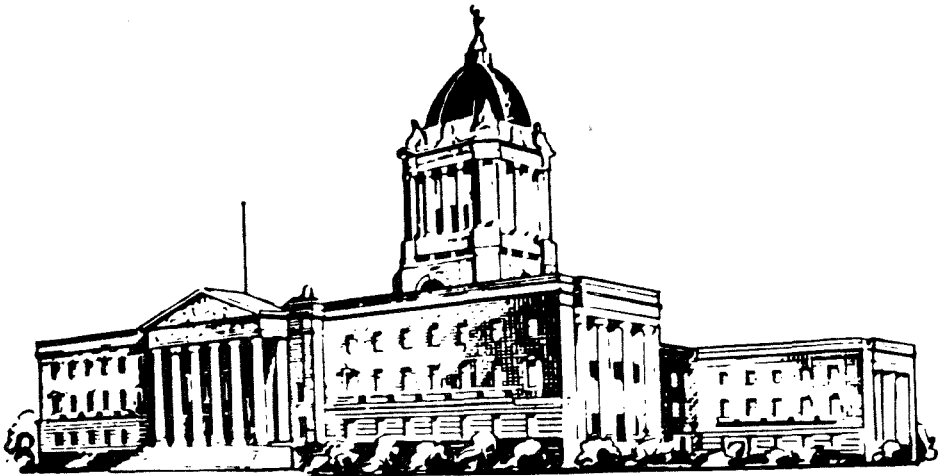




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STANDING COMMITTEE
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON AGRICULTURE
Wednesday, 23 July, 1980

Time — 2:00 p.m.

CHAIRMAN — Mr. Robert Anderson (Springfield)

MR. ASSISTANT CLERK, Richard Willis: Order please, order please. The Committee will come to order. We have a quorum but we have no chairman. Could I have a motion for a chairman?

MR. EINARSON: Mr. Chairman, I will move that Bob Anderson be chairman.

MR. ASSISTANT CLERK: All in favour. (Agreed) Mr. Anderson.

MR. CHAIRMAN: The Committee will come to order. We are considering and hearing presentations on two bills: Bill No. 61, An Act to Amend The Dairy Act, and Bill No. 86, The Milk Prices Review Act. I will read off the list of people who have indicated they wish to make presentations to the committee. Mr. Dooley of Scarth Simonsen, Mr. Scott of the Milk Producers' Marketing Board, those who related to Bill No. 61. The Consumers Association of Canada, Margaret Soper, President, or Ruth Titheridge. Four speakers from the Manitoba Milk Producers' Co-operative Association, Mr. Armand Desharnais, Mr. Jim Cameron, Mr. Norbert Key, Mr. Don Sharp. The Milk Producers Marketing Board, either Mr. Rampton or Mr. Scott. Mr. Dooley of Scarth Simonsen. Mr. Holtman of Rosser. Mr. Wesley Schroeder of Steinbach. Arni Peltz. Elvin Light. Wendy Land of the Ad Hoc Committee for Milk Prices of the Citizens' Health Action Centre. Jackie Skelton. Emil Shellborn. Craig Finnie.

**BILL NO. 61 — AN ACT TO AMEND
THE DAIRY ACT**

MR. CHAIRMAN: Bill No. 61, I call on Mr. Dooley. Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, might I suggest that we possibly consider hearing the representation of people that have come a long distance, starting with those, and in the event that we cannot finish all the briefs, that the people that are closer to this place here, could possibly come at the tail end. It's just a suggestion but maybe we could accommodate some of the people that have travelled many miles.

MR. CHAIRMAN: I am a servant of the committee, does that suggestion meet with the committee's approval? (Agreed) Mr. McKenzie.

MR. J. WALLY MCKENZIE: May I request that if there are any other citizens in the room that they come forward with their names and leave it with the Clerk if they wish to make presentation on these bills.

MR. CHAIRMAN: Your point is well taken, Mr. McKenzie. Mr. Uskiw.

MR. S. USKIW: Mr. Chairman, did we establish how many briefs are ready to be presented this afternoon and how many are yet on the way in? Are there people that are intending to appear later on that you are aware of.

Am I led to believe then that there is only one that is not here of this list, or two?

MR. CHAIRMAN: As I read the list, there are two.

MR. USKIW: I see. Mr. Chairman, just one point. Has the government or the Minister given a commitment to those that have indicated that they wish to be present that they will be heard?

MR. CHAIRMAN: The Honourable Minister.

HON. JAMES E. DOWNEY: Mr. Chairman, yesterday we indicated we would be notifying those people and informing them that the committee would be in fact sitting last night or this afternoon. They were informed. I understand the Clerk's office further notified them. It is the plan, Mr. Chairman, to proceed on the names that are on the list and following the representation to proceed with the bill on a clause by clause procedure.

MR. CHAIRMAN: Mr. Adam.

MR. ADAM: Mr. Chairman, I am wondering if there are any other people in the room, in the audience that intend to make . . .

MR. CHAIRMAN: That has already been called.

MR. ADAM: Oh, I see, thank you.

MR. CHAIRMAN: I would suggest then if Mr. Dooley is not present, I will simply call out the names and I will perhaps leave it to those people who cannot be present beyond today; by the appearance of the list I would think we can hear all the briefs, certainly by this evening, and simply proceed on that basis.

I have already called Mr. Dooley.

Mr. Scott of the Milk Producers' Marketing Board.

MR. RAMPTON: Mr. Chairman, Mr. Scott is in Ottawa. We had no idea, at least I had no idea, that Bill No. 61 was coming up today. I am sure I can make the presentation if it comes towards the end because I can get back to my office and get the presentation but I do not have it with me.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: Mr. Chairman, if the committee would agree then we can proceed with Bill No. 86

and revert back to Bill No. 61, following the submissions on Bill No. 86, to accommodate the people who are wanting to make representations.

MR. CHAIRMAN: Is it agreed. (Agreed)

BILL NO. 86 — THE MILK PRICES REVIEW ACT

MR. CHAIRMAN: Margaret Soper or Ruth Titheridge, The Consumers' Association of Canada (Manitoba Branch) on Bill No. 86, The Milk Prices Review Act. Proceed please.

MRS. RUTH TITHERIDGE: Mr. Chairman and members of the committee, my name is Ruth Titheridge. I am member of the executive of the Manitoba Branch of the Consumers' Association.

The brief that we have prepared is: A basic principle regarding monopolies of food products is that within the system there must be due regard to consumer interests. This is particularly true of milk because it is such a necessary food; there is no readily available or acceptable substitute for milk, and our only source of supply is through the Manitoba Milk Producers' Marketing Board.

This principle has been accepted by the past Milk Control Board during its forty years of existence because the board was charged with the responsibility of guaranteeing that there be a continuous supply of good quality milk at a fair and reasonable price to all producers and consumers, and in reality processors too.

The Consumers' Association of Manitoba questions if the establishing of a Manitoba Milk Prices Review Commission to replace the Milk Control Board will accomplish what must be done to protect the consumers of milk.

Bill 86, seems to us to be extremely vague where it matters most to consumers. The composition of the commission is left in doubt, their powers are somewhat unspecified and the procedures to follow are not outlined.

CAC stresses that such a commission should have a fair and equal representation of all facets of the marketing chain and there must be knowledgeable and strong consumer representatives. And I have a plural there because we don't believe in the token consumer representative.

The ability of the commission to monitor prices really gives us great concern. How extensive will the monitoring be? Will every retail outlet in Manitoba be watched? Will specific prices or average prices be considered evidence of unreasonable costs to consumers? There is not sufficient competition, particularly in areas served by retail stores — and this refers to areas even within the city, as well as outside of the city — to keep milk prices down. Again, the Act is nebulous and fails to state under what circumstances the commission will deem it necessary to establish schedules of maximum and minimum prices.

For the past few years, there hasn't been a minimum price for milk. Why introduce it now? And I think it speaks for our competition system when the fact is that we haven't had the minimum and yet we certainly haven't had very much variation in the price

of milk. The competition could have been there but wasn't.

Bill 86 states that the commission shall conduct inquiries as it deems necessary. To us, there didn't seem to be any guarantee that an inquiry would have to be held. There is no mechanism stated for the public to be informed that inquiries have been invited, no opportunity for co-operation with others who might have a similar case, no system to supply appellants with information, no procedure for making results public, not even a promise that a reason will be given if the application is refused.

This commission has little stated responsibility to the public. A consumer can apply for an inquiry only after the fact, when he considers the cost of milk too high. This after the fact makes it decidedly more difficult for consumers to prove that prices are reasonably high. Must reduced competition be the only indicator? Believe it or not, this was an excuse given to a group of consumers in Ontario when they tried to suggest the price of milk was too high. Well it hasn't forced down consumption yet, so that's very difficult to prove.

There is no time frame given as to how soon any any corrective measures might be taken, so meanwhile the consumers would be charged too much.

Cost of production formulae have been used as a guideline by the Milk Control Board in establishing a price for milk. Establishing a new formula can be a lengthy and costly process and a very important one as each factor must be carefully identified and weighted. We had an example of a formula, I believe it was in B.C., where the cost of living index was part of it which, you know, the price of milk went up, the cost of living went up, so the price of milk would go up. All those factors continued to make a vicious circle. So this is the type of thing that one must be very careful of.

CAC policy states that such formulae must be open to public scrutiny and must be reviewed regularly at a public forum; circumstances certainly do change and any formula must be up for regular review and those that are interested should have an opportunity to have some input into the decisions.

Under Section 4(1), it states that only the producers or producer boards may appeal with respect to the cost of production formula. This really frightened us, that it appeared that, as consumers, we would not be able to challenge that.

Although the commission would have initial mandate to set the cost of production formula, investigate and dictate its own methods of operation; in the final analysis, the commission has very little power. All their decisions can be appealed immediately to the Manitoba Natural Products Marketing Council. The Consumers' Association of Canada, Manitoba, believes this is to be a backward step. The Manitoba Natural Products Marketing Council is overwhelmingly producer dominated, a group whose main responsibility lies in protecting producers' interests, as it probably should be.

The CAC is disturbed indeed that decisions of the council would be the final and binding decision. Section 4, Subsection 5 suggests that an appeal need not necessarily be held in public. CAC representatives fought hard, over the many years that they have been attending these hearings, to

convince producer and processor boards of the importance of public hearings. There must be public hearings at the appeal level.

The Consumers' Association of Manitoba is concerned because Bill 86 severely limits consideration of consumer interests in the pricing of fluid milk in Manitoba. The bill negates the public's right to open hearings and CAC doubts that the nebulous powers of the Manitoba Milk Prices Review Commission will overcome the problems that could be caused by the deregulation of the price of fluid milk, which is deregulated for the first time in over 40 years. Giving the Manitoba Natural Products Marketing Council the final decision in a controversial area is not acceptable.

Thank you.

MR. CHAIRMAN: Thank you for your presentation, Mrs. Titheridge. Will you submit to questions from members of the committee, if there are any?

MRS. TITHERIDGE: Yes.

MR. CHAIRMAN: Mr. Driedger.

MR. DRIEDGER: Mrs. Titheridge, under Section 4(1), you indicated there was only provision for a producer or producer board to appeal a decision of the commission. The way I read it, it says "or any person agreed by an order made under Subsection 3(5) may appeal the order to the Manitoba Council."

MRS. TITHERIDGE: As we read it, a producer or producer board, with respect to an order made under Section 3(2), which had to do with the formula, or a person agreed, to an order made under Subsection 3(5), which has to do with the price. Maybe you intended it to be that way, but it doesn't say it, is what we are saying.

MR. CHAIRMAN: Mr. Uruski.

MR. BILLIE URUSKI: Mrs. Titheridge, were you, as the Consumers' Association of Canada, consulted when this bill was being drafted, or prior to the bill being drafted, as to your views dealing with the Milk Control Board and its functions and the industry in Manitoba?

MRS. TITHERIDGE: Yes, we had a meeting with Mr. Downey. We had met earlier, in January, I believe, and expressed our views. We have met with the Milk Producers Association and we have spoken with members of the Milk Control Board.

MR. URUSKI: At the time that you met with Mr. Downey, did he indicate to you how he was preparing to change the whole situation in Manitoba? Did he give you any indication what he had in mind with respect to the dairy industry, whether the retail prices would be decontrolled or whether the formula would be changed?

MRS. TITHERIDGE: No, not specifically.

MR. USKIW: I wish to ascertain whether or not the Consumers' Association has a preference as between existing legislation and the proposed bill? Does the Consumers' Association prefer the existing

arrangement, with some amendments, or are they accepting the idea that a new measure in law would be preferable, as we have it before us now?

MRS. TITHERIDGE: I think it would be hard for me to speak for all the association, but through my concern, I believe that we would be happier with the existing legislation although we, too, agree that some improvements should be made.

MR. USKIW: Do you believe in an established maximum price for milk, or do you believe that there is something to be gained, as this bill would indicate, in the so-called competitive features that will be made available if this legislation is passed?

MRS. TITHERIDGE: Once again, I doubt that I could speak for the whole organization very much on this, we've had an established price for so many years it is difficult to change something that has been happening and I wouldn't like to say consumers all want this or all don't want it. I don't wish to speak

MR. USKIW: My question really is would you like to see the maximum price mechanism retained? Do you want a maximum price established?

MRS. TITHERIDGE: I would say probably yes.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: Mrs. Titheridge, you belong to the Canadian Consumers' Association of Canada. I wonder, in your travels across this country, is there any other jurisdiction that allows people like yourselves to come in and express your views pro or con to legislation, such as we do in Manitoba, like after the bill has had second reading?

MRS. TITHERIDGE: I am sure that our association quite often speaks to bills in other provinces. I am not aware of the situation, but I know they do.

MR. McKENZIE: You mentioned in the second last paragraph of your letter, for the past few years there has been no minimum price for milk. There has been a maximum price in this province.

MRS. TITHERIDGE: Yes.

MR. McKENZIE: The debate this debatesman used in second reading of the bill in the House, if you were go down to the street today and hire a taxi, does he give you the minimum rate or the maximum rate?

MRS. TITHERIDGE: I know that the maximum rate hasn't necessarily been charged on all milk, but everyone charges approximately the same. I don't know about taxis; I very rarely use them.

MR. McKENZIE: On the second page of your brief, Mrs. Titheridge, you mentioned the cost of living index. Do you know of any other groups of organized people, or unorganized people, that are asking for the cost of living index to be built into the price of their product today?

MRS. TITHERIDGE: I don't know enough about it. I just know the one example that we were given of the B.C. formula.

MR. McKENZIE: Do you think that's fair for the milk producers of this province to be asking for a cost of living index to be built into their formula?

MRS. TITHERIDGE: No, I don't think that's a factor that should be built into a formula, a cost of production formula.

MR. McKENZIE: My last question, Mrs. Titheridge, on the third last line, you mention that this is the first time in 40 years that we have looked at this matter. Do you think that we should have looked at it a lot sooner than now?

MRS. TITHERIDGE: I can't answer that, Mr. McKenzie.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: I have one question, Mrs. Titheridge. For the information of the committee, did you have any ability, or did you have any influence, or did the old Act state whether any specific person should be representative of the Milk Control Board or be appointed to the Milk Control Board?

MRS. TITHERIDGE: I didn't catch the question, please.

MR. DOWNEY: The question is: In your interpretation or in your opinion, or have you had the opportunity to have an appointee to the present Milk Control Board?

MRS. TITHERIDGE: No, our association hasn't.

MR. DOWNEY: One of the concerns that you have mentioned is that there be fair representation on the Milk Price Commission, the review commission. What would be your estimation of a fair and equitable balance to be put in place on the Review Commission?

MRS. TITHERIDGE: I would say processors as well as producers, and consumers, approximately.

MR. DOWNEY: Thank you.

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mrs. Titheridge, would your association be opposed to having a cost of production formula placed in legislation or regulation that could be viewed, so that you would know, and the producers would know, and would be able to receive their returns and upgrade their returns on the basis of their cost of production, rather than going the way they have been going when they deemed an increase was necessary and had to have a hearing, which sometimes took a couple of months or longer?

MRS. TITHERIDGE: This left us in a bit of a quandary because we realized the difficulties caused by the time lag and it certainly caused hardship to producers and, as an association, we have said over

and over again that a good supply of milk to consumers depends on producers and while we certainly believe in the open hearing, or openness, so that consumers can have some input, I believe that there has to be a speedup and a cost of production formula seems to be one method that could be used.

MR. CHAIRMAN: Mr. Orchard.

HON. DON ORCHARD: Thank you, Mr. Chairman. Mrs. Titheridge, you represent the Consumers' Association of Canada.

MRS. TITHERIDGE: The Manitoba Branch, yes.

MR. ORCHARD: Right. Does the Consumers Association of Canada keep tabs on the retail price of milk in cities of similar size, for instance, across Canada?

MR. CHAIRMAN: Mrs. Titheridge.

MRS. TITHERIDGE: We are all volunteers so if we want to know we can sometimes write to our cohorts in other provinces and get such information, but we don't have staff people who can keep this up. We have to depend on going down to the Statistics Canada office just like everybody else.

MR. CHAIRMAN: Mr. Orchard.

MR. ORCHARD: Then you wouldn't be able to put a ranking of the retail price of milk in Manitoba versus Saskatchewan or Ontario or other jurisdictions.

MRS. TITHERIDGE: At times we have had a pretty fair idea when we have questioned Manitoba over the number of years that I have been going to hearings which is about 12 now. Manitoba prices to consumers have been in some of the lower ones, so we were not unhappy. We know that in Ontario, prices in Toronto were lower at times, but we know that in Thunder Bay they were much higher.

MR. ORCHARD: I guess that was the indication that I was hoping would follow, that Manitoba retail prices have been amongst the lowest across Canada and I think the position has been put forward and I am quite sure that the Consumers' Association has been aware of it from time to time, that our producers are often likewise amongst the lowest paid in the nation, faced by and large with similar production costs and the point being that quite probably we are going to see an increase in the price of milk regardless of what legislation that we have, whether it's the old Act, the new Act. The facts of cost of production and the ranking of retail price of milk in Manitoba indicate that an increase in price at the retail level may well be forthcoming.

MRS. TITHERIDGE: We have stated at every hearing that we have been at that the price to producers has to be a fair price as well as to consumers, and that's been our position over and over again.

MR. ORCHARD: I certainly know that the producer organization has appreciated that support of the Consumers' Association. In ordinary circumstances

you would tend to think there would be an adversary position, producer versus consumer, but that's certainly not the case and no one, I don't think, in this room would like to see undue production costs borne by any sector of the milk industry.

MR. CHAIRMAN: Mr. Driedger.

MR. DRIEDGER: I have one final question, Mrs. Titheridge. Are you aware that there's only two provinces in Canada right now that still operate under the Milk Control Board system, Quebec and Manitoba, and that the balance of them have adopted a cost of production formula system in pricing their milk?

MR. CHAIRMAN: Mrs. Titheridge.

MRS. TITHERIDGE: Yes.

MR. DRIEDGER: Would you agree that the cost of production formula system is more acceptable for the producer and eventually, by guaranteeing supply, also beneficial to the consumer?

MRS. TITHERIDGE: If the cost of production formula is open to public scrutiny and to continual review so that it's fair. That's very important.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: Mrs. Titheridge, just two more questions. I think probably that you would agree that we should be striving for a legislative process that provides for the maximum amount of competition and efficiency to be introduced into the system, at the same time affording protection to the consumer so that by setting a maximum price, we really in fact are not forcing the competitive play to take place but in fact are establishing a base price for everyone to move to immediately. I would assume that you would agree to that kind of a principle, would you?

MRS. TITHERIDGE: Yes.

MR. DOWNEY: Were you aware that the Milk Control Board as it is in place were of the opinion that there was insufficient competition among processors in the province, that they recommended the kind of a system that we are putting in place to try and put into the marketplace for consumers a competitive system so that savings could in fact come to the consumers if they were there?

MRS. TITHERIDGE: Yes, I was aware of that.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes, I would like to determine from you, whether or not you place greater importance on the producer formula proposal as opposed to the question of deregulation of the retail end, from a consumer point of view. The reason I make that point is that the line of questioning so far has almost entirely dwelt on the question of whether any one wants to deny the producer his cost of production, and that's a motherhood question, and will receive a motherhood answer. My question is whether or not your concern is more preoccupied with the question

of having no control on the retailer as opposed to control on the producer.

MRS. TITHERIDGE: Yes, probably our concern is with the no control at retail level and the nebulous approach of this commission which is set in place to look after that. It's just not a strong enough body.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: Mr. Chairman, I just have a very few questions for Mrs. Titheridge. Most of my questions Mrs. Titheridge — all of my questions will be directed of course to the effect of the bill on the consumer. I was wondering whether you were aware, Mrs. Titheridge, that — and I think this is factual, this is a correct statement — that the provisions respecting licensing, the government's capacity to license processors and distributors as was formerly provided in Sections 5 and 7 of the present Act, are being effectively removed by Bill No. 86, and I was wondering whether you think that such sections should be included in the current bill, No. 86, in order to assure that proper safety procedures are followed in the production of milk. Do you feel that the government should give consideration to putting such provisions in Bill No. 86?

MR. CHAIRMAN: Before you answer Mrs. Titheridge.

MR. DOWNEY: I would like to speak to that for a point of clarification following the answer, Sir.

MRS. TITHERIDGE: I did ask some questions about that and my understanding was some of these things were being changed to The Dairy Health Act which — I accepted their explanation.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: That is correct, Mr. Chairman. On a point of clarification for Mrs. Titheridge. Those have been transferred to Bill No. 61, under The Dairy Act, the parts that the member is concerned about.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: Yes on another point then, Mr. Chairman, I will indicate that before the conclusion of the hearings I will check that bill in order to apprise myself of the specific provisions and how they have been relocated or transferred to the new legislation.

With respect, Mrs. Titheridge, to the appeal — (Interjection)— I'm sorry, Mr. Chairman, did the Member for Emerson have something he wished to submit or was it a point of order.

MR. CHAIRMAN: The Chair recognizes Mr. Corrin. Mr. Corrin, would you continue with your questioning.

MR. CORRIN: I thought he had a point of order, he was speaking to us.

Mr. Chairman, I would like to ask the delegate whether she can, with respect to the question of retail price monitoring and appeals, whether she can tell us, from her group's experience, whether or not she feels that the consumer will have sufficient time

to prepare an appeal to the marketing council, in light of the restrictions imposed by Bill 86 as to the time for which such appeals are to be heard. Briefly, through you, Mr. Chairman, to the delegate, the bill provides that such appeals are to be heard within 15 days from the time notice of appeal is received by the marketing council.

I am wondering whether you feel that your group would be able to prepare an adequate case within that two-week time period? In your experience, is that sufficient for a consumer advocacy group to document and prepare an adequate case to go before an appeal tribunal?

MRS. TITHERIDGE: I think you are speaking more to the Health Action Group, who have legal help and do a very detailed job of making presentations. As a Consumers' Association and volunteers, we haven't had that luxury. We have had to more or less go in as consumers, but even at that, it does take a period of time and a great deal of effort on our part to dig around and get some information. So a 15-day limit is tight.

MR. CORRIN: Mrs. Titheridge, I am just interested in the latter parts of your remarks. You said that as volunteers you haven't had the luxury of legal counsel. I am aware that Health Action's legal counsel are provided through Legal Aid. Have you not been able to acquire legal counsel through the same division of government?

MRS. TITHERIDGE: We haven't approached them.

MR. CORRIN: My last question is with respect to, again, the appeal procedure before the Marketing Council respecting the setting of the retail price, Mrs. Titheridge. Under Bill 86, as we understand it, the information that used to be provided and distributed by the Milk Control Board relative to industry-wide costs and so on, no longer need be provided. This, as we understand it, this sort of basic information and its distribution will be virtually prohibited.

Do you feel, as a consumer advocate, that this sort of information is necessary in order to effectively represent the consumer at a retail price hearing?

MRS. TITHERIDGE: I think it should be, although I understand at the appeal level to the Manitoba Council, information will be available. Whether it is adequate or not, I am not sure.

MR. CORRIN: I was wondering also what the — I was out of the room so you may have mentioned this in the course of your brief — what do you think of the two-tier appeal process that is provided in the new bill for the appeals relative to retail price? Which do you prefer? I just want it in very simple terms; which do you prefer?

MRS. TITHERIDGE: I believe I stated that with the appeal going to the Manitoba Marketing Council, that the decisions of the Prices Review Commission were really not very strong; you know, their power was taken away.

MR. CORRIN: I was wondering whether your preference was, though, for the current format, the

one that appellants, interveners now have when they appear before the Milk Control Board, or this one? Would you prefer to stay in the present system; would you prefer to, and I don't want to lead you, but I believe that's the general tenor of your response, but would you prefer things to stay as they now are and just have the hearing all before one board, as it presently exists?

MRS. TITHERIDGE: This question was asked before and I believe that we said we would prefer the present system, but with certain and very definite improvements.

MR. CHAIRMAN: Thank you, Mrs. Titheridge. Mr. McKenzie.

MR. MCKENZIE: One final question, Mrs. Titheridge. Agriculture is our number one industry in this province. Do you advise the members of this committee to support the bill or oppose it?

MR. CHAIRMAN: I would remind this delegate and all others that they are obligated to answer no questions at all if they so wish. Mrs. Titheridge.

MRS. TITHERIDGE: I will not bother to answer that one.

MR. CHAIRMAN: Thank you for your brief, Mrs. Titheridge, and for your patience in answering the questions.

The next briefs are from the Manitoba Milk Producers' Co-operative Association. I have listed four speakers, Mr. Armand Desharnais, Mr. Jim Cameron, Mr. Norbert Rey, Mr. Don Sharpe.

Mr. Desharnais, on behalf of your association, would you indicate how you wish to proceed with the presentation of your briefs?

MR. ARMAND DESHARNAIS: Yes, only two of us will be speaking on the one brief. I will present the introduction and Don Sharpe will present the amendments. We felt that both of us could field questions, if need be.

MR. CHAIRMAN: That is quite acceptable, I am sure, to the committee, Mr. Desharnais. Would you proceed, please?

First of all, Mr. Desharnais, perhaps before you proceed, do you have copies of your brief?

MR. DESHARNAIS: Yes.

MR. CHAIRMAN: And the amendments that you propose to the committee?

MR. DESHARNAIS: The first one here would be a copy of the brief that we presented to the Minister some years back. I don't think we have copies for everybody. We didn't know how many people would be here. These would be the amendments that we are proposing.

MR. CHAIRMAN: Very well, Mr. Desharnais. Would you proceed while the Clerk distributes the copies.

MR. DESHARNAIS: Mr. Chairman, I am Armand Desharnais, Chairman of the Milk Producers' Cooperative. We are representing approximately 600 producers in the province. It varies; some quit; some are forced out; and some are quitting because of any reason whatsoever.

Last year, we held meetings across the province, 9 in all, with a secret ballot that we presented to the producers present at these meetings. These meetings were well advertised, each producer receiving a letter by mail. I think it is quite important that we realize this. The ballot read: "Are you in favor that the Manitoba Milk Producers' Association request the provincial Minister of Agriculture to empower the Manitoba Milk Producers' Marketing Board to set the price paid to producers for all classes of milk, including bottle trade?"

The result of that ballot, and here we must also say that only one member voted for a unit. A partnership, for instance, of three, four or five, had one vote, one vote per farm. No families voted in any way at all.

286 voted in favor and 5 opposed.

Here at this time, yesterday we saw an article in the Free Press where Emil Shellborn, a producer from Erickson, said in an interview he is not the only producer who wants to see the board retained, but other producers are afraid to speak out because of the pressures by the Manitoba Milk Producers' Co-op. This is the policy we have followed; we have asked the producers and we have started working on a campaign from that time on. We have not, to my knowledge, ever prevented any producers from talking to anybody at all.

He is right when he says there are other producers that want to retain the Milk Control Board; there are other others that we know of. We don't know there are others, but there are four.

A similar majority of milk producers and all their organizations soon after began to boycott the Milk Control Board. First of all, the Milk Control Board seems to insist that we sell milk below cost. In fact, to make matters worse, it operates with great formality and adds months of bureaucratic delay, and this has been dealt with already. In interviews afterwards we heard their chairman refer to us as greedy like OPEC. This we don't like.

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: On a point of order, Mr. Chairman, could Mr. Desharnais tell us where he is reading from because . . .

MR. DESHARNAIS: You haven't got that.

MR. URUSKI: I am looking at the brief and . . . that's editorial comment.

MR. DESHARNAIS: These are my notes. I haven't got copies for everybody here, as well.

We have to put up with the Milk Control Board running public advertisements so consumers and welfare groups can know when they can come to a hearing and abuse us. But in June of this year, when the hearing was concerning plants only, there was no advertisement made in the Tribune or Free Press or by others so this, we felt, is unfair to us completely.

The second shocking disaster we face at these hearings is we suffer humiliation and abuses. Somehow it always seem to be arranged that we are pitted against consumers and welfare groups on moral and conscience issues.

The price of hay may go up a lot, but if we have to ask for more money for hay because of maybe drought, we feel both wrong and criminally wrong, stupidly wrong and criminally wrong — that's what we get at Milk Control Board hearings. If we get more money to cover our increased costs, children in poor families will get the rickets and it will be all our fault. The same goes for pregnant women on welfare who will have to do without milk because greedy farmers have priced it out of their reach. Only us, as milk producers, have this terrible responsibility, so we are told.

Other groups, why don't these groups complain when the price of eggs or meat or all these other products go up which are needed. There is no avenue for them to complain, so we are the only ones that have to suffer this humiliation. Only milk producers get to hear of how selfish they are, and only in Manitoba are milk producers treated this way, and there is no way we can escape these accusations. The argument about poor children getting rickets has more strength in newspapers and the Milk Control Board hearings than arguments about hay prices. So we have learned to stay away from hearings, not to bother to ask for an increased price, not to risk arguments carefully designed to make us lose.

Well, here we are in the Law Amendments Committee and you are to hear ever so many briefs from consumer and welfare groups who want to keep control of prices we are paid for milk. They have moral reasons and pleas to your conscience but, in essence, they want to be able to dictate the price to us and make us responsible for children of poor families and pregnant women on welfare. They want you to give them back a public forum where these emotional beliefs will enable them to force us to sell milk at prices that are below our costs.

They may not want to force us out of business but what they want will surely have that effect. Mr. Chairman, what I am about to say may sound disrespectful, but it is not. It is just like saying heat rises or water flows downhill. If you give the Milk Control Board back its powers to create another body in which milk producers are abused and given unfair prices, the milk producers will destroy the pricing system. Of course we will boycott all hearings of any such body. It will have to pretend it is in contact with milk producers.

There were several producers who liked the Milk Control Board, but most producers and all democratically-elected milk producer organizations will boycott it totally. We will not even ask it for price increases, not even if the hay goes to 1,000 a bale — this is maybe exaggerated, I don't think it will go that high anyway. No matter what it costs, we will shun humiliation and the certainty of unfair, stupid prices. We have learned a bitter lesson.

Furthermore, we will wreck any such body by going out of the milk business. It is relatively easy to convert a dairy farm into a beef farm and when the beef cycle goes up and is favorable, many of us will

become respectful suppliers of prime ribs for the rich, or grain farmers, or whatsoever.

We are without power. You can, if you wish, impose any pricing system on us that you like but if it is against our interests we will wreck the system. This is not a threat to disrupt markets, it is a prediction of the natural consequence of making milk production uneconomic. Then the complaining groups and the Milk Control Board, or its successor, will be talking about the price of a commodity that no longer exists or is in short supply, so short supply that only the wealthiest families can provide it for their children and they will be talking to themselves because there will be no milk producer talking to them.

My warning is to the groups who say they are concerned about poor families, continue to cheat milk producers and you will be scrambling to import powdered milk from other provinces — now I think it's only Quebec that has it. If you want milk don't destroy dairy farms. We are businessmen; we have to work hard; we have to acquire special knowledge of our industry; we have to invest huge sums, over half a million dollars in a medium sized dairy farm if everything was purchased today and nothing fancy; we want wages for our labour, the wages of a skilled worker, not minimum wages, we want a fair return on our investment. If you want to control the price of milk, and have milk to control you really have no choice but to encourage most of the 1,200-some producers now in Manitoba to stay in business.

We asked you that you let the Manitoba Milk Producers' Marketing Board set prices. The reaction was peculiar. We dairy farmers cannot be trusted to set our own prices. Any other commodity group can but not us. Do you think we would put the prices so high that we would destroy our market? We are businessmen with investments to protect. We want to expand our milk market and not destroy it. We want to sell more milk in Manitoba. If we control the price of milk going to the dairies, more milk will be produced in Manitoba and more milk will be sold. Any other system would probably mean less milk for Manitoba, but we have agreed to co-operate in the government's attempt to create a system that is fair to all. We will try to help to get the system proposed in Bill 86, working in the hope that it will be fair and won't destroy our industry.

The amendments we propose are in that spirit. Our wording may not be parliamentary but we explained why we proposed each change and we hope you will give them consideration. I thank you.

I will now ask Don Sharpe to give you the amendments, and some of you at least have a copy of them.

MR. CHAIRMAN: Thank you, Mr. Desharnais. Do you wish to have questions before hearing the amendments? May I suggest the amendments, Mr. Sharpe, please?

MR. SHARPE: Mr. Chairman, my name is Don Sharpe. I am Vice-President of the Manitoba Milk Producers Co-operative Association. The amendments we wish to propose to Bill 86, The Milk Prices Review Act, proposed by the Manitoba Milk Producers' Co-operative Incorporated.

1. Clause 3, paragraph two, and Clause 3, paragraph four, should be brought together and made as fair as possible. If we must be stuck with a cost of production formula it ought to be fair and sensible. The Milk Control Board used one which caused laughter among milk producers. Any cow fed the ration of hay, barley, and supplement recommended in it would likely not give milk. The proposed Milk Prices Review Commission will also include members who do not know their way around a dairy barn. We cannot accept their understanding of our costs and the way we run our business, therefore, we propose that the cost of production formula be prepared by an independent body, a firm of management consultants who have some experience looking at an entire industry. To make sure we will respect this formula we propose that the independent body preparing it be selected by full agreement between the Lieutenant-Governor-in-Council and the Manitoba Milk Producers' Marketing Board, plus the commission if it is created in time. Since the resulting formula will restrict the income of all producers and ruin many, we think it is fair that every producer should receive a copy.

Furthermore, the total supply of milk available for the fluid supply must be at least 20 percent greater than normal weekly requirements to meet supply and demand fluctuations. Saskatchewan now has a meagre 15 percent cushion and it experiences shortages of milk, but its cheese and process milk industries are almost gone. Of course when there is a surplus in the supply it is sold to industrial milk factories which we hope will continue to provide jobs, tax revenue and import replacements to Manitoba.

As to Clause 3, paragraph 4, it also concerns a formula that could not be set by amateurs. The two clauses should now read:

Formula for fixing price of milk.

Paragraph 3(2)(a) By order of the Lieutenant-Governor-in-Council an independent body shall establish the cost of production formula to reflect the cost of producing milk for use as fluid milk, plus a safety allowance of 20 percent more milk than the market immediately requires, including wages, and a reasonable return on investment to the producer of such milk. The Lieutenant-Governor-in-Council will select the independent body in consultation, and in agreement, with the producers acting through the Marketing Board and with the Commission if it has by then taken office.

Paragraph 3(2)(b) The same independent body or another selected by the same process shall determine a formula to establish the butterfat differential to be applied to the price at which milk to be purchased for processing as fluid milk shall be sold by a producer or a producer board to a processor.

Paragraph 3(2)(c) The Commission shall, by order, fix that differential in accordance with the formula effective from the date of the order until the differential is varied by a further order of the commission.

Regarding Clause 3, paragraph 3. We propose the Milk Marketing Board shall monitor the cost of production formula and shall, by order, fix the price every month as determined by the formula, at which

milk may be sold by a producer or the producer board for use as fluid milk.

Bureaucratic delays over months and years have been the unhappy experience with the Milk Control Board. We cannot just hope that rising costs will bring a reasonably prompt response, we want it spelled out, and there is no reason to add staff to a government or to a commission for this purely administrative job when the marketing board already has a staff on the payroll.

We propose that the reference to no price change less than 2 percent being implemented is unjustified and we have deleted it from the above rendering of 3(3). A producer whose operation is on the borderline of profitability should not lose all of 1-1/2 percent profit merely for administrative convenience. If the bank rate can change weekly, usually only a little amount, so can the price of milk. That may be well be better than a huge change later on, or less often.

The Legislative Assembly cannot wish that civil servants will become masters of farmers in their own operation. The co-op cannot accept that possibility even if it comes by accident.

Clause 3(1)(a) should be amended to read: Shall monitor the production, processing and distribution of milk for the purpose of enforcing its orders and regulations and shall monitor and hear complaints regarding the pricing of fluid milk; instead of: shall supervise the production, processing and distribution of milk for the purpose of enforcing its orders and regulations and shall monitor and hear complaints regarding the pricing of fluid milk.

Clause 5(1)(g) in The Milk Control Act, concerning reconstituted milk, should be included in Bill No. 86, or else processors may buy cheap industrial milk and sell it as expensive fluid milk. The commission shall prohibit by order in the province or in any part of the province, the distribution and sale of milk, partly skimmed or wholly skimmed that is reconstituted in whole or in part from milk products.

Even with such amendments the Manitoba Milk Producers' Co-operative Incorporated has two questions. Will milk producers be permitted to sell milk at prices which cover their normal business costs including wages for all labour and which allows some return on the substantial capital investment required to produce safe milk? Will groups which purport to speak for poor people be permitted to abuse farmers at meetings conducted by a government appointed chairman? Will they be allowed to use a government created forum to make milk producers solely responsible for the nutritional problems of Manitoba's poor people? Will abusing and humiliating farmers continue to be the method of achieving a cheap milk policy to make farmers sell below cost?

We need the assurance that the serious and discouraging but unnecessary problems which we have faced with the Milk Control Board will not face us again with the proposed Milk Prices Review Commission. Despite the difficulties we have been experiencing most milk producers have remained confident that in time everybody would see that the cheap milk policy menaces not only our industry but the milk processing industries and also the entire population. If Manitoba milk is short there will be no bargains from Ontario or Quebec after nine cents a

litre transport is added. There is no surplus milk west of Manitoba. There is no reason worrying about the price if the supply is destroyed.

Now while the legislation is open to consideration a better future for Manitoba can be planned. If producers get a fair return consumers have a better hope of an assured supply of Manitoba milk. In the long run the price will be better for consumers than in situations of shortage. It may not be possible to hold the price at 22.36 percent rise while a general cost of living and our costs go 58.83 percent. The Milk Control Board did that to us in the 1974 to 1979 period. This is a dangerous short-term gain for consumers. If our industry stays healthy Manitoba will also benefit from jobs, export revenues, tax revenues, and federal subsidies earned for the milk going into processing plants which make cheese, butter, ice cream and other dairy products. Unlike provinces to the west, Manitoba need not lose an entire industry by meany-mindedness or oversight.

Operating a dairy farm requires capital in the hundreds of thousands of dollars. It requires plenty of hard work 365 days a year. It requires considerable management skills on sight. Probably Manitoba could not find a new lot of farmers ready to take on the work and the risk, but we can keep the milk trucks on the road heading into the city and into every community. We are used to the work and will continue to make the necessary capital investments if we have the money.

We ask that members of the Legislature consider carefully our requests to at least mitigate, if not eliminate, our problems with the hostile pricing board they have imposed on us. Meanwhile during the legislative process our immediate problems require special action. The drought has put hay costs up fantastically, but our bills have to be paid. We need an immediate increase of at least 5 cents a litre without waiting months for a commission to be set up, for consultants to determine and win acceptance for a cost of price formula and for the commission to apply that formula. Waiting will cost dairy farms grief and do nobody good.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you. Mr. Sharpe. I will proceed with questions from the committee. The first person on my list is Mr. Driedger.

MR. DRIEDGER: Mr. Chairman, I have a question of Mr. Desharnais. I believe they both are representing the co-operative and I have a question to direct to him. Mr. Desharnais in a recent news release, you were quoted as saying that you raised objection to Bill 86 and Members in the debate in the House used it extensively that the producers were not happy with the bill that is being proposed.

Reading the brief, or the brief that was presented, I am not quite sure whether you are opposed or not opposed, as a producer, to the bill. I wondered whether you could clarify that.

MR. DESHARNAIS: I think it is best to believe the brief. I was quoted as saying that this whole bill should be scrapped. That was a wrong interpretation of what I had said, completely wrong. I had been asked if this bill would be helpful to somebody. I said I certainly thought it would, otherwise I wouldn't see

a government introducing a bill that wouldn't be intended to help somebody. If it did, it might as well scrap it. And these were the words that were used.

MR. DRIEDGER: I have a further question. In the brief that was presented by Mr. Sharpe, there was some concern about representation on the commission. Does your co-operative agree that there should be fair representation of consumers and producers both on the commission?

MR. DESHARNAIS: Yes, we do believe that there should be what is called very fair representation, but if we get a fair trustable formula it then wouldn't matter how many people we would have on this commission. I think maybe the consumers should have a greater representation there.

MR. DRIEDGER: I have one further question. Mr. Desharnais, in the brief that was presented by yourself, as well as Mr. Sharp, there has been reference made to abuse before the Milk Control Board. I wonder, could you possibly elaborate on the kind of abuse that you indicate that you have been exposed to?

MR. DESHARNAIS: Mostly from the briefs, from the length of time needed to come to decisions. I remember at one time we had briefs to present, we had invited many people to come out and support us, and they came. The hearing was due to start around 11:00. The first briefs that were heard were those of Mount Carmel Clinic, Anne Ross; The Citizen's Health Action Committee, who used up a lot of time. By the time our brief was being heard, presented, all our producers were gone. They had to go and milk cows.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Mr. Chairman, I would like to ask Mr. Desharnais whether he can explain to us the difference between the co-op association which is presenting this brief and their role as compared with the role of the Manitoba Marketing Board. I am trying to understand whether you are representing different groups or whether it is a duplication of representation.

MR. DESHARNAIS: We are an association of milk producers, financed completely by milk producers who pay a monthly or yearly subscription to us. We are completely free from the Milk Marketing Board. We see ourselves more of a lobbying group for better policies for milk producers, sometimes we will be challenging the Milk Marketing Board on some of their policies, we have done that. We are free to criticize whoever we want. We have no strings attached. That's about it.

MR. USKIW: Can you indicate whether or not this association is indeed intending to compete with the board for recognition or are they co-operating with the Manitoba Marketing Board?

MR. DESHARNAIS: We are in full co-operation with them. We are in consultation with them. They have received a copy of our brief and we went through it. We are working together on all things, but

sometimes they will come out with a policy for us that we don't like. They will bring it to us, too. I think we have more time to think than they have. They are much busier than we are and we have more time to come out with new ideas and things of that nature.

MR. USKIW: So that you are not suggesting, by your submission, that the views of the Marketing Board are not your views or that you do not agree with the concept of the Marketing Board?

MR. DESHARNAIS: No, not at all. We are in complete agreement. We are in full support. We have told them that we are not trying to push them out and take their place, not one bit. We don't want their job at all.

MR. USKIW: I want to make a couple of points on the proposed amendments. I presume it is Mr. Sharpe who probably would want to respond, although it doesn't matter to me, either of you can respond, if you wish.

You make reference here to the need to prohibit the sale of reconstituted milk. Are you insisting that there be a prohibition, or are you saying, in essence, that as long as it is labelled it is permissible, because there is quite a difference?

MR. DESHARNAIS: I think what we are saying is that to do it they would need permission from the commission or the board; it can't be done just like that. But in some cases, it must. You know, there is a need for it at certain instances, maybe in the north, or somewhere. But we are saying, are they just going to go out and do it on their own without having permission?

MR. USKIW: Mr. Chairman, I want to set up an example or a scenario here and get a response to it. It could be that reconstituted milk might be a cheaper product for some consumers who can't afford the raw milk product or the fresh milk product, whichever way you want to put it, or they may have a preference for it. Is there any logic in saying that there should be prohibition or a permit, as long as that milk is properly labelled as reconstituted milk powder so that the consumer knows that he or she is buying a milk powder product that is reconstituted into milk?

MR. DESHARNAIS: I would answer to this and maybe Don could elaborate a little more. I feel milk powder is available in the stores and they can buy it and reconstitute it, add water to it and do it themselves at a cheaper price than buying it completely reconstituted. Do you have anything to add?

MR. SHARPE: No, I don't think so, Mr. Desharnais, only that my concern was for the processor diluting his product to the consumer.

MR. USKIW: Oh, yes, I agree with you there.

MR. SHARPE: That is my concern.

MR. USKIW: Mr. Chairman, to clarify then, you would not object if a processor marketed reconstituted milk, providing the carton was so

labelled that it is reconstituted milk. I mean visibly labelled, not small print sort of thing, which is hard to see, but as long as the consumer is aware that they are buying not fresh milk, but reconstituted milk powder?

MR. SHARPE: I think, with permission from the commission, it would be acceptable.

MR. USKIW: Mr. Chairman, that's the nub of my question, though. Why would anyone wanting to market milk powder require permission from the commission to do so? What would be the logic in that restriction? It's a consumer preference that we are talking about.

MR. SHARPE: My major concern was the watering down part of the thing.

MR. USKIW: I agree with you on that point.

MR. SHARPE: That's my major concern.

MR. CHAIRMAN: Mr. Desharnais.

MR. DESHARNAIS: Permit me to find an answer there. As you know, there is more than one price in Manitoba. The expensive milk is the fluid milk, then the fluid trade has to give them the first pick of the milk. The bottled trade comes first, and then lower-priced milk, and there is quite a difference there.

The milk that goes into powder is low-priced milk. I think it is around 24.00, 26.00, as compared to 36.00. So then, we wouldn't want cheap milk to go in there and we would be paid for cheap milk and the consumers will be paying for good milk.

MR. USKIW: Mr. Chairman, yes, but, sir, your answer then implies that you would not want the industry to respond to those consumers who either have a preference for powdered milk or who can't afford the fresh milk product and are resorting to powdered milk reconstituted. You see, there is a problem there.

MR. DESHARNAIS: Okay, if the consumers would then pay that price, the price of that milk, which we receive, in comparison to what we receive. I suppose we would have to discuss that, to look at it very carefully, but I would imagine that would be more acceptable. What we are afraid of is it would be sold as fresh milk and it's being sold that way now, where it applies.

MR. USKIW: Mr. Chairman, I believe that I could agree with any group that would want to assure that the industry doesn't dilute milk with powder, an emasculate product on the shelf. I am not sure that I am ready to accept the theory that a consumer has no right to purchase a product of his or her choice. That's a very fundamental point and I don't know that we could accept that as a principle but it is something that can be looked at, I suppose.

On the last page of your brief, second last and last, you make reference to extra costs because of the drought conditions, and you are asking for an immediate price adjustment of five cents. I look at it differently, sir, and I want to ask you whether it wouldn't be fairer to the public of Manitoba to ask

the government to pay the cost of the drought by way of direct subsidy to the Manitoba Milk Producers' Marketing Board, which would then be passed on to the milk producers, and not build in a short-term problem into the long-term price of milk. What would be the logic of building in the costs of the drought into a price increase in milk, which is hopefully a short-term problem?

MR. CHAIRMAN: Mr. Sharpe.

MR. SHARPE: I think we say here that we need an immediate increase of at least five cents and how that comes about we are prepared to accept. It can come about as a direct subsidy or any way it likes; we needs the bucks.

MR. USKIW: But am I correct, sir, you are relating that to the drought condition, are you not?

MR. SHARPE: Well, no, not necessarily. We are behind, a long ways behind in our cost of production.

MR. USKIW: I know, but you make reference to drought in your submission.

MR. SHARPE: Yes.

MR. USKIW: And immediately you say you need an increase. So my interpretation is you are relating the two.

If you are in need because of the drought conditions, the point I am asking is whether you would prefer a government subsidy to cover the drought portion of the increase that you need, as opposed to loading that onto the price of milk and then having to remove it six months down the road or whenever, or a year down the road. That's what I am saying.

MR. SHARPE: I think that would be acceptable from our point of view.

MR. CHAIRMAN: Mr. McKenzie.

MR. MCKENZIE: Just on the last question that was raised by my colleague from the Legislature, he suggested that the only portion that should be built into this proposed subsidy would be the drought portion. What about the inflationary factor and, say, bank interest, should they be included in that portion? Or there are other factors as well.

MR. DESHARNAIS: We think that all these factors should be reflected in the price of milk, very definitely to some extent, although, the price of land was mentioned yesterday and, to my knowledge, during the years of the Milk Control Board, only 10 acres of land was used, only a yard, all the hay was bought. Then there has been some reference outside the House that hay costs would have reflected the cost of land and I don't agree with that statement at all. Hay prices cost just as much in Grunthal, good hay in Grunthal, as it does at home on higher-priced land. I think it's the quality of the hay, or the grain. It costs the same price anywhere at all. So it's not reflected. The price of land, I don't believe, is reflected in the price of milk.

But as far as the cost of living index, we are living in Manitoba and we suffer from it. I don't think that it should be used in the cost of producing milk, but we are Manitobans and we are affected by the interest rates, by all these higher costs, labour and gas and hydro and telephones, even going to a show or dances or anything at all, we are affected. We are Manitobans and we are living in Manitoba. We are not living in another country.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: How long has the Milk Producers' Co-op been in operation, Mr. Desharnais?

MR. DESHARNAIS: I think we date back to the year 1932, 33, 34, somewhere in that time, at least 50, 55, 60 years ago, something like that, but then we were the Winnipeg Milk Producer's Organization, the Winnipeg Milk Co-op. When the Marketing Board was formed, we had to change our name. We thought we would be discontinued at that time, and the producers came to us and wanted it to continue, so we changed the name to the Manitoba Milk Producers and now we have representation throughout the province. Don Sharpe is a director from District One way out northwest of Brandon. We have directors in every district, except right now District Seven is without a director. The director quit and we have not been able to find one in that district as of now.

MR. McKENZIE: You mentioned the humiliation and the abuse you have been exposed to from time to time. Is that bureaucracy, is it consumer groups, or is it the legal fraternity? Who are these people that have been abusing those hearings?

MR. DESHARNAIS: At the hearings it was — you know, there were briefs on these poor children that are not getting enough milk and things like that. The press coverage would pick that up more than grain or hay prices. In travelling in Winnipeg at times, even last week, we went to a restaurant and there was hardly anybody there, but I had a little cap that we get from the Milk Marketing Board — milk something printed on top — oh, they said, you're a milk producer, are you one of those that are making it hard for our children to drink milk — things like that.

MR. McKENZIE: Then there is a strong lobby group within the city of Winnipeg that's opposed to the milk producers and what you are doing for the province.

MR. DESHARNAIS: Personally I believe that it was not their intention to do that, but I believe that some of these groups were going there trying to say to the government we need more money for welfare but it had to go through milk. It just happened that it fell on us. I don't think it was their intent because it would be against their better thinking, but because of the system, it reverted back to us. It's the only forum left for them to come out in the public and voice their frustrations.

MR. McKENZIE: In your next remark you are being blamed for any child in the province that has rickets.

MR. DESHARNAIS: This is the impression we got, and it was a pretty well founded impression.

MR. McKENZIE: Thank you, Sir.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Mr. Chairman, I think we have put Mr. Desharnais through quite a number of questions, but there are one or two that I just wanted to make to him. A couple of my questions have already been answered, but — and I realize that you represent a large number of the dairy producers, in fact I would say probably a very very large majority of the dairy producers in Manitoba, but there are those that don't sympathize with your cause, that claim the dairy farmers are being well paid, they are making more money now than they have ever made in their lives. What reasoning would you put behind the argument that one or two of those producers might make that they are not in need of an increase in the price of milk?

MR. CHAIRMAN: Mr. Desharnais.

MR. DESHARNAIS: I think you are still referring to that article that I read myself in the paper, I think it's the Free Press, regarding Emil Shellborn. I think it's been known; he's done it publicly. All I can say, is he is one person that's wearing two hats. With which hat is he speaking when he says that?

In Manitoba we have two types of producers. The type, you know, the old-time, like we were. We were grain farmers milking a few cows. We never went to hearings, and there's a lot of people that are still that way. They never come to meetings; they never come to hearings. They have their milk cheque every month. As long as it pays the grocery bills and a few things they are happy, and it keeps their family at work. When the boys have to milk cows they are not out running around in a car. There was an Ag Rep that was telling us in St. Pierre some years back, it would be about 30, 40 years back, keep cows, even though it doesn't pay, it will keep you from spending, and this is true, you know.

There are still a lot of producers in this province that are in that category, and these people will not quit because of the Milk Control Board or prices but they aren't quitting because there is nobody to replace them. The new generation don't go for that and they are quitting. You will be losing them regardless of what happens and the new people that are coming in are younger people. They are going into very heavy investment. They are going into the milking parlours. They don't want to milk cows squatting down in between them. They want milking parlours and newer equipment which is costly and makes it much easier to work and produce better quality milk, although it can be produced in . . . and that's not what I am trying to say, but there's much more capital investment. When this man says that we are well off and don't need anything, I checked with the Farm Credit Corporation, FCC, and their figures, and it's public figures, you can go out and check them, on the investment 2 for every 1 is borrowed money, is owed, is debt, and you can loan money from them at this time at 13 percent. It was probably higher than that a while back; and there are many

short-term loans at higher interest rates than that. I know some producers right now that have received hay from, I think it was the United States, a load of hay in the yard, and they wanted money before they unloaded. The bank wouldn't go for no more money to that guy at all. The only way he could get that load unloaded to feed his cows, was with a neighbour coming in and helping him. So, those who say we are well off, look a little closer and you will find out. Check with the banks in every town; credit unions.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Mr. Chairman, I am in full agreement with Mr. Desharnais' remarks as well as those of the Minister of Government Services, because I was born and raised on a farm and I have milked many many cows and know what it is to have to put up with that problem every day, twice a day. I've also had some experience with financial institutions that are being harangued somewhat the same as the dairy producers are right now.

But Mr. Desharnais, I want you to know that I am in full sympathy with what the Minister of Agriculture is trying to do to assist the dairy producers who I know have experienced very difficult times, and it is high time that the government had the courage to take a hold of this problem and try and do something with it. I want you to know that it has my full support.

You might also notice that a short while ago the Minister of Government Services, the Minister of Education, and the Minister of Agriculture were engaged in a milking contest in a fair not too far from the city. The Minister of Agriculture won that contest and you will notice he's strained his back. He's having difficulty walking ever since. I know the problems that you are experiencing and I'm in full sympathy with your problem, I want you to understand that.

MR. DESHARNAIS: Thank you.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Mr. Chairman, Mr. Desharnais, the witness, has indicated that there was no provision for cost of land in the cost of production formula. I think he would want to clarify that. As I understand it, and I may be wrong, the costs of production are based on what you would buy inputs on the market, therefore it has to be presumed that the market place has reflected the land costs into those commodities. So therefore if you use the criteria of the market value of hay, or the market value of feed, whether it's barley, or whether it's silage or whatever it is, it has a land value already built in, that if you added land value again on the whole acreage you would have two land values built in, so I think that distinction should be made.

MR. DESHARNAIS: What I was trying to say, was that up until now, we don't know what the new formula will be — by the way we never had a formula. The Milk Control Board was not operated under a formula, it was a cost of production study, which is very different from a formula, but they were

operating on 10 acres of land and buying all the hay, and so there were only 10 acres that were priced as land, and the price used was never the big inflationary price. It was pretty well a general price for 10-acre lots of land with buildings on it. Then the price of hay — all I said is, there will definitely be some reflection, but I say that the price of hay does not necessarily mean hay will cost more because it's being grown on a 700-acre dollar land, or 50. The price of hay reflects its own price by its quality, and if a crop of hay is good, it will be cheap; if the price of hay is poor, it will go up, you see it right now. People were paying up to 4.00 a bale until the government came up with a plan from Ontario were we could buy hay at 60 a ton or 1.50 a bale, somewhere around there, and I know that the Minister's office and the guys in the department have received phone calls from producers in this province, criticizing the government for cutting the price down to 1.50 a bale, because we can't get 3 to 4.00 any more for our bales, but I'm very glad that the government has come out with that policy.

One more thing I would like to add is regarding the financial situation of the dairy farms in the province. I am myself on the appeal board of the FCC, so we get to visit a few farms that are in trouble, and there are some.

MR. CHAIRMAN: Mr. Enns.

HON. HARRY J. ENNS (Lakeside): Mr. Chairman, further to the question that the Honourable Member for Lac du Bonnet was asking about double land value factors built into the formula, you, I think, perhaps were present when my friend and colleague the Honourable Sidney Green made an interesting suggestion yesterday, when we were debating this bill on second reading. His suggestion was that he could possibly support this bill — he unfortunately didn't, but he said he could have supported the bill if the government would first of all take land out of the formula, and to do that we would have to take the land away from the dairy farmers and have the government own the land. And I think I'm being accurate in terms of what the suggestion No, no, the government would buy the land from the dairy farmers, I wouldn't want to do Mr. Green any injustice. But that was a suggestion made the Legislature yesterday by a person I have a great deal of respect for, Mr. Green, even though he describes himself as an Independent New Democrat at this time — he is a man that many of us in the House have a great deal of respect for.

My question to you, sir, is would you see that in any way resolving the issue, or helping the issue, or would that in any way encourage young dairy farmers to carry on the industry if the government should seriously consider taking the land away, or buying the land away first, so that land could not be part of the pricing formula, the cost of production formula that you are basing your prices on?

MR. DESHARNAIS: Okay, I think that to me, if they did that, they might as well take the farmer along with it. The price of land has gone up. The price of land since my time, I started in 1949 at 35 an acre, and that same land is being offered around 700 now for it. You know, it's the only way that I could stay in

business, otherwise I could not afford the equipment we have. It gives us more equity. We can borrow more money because of the increased value of land, otherwise we wouldn't even be in business.

MR. CHAIRMAN: Mr. Enns.

MR. ENNS: That was going to be my second question and you have answered it. It isn't just that the land is required because of, in my opinion, a healthy attitude of desiring to own some land and some property, I see nothing wrong with that, but the ownership of land happens to be extremely important in the arranging of credit in today's world. You can't get past fellows like Dave Blake, the banker here, or your local credit union, or at least you can do it a lot easier if you have equity in land, and your land very often becomes what tides you through or can bring you through a difficult period when additional financing is required.

MR. DESHARNAIS: I certainly agree totally. I couldn't see it otherwise. Right now, it's a must to have land. The producers who have no land, just a barn with a yard, are those in greatest problems because they just cannot borrow enough money. They cannot go deep enough in debt to survive. It's the truth.

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mr. Desharnais, you mentioned, or actually Mr. Sharpe, in the proposed amendments to the Act, that the reference to the price change of 2 percent was not acceptable, and unjustified.

MR. SHARPE: Yes.

MR. URUSKI: Can I ask you whether you would prefer the cost of production change on the basis of a price per litre, say that if your cost of production increased, which would raise the price of milk by one cent a litre, could that be closer tied to what you are suggesting?

MR. CHAIRMAN: Mr. Desharnais.

MR. DESHARNAIS: What we are suggesting, or what we are thinking or trying to suggest in there, our thought is that right now, with that 2 percent, we would be carrying the load until it reaches 2 percent, before it triggers. We say why, why? It may be four months, five months, six months that we would be losing close to 2 percent.

If the price was free to rise, as the fluctuations go, let's say so much per hectolitre . . .

MR. URUSKI: That's what I am suggesting.

MR. DESHARNAIS: . . . then if it was a quarter of a cent a litre, it would not be passed on to the consumer. The processors and the retailers would hold down the price until it reached one cent. I don't believe they would raise the price a half-cent a litre. The processors, and all in between, the producer and the consumer, they would carry that. I don't think they would pass it on.

MR. URUSKI: So then you are suggesting that a combined price increase should be tied closely to the retail price, in other words, that if there would be a price change it should reflect one cent per litre in the retail end so that even if your costs went up only half a cent and other costs may have gone up the other half a cent, then that's the time to trigger the formula?

MR. DESHARNAIS: Yes, I agree with that, sure.

MR. CHAIRMAN: Mr. Adam.

MR. ADAM: Thank you. I just have a couple of questions, Mr. Desharnais. You no doubt must have made some studies to suggest that you require a five cent per litre increase immediately. All I am trying to determine with my question is: How much of that — you have taken in all factors, I presume — how much of that increase that you require immediately can be attributed to the drought? Have you undertaken that particular study because I think it is an interesting point?

MR. DESHARNAIS: We have been asked prior to that if we worked closely with the Milk Marketing Board. We said we do and that's in their hands. That five cents we got from them, so that question should go to them. We have no cost of production study, that's in their area. We are not duplicating their work so I would like you to ask that question to them when they come here before you this afternoon.

MR. ADAM: That's fine, then, thanks very much. If in fact we have to get that information from the board, we will attempt to do that.

The other comment that you made to the Minister on the supply of hay, I would want you to know that we, in the opposition, have been pressuring the Minister very early in the session to set up a feed bank as soon as possible before the price did go up to 4.00 a bale and I am sure the Minister would be the first one to acknowledge that.

MR. DESHARNAIS: We appreciate that very much.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: My question, Mr. Chairman, is for Mr. Sharpe. Mr. Sharpe, I was intrigued when you suggested during your submission that you didn't trust the government to appoint qualified members to the commission. You suggested, and I think I am paraphrasing what you said, that there should be an independent survey company appointed in order to set the cost production formula.

I am wondering whether or not you perceive the government as being alien to your concerns and favorable to the concerns of the other price component parties in this regard. In other words, do you see the government then as being more favorable to processors and retailers than farmers?

MR. SHARPE: No, I don't think that is our position. I think we feel that an unbiased body would be much better in this situation.

MR. CORRIN: Using that train of thought and that sort of logic, do you think that consumers should

have a right to have an input of some sort into the cost of production formula?

MR. SHARPE: I have no objection to them being on the cost of production study, none whatever.

MR. CORRIN: So you feel that the team that is appointed by the government should be outside the commission, that we have reason to suspect that the government appointees wouldn't be qualified or capable of setting a fair cost of production formula and you think that consumers, as well as your lobby group, should participate in the selection of the survey team. You feel that there should be bi-partisan participation in the selection of those people?

MR. SHARPE: Mr. Chairman, I think that's a loaded question and I don't care to answer that at this point in time.

MR. CORRIN: I want to apologize if the delegate thinks that that's loaded, because I can assure him that it certainly isn't. I would indicate that I, as a matter of fact, share his concern about the nature of the appointments to this commission, and this was raised on debate on second reading in the House by several opposition members.

I think that there is concern that favor might be shown to one party or the other. Obviously, if we set a cost of product formula that is unfavorable to the primary producer, it might be done as a result of a bias in favor of allowing more profit to pass through to the processor or the retailer. Since, during second debate anyway, there were a lot of figures relative to high concentration, the highly concentrated nature of the industry at the processing and retailing end, I would think, and I say this with respect to everyone, that there is good reason to be concerned about where that sort of bias might fall and to whose prejudice it might be.

We wouldn't want either the consumer or the producer to be the meat in this proverbial sandwich, but I want to stress that it isn't a loaded question, but I would like a response.

MR. MCKENZIE: He doesn't have to reply.

MR. CORRIN: That's quite correct and if the delegate feels that he doesn't wish to reply, it is certainly within his rights not to. He certainly doesn't have to answer to me or any other member around this table, Mr. Chairman.

But I would like to know why he wouldn't want to answer that, why he wouldn't want to share with us his reasons.

MR. SHARPE: My mental capacity, sir, does not permit me to make a judgment on the comments you are making.

MR. CHAIRMAN: Mr. Einarson.

MR. EINARSON: Mr. Chairman, I could pose this question to either one of the two gentlemen we just heard from, but I will start with you, Mr. Sharpe.

You are an active producer of milk yourself?

MR. SHARPE: That is correct, sir.

MR. EINARSON: In the deliberations that I have heard this afternoon, I know we are all concerned about the production of milk and to assure that we are going to have an adequate supply of milk for the consuming public of the province of Manitoba.

MR. SHARPE: That's right.

MR. EINARSON: I have been rather concerned about the past history of your organization, and particularly in recent months, I am wondering if you would like to expand just a little bit on the reasons for the kind of treatment that you received at the hearings. I would like to ask you, Mr. Sharpe, have you presented your particular cost of production formula to the Milk Control Board and, secondly, having done that, if that is correct, are there certain areas of cost of production that you presented to the board that they have not accepted?

I will leave those two questions for you to answer.

MR. SHARPE: To answer your first question, we do not have a cost of production formula, as an association. The cost of production formula that we derive our information from is the one that is carried out by the Milk Marketing Board, which is also our body. I'm sure that Mr. Rampton would accept the responsibility of answering the questions that you have in that area.

MR. EINARSON: That's fine. Then I would ask, you know, the feeling that I have sort of developed here, through you, Mr. Chairman, to Mr. Sharpe, is that the kind of treatment, and when it was said earlier this afternoon that you travelled maybe 50, 100, 150 miles to come before a hearing and Mr. Desharnais was saying that you were left to the very last; you started in the morning and were left to the latter part of the day and you said you had to go home and milk cows, was the same consideration not given at that hearing, such as we granted here today, for those people who had a long distance to come? We did, Mr. Chairman, ask to see whether consideration could not be given to those who had come a long distance to be heard first.

MR. CHAIRMAN: Mr. Desharnais.

MR. DESHARNAIS: I would imagine, you know, that we would have had that. At that meeting, at that time, that particular meeting, the holdback, the delay was caused mostly by the Citizen's Health Action Committee lawyer who wanted certain procedures followed and it caused a lot of delay. The board had to close shop and go in the other room and discuss it and see whether they would take that or not. It was a long, two-hour or so, delay on things that didn't concern us at all which, in other times, or years back, we were getting good, fairer treatment. It is only since the last four or five years or so.

MR. EINARSON: Thank you.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Assuming that you were able to receive, through whatever measure, this bill or the old Act, a satisfactory cost of production formula for the producer — let's assume that that is available to

you — do you prefer or do you object to having the consumer protected by a maximum price put on milk at the consumer level?

MR. DESHARNAIS: I feel that I would certainly love to see competition in the market. I don't think that the consumers are getting fair treatment, although they believe they are being protected. I don't think they are protected in the way that they think they are.

I see no competition in the market. The consumers have always paid very close to the maximum. The very next day that the maximum was raised, the price was there, or very close to it and no company had to compete for anything. They were assured of their costs and all that. If you go into Saskatchewan, they have got more than one new product. I was there a few weeks back, a month or so ago, and a cool drink, which is a new product based on yogurt, you drink it and it's very very nice. I know that in the east they have the "Big M" or something like that which is selling like crazy as well and they're selling much more milk.

The consumption of milk in Saskatchewan has increased by 7 percent last year. This was the figures the equivalent of the marketing board gave us over there. The Saskatchewan Co-Op who are running the board or the milk industry in that province, their increase was 7 percent consumption of fluid milk while we had scarcely 1 percent or something like that, or just held our own.

We say there's reasons for that. We want to sell more milk, we don't want to stay just like that. We are increasing our production per cow in order to be able to make it a little bit. Are they doing what they should to reorganize their system, to offer a better product at a lesser price? I don't think they are because there is no complaint. They are not forced to do it in any way. They don't need to compete.

MR. USKIW: Yes, Mr. Chairman. The reason I asked that is that several years ago one, I believe it was a chain store operation, wanted to sell milk as a lost leader. They had prepared a number of brochures, a lot of advertising material and then found out from the Milk Control Board that they could not do that legally. Subsequent to that experience — and by the way I didn't know they couldn't, I told them they should do it — I found out also that they could not do it and of course they had to abandon all of the material they had paid for because they were disallowed from selling milk below what was then the minimum price. That was at a time when we had minimum prices and maximum prices.

We, shortly after that, repealed or changed the legislation which allowed only for the establishment of a maximum price and the maximum price is the only thing that has been established for many years now. Notwithstanding that change, we have not had another attempt by the retail people to sell milk at a discount or competitively, so to speak, and they are free to do so and have been free to do so for the last four or five years, or maybe six.

Now, why do you feel that this legislation would change that? I mean, they have had the freedom to do that now for a long time.

MR. DESHARNAIS: I feel that if I was a processor and I'd go before the Milk Control Board to get more money for milk and if I had sold milk below the maximum price, the board would tell me, well, go ahead and sell the milk first at the maximum price and then come over to see us. I think this is just the answer; that unless they sell the milk, compete all the time at the maximum, they can go to the Milk Control Board to ask for an increase. So that's the only reason I see that they were doing that and to me I can't see why they wouldn't have done like in other provinces where, during the weekend or something like that, they could sell milk that was a day old instead of letting it rot or sour. Sell it at a reduced price.

MR. USKIW: Well, Mr. Chairman, the point I was making was that those rules as far as maximum prices being in effect were there before and after the change, that is the change of eliminating the minimum price requirement. So therefore before we eliminated the minimum price requirement there was an attempt made to undersell milk or to sell milk at a discount or lost lead on milk. But after we eliminated the minimum price provisions in the Act there has never been another attempt and I'm wondering why because it should have been the reverse process. They should have all said, let's rush and see how much of the market we can corner by discounting the price of retailed milk. That never happened and therefore I'm curious to know why it should happen at any time in the future.

MR. DESHARNAIS: A few years back before the Milk Marketing Board came into being, we had two pools. We had plants operating and the plants had their producers. We had milk contracts and we were supplying one processor, we were with Modern Dairies, and we had a contract with them to supply so much milk. The others were Lucerne and others were this or were that. So if one company could come out with a scheme to sell more milk, then they could increase our quota. We went sometimes up to 110, 120 percent of our quota, over, 10 percent over was needed so we could sell more milk. Then the other companies would try and find a scheme, either a bigger bottle or some scheme where they could sell more milk, so there was competition in the market between the plants before the Marketing Board was established.

MR. USKIW: Not on the retail price.

MR. DESHARNAIS: At the plant level, there was because they'd lose quota and a lot of us, sometimes there was City Dairy coming just along us and sometimes they would like to trade us off, okay, you go with City Dairy, to even us off. Albert would remember that. He was producing milk then as well so there was competition then in between the plants and there was real competition and I remember that. But that has been removed with the formation of the Milk Marketing Board because now it's one pool. They order their milk from the pool, just what they want and they are sure of that supply and the rest they don't take.

MR. USKIW: Mr. Chairman, I recognize what the witness is telling the committee. The competition was for retail outlets as between the processing companies. They were competing with each other in order to corral more retail outlets to sell their product.

MR. DESHARNAIS: Yes, exactly.

MR. USKIW: But that competition never got beyond that level, it never got to the retailer level.

MR. DESHARNAIS: No.

MR. USKIW: That is the point that we are most concerned about, that the suggestion was made by the Minister and a number of other members, that this legislation somehow will provide for discounting of milk at the retail level and we have been trying to find the reason for those assumptions since they have been free to do that for many years but have not done so. And therefore we simply wanted your opinion as to why, or do you agree, that somehow this changes it and there will be, in fact, discounting of milk because of this legislation?

MR. DESHARNAIS: To me they will, to me they will. It will follow through. To me the processors will try and influence the stores through which they're selling their milk; to co-operate with them in sales or things like that. To me it will happen, I don't know, but to me I would see it happen.

MR. USKIW: Really, Mr. Desharnais, don't you agree that what will happen is that if you don't establish a maximum retail price, what you will have is not necessarily discounting from the price that is there now, but that some retailers may charge more and others will charge less, that the increases may not be equal any more but that it doesn't mean that there will be discounts from the present price levels.

MR. DESHARNAIS: I do believe now that that could be in some areas but most areas have now these bigger stores. At Steinbach they're just putting up a huge shopping centre that will compete here with Winnipeg and I'm sure they will be springing out here and there and most consumers — I know there are some here in Winnipeg that are tied down to their area — but in the country in general we're quite mobile. A lot of people come out and shop in Winnipeg, from away out, they do come out. I think that is not the case, I wouldn't be too afraid of that. Maybe it would be worse here right in Winnipeg, where there are people residing in some areas that are not as mobile as we are out in the country.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: Mr. Chairman, I'm a bit concerned about this matter too and I'm interested in what you're saying, Mr. Desharnais. I'm wondering, I thought that the old rule of thumb was that a retailer discounted a product because by selling volume it could make more money. He might take a little less per unit but in the long run, because you were going to sell more at the sale price, as it were the lower price, you would make more money. I'm wondering, as a person who is very familiar with the milk

industry and as a person who obviously stands to gain if more product is sold, how do you explain the lack of competition amongst the retailers today? What would stop a retailer, when there is no minimum, from discounting the product in order to make, in the long run, more sales and more money and therefore create more business for the producer as well? What is it that's inhibited this?

MR. CHAIRMAN: Mr. Desharnais.

MR. DESHARNAIS: As far as we were concerned, I cannot give you answers on that specifically. I have my own ideas on these things but we are worrying about the consumers because we want to sell milk. We want to do something that will be good for the consumers and for the producers but how it will happen throughout the system I cannot tell you all these things. But in our own way of thinking, we wouldn't follow this route if we knew it would be hurtful to the consumers because we would be hurting ourselves. That is as plain as the truth can be. We wouldn't follow that route at all.

MR. CORRIN: Could we agree then though, that if the retailers were willing to compete under the present legislation, if they were willing to sell milk at differential prices, at discounts, thereby inducing more consumption of milk by consumers, that both consumers as well as producers would be in a better position? Can we at least agree on that?

MR. DESHARNAIS: Yes.

MR. CORRIN: And that nothing in the present legislation prevents or prohibits that from happening?

MR. DESHARNAIS: We wish it would encourage it to happen and I think this new bill might do that and hopefully will.

MR. CHAIRMAN: Mr. McKenzie.

MR. MCKENZIE: I have a couple of questions of Mr. Sharpe if he's available.

MR. CHAIRMAN: Order please. There seems to be a bit of cross conversation within the committee here and it's difficult for our recorder to pick up all the conversations of the participants and I trust we will conduct ourselves accordingly. Mr. McKenzie, please.

MR. MCKENZIE: Mr. Sharpe, if I may, in your brief you mention here, you say: "It may not be possible to hold prices at a 22.36 percent rise while the general costs of living and our costs go up 58.83 percent. The Milk Control Board did that to us in the '74-79 period". Would you explain to the committee what they did to you, sir?

MR. SHARPE: I would say that our costs rose higher than our returns.

MR. MCKENZIE: And they refused to recognize them? Okay. The other one then, you mention, "There is no surplus of milk west of Manitoba", on the same page. Have you got any background material or stats for the committee to use in the

finalization of that bill that we could use, Mr. Sharpe?

MR. SHARPE: I think I can get them for you, sir.

MR. MCKENZIE: I think it would be most helpful. The other one, I've been in the retail business most of my life, selling milk and eggs, farm products. On a product that's in short supply, do you know any merchant that would put it on special when it's in short supply?

MR. SHARPE: I think I'll refrain from answering that one if it's okay. That's my prerogative.

MR. CHAIRMAN: Thank you. Mr. Orchard.

MR. SHARPE: That's an area that I stay out of.

MR. MCKENZIE: You're liable to be prosecuted, the false advertising or whatever it is, so it's very difficult to be offering milk as a special. I thank you, Mr. Sharpe.

MR. CHAIRMAN: Mr. Orchard.

MR. ORCHARD: Mr. Sharpe, in the last part of the amendment section of your brief you indicate that the industry has some immediate problems brought about by the drought. Had there been no drought, would the producers be needing the 5-cent-a-litre increase and the 5.00-a-hectolitre increase that is proposed here?

MR. SHARPE: I think my reply would have to be yes.

MR. ORCHARD: I take it then the producer in Manitoba is not, in your estimation, receiving a fair return at the present time.

MR. SHARPE: There's no question in my mind we need more money for milk. I mean, our statistics and our cost of production, that our board indicates that we require more money.

MR. ORCHARD: Then with or without this legislation, acting under the existing legislation, the proposed legislation or any legislation, your indication would be that the producer price of milk has to go up in order for the industry to remain viable, hence we would only assume the retail price would have to go up.

MR. SHARPE: I'll ask to have more bucks, we'll put it that way.

MR. ORCHARD: Thank you.

MR. CHAIRMAN: There being no further questions, thank you, Mr. Sharpe and Mr. Desharnais for your presentations and for your answering all our questions.

The next brief on my list is the Manitoba Milk Producers' Marketing Board, Art Rampton.

MR. RAMPTON: Mr. Chairman, I would like to let Les Schroeder from Steinbach take my place at present he has to go home to milk cows some time

tonight. The same with Alvin Knight of Souris and I am quite willing to wait off because I will be staying in the city overnight and I'm quite willing to wait off until Alvin Knight position and those people go ahead of me.

MR. CHAIRMAN: If that meets with the approval of committee, I'll call on Mr. Schroeder. Mr. Schroeder, do you have copies of your brief for the committee? They are distributed to the committee. Mr. Schroeder, please.

MR. LESLIE SCHROEDER: Yes, Mr. Chairman, Honourable Ministers, I would like to just take a few moments and make a few comments before I go into a short brief, a few of us dairy producers got together and set up.

I would just like to start off by commenting that we've waited some three years now in order to have the fluid milk industry changed, when I'm saying changed, I mean the price and the formula changed, in order to suit the economic times that we're in. Everything else is substantially increasing, and as you're well aware of, our cost of milk has not been increasing, in that sense.

I would also like to indicate that the producers that I did talk to are more than welcome with the majority of the issue written down in your Bill 86 and with that I'd just like to go into what we've got.

Starting off, the brief regarding the proposed Bill 86, the Milk Prices Review Act, presented to the Honourable Sterling R. Lyon, by the Dairy Producers of South Eastern Manitoba and I wrote that up on July 18, 1980.

Dear Sir,

INTENT:

Not to oppose Bill 86, regarding the Milk Prices Review Act but to have Section 3(2) Formula for Fixing Prices of Milk, altered to read as such:

3(2) The Lieutenant-Governor-in-Council shall appoint a third party, unbiased, to undergo a cost of production study of producing milk for use as fluid milk in Manitoba, including a reasonable return on investment to the producers of such milk.

Now we felt the next section also went hand-in-hand with that, so I indicated a NOTE: Section 3(2) changed would intensify a slight revision in Section 3(3) Monitoring of Cost of Production Formula, and we wrote it as such.

The Manitoba Milk Producers Marketing Board shall monitor the cost of fluid milk and periodically request a production formula update and shall, by order, fix the price, as determined by the formula at which milk may be sold by a producer for use as fluid milk, but the commission shall not make an order unless a variation of at least 1/2 percent from the then current prices of such milk occurs.

And the reason we were looking at these two issues in specific are quite simple as you're all well aware of.

Unless Section 3(2) is revised it would be a repeat of bills adopted by former parties in power.

It would leave the struggling dairy industry in the same turmoil as it is in.

We just briefly indicated, consider this, which is very clearly on all producers' minds, the Manitoba government issued a request that the Manitoba

Marketing Board — note that — set up a review of the cost of producing milk in Manitoba called the "Art Wood Report". It was clearly indicated that there was a substantial increase due in the fluid milk price, yet they did not accept their own formula, indicating that they lacked confidence in their report and ability.

And this is humbly submitted on behalf of dairy producers by Les Schroeder.

MR. CHAIRMAN: Thank you, Mr. Schroeder. Will you submit to questions from members of the committee?

MR. SCHROEDER: Very briefly, I have to go home and milk cows.

MR. CHAIRMAN: On that basis, Mr. Uruski.

MR. URUSKI: Thank you, Mr. Schroeder. You indicated in your submission that you are in favour of the legislation with the exception of the way the formula is being set up. Is that correct?

MR. SCHROEDER: On these two sections. Regarding Section 3(2) and 3(3).

MR. URUSKI: What is your suggestion and I'm not sure that I caught it in your brief, as to how the formula should be set up?

MR. SCHROEDER: Well, the way the formula should be set up, should be derived at by the government, which is the Lieutenant-Governor-in-Council, the Manitoba Milk Marketing Board and the third party that is undergoing the cost of production study.

MR. URUSKI: Can you indicate who is the third party who is undergoing the cost of production study? Whose is undertaking a study now? Is someone undertaking a study now of cost of production?

MR. SCHROEDER: If the government would hire a consultant firm, then yes.

MR. URUSKI: Okay. Mr. Schroeder are you opposed, at all, to the consumers requesting that there be hearings on the retail price of milk-setting?

MR. SCHROEDER: Without a question of doubt, I have no opposition if the formula regulating the price of milk can justify a significant return which will cover the cost and ensure a little somewhat for his labours.

MR. URUSKI: Therefore, with the formula in place, recognizing your costs of production which have been agreed to, and your costs to be passed through to you as they change up or down, if there be a hearing then into the retail price of milk you would not be opposed to that?

MR. SCHROEDER: Sir, I don't think it would affect the producers. If that costs of production formula was stuck to, I cannot see any producers opposing a retail price, that I do not feel concerns the producers, that's the processor.

MR. URUSKI: Therefore, then I gather from your comments as well, you're concerned about the hearing process and the delays that you've had in terms of the hearing process, is the major concern that you've had.

MR. SCHROEDER: Yes, that also, but also the shortfall of revenue which the dairy industry does not generate at present, which my bank statements clearly indicate.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: Mr. Schroeder, I'm interested in the formula and there are some difficulties which maybe you will be able to clear up for me. If I had a piece of land that I bought 20 years ago, or 30 years ago, and had been earning a fair return on my investment on that land every year since I've had it, and a farmer bought land today, at today's prices, the two farmers both in the milk industry would have a difference in cost of production, would they not? Which would we use, the price of the land 30 years ago or the price that a person paid today, as the cost of production?

MR. SCHROEDER: Well, I'd refrain from answering that, due to the fact that I do not feel that I can qualify to comment on that until I see some facts and figures before me in which way you're drawing that particular request up.

MR. GREEN: All right, I think that it's not unfair to say that land today, I suppose, of the kind that you are talking about, would be 350 an acre?

MR. SCHROEDER: I also have to refrain from commenting because I have not seen any figures which make up the cost of production formula, if it even takes into consideration the cost of land.

MR. GREEN: That's my question. Don't you think that a farmer who is trying to cost out what it is costing to produce milk, that one of the things is a certain amount of land has got to be used for producing milk. Are you telling me that the dairy farmers should have their cost of production but the amount that they pay on their land and the interest on the mortgage should not be included? I mean, I wouldn't suggest that, I think that's very unfair.

MR. SCHROEDER: Definitely on the buildings, I can comment on that because if a dairy operation has to have a building to house 10 cows or 100 cows there is definitely going to be a substantial increase in the cost of constructing a 100-cow barn. But I'll carry on, before you interrupt, that if you'll look at the dairy industry, it takes the same amount of feed to feed one cow as it does 10. So if you figured that out for one cow you've got it for X number of cows. So it's up to you to appoint the body who is qualified much more than I am to look at that and take it from there.

I thank you. I have to leave.

MR. CHAIRMAN: Thank you for your presentation Mr. Schroeder.

The next brief on our list is Mr. Alvin Knight.

MR. ALVIN KNIGHT: Mr. Green, I don't have to go so you can question me.

MR. CHAIRMAN: Mr. Knight, do you have a brief for the use of the committee.

MR. KNIGHT: I'm sorry, I don't have anything. You couldn't read my writing anyway and I need my notes.

One of the largest fears that the producers have at this time, although we're happy that the commission has been set up and we're happy that something is being done. The largest fear that we have right now is what's not being said. What is this formula that's going to come up? What ratio of producers and consumers will there be on it? These are questions that haven't been answered for the dairy farmer yet.

The other thing is, what ratio of producers to consumers will there be, and what is fair? I don't think as a producer I would want to say what's fair the consumer and what's fair for the producer. I don't want to put myself in that position because I'm a primary producer and everybody that is opposing me is the one that is buying my product. And I was in the sales field long enough and I recognize one of my old customers on the right hand side, who I called on for 10 years in the retail business, and I realize that these people are also going to buy my product. We have to set a fair and equitable price and we're at a crossroads right now. I submit to you that this should have been done seven years ago when we went to a one-price system. We would have clarified a lot of problems, and solved a lot of problems.

But I would like to also submit to you that we need a qualified firm to set this formula; we need a third party to set this formula. But we also need a government that is willing to go one step further and approve that formula. Whoever the consulting firm is, we have to go one step further and take the bull by the horn and say, this is what's going to happen in this formula. If the formula is fair then let's call it fair. If the formula's not fair for the dairy farmer, then let's say that the dairy farmer is asking for too much. We're putting ourselves out on a limb and so is everybody else putting us on a limb. We've been on the defensive for the last five years, and why? It's because we've had no one to listen to us. Now we're prepared to come before the government and say, okay, we will accept a formula; we will accept it as long as it's an independent study that's going to be done by an accredited firm, and it has the blessing of the government who is supposed to govern and represent all the people of Manitoba. So the producer is not asking for something that we haven't asked for already, and I think that that should go hand in hand with the producer boards. They should have an input into that. How else are you going to find out whether it's equitable or not?

I think that we are leaving a lot out of this and it could end up that this monitoring and this commission could end up nothing but another price control board if we're not careful, and we'll never be able to get it before the House again. It's going to be a one-shot and it has to be now; we have to look at it seriously, because which would you prefer? Would you prefer to have 500 dairymen come before you and tell you that they're going to dump their milk if

you don't pay? I guarantee you that if this keeps on and the newer generation comes, that's the problem you're going to have.

Secondly, this word "monitoring" means different things to different people. You ask people around this room individually, which I did last night when I was in — and I made a 300-mile drive for nothing; I hope not a 300-mile drive again for nothing — that this monitoring means different things. Some people say that this monitoring means that we should be fixing prices. That isn't what Mr. Webster says. He says it's an "overseer". Mr. Webster also says that it's a "very large lizard," and I suggest to you that we are going to have a very large lizard if this commission on this price is not put in place properly and this formula is not equitable to everybody.

Too long the consumers of Manitoba have had the benefit of subsidy from the dairy farmers. I have people in my area who have given up 14, 15, 16, 17,000 that they could have been shipping across the border, to Saskatchewan — and that's not including the rebate that they get back — there's many of our farmers. I've had it calculated out and we've lost thousands of dollars in the last three years to Manitoba, and I think that this is unfair. I think that the consumer has to know that if they want milk, on the one hand they say what a great nutritional value milk is to the under-privileged and the poor people, but I never hear a consumer group ever get up and really stew a proper survey as to the buying habits of these people.

I was in the retail business for many years, and I can tell you one thing right now, there is not a consumer group that can tell me that they've done a proper survey to the people in the marketplace. Go to a retail teller and ask her where the money is being spent. Go to your welfare working people and ask them where the money is being spent, and you will find that the fast food and the junk food take far priority over milk. They don't want to pay for milk because they know it's a nutritional thing. It's like dealing with cadillacs and volkswagens, if you can't afford a volkswagen you don't buy it.

I have real problems with this business of these consumers. I've got real uptight reading it in the papers. That's the reason I'm here right now, because I sit down and I write a nasty letter to Mr. Downey. Then the comparisons with British Columbia and the comparisons with thousands of miles away, we seem to like to have a football with that, but look at the comparisons that we have with Manitoba and Saskatchewan, and they are the ones that everybody seems to like to use. Look at the comparisons; Saskatchewan is crying for milk and Saskatchewan is doing very well in their milk production, and it's nothing to do with the price of milk.

I would suggest that Bill 32, the government should set the price — we have been mentioning here 5 cents-a-litre, and it's been almost a connotation that once we get this 5-cents-a-litre, that that's going to be it. I suggest to you today that if the monitoring and the formula is set properly, that this 5 cents is just one step in an increase, and an equitable increase, for the dairy producers of Manitoba, to get on an even keel with their banker, and also with their employees. I don't think that this 5 cents is nearly enough; I think that the 5 cents should be considered an interim increase.

So in summing up, I would suggest that first of all the government of the day, the Lieutenant-Governor-in-Council would okay a change — and we would recommend a change — when it comes to the Lieutenant-Governor setting that formula and the commission doing the job that is stated here in the bill, that they're there to monitor that formula and see that that formula is carried out. That's the job of the commission. That's a heavy load to lay on anybody. You people have the representation of all of Manitoba here in any given day in the Legislature. You should be able to ascertain whether a formula is fair and equitable to the consumer and also to the producer.

MR. CHAIRMAN: Thank you, Mr. Knight. You indicated earlier that you would respond to questions from the committee?

MR. KNIGHT: Yes.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: Mr. Knight, first of all let me say that I respect and admire your spirit, which says that if you can't get a fair return for your product you'd prefer to spill it than to sell it to the guy who doesn't want to pay you enough for it, and I don't suppose you would want the government to enact any laws which said that you couldn't spill your milk or that you had to produce milk or go to jail.

MR. KNIGHT: No.

MR. GREEN: Right. And that it would be very untoward to pass that kind of law for anybody, wouldn't it?

MR. KNIGHT: Right.

MR. GREEN: Right. You wouldn't pass it for a worker. You wouldn't pass it for a farmer.

MR. KNIGHT: Yes.

MR. GREEN: Good. There is no law that now gives the right to a farmer — he has that right the same way as I do as a lawyer — I don't have to look for a government to give me the right to say that I'm not going to work unless I get paid what I want to, and you don't have to look to a government to say that I'm not going to produce milk unless I'm satisfied to produce it, or are you aware of such a law?

MR. KNIGHT: No, I'm not.

MR. GREEN: That's your normal freedom, is it not?

MR. KNIGHT: Right.

MR. GREEN: Now, Mr. Knight, I am worried about something that you said because I am scared — and I won't use the adjective — about saying that I'm prepared to accept what some "independent group" tells me that I'm worth, and you say that if there was an independent group that told you what the price was, that you'll produce for that price.

MR. KNIGHT: That isn't what I said.

MR. GREEN: What did you say?

MR. KNIGHT: I said that there should be an independent body that should set that formula.

MR. GREEN: Right.

MR. KNIGHT: And that formula should come through the Lieutenant-Governor — this is the problem the producers are having now.

MR. GREEN: Now you say that the Lieutenant . . .

MR. KNIGHT: It should come through the government and be ratified and accepted by the government or it should go back again.

MR. GREEN: And then you will work for that price?

MR. KNIGHT: If the formula is acceptable to the producers, which it should go through the Producers' Boards, and they should have an input on that formula . . .

MR. GREEN: Yes, but what if the formula that the government sets is not acceptable?

MR. KNIGHT: Why shouldn't it be if it's done fairly?

MR. GREEN: Well, because, Mr. Knight, as far as I can remember since I'm a little boy, there has always been an argument which has never gone away and it has historically been there for time immemorial — there is an argument between what is fair between the person who is selling and the person who is buying, and do you think that the Lieutenant-Governor-in-Council or any independent body could solve that question? If you do, I'll elect you Prime Minister of the World with absolute power.

MR. KNIGHT: Are you saying, Mr. Green, that as a producer sitting away out in Souris, Manitoba reading all the stuff I read in the paper about what happens in government, that I shouldn't trust the government?

MR. GREEN: Well, I wouldn't trust the government, I'll tell you. I'll tell you that.

MR. KNIGHT: Well, what did you say?

MR. GREEN: I'll tell you something that I don't care which government it is, I would not trust the government with my life, and I am asking you whether the producers are prepared to trust the government to set a price, and even if that price is lower than they think, you say that you will continue to sell milk?

MR. KNIGHT: Mr. Green, let me ask you a question. If in fact that formula, and it's in the right attitude as between the opposition and the government of the day and they don't oppose any bill just for the sale of opposing a bill, and that formula has input of the Manitoba Milk Producers Marketing Board, and it has an input of an independent study and this is accepted before it goes to government, then why in the world shouldn't it work?

MR. GREEN: Well, because I ask you, Mr. Knight, let's say that everything that you say is done. That there is producer input; that the government has to accept it; that they get an "independent" — and I don't know what that means — usually it means a person who favours my position by the person who is saying it; that after they do all of those things and you say that they've done it right and they come out with a price which is too low, should you have to accept that price?

MR. KNIGHT: Yes.

MR. GREEN: Well, Mr. Knight, what you're saying, is that you have to accept that price, then you are willing to accept far more than I would want any producer in the province of Manitoba, worker or anybody else, to accept.

Mr. Knight, may I ask you whether you would prefer that you go ahead, that anybody who wants to can produce milk; that anybody who wants to can buy it; that there be regulations with regard to health like there are in other industries; and that the price will be determined by how much people want to buy and how much people want to sell, and that the price of milk will find its level in the same way as the price of some commodities which are competitive — not very many?

MR. KNIGHT: Why not have milk competitive like that?

MR. GREEN: Well, then you don't want a formula you want the free market in milk.

MR. KNIGHT: No, we want a cost of production formula.

MR. GREEN: Then I asked you, and I asked you, yes . . .

MR. KNIGHT: We want a cost of production formula. We don't want to start as producers, getting involved in the processing, we want a fair and equitable price for our milk at the farm.

MR. GREEN: I am asking you whether you are not prepared to let that price be set by the market, not by an independent closed body, the Lieutenant-Governor-in-Council, which may have consumer input, which may produce a price which you don't think is fair.

MR. KNIGHT: You're knit-picking.

MR. GREEN: I'm nit-picking.

MR. KNIGHT: Yes.

MR. GREEN: Well, I don't wish to knit-pick any more, so I'll stop.

MR. CHAIRMAN: Mr. Orchard.

MR. ORCHARD: Mr. Knight, I believe in some of the questions that my colleague put forward, he indicated that he would want to demand a price for his services, and if he didn't get that price, he wouldn't perform that service. He asked you whether

you should do the same thing or not. Can you indicate whether you have a freedom as a milk producer to charge whatever price you can get for your production right now?

MR. KNIGHT: No, I certainly don't.

MR. ORCHARD: Right. So there's no correlation whatsoever between what the Member for Inkster was alluding to in charging the price.

MR. KNIGHT: I have the right to dump my milk and starve every month.

MR. ORCHARD: That's correct.

MR. GREEN: I have a right to do that, too.

MR. ORCHARD: Mr. Knight, if I take your position correctly, what you want to see is a cost of production which is developed, taking into consideration the best possible calculations to determine average costs of production for a producer of fluid milk in Manitoba.

MR. KNIGHT: Right. The producer is saying, okay, here in the opportunity to set an independent study and to get an independent firm to come in and do a cost of production formula that is equitable to the dairy farmer that can be set. How many businesses do you have to open? I'm sure, Mr. McKenzie, if someone walked in his Solo store and asked him to open his books up, he'd say, who are you? He'd say, why should I do that? Yet that is what they're asking the dairy farmer; they haven't asked him, they've told him, this is what's going to happen. All right if we're going to accept that then we want to be assure that it is fair and equitable and that there's not just five people setting our price.

MR. ORCHARD: And then, Mr. Knight, if I take what you're saying, and you can correct me if I'm wrong, the cost of production formula that is set, you hope to be fair and equitable. You don't expect that for each and every producer in the province that that cost of production formula is going to present him with a sufficient return for his labour and a profit and whatever, because we have a grade of producers from top to bottom, some efficient, some not so efficient. The cost of production formula is going to provide the more efficient with a better return and the less efficient with a lower return, but the producers, in general, are going to use it as a target upon which to gauge the efficiencies of their production so they can stay in business.

MR. KNIGHT: That's right. That's a silly analogy that was used just earlier on, about what about the farmer that has been farming for 30 years and the young fellow that's just started three years ago. That's childish talk. Man alive, do you expect if, after I've been farming for 30 years, and some young guy wants to make the same, naturally the fellow that's 30 years old or 40 years old, is looking to retirement and he should be making more money and his operation should be more efficient. It's like me starting a Solo store in Inglis and wanting to be competitive with Mr. McKenzie. Can't do it. For one thing I don't have the capital and I don't have the

years that he's built that stock and he's built that store up. The same goes for a dairy farmer. In land, in equipment, in buildings, in cattle, in breeding. Nothing has been mentioned about the millions of dollars in Manitoba that is being spent in upgrading our cattle and upgrading our dairy industry so that we're going to have our future in the dairy industry and, you know, our young people aren't going to put up with this any longer.

MR. ORCHARD: Well then, Mr. Knight, you mention at one point in time in your presentation, a certain differential in price between Manitoba and Saskatchewan as far as producer returns go. I take from that that producer returns in Manitoba today are inadequate?

MR. KNIGHT: Absolutely.

MR. ORCHARD: Then would I also take Mr. Knight that to mean that regardless of whether we operate under the existing legislation or this proposed new legislation, the wholesale price of milk has to increase if we're going to have a viable industry in the province?

MR. KNIGHT: Absolutely.

MR. ORCHARD: In translating that into the retail market, the retail price of milk, with or without this legislation, operating under the old legislation the retail price, in all likelihood, is going to follow the increase in producer returns?

MR. KNIGHT: In not all cases. In Vancouver, for instance, and in Toronto, you can go to Woodwards in Calgary, and you can find milk on sale, many weekends, as a loss leader. It is never advertized but it's used as a loss leader; and also in Toronto it's used as a loss leader; even in Prince Edward Island, of all places, it's used as a loss leader. And here we are, in Manitoba, worried about the maximum price. The reason is, because of the Control Board and because of the restrictions that were placed on it, the retail industry has effectively said, we're not going to get involved in any pricing wars with fluid milk because of the fact that we cannot make any deals with our processors. There are many schemes that processors can use to move more milk and there's a lot more incentive will be put into the milk industry if there's more freedom given in the marketplace. Why should milk be put on a pedestal and held as a little god. I would accept the fact, and I would buy the consumer argument, about the nutritional end of it; I would buy the consumer argument about the health reasons that they give; I would buy this. You know, I would buy this argument except for the fact that I don't have any control over the people that are complaining about how much milk; I don't have a survey saying how much milk they drink, or how much they would drink. I don't have any survey. They have all my surveys of how much I'm making and they know how much the processors are making but I have no survey to say how much they're going to buy. It's a one-sided argument.

MR. CHAIRMAN: Mr. Uskiw.

MR. USKIW: Yes, I'm interested in your views on the lack of need, in your mind, of having regulated retail prices. In your view, as I understand it, and you may correct me, if I'm wrong, you believe there should not be a ceiling price on milk at the retail level?

MR. KNIGHT: No.

MR. USKIW: The logic of a ceiling on milk prices, over the years, was based on the fact that the milk industry was a regulated industry for the benefit of two people, the producer and the consumer. The logic of a regulated price is based on the fact that the commodity is a monopolistic commodity in its operation; like Winnipeg Gas is in Winnipeg, it has a monopoly and therefore it has to meet certain Public Utility Board requirements. Milk is very much the same thing, up to this point in time.

As I understand your submission, you are suggesting that you want controls to remain on part of the industry, namely the producers; that you want the price to be set for the producers; that you want to continue to deny new producers from coming into production without permission of some authority.

MR. KNIGHT: No way.

MR. USKIW: No?

MR. KNIGHT: No.

MR. USKIW: Oh, all right, let me clarify that. You then would suggest to deregulate the whole industry, and allow any producer that wants to come into production . . . ?

MR. KNIGHT: No.

MR. USKIW: . . . into the industry without any restriction, other than the normal restrictions.

MR. KNIGHT: Providing that that quota is there and providing they go through the normal procedures that the producers are going through now.

MR. USKIW: But you see, sir, this is the whole nub of our problem and we have had to wrestle with this for 50 years or more. Not we, but people, have had to wrestle with this question. There's always a trade-off when you give someone a closed shop or a union shop or a closed market. The trade-off is, if we give you a monopoly position in your industry, then you have to give something in exchange and that something in exchange was consumer protection via the retail price controls.

MR. KNIGHT: That's right.

MR. USKIW: Now that's been the sort of quid pro quo trade-off. Okay. Now you're suggesting we eliminate the retail price control, but you do not want to allow the Member for Wellington the right to go into the dairy business without a permit, or without receiving a quota from some authority.

MR. KNIGHT: I say this and it doesn't matter what industry, you wouldn't go in the car industry if the survey showed that there was 3,500, if there was no

market there, you would start a business where there was a market, wouldn't you?

MR. USKIW: But that's a market.

MR. KNIGHT: Okay, but so's the Milk Board, so is milk a market and this is why we're saying, if you open it up at one end it could be a greater market and should be a greater market.

MR. USKIW: My point, sir, is that I'm having difficulty in understanding why you are asking for deregulation of consumer protection, but you are insisting that we not deregulate the producer; that the producer shall still be regulated and that the producer will sell milk at a price established by some authority appointed by the government based on a formula and that no one can come into production of milk and sell milk for less than that formula.

MR. KNIGHT: Are you suggesting that we should have asked for more?

MR. USKIW: No, no. I'm sorry, sir, I guess we're not reading each other. What I'm saying to you, sir, is, or asking you. Is that wherein lies the logic, if you are asking for deregulation at the retail end, for not asking for deregulation at the producer end? You see it's a trade-off, it has been a trade-off. Protection for one group in exchange for protection for the other group. That's been the system. Now you're saying, let's remove the protection from the one group, the consumers. But we want to improve the protection for the producer and we want to deny any new person from coming into production of milk and offering his milk at a discount.

MR. KNIGHT: When I came into production, and I can tell you this Sam, you know, I think that argument would be all right if they had to go to a tribunal to get into the milk business. But let me tell you something. When I started in the milk business, I went and I asked if the quotas — mind you the quota system was changing then and we didn't have to buy a quota, that's one of the reasons why we started in Manitoba. (Interjection)— Okay, applaud, you know, but at the same time it was the reason why we started in Manitoba. We couldn't afford to buy 10,000, 20,000 and 30,000 quotas, and we started in Manitoba. What I'm saying is this, that if the milk producers are supplying the amount of milk that is required in Manitoba, at present, and supposing, let's take a hypothetical, let's say that the milk increases 20 or 30 percent I'm sure we're going to be looking for more producers. So you see it's not a closed thing. You're making it sound like a cloister, you're making it sound like the Manitoba Milk Producers don't want anyone else in and it's our four and no more. That isn't the way it operates and we're saying if you open it up at the other end, at the retail end of it and the government, you know, we keep our fingers out of the it and let it regulate itself, which it will. And no producer wants to price himself out of the market, it's not equitable to him. And if we can't supply the milk, if the Manitoba Milk Producers can't supply the amount of milk that is being needed, with an aggressive advertising campaign, in three or

four years down the road, we'll probably be looking for producers.

MR. USKIW: Well, then let me sum it up in another way, sir, and see if you can confirm what I think I understand is your position.

You want to maintain a regulated market for the producers, is that correct?

MR. KNIGHT: Costs of production formula, right.

MR. USKIW: Yes, okay. You want to eliminate the regulated market for consumers?

MR. KNIGHT: Right.

MR. USKIW: I suppose we're going to have to agree to disagree, I think one goes with the other. I don't believe . . .

MR. KNIGHT: I think they both can and I think you and I have the same — they both can. You're saying at the one end that we don't want any more producers in, and at the other end that . . .

MR. USKIW: We don't want to be exploiting consumers, that sort of thing.

MR. KNIGHT: That's right. Sure. Well if you get 500 milk producers in Manitoba and that's all you have, it'll be the tail wagging the dog.

MR. USKIW: Okay.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: Mr. Knight, I want to further question you on the more producer control versus less consumer control. Maybe I misinterpreted the concerns or the requests of the dairy farmers when we had meetings and discussions with them. It was my understanding that before you could get a price increase under the old Milk Control Board that you had to go before the tribunal that was set up by the government, which was accused of being totally consumer orientated. Is that correct?

MR. KNIGHT: That's right. That's the reason I used the word tribunal. I've used it before in letters.

MR. DOWNEY: Mr. Knight, would you not also agree that this legislation is less producer control than the previous control Act?

MR. KNIGHT: Yes.

MR. DOWNEY: Mr. Knight, would you not agree that as we read 3, 4 and all the review mechanisms and the appeal process for the consumers, that the consumers still have the protection that they had under The Milk Control Act.

MR. KNIGHT: I would say that the consumer at this point, and the way it's written up, has more protection than the producer. We're still living in a glasshouse. The formula hasn't come out yet.

MR. DOWNEY: Mr. Knight, I have a further question. You suggest that you would be more

comfortable if the Lieutenant-Governor-in-Council established the cost of production formula. Did you suggest at that time that the government should use an independent body to establish that cost of production?

MR. KNIGHT: Yes.

MR. DOWNEY: Mr. Knight, do you disagree that the commission now is prohibited in the new Act from having an independent body provide that cost of production formula, that it may prohibit it in this Act from doing that?

MR. KNIGHT: No. That's right. I realize that the commission still has the authority and power to use an independent body. I accept that. We would like it, and as I said at the beginning, we would like it to go one step further and to be ratified by the Lieutenant-Governor, the government of the day.

MR. DOWNEY: Would you not agree that if the government of the day has the power to put a commission in place, that that commission would reflect the wishes of the government that is in power?

MR. KNIGHT: I will answer that, Mr. Downey, if you will make me a deal that the producer board has the majority.

MR. DOWNEY: Mr. Chairman, the reason I suggest this and ask it, and there are no deals made, Mr. Chairman, we are here to hear submissions, that the present Milk Control Board that is in place, was a board that was appointed by the last government of the province, the NDP Party, that the recommendations that they have given to us are along the same lines that we have moved on. So it reflects the wishes of the NDP Party and yet they find themselves having to vote against it, not because they are interested in the dairy industry, because they are totally interested in politics.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: I am wondering whether the delegate knows that the legislation before us makes no provision in setting the cost of production formula for representation by consumers, and whether he feels that there should be any consumer representation at that point.

MR. KNIGHT: Yes, sure, and I'm not saying that there is not a place for the consumer in this whole fight. I am presenting the producer's side of it and maybe I sound very one-sided, but I am a consumer also and I agree, I would dearly love to be able to sit in front of a commission like them when I go in to trade my hay-buying in, believe me I would like to. I paid 4,100 more than I did the year before. I would like to sit before a commission. I agree that there is a place for the consumer.

MR. CORRIN: Would you also agree that the government will make its choice, will deliberate and make a choice as to which people they appoint to this commission and that, as the Minister has just said, that those people will — and I'm not putting

words in anyone's mouth, he just said it — will reflect the disposition of the government.

MR. CHAIRMAN: Mr. Knight.

The Honourable Minister on a point of order.

MR. KNIGHT: I would like to recommend — it doesn't matter. We are going to have the formula and all we are trying to say is that we want more input into that formula.

MR. CHAIRMAN: The Minister, on a point of order.

MR. DOWNEY: Just on a point of clarification, Mr. Chairman. The question was asked whether or not Mr. Knight felt whether the appointed commission would reflect the government of the day or not. I believe that was the way in which I phrased the question.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: Just on a point of order, Mr. Chairman, I don't know what a point of clarification is in our rules, I have never seen it, and we just received one from the Minister. —(Interjection)— We don't want to get the delegate into that sort of situation and embarrass him, Mr. Chairman.

The question is, though, if you are not satisfied that the government will represent you, and you know that there is no provision in this Act that will enable consumers to participate in the setting of the cost of production formula, what is the problem? It seems to me that what you are saying is that you are concerned that the government will be disposed in favor of the middlemen, the retailers and the processors. I am not sure — you keep talking and you did speak about consumers obtaining the benefits of subsidies provided by dairy firms — but after hearing you, I am just not satisfied that you are not satisfied that the retailers and processors are getting the same subsidy. I want to know what you think about that. Are you concerned about that?

MR. CHAIRMAN: Mr. Knight.

MR. KNIGHT: I don't know what you mean by a "subsidy."

MR. CORRIN: You regard any reduction, any diminution in the costs that you are allowed to pass through, any degradation of the formula, as being detrimental to you as a producer and essentially as creating a subsidy for the consumer; is that not correct?

MR. KNIGHT: It is going to be an increase to the consumer.

MR. CORRIN: Right. I am just wondering, why don't you ever speak in terms of a possible subsidy to the two middlemen? Are you satisfied that they, unlike the consumer, they only get what they deserve, that the same Milk Control Board is very fair with respect to processors, extremely judicious with respect to the interests of retailers, but not fair with respect to producers, that the Milk Control Board is biased in favor of . . . ?

MR. CHAIRMAN: The Minister, on a point of order.

MR. DOWNEY: Mr. Chairman, on a point of order, I think that the Member for Wellington is not here to debate with the individual who came to present his case and to answer questions. He is debating with the individual, Mr. Chairman, and I ask that you call him to order and ask questions of the person who is presenting his case.

MR. CHAIRMAN: On that point of order, I had indicated at the outset, or very near to the outset of these proceedings, that the delegates may answer any, or all, or none of the questions that are put to them, and need feel no obligation to answer any. The purpose of these proceedings are for the committee to receive the views of the delegates and the purpose of the questions is to understand those views better, not to change the views of the delegates.

Mr. Knight.

MR. KNIGHT: Thank you very much, gentlemen. I would like to make an apology to Mr. Green, who I see has left. I will probably apologize to him later.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: I was wondering if Mr. Knight was going to answer the question, whether he is equally concerned about retailers and processors being subsidized by dairy farmers; is that an equal concern?

MR. KNIGHT: Why are you under the assumption that they are going to be subsidized by the dairy farmer?

MR. CORRIN: Well, working from your theory, it seems to me that you are very concerned that the cost of production formula will somehow subsidize the consumer. I am just wondering why only the consumer?

MR. KNIGHT: I said we have been. With the new formula, we shouldn't be.

MR. CORRIN: I see.

MR. KNIGHT: I said we have been; I didn't say that we should be. We have been, up to this point, and we have been subsidizing them. It would probably curl your hair more if you really knew how much — from the Saskatchewan border. I am really serious about this. I didn't drive 300 miles, you know, to make smart remarks. I hope that what I am saying has some validity. This business of us subsidizing the consumer, or the consumer subsidizing the dairy farmer, or subsidizing the processor, if this formula — and you take this formula to heart and look at it realistically, and an independent consulting firm, which is trained in this matter, which the producers are accepting — if that is done, we shouldn't be subsidizing anyone.

MR. CORRIN: What I wanted to know is why you feel that it is only pass through to the consumer. This is what I don't understand. Why are you so sure that it is only the consumer that gets the benefits and not

Safeway or Modern Dairies or any of the other big processors and retailers? Why are you so sure that it is only the little guy that consumes the product that gets the benefit?

MR. KNIGHT: One of the reasons why we are accepting this formula is because you have repeatedly, and everybody has repeatedly said, it's a ripoff with the processors, or it's a ripoff for the dairy farmers. The general public really doesn't know the answer. The general public really doesn't know who is making money and who isn't. The dairy farmers now, because it is hurting so bad in the last three or four years, have just said enough is enough and the young people aren't staying on the dairy farms. We don't want the consumer to subsidize us but we want the consumer to pay the fair market value.

Now, you say about the processors. I am not qualified to answer that question regarding the processors' profit. If the processor is profiteering, that's the reason that the people of Manitoba elected you as their Member of Parliament to stop that kind of stuff, and the members opposite.

MR. CORRIN: Under the present legislation, as I understand it, the same board that sets your price also sets the amount at which the processor and retailer can pass on the product, the maximum level.

MR. KNIGHT: One of the reasons why we are saying if this is the route we are going to go, then let's have the Lieutenant-Governor approving that formula, so you have an input in it, otherwise you don't have any say at all.

MR. CORRIN: So you don't regard the fact that the government can appoint the commission as being sufficient. You feel that the government should usurp the function of the commission?

MR. KNIGHT: They should ratify the formula that the commission sets up; whether it's the commission that does it, it still should be ratified by the government. Either that, or the government set it, and the government hire an independent consulting firm, the government hire them. Then it comes before you learned people, and then you sit down and you study it and you say, "This is a fair formula." Then you have the opportunity to have the Milk Producers' Board and all the other boards looking at this formula. After all, we are talking about our pricing. We are not talking about the pricing of consumers now. We are not talking about the pricing of, you know, how much they make so that they can afford to buy milk. We are talking about the cost of production of milk.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: Mr. Knight, do consumers come and buy milk directly off the dairy farm; or if not yours, any others?

MR. KNIGHT: Oh, yes.

MR. McKENZIE: They do? Is there any advantage or saving to the consumer if, say, he comes to the dairy farm with his own jug and says, "Fill 'er up?"

MR. KNIGHT: You have put me on the spot. I have eight hours that live near Brandon, and they have a little house there and they sell milk, and I'm against it. I don't like it. I don't like it, because I think it would go through the pasteurizing stage. I sold milk for too many years and answered too many complaints in your store for . . .

MR. MCKENZIE: So the product they are buying off the farm wouldn't be pasteurized?

MR. KNIGHT: No.

MR. MCKENZIE: It was just the raw milk?

MR. KNIGHT: Right.

MR. CHAIRMAN: Mr. Adam.

MR. ADAM: Mr. Knight, the legislation, I take it, in its present form, is unacceptable without these changes in the formula; you are concerned about who sets the formula?

MR. KNIGHT: That's right.

MR. ADAM: And the monitoring, you have expressed a concern?

MR. KNIGHT: Right. I think that monitoring should be clarified. I think we should have a clear indication of what this monitoring means to that commission. It is not fair to bring in that commission and then say, "You guys sic 'em and monitor;" they don't know where their guidelines are, and I think the key is in that word, "monitor."

MR. ADAM: So the legislation is unacceptable in its present form; is that correct?

MR. KNIGHT: Yes, I would like those amendments . . .

MR. CHAIRMAN: If there are no further questions, thank you very much for your presentation and your answering of the committee's questions, Mr. Knight.

We will now call on Mr. Rampton, the Manitoba Milk Producers' Marketing Board. (No response.)

Mr. Holtmann, of Rosser. Mr. Holtmann, do you have copies of your brief for the use of the committee?

MR. HEINE HOLTSMANN: I am a farmer and putting in this submission on my own, though I am a member of the Manitoba Milk Producers' Association for 51 years.

MR. CHAIRMAN: That is quite acceptable to the committee. It would simply be more useful if you had some copies.

MR. HOLTSMANN: I have some copies, but not one for everybody, and I have no secretary. My granddaughter types out what I tell her and then I bring it along and I hope you will go along with me.

MR. CHAIRMAN: Mr. Holtmann, the Clerk will receive your copies and have them duplicated and

distributed to the committee. Would you proceed, please.

MR. HOLTSMANN: As perhaps you all know, I am Heine Holtmann from Rosser. I have been dairy farming for quite a time now and I am really concerned. I read you my brief, and I'm not as long-winded as these other fellows because I'm getting down the line.

Agriculture is the most important industry in Manitoba, the backbone of our province. The Dairy Industry plays an important role in our farming community, not only with the work it creates on the farms but there is a spin-off of many hundreds of other jobs: the processing industry, selling, transportation, the feed industry, equipment industry, road building and many others. Milk is most essential in our daily diet, especially in the health of our children. The widespread drought will cause the loss of many dairy cows and whole herds in our province. What can and are we doing about this?

(a) We must assure our dairy farmers that they are important to the well-being of all citizens of this province.

(b) We must allow dairy farmers to survive economically, that means a fair return for their labour and investment.

And then I ask a question, is there any hope for a young dairy farmer to survive under present conditions? Is there? What encouragement and assurance is our government prepared to give these young people? We old ones go out and the young ones have to replace us.

After many years of complaining, we welcome our government's attempt to change things, to do away with the Milk Control Board and public hearings. Hopefully, the present Bill 86 can be so revised and corrected to give the dairy farmers assurance and a new hope for survival and confidence in the future.

I will not go into detailed paragraphs of the bill that have to be changed. I think the other members and the Marketing Board will take care of that. But if the cost of production formula is forced upon us, then the formula should be struck by an independent body that is experienced in dairy farming practically and not by bureaucrats, never mind their education. I haven't got much education, I came here to work and I did it all my life. We can never accept — we've had enough of this hassle with formulas and so on — we can never accept a government-appointed body to set our farm prices again. No more delaying tactics. We need a price increase right now. We don't want to be a political football as we have been in the past. All legislation, no matter how skillful it is put together, never will produce one litre of milk, I can assure you that.

Nobody can force us to milk cows. If we cannot see a fair return for our labour and investment we just will quit and sell out. Many dairy farmers have to make this decision this year when they run out of feed. It is up to our present government to restore confidence in our young dairy farmers. We old ones are on our way out. Dairy farmers never die, they just fade away.

MR. CHAIRMAN: Thank you very much, Mr. Holtmann. Will you respond to questions from members of the committee?

MR. HOLTSMANN: Yes, why not, if they are reasonable within my field. I'm not a lawyer and . . .

MR. CHAIRMAN: You're certainly obliged to answer any or all of them or none of them. Are there any questions to Mr. Holtmann? Mr. Einarson.

MR. EINARSON: Yes. Mr. Holtmann, I'm going back into a little bit of history and I'm wondering, I'd like to ask you. You were a fluid producer at one time?

MR. HOLTSMANN: Yes.

MR. EINARSON: We used to have the industrial producers and the fluid producers. When that was melded together, did you agree with that at that time?

MR. HOLTSMANN: Well, let's put it this way. We made pretty fair money at that time. We got not too much competition. If the dairies needed more money, up went my quota and I could increase my production and with the increase in production came an increase in my revenue.

MR. EINARSON: Would you say then, Mr. Holtmann, that the problems have increased since that was done, as opposed to prior to that being done, in the dairy industry?

MR. HOLTSMANN: I don't get this question.

MR. EINARSON: I'm saying, Mr. Holtmann, before the fluid and the industrial milk were pooled, did you have the same kind of problems or maybe as many in the dairy industry as you have today?

MR. HOLTSMANN: Mr. Chairman, since pooling took place I had to take a reduced price because when I was a Winnipeg shipper, a fluid shipper, I had 85 or 80 percent of my milk going at top price. The balance was a surplus price 2.00 or 3.00 less. But since pooling took place 45 percent in the summertime of my milk goes into the bottle trade in the high price bracket and 55 percent goes in the industrial sector. That meant in my operation I had a loss of 1,500 a month if I could have stayed in the position as I was before.

MR. EINARSON: You say, Mr. Holtmann, you have been in the dairy business for 51 years, which is a very commendable record. I would like to just know for sure and just reassure myself and the people of Manitoba, and particularly the consumers, do you have a real concern the way things have been going and are going at the present time, that if something isn't done there is going to be a definite reduction in the number of dairy producers, consequently there will be a definite reduction in the fact that there will come a day when people will not be able to buy milk?

MR. HOLTSMANN: As a practical dairy farmer I am also a businessman. You see, I came here 52 years ago with practically nothing and I built up my own farm enterprise. I did it with the help of my family and hard work. But when I started out every farmer had a few cows, a few chickens, a few pigs and so on but pretty soon I had to learn that I could not pay

for my farm out of this small income from little tiny bits. So I had to specialize and I did decide to specialize in dairy farming, because I was close to Winnipeg, because I lived right by the CPR station. Every morning at 7:00 o'clock the train came along; I sent my milk on that train for transport to Winnipeg and I had my money at the end of the month. It was only 90.00 or 100.00 a month but it was cash money that I needed.

Out of this I built a dairy herd, a purebred herd, one of the best ones in the province but there was a time when I was fed up with pricing and there was a time when I made a decision, and it was in 1946. I was shipping milk all the time and under the War Measures Act the milk price was frozen; the Milk Control Board in Winnipeg wanted to raise the price, but Ottawa said no. I had an unfortunate position. I lost my hay crop. I got a sweet clover weevil in my fields, they cleaned me out 100 percent, so I had to buy all the hay as the farmers have to do today. So you can understand the position is pretty nearly the same and the price was frozen; Ottawa still didn't move, the grain price went up 30, 40, 50 cents a bushel because Europe was hungry after the completion of the war. So what did I do? I sold my cows. I mentioned it to the member here in the Legislature that I had to lose my herd. A week later Americans came and offered me a price and said, can we see your cattle, we are interested in buying some cows. Well, I said, sure I have to because I have no feed for them. I have to buy it and I can see by the price of milk and the price of grain that it doesn't jive for me, I'm a businessman.

So, hissing and hassling and finally he said, put them in the barn, we'd like to see them milking. I was an ROP, I had the records there, but we'd like to see them milking, then I realized these fellows were a lot smarter than I thought. But anyway, I had put my cows in the barn and it was after 2:00 o'clock in the afternoon and after half-way through milking they said, Mr. Holtmann, we buy your cattle, all or nothing. That was a hard decision to make for a young man. I had a family and a wife to support and by selling all the cows just because I didn't get the prices I wanted, but I made the decision and sold them and it was the best thing I ever did because these cattle went to Minneapolis, St. Paul on an auction sale; they got auctioned off. These fellows made good money on them and when they paid me I could pay off my farm debts completely and had money in the bank ever since. So a disaster can be an opportunity to get out of it and I advise many young men, this is the time perhaps to cash in, sell our cattle to the Americans or whoever, and then let the money to the farmers —(Interjection)— Well, don't say it. I'm saying it gentlemen, I'm honest with you, and I'd do it again.

Just a neighbour of mine last week, I don't want to mention his name, he has Jersey cattle, he sold half his herd to a breeder in Wisconsin, they won't know the balance the next few weeks, and lots more of them will do it unless our government gives us assurance that we have confidence as dairy farmers and work 365 days a year and have assurance of a reasonable return.

Now, I kept at that time all the young stock and a year later or two years later was back in business. But it is not always a dilemma when you are forced

to sell out and I advise my dairymen, if the time comes and we don't get a fair price and we don't get a fair deal from our government, take the same step that I did. I did well by it. Why not? What's wrong with it? Take a holiday for a few years. Go do something else. And I'm saying, out of every disaster we make an opportunity and maybe this is the year to do it unless you fellows here in our government provide us with new hope and new incentive for the young farmers. As I said, we old farmers fade out anyway but the young people I'm talking about, my grandchildren I'm worried about and many other young farmers unless they have an opportunity to make a buck by getting up every morning and milking the cows they're going to quit and I advise them to quit if you fellows do not give them that chance to survive.

MR. EINARSON: Mr. Chairman, I appreciate Mr. Holtmann's story and I hope that consumers of Manitoba hear that story. So the next question I have for Mr. Holtmann, Mr. Chairman, is and the message I get from the story he just gave us is that, are you saying, Mr. Holtmann, in this legislation that we have before us now, that it's extremely important, not only to the producers of the province of Manitoba of milk, but also to the consumers, that we have a pricing formula that is going to definitely give much better assurances to the producers of milk that they will get a fair return for their product, a fair return for their labours and at the same time have a little profit after all their work is done?

MR. HOLTSMANN: That's the only way that dairy farmers can expect to stay in business and especially the young man. Well, if you have no confidence what's the use? You'll stake your whole life on it. You go into debt hundreds of thousands of dollars. To start up a dairy farm it costs a half a million, never mind the land. If the land belongs to the government, as some people suggest, then of course we are back in the peasant stage and I don't like that. Perhaps some of the people like to be peasants again. There was once upon a time there were peasants, big landlords, we haven't got that any more, we have free farmers and hope to stay that way.

MR. EINARSON: Thank you, Mr. Holtmann.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: Mr. Holtmann, am I correct in assuming that farmers like your age are the majority of the dairy farmers in our province today?

MR. HOLTSMANN: Well, the majority age of the dairy farmers is getting on 65 or more.

MR. McKENZIE: That's the majority.

MR. HOLTSMANN: Well, I'm not sure now.

A MEMBER: Between 55 and 60.

MR. HOLTSMANN: Yes.

MR. McKENZIE: I noticed your concern about the young dairy farmer. A young dairy farmer today,

what would be a viable herd for him to start up with, say 25, 35 cows?

MR. HOLTSMANN: Well, in my experience over the years, when a fellow starts out he should not be starting out with less than 30 or 35, or less than 40, so he can't afford the new mechanism that is available to us, but is at price and if your numbers are too small you never can make it. I'm not advocating these great big farms with hundreds of thousands of cattle, I've seen them, and the technique is there but management and other problems that come up, health problems in the herd, reproduction problems, feed problems and what have you.

My advice is 40 or 50 cows to start out with but that costs about half a million dollars of capital.

MR. McKENZIE: You say that would cost about half a million for him to start up with 40 cows today. Thank you, Mr. Chairman.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: I have just one question for Mr. Holtmann. The changes that are proposed in this Dairy Commission Act, a Price Review Commission, Mr. Holtmann, is it in your opinion that this is a less regulatory type pricing mechanism on the dairy farmers? Are there less regulations on you now as a dairy producer than the old Milk Control Act?

MR. HOLTSMANN: It's pretty hard to determine because the details in the new proposed Act and amendments, how they're going to turn out. You see, we talk about a formula, and a formula can only be settled by people who know dairy farming. There is no use having a professor or anybody who sets up a formula, because he doesn't know anything about reproduction problems, feed problems, health problems, and so on.

So we have to go to the basics and a formula, if acceptable to us, should have an input from practical dairy farmers.

MR. DOWNEY: The question really is, the basics are in this to be able to allow you to get a price increase without having to be regulated by a body prior to that increase.

MR. HOLTSMANN: If we can get a price increase, as you say, without going to public hearings, and a formula which tells us so, that our Milk Marketing Board has the right to raise the price, or lower the price, for that matter, it could easily be that we push the price up right high now because the hay is expensive and next year hay goes to 30.00 again.

MR. DOWNEY: Milk will come down.

MR. HOLTSMANN: Then milk will have to come down, there's no question about it. We have to go both ways; we can't have it one way and I don't expect it one way.

MR. DOWNEY: Thank you.

MR. CHAIRMAN: Thank you, Mr. Holtmann, for your presentation and for answering the committee's questions.

Because the hour is very close to our closing hour of 5:30, I would like to indicate . . .

Mr. Einarson.

MR. EINARSON: Perhaps this would be an opportune time for me to make an announcement, if I can, on the committee, for 8:00 o'clock this evening. I would like to mention that Mr. Ferguson will be replaced by Mr. McKenzie.

MR. CHAIRMAN: It has to be done in the House.

MR. EINARSON: I'm sorry, Mr. Ferguson will replace Mr. McKenzie on the committee tonight at 8:00 o'clock.

MR. CHAIRMAN: I believe, Mr. Einarson, that has to be done in the House.

Mr. Uskiw.

MR. USKIW: On a point of order, Mr. Chairman, I think the people who are going to return to make their submissions should be aware that the House meets at 8:00 o'clock and there may be some delay beyond 8:00 o'clock before this committee reconvenes, depending, Mr. Chairman, on whether or not the Question Period is extensive or not. But for whatever it is worth to members, 8:00 o'clock is not the necessary time; it could be quarter after eight or something.

MR. CHAIRMAN: I think, Mr. Uskiw, it may be as soon as 8:05 or as late as 8:45. Then we will deal with the rest of those people who wish to present briefs.

Mr. Uskiw.

MR. USKIW: Mr. Chairman, could we have an indication as to who is speaking next.

MR. CHAIRMAN: On my list, Mr. Rampton.

MR. USKIW: So that they would be prepared to show up in that order, or at least be knowledgeable of your list.

MR. CHAIRMAN: I have Mr. Rampton, Mr. Dooley, Arni Peltz and Wendy Land, who I understand will be presenting together re the Citizens' Health Action Committee, Jackie Skelton, Emil Shellborn.

Committee rise.