, this is one of -- it's all sandy soil -- grasshoppers tend to work in that particular area, and I was just wondering if there was an epidemic took place, which we haven't had actually since 1935, would the government be prepared to spend more money than \$1,000.00?

MR. USKIW: Well I don't think, Mr. Chairman, that at any time where there was a problem that the Government of Manitoba spent only a thousand dollars. The honourable member should recall that, having been a member of this House for many years, that that is an item in the budget simply to make sure there is a provision in the Estimates for that kind of eventuality, the problem of emergency control measures that may have to be introduced; because there is an item one can always arrange to fund any program under that item, even though the total amount in the Estimates may be token amounts shown. It's only to make sure that we are equipped financially to undertake an expansion, if necessary.

MR. CHAIRMAN: Resolution 8(f)(2) -- passed; (3) . . .

A MEMBER: Mr. Chairman . . .

MR. CHAIRMAN: The Honourable Member for Gladstone.

MR. FERGUSON: Would the Minister indicate what this amount of \$14,800 is for?

MR. USKIW: Well this one comes up every year, Mr. Chairman. It is the amount of money which represents the grant to the Manitoba Development Fund re Winnipeg Gardener's Co-op as he may notice in the Estimates. It is the facility at 1200 King Edward Street in Winnipeg, which the previous government entered into contract with. Okay?

MR. CHAIRMAN: (f)(3) -- passed; Resolution 8, in the sum of \$1,271,800 -- passed.

MEMBER: Mr. Chairman.

MR. CHAIRMAN: I would just like to draw the attention to the members that at 5:30 this evening we will have expended all but five minutes of the time allotted to this department. Resolution 9(a) -- passed; (2) -- passed; Resolution (b)(1) -- passed. . . The Honourable Member for Rock Lake.

MR. EINARSON: I wonder if the Minister could explain in the Livestock and Product Improvement, could he explain the -- it's quite a jump in salary here -- just what are the functions briefly, and why the increase?

MR. USKIW: Well we have the new lab facility that will be opening up this year at the University complex in which there will be a new dairy lab and there will be a consolidation of milk testing in Manitoba this year, something that has been requested for many many years. The province is going to assume full responsibility in this area. That will represent a good part of the increase; it represents the necessary staff inputs as well to launch into those programs, and there is the normal salary incremental growth as well.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, who did this previous to the government taking it over then, Mr. Chairman?

MR. USKIW: Well unfortunately it was sort of a hodge podge. We had the Department of Health and we had Agriculture, and we had I believe Environmental people and we had the City of Winnipeg involved in milk testing. So we had four or five jurisdictions, you might say

(MR. USKIW cont'd)tripping over each other, and what we have done is consolidated the whole program under our new lab facility.

MR. CHAIRMAN: Resolution (b)(1) -- passed; (2) -- passed; Resolution (b) -- passed; Resolution (c)(1) -- passed; (2) -- passed . . . The Honourable Member . . .

MR. HENDERSON: Under Livestock Management, I'd like a little explanation of this. There's more increases and I was just wondering why.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: There are four people added to the feed lab at the new facility; again it represents the opening of the new facility at the University, so it's a matter of staffing it. That's the reason for the increase. It's the feed division - four people involved and one steno.

MR. CHAIRMAN: Resolution (c) -- passed. Resolution (d) . . . The Honourable Member for Souris Killarney.

MR. McKELLAR: Mr. Chairman, I was just wondering, last session a board was set up to look after the AI for the development of the province, and I was just wondering what progress has been made by that board and what are the plans of the government in the future?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: To take the last question first, Mr. Chairman, I want to indicate and remind members opposite that the government had no specific plans. While my friends opposite thought that there was some hidden secret to the introduction of that legislation I want to again confirm or reaffirm that we have decided to introduce permissive legislation to allow the users of the product to determine the course of action that that industry will take in the future development of that industry. The board was set up for that purpose. They have undertaken a number of studies; they've had a number of meetings; they've had trips outside of Manitoba to see how AI is handled in other areas of Canada, and I don't have any final position of that board or recommendations at this point. They are still in the midst of their studies.

MR. CHAIRMAN: The Honourable Member for Souris-Killarney.

MR. McKELLAR: I would just like to thank the Minister for his statement. I was just wondering -- is he expecting a report in six months' time or three months or a year from now, or when does he expect the report. And if he hasn't any ideas on AI, is he going to accept the opinion of the committee only?

MR. USKIW: Well, you know, I think everyone has ideas about everything, Mr. Chairman, but we are trying to do here is to determine what the industry wants to do. We are not trying to impose any system or idea down the throats of the users, if you like. What we want to do is have a good healthy discussion with all interested parties, and that is what the board is doing, and when they complete that work they will then prepare a report for my consideration. Now whether I accept in total their report remains to be seen. As I indicated in my first comments, we all have ideas, I have some of my own, Mr. Chairman.

MR. McKELLAR: A subsequent question. Did this committee hold public meetings in the Province of Manitoba and if they didn't are they planning to hold meetings?

MR. USKIW: Well they can hold public meetings. I don't know whether they have. I know they've held meetings with different groups -- whether they were public meetings, I'm not aware, but they can if they choose to.

MR. CHAIRMAN: The Honourable Member for Pembina.

MR. HENDERSON: Was it not the intention at the time of that act to set up one distribution centre and wasn't this board just to run it?

MR. USKIW: If you look at the act, I believe the provision suggests that they may -- I don't think it says that they shall . . . And really the board will make a recommendation in that respect as to whether they want to regulate the present system or whether they want to consolidate into one distribution agency; whether or not they want to add to it a stud facility, that is an open question and these are the terms of reference for that board.

MR. HENDERSON: . . . just going around the other provinces hearing what they do and trying to make up their mind? And if they are not going to hold hearings in Manitoba where we're setting it up, it seems rather silly to me.

MR. USKIW: Well I simply want to say, Mr. Chairman, that the board is representative of many interest groups in Manitoba, non-political, and I am prepared to give a lot of latitude to their recommendations.

MR. CHAIRMAN: Resolution (d) -- passed; Resolution 9 in the amount of \$809,400 passed. Resolution 10 (a) -- passed . . . The Honourable Member for Gladstone.

MR. FERGUSON: Veterinary Services -- I take this as veterinary clinics, Mr. Minister, and I'd like to know how many clinics are operating in the province, how many will open this summer and if there are sufficient vets to staff them?

MR. USKIW: We have, Mr. Chairman, eight clinics practically complete, five started, four that are just about to get underway and seven possibles or probables at the moment. As far as the staffing end is concerned, I'm advised that we have been fairly successful in that respect. We have attracted veterinarians to areas in which they were not before.

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

MR. GRAHAM: Are any of those clinics complete?

MR. USKIW: I think that while some of them are operative that there are still things not completed. I'm not sure about the numbers, whether it's one or two or half a dozen. I can't be more specific than that.

MR. GRAHAM: The reason I ask this, Mr. Chairman, the municipal people have been quite worried. They've invested their money for two years or more. The promises of the Provincial Government of the requirements of the Provincial Government are such that it's almost impossible to build the clinic to the specifications required by the government with the money available, and the result is that in many areas where they have tried to set these clinics up that we have a total chaos -- farmers don't know what to do, the clinics aren't operating, veterinarians are becoming discouraged and it's an utter chaos that has resulted. Two years has gone by and nothing has happened.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I would like to ask, Mr. Chairman, what happens where a clinic has been built, the amount of money that was specified by the government has been expended and they find out that they're over-expended. What is the government prepared to do in this case and also in the cases where a clinic has been built and is not open -- not being utilized? What is happening there?

MR. USKIW: Well I'm not at all specifically aware of any one example where this has happened although I understand there were some problems with respect to the sum of the contracts in one or two areas that appear to be excessive. I can't give you a precise answer on that one because we're generalizing here on the whole program. I can get information if you want to give me the specific problem area.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. USKIW: Mr. Chairman -- if I can -- that one of the problems that we did run into very recently was the fact that our director had to abandon the program because of illness for the last three or four months, he was not able to follow up on some of them, but this is a temporary problem.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. McKENZIE: Yes, Mr. Chairman. I wonder -- like the drugs that are in store in the veterinary clinics -- like what the policy is for the pricing of them and who can have access to those drugs? I am told by some sources that farmers in the area who have practiced the art of veterinary -- maybe not at a professional level -- at a sort of amateur level -- are not in a position or cannot go into the clinic and purchase drugs. There's sort of an animosity building up between the local vet and these people and it hasn't been the best of relationships.

MR. USKIW: Well again I think the Member for Roblin should know that it would be a violation of the law to dispense drugs in the way that he suggests and it's only the veterinarian can dispense drugs under the program.

MR. McKENZIE: So therefore they're available to anybody and everybody at all -- those drugs are dispensed by the vets, through the clinic, are available to anybody and everybody at all times.

MR. USKIW: Only if the veterinarian prescribes them and provides the service, Mr. Chairman. This was part of the incentive to the veterinarians.

MR. CHAIRMAN: Resolution 10(a)(1) -- passed; (2) -- passed; (a) -- passed; (b)(1) -- passed . . . The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I wonder the Animal Health Services -- we have quite an increase in the salaries and expenditures here, on the salary in particular. Could the Minister give us an explanation of this -- on the \$5,500.00?

MR. USKIW: Yes, that's just the normal salary increments, Mr. Chairman.

MR. CHAIRMAN: Resolution (b)(1) -- passed; (2) -- passed; (3) -- passed; (4) -- passed;

(MR. CHAIRMAN cont'd)(b) -- passed; (c)(1) -- passed . . . The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, on this I would like to ask the Minister what action he has taken with the Federal Government and what results he has had with his deliberations with the Federal Government to ensure that the Diagnostic Laboratory Services for Animal Husbandry be located in the Province of Manitoba.

MR. USKIW: We have a large diagnostic laboratory service in Winnipeg, Mr. Chairman. I don't know what the honourable member is referring to.

MR. GRAHAM: Mr. Chairman, I'm referring to the federal one which was promised to the Province of Manitoba by the Federal Government, and to my knowledge the Minister of Agriculture has done nothing to bring pressure to bear on the Federal Government to locate such a service here in the Province of Manitoba and it's my understanding, Sir, that it's going to be located in Montreal.

MR. USKIW: Well again, Mr. Chairman, I'm not at all aware of the proposition that the honourable member suggests. I don't ever recall having had any discussions with staff or anyone either upon coming into office or since in this regard. So he's talking about something I know nothing of.

MR. GRAHAM: That's not surprising, Sir. It seems that the Minister of Agriculture is unaware of many of the problems in Manitoba.

MR. USKIW: If my honourable friend is suggesting to me that the civil service of this province is dishonest in not doing its job then I want a retraction.

MR. GRAHAM: Mr. Chairman, I never said anything about the civil service. I'm talking about the Minister and his political activities as the Minister of the Crown.

MR. USKIW: But I'm sure my honourable friend should know that if there were ongoing discussions prior to 1969 on the question of locating a federal diagnostic laboratory in Manitoba, then the civil service would have advised this government when we came into office.

MR. CHAIRMAN: Resolution (c)(2) -- passed; Resolution (c) -- passed; Resolution (d) (1) -- passed . . . The Honourable Member for Virden.

MR. MORRIS MCGREGOR (Virden): Mr. Chairman, I'd like to direct this inquiry -- it's regarding Red Nose or IBR and there does seem to be a lot of confusion. I know this comes in about four different stages -- and talking to one of the Minister's first lieutenants yesterday he explained it to me that this is a live vaccine type of thing that just can't be stored and at the moment when this outbreak comes, it does seem to be coming in from the west and there's some herds reported, 45 aborted out of -- 40 out of 45, 14 out of 16 that I know to be very accurate. The thing is what was the Minister intending with the co-operation of Ottawa of rectifying this in the years ahead to have this -- it seems as though it isn't something you can can and keep stored for an indefinite time.

MR. USKIW: I'm aware of the problem. I believe it's an isolated one and pretty well in one part of the province. I know that there have been discussions between our Veterinary Services Branch and the federal people and that the control programs are underway whatever they are, but I can't give him a specific answer on that.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Well, Mr. Chairman, the Minister says it's an isolated problem. I'm quite a distance, Mr. Chairman, from my colleague the Member from Virden and I want to say to him in my own immediate area a farmer who has a cow-calf operation, 70 cows and he had 70 abortions. Now this is a real serious loss. I've had about four or five other farmers in my area who have had a similar experience, and I want to say to the Minister and emphasize very strongly that I think we've never had it as bad as this year, and it is becoming a matter that I think is very serious when I indicate to the experience of one farmer when he's had a total loss - 70 calves - he can understand this is a very serious matter. I'm wondering as my colleague from Virden stated, what are the veterinarians -- has he had any discussion with the Veterinary Association on this particular matter? Red Nose, it's a very serious thing.

MR. USKIW: I think the Member for Rock Lake should know that the Government of Canada is largely involved in this area and as I indicated a moment ago the Provincial Veterinarian has had a great deal of liaison and discussion with the federal authorities on controlling and eliminating the problem. Now I can't be more specific than that. I know that it's under control, at least we're fully aware and doing everything we can in that regard.

MR. CHAIRMAN: Resolution (d)(1) -- passed; (2) -- passed; Resolution (d) -- passed;

(MR. CHAIRMAN cont'd) Resolution 10 in the sum of \$433,400 passed. Resolution 11(a) -- passed . . . The Honourable Member for Gladstone.

MR. FERGUSON: Extension Services seems to have quite a budget. It's up considerably and I think this is one of the places that we aren't complaining too hard. In my own particular area we have a very efficient pair of Ag Reps. We've been very satisfied with their work and their effort to reduce the cost of farming, the cost of our operating, and I would hope that they will become more efficient. I'm sure they will be because with the statement from the Member for St. Vital of the breaks that the farmers are getting in their telephone, gasoline, hydro, building taxes, cars, etc. for nothing why we feel that we will certainly have to have more efficiency somewhere if this is going to be the thinking of the government on the other side.

MR. CHAIRMAN: Resolution 10. 11 (a) . . . The Honourable Minister of Agriculture.

MR. USKIW: I just want to indicate to members opposite that the increase in the amount represents the new salary agreement, by and large.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BARKMAN: I'm a bit at a loss as to where the subject of bees comes in -- bees, or our honey production. Would that . . .

MR. CHAIRMAN: Resolution 11 (a) (1) -- passed; (2) -- passed; (1) -- passed; (b)(1) -- passed . . . The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, this (b)(1), Extension and Resource Management, there's 628 to 702,000, that's quite an increase here. Would the Minister just explain that?

MR. USKIW: I think I did, Mr. Chairman. I said that the new salary agreement entered into with the civil service represents the bulk of the increase here.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. FROESE: The section dealing with Agricultural Extension and Resource Management, just what does this all include? I would like to know from him when we are speaking of resources . . .

MR. USKIW: You have about 32 agricultural representatives plus the ones under the FRED program, Mr. Chairman.

MR. CHAIRMAN: Resolution (b)(1) -- passed; (2) -- passed; (b) -- passed. Resolution (c)(1) -- passed; (2) -- passed . . . The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I'm wondering on (1), Human Resource Development -- I'm just trying to figure out what this has to do with in relationship to our Agricultural Department. I wonder if the Minister would explain that, our Human Resource Development.

MR. USKIW: That includes your 4H Youth Programs, Home Economics and Agricultural Manpower office here.

MR. EINARSON: Pardon?

MR. USKIW: Human Resource includes 4H, Youth Programs, Home Ec and Agricultural Manpower Officer -- a Manpower man in Agriculture.

MR. CHAIRMAN: Resolution (c)(2) -- passed; (3) -- passed. Resolution (c) -- passed; Resolution (d)(1) -- . . . The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Chairman, I'd like to say a word on the Agricultural Extension Centre. In Brandon I think that this Agricultural Extension Centre has been a wonderful success. And not only for the City of Brandon but for the rural areas in southwestern Manitoba. One of the reasons for the success I think has been a gentleman there who has been there for some time, who is known to everyone in Southwestern Manitoba, Mr. Reg. Forbes, a man who is well qualified for the job and who is I think relating the changes in agriculture on to the many farmers in western Manitoba. Now under the new building there which has greatly improved the last few years, I think his job has become easier and I'd like to offer my congratulations and the congratulations of our party here to Mr. Forbes and the members of his staff of the Agricultural Extension Centre in Brandon.

MR. CHAIRMAN: The Honourable Member for Radisson.

MR. SHAFRANSKY: Mr. Chairman, I'd like to go back to (c)(3) could we have an elaboration on what the Agro-Manitoba Development is?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: These are pilot projects. The Regional Library Services program in the Parklands region represents the major project; the Community Schools Co-ordinator program in Pelly Trail is one of the smaller ones; the Recreational Director in Lakeshore School Division is one other project; Frontier College projects at Amaranth, St. Lazare are

(MR. USKIW cont'd) completed at the moment and are being evaluated. Social Development Seminars and Community Courses represent about \$25,000 of that budget.

MR. CHAIRMAN: Resolution (d)(1) -- passed; (2) -- passed; Resolution (d) -- passed; Resolution (e)(1) -- passed . . . The Honourable Member for La Verendrye.

MR. BARKMAN: Mr. Chairman, I don't intend to hold up the committee at any length of time, but we all know that the honey production and the honey prices have been rather favourable the last couple of years. My question really is going to be, since the Bee Act was passed I believe in July of 1970, I wonder if the Minister can tell us how it's been working out. I know that it's helped in checking perhaps some of the diseases, perhaps one of the largest concerned is a disease called American Foul Brood and I understand that percentage is relatively low, but I wonder if he could tell me how the act is working out.

MR. USKIW: I would presume, Mr. Chairman, that it must be working because we haven't had any complaint or discussion as a result of the passage of that Act. We have maintained about 8,000 inspections under the program in the last year. That's all the information I have on that particular question; there have been no problems that I am aware of.

MR. CHAIRMAN: (e)(1) -- passed; (2) -- passed; (e) -- passed; Resolution 11 in the amount of \$2,226,900 passed. Resolution 12(a) -- passed; (b) -- passed . . . The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, are we not on (5)(a)(1)?

MR. CHAIRMAN: Resolution 12, that's right. Resolution 12(a) . . .

MR. EINARSON: On this one here, Mr. Chairman, there is an increase in salary here again of roughly 4,000. I think this would be relevant in all the salary increases. On what percentage is this based? Is that just a straight increase or are there increases in staff?

MR. USKIW: There is a 12 1/2 percent figure, 5 percent last year and 10 1/2 percent this year, Mr. Chairman.

MR. CHAIRMAN: Resolution 12 . . . The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, I have some questions dealing with this resolution in total. Under the annual report of 1970-71 on Page 104 and 105, it deals with land use studies and the soil survey and soil fertility investigation -- and then there is a number of projects listed and one of these, item 13, is the Morden-Winkler detailed report and preparation for 1971 -- printing apparently. I would like to know from the Minister, is this completed and if so, are maps available to be provided for us, maps of the . . .

MR. USKIW: Mr. Chairman, I'll have to take that as notice. I don't know if they are yet available.

MR. CHAIRMAN: Resolution 12(a)(2) -- passed; (a) -- passed; (b)(1) -- passed; (b)(2) -- passed; (b) -- passed; (c)(1) -- passed; (b)(2) -- passed . . . The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, under (c) Crops, just what is intended here, what is the purpose of it -- what is it for?"

MR. USKIW: These are personnel that involve themselves in the special crops and forage crops, cereal crops.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: When he says involved, what does he mean by involving -- is this connected with the Experimental Farm or the Glenlea Station or what?

MR. USKIW: We have specialists in a number of areas, one of which is in the crops area, Mr. Chairman, and they service the entire province.

MR. CHAIRMAN: (c)(2) -- passed; (c) -- passed; (d)(1) . . . The Honourable Member for Radisson.

MR. SHAFRANSKY: Mr. Chairman, I would like to find out what the expenditures on the Weed Control and the other expenditures -- what way is this being expended -- for what particular purpose in the Weed Control?

MR. USKIW: The bulk of that would be chemical and grants to the municipalities -- or weed control districts, rather.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: I am just wondering -- does this not involve the Highways at all. I mean, we've had a problem whereby farmers and municipalities are doing their part in keeping weed control down but I know from the -- we have brought this up before, the former Minister of Highways, where the controls were not kept on certain PR roads. I am wondering

(MR. EINARSON cont'd) . . . what -- is the Minister enforcing the Act in this respect now?

MR. USKIW: I am not aware of any current weed problem, Mr. Chairman. I don't know.

MR. CHAIRMAN: (e)(1) -- passed; (e)(2) -- passed; (e) -- passed; (e)(1) -- passed. . . The Honourable Member to Radisson.

MR. SHAFRANSKY: Mr. Chairman, on the salaries in Horticulture, they're \$105,200 -- in what particular expenditures are these for salaries alone -- in what way are they beneficial to the province?

MR. USKIW: This item is similar to other items, Mr. Chairman. We have specialists in the field of vegetable and horticulture; we have one new plant pathologist I am told, and that represents the salary item of \$105,000.

MR. CHAIRMAN: (e)(1) -- passed; (e)(2) -- passed; (e) -- passed; Resolution 12 in the amount of \$898,300.00 passed. Resolution 13(a) -- passed. . . The Honourable Member for Pembina.

MR. HENDERSON: Well I am just wondering what really would be covered in this section, because it says Economics, and I just wish the member from St. Vital was here because he showed some very strong ignorance the other day when he was talking about the farmers' problems; when he thought that we could write off our hydro bills and gasoline bills. And I think we should give him a little lesson in that, because I'd like to know if the market gardeners out in St. Vital don't write off their telephone calls, and if they haven't, don't write off their assessment as a business expense. I just think he showed his ignorance to think that a farmer shouldn't be able to write off a percentage of his telephone bills as his operating expense, because he isn't allowed to write off the whole thing. And a farmer's buildings are there for the purpose of carrying on his business and he's allowed depreciation on them and I wonder why he thinks that's wrong. We are only allowed a percentage of the hydro bill; if the farmer is out there and lives on it he only gets a percentage of it. I wonder if he thinks that the farmer shouldn't be able to write off his hydro bill for his machine shed and for his feed lot or for whatever else he might have. It just makes me wonder if the member from St. Vital really knows what he's talking about because he's talking about all our exemptions and he really doesn't know, and it could be considered a little lesson in economics. I wish he'd been here to hear what I said, because he really showed his ignorance the other day very much.

MR. CHAIRMAN: Resolution 13(a)(1) -- passed; (2) -- passed. . . The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I just wanted to respond to the comments of the Member for Pembina. I think that the Member for Pembina is skirting the issue of it when he says that the Member for St. Vital doesn't know his agricultural economics. It is not very difficult to determine the methodology of tax filing on the part of any business group, whether it be agriculture or otherwise, and I think that the description that the Member from St. Vital gave to the House last week was accurate in that regard so that I don't think that the Member from Pembina should be allowed to get away with those comments. I want to indicate to the House that this particular section deals with the CANFARM Program, Farm Management Program and Special Studies in Economics.

MR. CHAIRMAN: The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Chairman, I just want to say a word on economics, because if you want to have a course in economics all you want to do is make your income taxes and that's what I was doing this morning. I found out that I hadn't sold a bushel of grain since last October. Now I'd like to know from the Economics Branch how I'm supposed to live for six months without a quota. I know it's not your fault, there's nobody to blame here, but most of us farmers are on a four-bushel quota -- we are in the ninth month of the crop year and four bushels times my . . . you know, a section of land comes to 1400 bushels of wheat at \$1.25 a bushel and that's what you got. Now you don't have to have a course in economics to understand that you are either going to do two things -- you are going to have to quit or you are going to have to cut down somewhere and live off your depreciation on your farm, on your machinery and on your buildings. This is one thing that disturbs me about the Economics Branch of the Government. The past years they have been going around telling everybody you've got to get bigger to survive, and the fellows that got bigger went bankrupt. Now the choice I say to the people is to try to fight this storm out that we are having right now on sales

(MR. McKELLAR cont'd) of grain and try to hold on.

Now to get a loan through the Agriculture Credit Corporation, you have to have enough money in your pocket; and if you had enough money in your pocket you should be crazy to start farming in the first place so it ends up that very few of them ever can get a loan. Now I'm not much on economics, but I know that unless you've got a dollar in your pocket these days you don't survive and this is the problem that farmers are having right today. Now I know we hear great press releases from Ottawa and we hear them from everywhere else that things are going to get better, but really are they going to get better? I would like to have the Economics Professors tell us what they say is going to happen in the next five years, because the next five years in the history of Manitoba for the farmers of Manitoba is going to be the most important five years they ever went through -- and whether many of them can survive or whether they can't it will be up to the individual person and he will have to make his own decision, and decisions are going to have to be fairly right in most cases.

Now, Mr. Chairman, getting back to the four bushel quota -- I don't think there's an Economics Professor who can prove to me that any farmer can live on that for a nine-month period with little or no hope of ever getting over a nine-bushel quote this coming year.

Mr. Chairman, that's about all I have to say at this particular time on this particular subject because I think it's important. But I don't think anybody can give much advice to the farmers with the background knowledge they have at this time, and I think it's up to the farmers to help solve their own problems if they are able to and weather the storm.

MR. CHAIRMAN: The Honourable Member for Charleswood.

MR. MOUG: Just one short remark, Sir, what we were mentioning about taxes, tele- phones and hydro being deducted as an expense from income taxes as far as agriculture is concerned, I would ask the Member for St. Vital to drop into the first service station he sees in his constituency and see what they do as far as deductions are concerned on those three items.

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MR. CHAIRMAN: Resolution 13. The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, I want to respond to the Member for Souris-Killarney.

He suggested that the most important economics are the economics of the pocketbook, everything else isn't all that important. Now I know he was saying that with tongue in cheek, because the economics of production are very important to everyone. --(Interjection)-- That's right but the economics are important. The member suggested that we can forget about discussing this item because its value is not all that appreciated in that what we need is some sales and some prices and our economics would be quite in order.

Well I simply want to put on the record, Mr. Chairman, that while my friend from Souris-Killarney suggests that all we need is markets and prices, and he's right, that he has never seen fit to make that determination; neither has his government when they were in office, and they have not attempted during their term of office - and that was a lengthy term some eleven odd years - to bring about any measure of bargaining power to their producers. The producers continue to be an exploitable human resource as far as the rest of society was concerned. This government is trying to grapple with that particular problem and we are making a great deal of success, and I would hope that members opposite appreciate that lesson in economics, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Chairman, I just listened to enough of that socialist nonsense. Mr. Chairman, the Honourable Minister doesn't have to go very far back, and if he can't remember back there in the days when John Diefenbaker was running the Government of Canada, he and his Minister of Agriculture along with our present Member for Morris who was assistant to the Minister at that time made it possible for the farmers to get out and expand. And how did he do that? It was strictly through markets, strictly through markets. Nobody in this world is going to control prices; supply and demand will control prices. But, Mr. Chairman, the necessary thing is markets.

The Honourable Minister doesn't believe in that. He wants to control and tell the farmers of the Province of Manitoba how much they're going to grow, what day they're going to grow it, what month they've got to sell it, and what day they're going to take your wife out to dinner. Mr. Chairman, that's not the answer to farmers problems. What they need is more markets, more markets, no matter where they are, and the world is one big market area.

MR. CHAIRMAN: Resolution 13 (a) (2) . . . The Honourable Member for Pembina.

MR. HENDERSON: Since we're talking about economics, I'd just like to warn the Minister that he's going to have more problems next year trying to see that the farmers get enough to survive when they bring in Capital Gains Tax, and all the farm people, because you know if you're familiar with the farm situation that one of the things that have been helping the farmer is to be able to recapture on his income tax through depreciation. And if we can't do that in this next year according to the Federal Income Tax laws, you're going to have to see that the farm people get more income or else they won't be able to survive. I just hope you don't think if you can increase a little bit that we'll be better off because we did have an advantage there, but it is going to be one of your responsibilities to see that we get more money because it's going to cost us more the other way.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Chairman, this is indeed an interesting exercise because we are now given the information that the economic conditions would be right if we had John Diefenbaker back as president . . .

A MEMBER: That's right.

MR. USKIW: . . . or as Prime Minister rather. Well I want to suggest to my honourable friends opposite that we did have him for a while, and you know we find ourselves in a worse position today than we ever have been since the 1930's. And what did he put on the statute books that would have prevented this kind of calamity? Give me one single example. --(Interjection)-- My honourable friend says, yes he went out and he sold some grain.

Fortunately for Mr. Diefenbaker, --(Interjection)-- fortunately for Mr. Diefenbaker he had people in China that for the first time in their history had the economic ability to buy food to feed their people. Fortunately that they developed to that stage in their economic system; and fortunately for John Diefenbaker, the Soviet Union was in a position to require huge supplies of grain from Canada after they had cleaned out four or five other countries. My honourable friends ought to remember that. It was not by design, it was by accident and

(MR. USKIW cont'd) really no innovation on the part of anyone, excepting for one thing, and this is where I have to give credit where credit is due. And that is that they were not hung up on the question of dealing with China. That was a very pleasant departure in Canadian history - long overdue, long overdue. And that is the only measure of credit that I would attribute to the former Prime Minister of Canada, namely John Diefenbaker. I do appreciate the fact that his viewpoint was much broader than many governments before his in that regard.

But let's talk about - let's talk about sales as being the answer, and let's suggest to my honourable friends opposite that we have, we have abundant sales in the feed grains industry this year. --(Interjections)-- Oh, we've got all kinds of sales; in fact I'm advised that we've already sold, we may have sold part of next year's barley crop. There's some indication that that is happening. You know we're going to be sold out of barley this year; we produced a very big crop of barley. But at 67 cents, Mr. Chairman, who is going to make any money? I want to know whether the economics are right for the Member for Souris-Lansdowne. He says all we need is the markets. --(Interjection)-- He says, all we need is the markets. Well I want to say to him that at the present price of barley all of the markets aren't going to provide a viable agriculture for the feed grains producer. So it isn't a question of markets, it's a question of an incomes policy that is necessary. And one of the decisions this country has never made - and the members opposite should recall that they had a man in the name of John Diefenbaker that could have made those decisions - but one decision was never made by any government at the federal level, and that was a decision to make sure that agriculture would be stabilized and that there would be an incomes policy for agriculture. That has never been done. They put some legislation on the books, legislation that to a large extent was unused and ineffective. --(Interjection)-- legislation which - legislation - and if you want to take the Agricultural Products Stabilization Act which could have been a good thing, simply wasn't because there wasn't the policy intent to make it work. This year we had that act used in the payment of hog deficiency payments to the producers across Canada of \$5.00 per hog on hogs indexing over one hundred, I believe it is, up to two hundred hogs.

I don't know why the Government of Canada had not invoked that measure before. I don't know. It was purely policy. Because if you look at the Act, the Act gives the Minister that much latitude in implementing that particular piece of legislation. A lot of discretion. He can decide to pay an 80 percent of the ten year average or a 90 percent or a 95 percent or 105 percent. All discretionary. But it wasn't used until the provincial governments imposed themselves on Ottawa last fall and said to Mr. Olson, "you'd better start looking at that piece of legislation to do something for the pork industry in Canada."

I don't know how many times members opposite when they were in government in Manitoba undertook to breathe down the neck of the Prime Minister and the Minister of Agriculture when John Diefenbaker was Prime Minister to make sure that the powers of that legislation were used and used to the fullest extent to guarantee reasonable incomes to producers in Canada. So don't anyone give me a lesson in economics from that side of the House by suggesting that all you need is markets.

You know the egg producers have all kinds of markets but you know at 15 cents a dozen they're not worth a damn and what you've got to have is an organized effort in marketing so that they can get a return which is going to consider the investment and the amount of labour input. This is something that all people want and my honourable friend is contradicting every other rule of thumb in the business world in Manitoba, in Canada, in North America, in the world, when he continues to suggest that we are the ones that are going to be the true free enterprisers - we don't want any government involvement, we don't want any control or regulation, we're going to bellyache a lot about low incomes in agriculture but we don't want all these other things. But let him explain to me why it is that we have a Liquor Commission in Manitoba that will decide how many liquor licences are issued; that will say, no we can't have two hotels in Glenboro, we can only have one; maybe we shouldn't even have one, maybe there should be none in Glenboro. Those decisions are made by the Manitoba Liquor Commission and members opposite were making those decisions for years. I don't know why we didn't have a hotel on every corner. They said, you know there's too much investment involved, the hotel industry will go broke, it won't service the tourist trade efficiently. It will be chaos. We can't give that many licences. We must restrict the number of hotel operators. That's what decisions were made for many many years in this province. Try and get another licence into the town of Selkirk, or into the town of Winnipeg Beach; just try and get another licence. --

(MR. USKIW cont'd) (Interjection)-- Well I'm talking about agriculture. I'm suggesting to my honourable friend here that I am not about to allow the farmers of Manitoba to become the gas station operators of their parent company as my honourable friends were prepared to do when they were suggesting that their economic policy was to allow the giants in the feed and processing industry to take complete control and to enslave, Mr. Chairman, to enslave the producers of agricultural products in Manitoba. That is a lesson in economics I would hope my honourable friend would consider.

A MEMBER: Hear, hear.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I'm not going to belabour this point long. I just want to make a few points here. Listening to the Minister I heard him the other day talk about agriculture and he compared it with General Motors. --(Interjection)-- or, yes, he compares it with liquor, he compares it with hotels and I think this to me is ridiculous in the sense of the word. When you compare the economics of General Motors as opposed to the economics of agriculture and the individual farmer it's just completely ridiculous. Because you know, there's just one thing I want to comment here, that is in the agricultural industry and how economics apply thereto, is the weatherman. We have to deal with the weatherman. General Motors don't have to deal with anything like that. Nor does anyone else.

You know, Mr. Chairman, I'm given to understand that the Minister of Agriculture after the joint meetings of all the Provincial Ministers with the Federal Government coming back in the greatest of frustration -- and I can fully understand and appreciate his difficulties with the Federal Government, I don't deny that -- but I'm given to understand that he indicated that if there had been an NDP government in Ottawa, things would't be any different today. And I can't help but wonder if the Minister of Agriculture didn't stand up to make a political speech thinking possibly there's going to a Federal election in the very near future. I think this is what he's playing for, Mr. Chairman.

But when the Minister tries to compare our agricultural industry with say General Motors or any other industry, it's just not to be compared. We don't sell the two problems in the same way. They're completely different. They're completely different. --(Interjection)-- That's right. That's right. I agree that's a problem. So when the Minister takes that attitude, that if this is the way he compares it, I say he's in trouble and he's not going to solve the agricultural problem.

Here again he talks about prices. Certainly, I agree with him. And he talks about the one thing that Mr. Diefenbaker did - only one thing - I don't think it was by accident. Mr. Hamilton was in China not so many months ago - and had nothing to do with government - interviewing the Chinese government in regard to sales for grains. --(Interjection)-- This is a fact. So when the Minister says that we didn't do anything or our party didn't do anything in this nation, the austerity program that Mr. Diefenbaker brought in - I believe it was 1962 - you know it increased, and I'm in the seed business, it increased the price of my wheat by 50 cents a bushel. It saved the red meat market situation when he brought in that program, and the Minister of Agriculture here in this government stands up and has the audacity to say that nothing our Conservative Party has done over the years has been any good to this province.

Our economic problems didn't start really til this government got into power. And I would venture to say, Mr. Chairman, had we still been there, one thing I know we'd have done and which we did do in January, 1969, we went out to Vancouver to see what was going on there with the ships that were in the harbour and there was no wheat there. Did the Minister of Agriculture make any attempt to see what was going on this past winter? Mr. Chairman, I don't think he did. I think he has a lesson in economics to learn.

MR. CHAIRMAN: Order, please. Order. There's so much noise in here I can't hear the honourable member speaking. The Honourable Member for Rhineland.

MR. FROESE: Mr. Chairman, dealing with the matter of economics, I know in my opening speech on the departmental estimates of the Department of Agriculture, I made a number of points and the Minister never got around to answering. Probably he could answer some of the questions I put to him at that particular time because agriculture really is in a bad spot.

I think we only need to look at the Annual Report of the Agricultural Credit Corporation and we find that the interest overdue on loans as at March 31, 1971 was up 600 percent over the previous year. These are overdue interest account, and then the principal overdue has

(MR. FROESE cont'd) increased 400 percent. The government had to pay in \$2,262,000 because there was a net shortage in the operation of the Agriculture Credit Corporation in its statement of operation. The interest that they received wasn't nearly enough. They had to pay the cost of operation. They put in \$2,204,000 but it didn't cover all of it. The shortage actually was \$2,262,000.

Now, Mr. Chairman, when we talk of economics I'm just wondering what is happening to these many farms and have any of them been taken over by this government. What do you do in a case where a farmer gives up? Do you hire him as an operator? Or what have you done so far? I'm not sure whether we'll be dealing with the Agricultural Credit Corporation report because we only have very little time left. But as I pointed out in my opening remarks, I feel that the matter of elevator rationalization, the storage facilities, needs to be looked into because with rail line abandonment, we have a decrease in elevator storage across this province and I think we need an increase rather than a decrease. So that in a year when the Federal Government does not make as many sales that at least the farmer can still deliver his crop and get cash for it. This is something that we can do in this province as a provincial government. And why don't we do it? I think the Minister should answer some of these questions in this regard because this is a matter of economics and this is a matter where we can help the farmer.

I know the prices are much too low but what can we do in that respect. I think this is a matter up to the Federal Government and we should press on them to provide better prices for the cereal grains and especially for wheat so that the farmer would get a better return so that he could make things go. Because from the report of Dr. Craddock, University of Manitoba, farmers in the Red River Valley have to receive a \$1.44 per bushel of wheat to break even. And what is he getting? He's getting, for 3CW wheat, he's getting \$1.25 in the elevator and he probably may get another 10 cents or so later on, but this doesn't even cover the cost of his expenses to grow wheat in the Red River Valley. This is based on a 23 1/2-bushel average yield over the last 10, 15 years for which the study was made, and I feel something has to be done if the farmer is supposed to be pulled up in any way in this province.

MR. CHAIRMAN: Resolution 13. The Honourable Minister of Agriculture.

MR. USKIW: Well, Mr. Chairman, I didn't think we were going to have as wide ranging debate as we have had on this item but I am quite prepared to engage with my friends opposite.

The Member for Rock Lake, who is not here at the present time, seemed to be very upset about the fact that I had suggested that very little was accomplished during the years when the Government of Canada was headed by John Diefenbaker, and the Provincial Government of Manitoba was also of the same political stripe. And, Mr. Chairman, I think that anyone that takes a look at the record will realize the little progress if any that was made during those years. Because if it had been made, Mr. Chairman, if there was any progress made at that particular time we wouldn't find ourselves in the financial position that we are in today. These things don't happen overnight; they develop over a period of time.

Specific reference was made to the fact that the Province of Manitoba has not taken some initiative in a junket to Vancouver to take a look at the grain tie-ups that were prominent a few weeks ago or a few months ago, as compared to the fact that the Minister of Agriculture in 1969 of the Province, Mr. Chairman, decided to venture out into Vancouver for a bit of warmer temperature, a bit of a respite from the drudgery of his office, --(Interjection)-- toolook at a problem over which if he had some control --(Interjection)-- if he had some control, would not result --(Interjection)-- would not result . . .

MR. CHAIRMAN: Order please.

MR. USKIW: Would not result in any direct benefit to the Province of Manitoba or its farmers, but may have resulted in some direct benefit to the then government in the by-election campaign at that time. Really that was the only motivating factor of that particular junket as I can see it, Mr. Chairman, because everyone knows that Manitoba grain does not move west; it moves east, and right now we have 8-bushel quotas in Saskatchewan, or parts of Saskatchewan and Alberta, and only 4 bushels in Manitoba, simply because the movement of grain was going west, and not east; and as soon as the movement of grain starts to go east we will have the same thing here. So that any junket that one might consider to Vancouver to move Manitoba grain would simply be, in my opinion, a waste of government money -- a waste of government money, a holiday for the Minister who might undertake such a venture and nothing else, and nothing else. But let me assure my honourable friends opposite that we

(MR. USKIW cont'd) have had a great deal of discussions with the Government of Canada and the Canadian Wheat Board, all provinces affected on the whole question of grain transportation and handling -- a whole series of meetings and discussions were held were held over the last four or five months in this regard, so that members opposite should feel assured that everything that can be done is being done.

The Member for Rhineland -- The Member for Rhineland belabored the fact that we have a very high arrears situation in the MATC program, the credit program, and it's true we have. I want to say to him that there are only fifteen loans overdue at the present time beyond three years -- overdue over three years, so that it's not as drastic as one -- over three years -- so it's not as drastic as it may appear on the surface. Now it's not good, but it's not a critical situation.

The amount of subsidy that the Member from Rhineland refers to is not an unusual thing. You'll find it in every year's estimates, and this year you will notice quite a -- not quite a -- but a slight drop in the amount of subsidization of the interest rate, about a \$250,000 drop. --(Interjection)-- Now the fact of the matter is, Mr. Chairman, is that the Province of Manitoba intentionally over a number of years has loaned money below the cost of money, so there was an intended subsidy to begin with -- and we are continuing with that policy at the present time -- in that any borrower that is under the age of 35 gets a two percent reduction in interest rates, below the cost to the Province of Manitoba to quite a large extent, so that it's a matter of government policy to make sure that there is some subsidization of interest for the younger people that want to further themselves in the agricultural industry in Manitoba.

I think the Member for Rhineland should remember that the Province of Manitoba was very much involved, in fact, the leader in the whole discussion of grains policy and pricing over the last two and one half years -- in fact the leader, having produced a program that would bring about a degree of stability to the grains industry on the prairies. And with at least partial success, Mr. Chairman, because the fact that we are going to receive some \$60 million this year in the two-price wheat system is a direct result of the initiatives undertaken by this government and later adopted by the two other prairie governments. So \$60 million -- I believe that this Minister of Agriculture did earn his keep as far as the people of Manitoba are concerned, Mr. Chairman. --(Interjection)--

Now the Member for Churchill says "What's a million" -- I tend to agree with him - in our estimates, of course, a million is very little. But I want to say again we have gained \$60 million for the prairies by reason of our activities in the policy area with the Federal Government in the last couple of years. And that is an important thing to consider, Mr. Chairman, I can advise the Member for Rhineland that that is not the end of the ball game -- that we have agreed -- and that is the three Prairie Provinces and the Government of Canada have agreed to meet again in Regina sometime in the near future to determine -- to determine the distribution of the two-price wheat system for next year, and at that particular time we will be in a position to further the objectives of the Government of Manitoba and the two other Prairie governments as set out in the document that we presented to the Government of Canada a year and a half ago and since that time. The famous Friday meeting in Ottawa was one such discussion on the whole question of the grains income policy for Canada.

We will follow that up. We have a united position on the prairies, and I am hopeful that we may be able to convince the Government of Canada that while we appreciate the two-price wheat system, or the introduction of it, that we want to make sure that it is going to be introduced in the next crop year in such a way that will not encourage the production of one commodity over another, but applied as a basic incomes policy for grains producers by formula -- and that to that will be an added sum of money to bring us to the suggestion of a year and a half ago, and many times since, that a minimum input from the Federal Treasury in this regard has to be somewhere in the area of 150 or \$160 million annually, with a base figure of 1.1 billion and no less, and with an inflationary escalator clause built in, so that the responsibility of the people of Canada in maintaining a healthy grains industry in Canada will be reflected with respect to changes in cost of production, and so on.

A cheap food policy -- yes we have had a White Paper, it has had wide circulation, and it has been a concern to my friends opposite because they questioned the need for the picture that was on the inside of that particular document, the inner cover; it was sent to all the farmers of Manitoba explaining the issues of Bill C-244. I simply want to say to members opposite that indeed I thought it was a good picture even it it's my own opinion.

(MR. USKIW cont'd)

I want to say that as far as we are concerned, if there is going to be a cheap food policy in Canada -- and that's what we have had for a long time -- that the responsibility to maintain that cheap food policy shall not, should not rest on the shoulders of the primary producers themselves. Society as a whole must assume a greater responsibility, a much greater responsibility to assure a healthy viable agricultural industry in all parts of Canada. So we are working to that end, and to satisfy the Member for Rhineland, I think that I had to illustrate the activity that has taken place in some of these areas, and will continue to do so.

One of the other areas that we have yet to move on is in the field of crop insurance, and we have had some very preliminary discussions with the Government of Canada in this regard, and I am hopeful that we will arrive at a better cost-sharing formula which will bring forth further benefits to the farmers of Canada which will result in greater governmental participation in the financing of the insurance program.

Now again I want to say that the discussions to date were very preliminary but they are serious discussions and we are going to be engaging further in this respect in the months ahead. Hopefully for the crop year after this one we might be involved in the brand new ball game as far as the crop insurance program is concerned. So I can go on and on, Mr. Chairman, for many many hours if members opposite wish me to, to either entertain them or to at least indicate honestly the work that has been done in the last number of months and work that is going to be done in the months ahead, but I think members opposite may want to get down to some specific items in the estimates.

MR. CHAIRMAN: Before we proceed I just want to indicate to the honourable members that I have allowed quite a bit of latitude under this one because I think that the situation is one that -- primary discussions have been dealing with economics. I just want to draw to their attention that we have twenty minutes remaining in this department of estimates. The Honourable Member for Morris.

MR. JORGENSON: Mr. Chairman, one can't help but wonder what the Minister of Agriculture is afraid of to have to take up as much time as he did saying something that he has repeated over and over again in --(Interjection)-- many speeches throughout this country, and many times in this Legislature. And I don't object to repetition, --(Interjection)-- but the Minister is obviously afraid of something, afraid that we may get down to an item that members of the opposition may want to question him on. So he indulged himself in that favorite pastime of socialists -- self-congratulation -- and he spent about 15 or 20 minutes saying things that meant nothing, illuminated nothing, and revealed nothing --(Interjection)-- nothing that certainly we haven't heard many times before.

The fact is, Sir, --(Interjection)-- the fact is, Sir, that the Minister's Economics Department has embarked and pursued a policy of restriction, and I don't care how the Minister cuts it, the simple fact is that the policy that the Minister is pursuing in agriculture is going to drive two-thirds of the farmers of this province out of business. A policy of restriction, a policy of eliminating producers, a policy of confining agricultural production in this province to the Manitoba market, that is the ultimate goal of this government. Now that is the intention in everything that they have done up till now, and everything that they propose to do.

The fact is, Sir, the Minister talks about wheat prices -- he spent a great deal of time talking about what a wonderful program that he has been pursuing, and all the initiatives that he has taken in attempting to get the Federal Government to bend to their will. Well, Sir, we know what is going to happen. The Minister never mentioned anything about the real problem that producers face today, and that is the problem of rising costs. The fact is that in the last year realized net income, although it rose by \$16 million over 1970, was not enough to meet the increase in costs, which rose over \$17 million during the same period. My calculations on the basis of a dollar a bushel for wheat on that portion of crop that is consumed in Canada, will yield on the average to farmers in Western Canada, an increase in their income of \$300 a year. But their costs are rising at a rate of \$400 a year, so it will take an annual increase of One Dollar and a half to meet even the increase in costs, let alone anything else. That means, Sir, that at the end of ten years the price of wheat will have to rise to \$18 a bushel in order to meet the costs, the costs that are being accumulated at the rates they are accumulating today. And there's no reason in the world, as long as this government is in power with their spendthrift habits and the spendthrift habits of the governments in Ottawa, no reason in the world why we can have any assurance that costs will reduce. They will increase, in fact, over a twenty year period on the average -- they were increasing at the rate of \$240 a year

(MR. JORGENSEN cont'd) per farm; today that has escalated close to \$400 per year per farm.

Now with costs rising at that rate, all the high flung theories in the world that the Minister may have towards getting the taxpayer to meet that increase in costs, the fact is that it feeds upon itself. The more money that is required to meet those increased costs, the faster the rate of inflation and the faster the rate of those increased costs. And this is the program that the Minister is embarking on. And he has the audacity to try and suggest to the farmers of this country that this policy is going to alleviate the problem in agriculture. Sir, it will do nothing of the sort. This problem is going to create further problems in agriculture and the Minister well knows it. For him to come into this Chamber and attempt to convince us that the situation in agriculture from 1970 to 1971 was so greatly improved by the manufacturing of statistics that do not exist will fool no one and it certainly will not fool the farmers. \$553 million gross agricultural output. The Minister has not explained where that figure comes from yet, neither did the Minister of Finance. The only evidence that we got of where that figure came from was when I was speaking on the Budget Debate and said it was a fictitious figure and bore no relationship to the facts whatsoever. I asked the Minister of Finance where he got that figure and the Minister of Agriculture's reply was "out of his hip pocket". That is the only reasonable explanation we have had where the Minister gets figures as ludicrous as that. He has the DBS figures, he has the figures that are put out by Statistics Canada. They are the ones that we have been using for years, ones that farmers have become accustomed to, and for him to inflate a figure and say that this represents a tremendous increase in agricultural income, is nothing short of fraudulent. The Minister knows better. I think it's time he started telling the facts before this House rather than endeavouring to manufacture figures that do not exist.

Now, Sir, much has been said about how farmers are going to have their lot improved by the government's policy of supply management; a policy that is calculated to destroy the initiative of the farmers; a policy that is calculated to restrict production to what can be consumed in this province. Sir, there are markets that are expanding in all parts of the world. The Member for Lakeside, the other day while he was speaking indicated what was happening in the Province of Alberta with regards to the processing of hogs for the Japanese market. The market for hogs in the United States has increased by leaps and bounds in the past few years. We have not taken advantage of that available market.

Well, the Minister asked "Why?" There is one good reason why, --(Interjection)-- oh, machinery - the Minister says we didn't set up machinery to do it, as if he is going to try and convince this House that the Hog Marketing Board is going to be the answer to moving hogs into the markets of the world. What is required to move hogs into the markets of the world is to produce that hog at a lower cost than anybody else and meet the competition that exists. That's one thing.

The second thing that is necessary is to insure that the quality of the hogs in this province are such that they are acceptable in the markets of the world and it is not a -- I'm not blaming the Minister for this -- it is not a good reflection on the production of hogs in this province, and we find of all provinces in Canada we have the lowest percentage of hogs that grade 100 and over and that has been a consistent pattern over the years. But I blame the Minister in one respect, because there was an effort to establish a hog breeding station in this province, one that was welcomed by the Hog Producers Association and through the efforts of the Minister that program was halted. Through the efforts of the Minister that program was halted. The kind of publicity that the Minister gave, the opposition that he gave to the establishment of that breeder station in Steinbach resulted in the company deciding to cancel their plans for the development of a hog breeder station -- in spite of the fact, Sir, in spite of the fact that his colleague the Minister of Industry and Commerce wrote a letter to that same company and told them that they had no objection to the setting up of that plant in Steinbach.

Here is the schizophrenic attitude of the government -- one Minister telling the company that they had no objections to the setting up of a plant in Steinbach, the Minister of Agriculture riding on his white charger, Mr. Clean, trying to convince the farmers --(Interjection) -- trying to convince the farmers that this was such a terrible thing that it had to be halted. Sir, it was halted. That is the kind of activity that we get from this government, no effort whatsoever to attempt to create a climate --(Interjection)-- create a climate that enables

(MR. JORGENSON cont'd) farmers to produce to the best of their knowledge.

Sir, the enshrinement of mediocrity is the trademark of this government in almost everything they do. They attempt to stop progress -- restrictions, limitations, impositions, penalizing. Now they have got something new --(Interjection)-- now they have got something new. Feed Grain Marketing Board - what a ridiculous thing! There are markets for feed grains throughout this country that could be utilized; there are markets that feed grain producers could use throughout the world, and does the Minister make any effort --(Interjection) -- He talks about all the great effort that he's put into, all the great efforts that he's put into developing agriculture. Has he made one single effort to find the market for feed grains in this province? No. What he is doing -- he has brought in a plan - he has brought in a plan that is intended to restrict production. It isn't enough that producers of grain in this country have to get a Wheat Board permit in order to produce grain, in order to market grain, now it's going to become necessary for them to get a permit from the Feed Grain Marketing Commission, the Feed Grain Marketing Commission - can you imagine anything more ridiculous?

Farmers' seeding plans in the spring are usually dictated by a variety of circumstances - weather, the possibility of markets, and what have you? And it's quite frequently that because of adverse weather conditions it is necessary to change seeding plans in the middle of the spring. Now if the farmer for example had decided that he was going to seed wheat and he indicated that much, the weather turned in such a way that it was not possible for him to seed the wheat that he wanted, it would be necessary then for him to apply to the Minister's Feed Grain Marketing Commission to get a licence to seed oats or barley. How ridiculous - the Minister laughs - it's right in the regulations. Right in the regulations. And if other government ventures in this field such as Autopac and other government agencies are any indication of the time that is going to be necessary to get such a licence it will be fall before farmers will be able to seed anything.

That, Sir, is the kind of progress, that's the kind of progress that the Minister is talking about. That's the kind of progress that this government is advocating. Sir, it will not work. Restrictions in agriculture, restrictions in agriculture are not the way to benefit agriculture. There are opportunities in production providing we can keep costs down, providing we can keep quality up. The government's attention and the government's initiative should be directed towards those two things. If they can do that, Sir, that will be the best thing that they could do for the farmers of this province.

MR. CHAIRMAN: The hour being 5:30 - I call it 5:30. The hour being 5:30, I am leaving the Chair to return at 8:00 p.m. this evening. May I remind the honourable members there is five minutes left in this department.