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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Brian	Ellice	NDP
COWAN, Hon. Jay	Churchill	NDP
DESJARDINS, Hon. Laurent	St. Boniface	NDP
DODICK, Doreen	Riel	NDP
DOERN, Russell	Elmwood	NDP
DOLIN, Mary Beth	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virten	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupert Island	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
LECUYER, Gérard	Radisson	NDP
LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
MANNES, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
SCOTT, Don	Inkster	NDP
SHERMAN, L.R. (Bud)	Fort Garry	PC
SMITH, Hon. Muriel	Osborne	NDP
STEEN, Warren	River Heights	PC
STORIE, Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 17 March, 1983.

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - CONSUMER AND CORPORATE AFFAIRS

MR. CHAIRMAN, C. Santos: The committee will please come to order. We are on 2.(c).
The Member for Tuxedo.

MR. G. FILMON: I wonder if I can just quickly ask the Minister for a response before we're completed with Clause 2. I'm not sure, but I don't think he gave me any indication of how long he's willing to wait for the Alliance of Canadian Travel Associations to come up with their nationwide insurance plan prior to his proceeding with the government's stated intention to introduce its own travel agency Act. The reason I say that is that I just came across a statement that was made by his predecessor in the House, as I reviewed my notes over the supper break, and he said on March 17, 1981, "It is the intention of the government to bring forward as soon as possible legislation which will establish a fund whereby persons affected by the situation such as this within the travel industry," at this point he was referring to the failure of Sunward Holidays, "we'll be able to obtain compensation. We have been advised by the travel industry that they favour this legislation. We look forward to working with them immediately to develop sound legislation which will protect both the consumer and the industry."

I'm not sure if he indicated to me when he said that this plan has now changed because his department is awaiting a response from the Alliance of Canadian Travel Associations who are themselves preparing a nationwide insurance program. The point that I was asking the Minister to make was how long is he willing to wait for them to come up with something satisfactory before he's prepared to proceed with the Act that has been drafted or some variation of it?

MR. CHAIRMAN: Mr. Minister.

HON. J. BUCKLASCHUK: Yes, I believe I had said previously that we expect to hear back from the person that's the liaison within a matter of a week or two. My understanding is that it is hoped that the national program or policy, if it does come to be, will be ready within a month or two. We've also indicated that should their plans for this national policy fall through that we are willing to start immediately on working out a program at the provincial level.

MR. G. FILMON: Could it be ready to be proceeded with this Session?

HON. J. BUCKLASCHUK: It could be a possibility. I can't be definitive, but we would hope that it wouldn't

take that long to put together a package, especially if we had the benefit of some of the research that was done by the national group.

MR. G. FILMON: Mr. Chairman, I found a copy of the letter which I referred to from a lady who was concerned about the computerized check-out system and I see that, in fact, reference is made to your predecessor, although this was August 5th. So it might have been about the time that the Minister took office; I'm not sure - August 5th, 1982 - so I'll give him this copy in any case.

Mr. Chairman, if I may just carry on, I'm just cleaning up some loose ends from where we left off. The Minister has been questioned in the House about gasoline pricing at the retail level in the province, and I understand that he has initiated a study as to the high cost of gasoline at various remote and rural locations in the province and a variety of other endeavours being carried out by his department. Is he, as the Minister responsible for Consumer Affairs in the province, intending to recommend to his Cabinet colleagues that the government not proceed with the 1.1 cent per litre increase in gas tax that will come into force, I think April 1st, in the interest, of course, of keeping the price down for consumers in the province?

MR. CHAIRMAN: Mr. Minister.

HON. J. BUCKLASCHUK: No, that is certainly not my intention.

MR. G. FILMON: Is this because the Minister in this case will be acting as the Minister of Corporate Affairs rather than Consumer Affairs, under these circumstances?

HON. J. BUCKLASCHUK: It seems to me we went through all of this yesterday afternoon in question period. The reason for the study, as the member knows, is that we had virtually thousands of signatures from Northern Manitoba complaining of price differentials of something in the neighbourhood of 10 to 12 to 14 cents a litre and, during the gas wars, in the neighbourhood of 25 cents a litre. Those were the major concerns of the northerners, not the 1 cent a litre increase in taxation.

MR. G. FILMON: I see. I'm sure that the northerners will be glad to hear, Mr. Chairman, that the Minister doesn't think there will be concern about 1 cent a litre added on.

MR. CHAIRMAN: The Member for Thompson.

MR. S. ASHTON: Mr. Chairman, this is a subject dear to my heart, the whole question of gas prices. I think to try and focus it on the gas tax increase right now is not really that appropriate, given the portfolio we're looking at Estimates for.

However, I think in terms of the concern of northerners, the concern continues to be that of the bottom line, the price. It's one thing I found, when I approached people about this particular study, was not so much that they had set ideas about why we're paying so much more. They just had a whole series of unanswered questions, and that's where this particular investigation came in. That's why a number of other MLA's in the North and I were pushing for an investigation under the particular Act that this is appropriate to, and that's why we received so much support. That's why there were these thousands of signatures and that is, quite simply, because people want to know where that difference is going.

Along the way we found out some areas where it wasn't going. We found it wasn't going to transportation. The transportation costs, the additional costs, that is, of transporting gasoline to Thompson, for example, is between 2 cents and 3 cents a litre and, at the present time, the difference is over 9 cents a litre and that is comparing a self-serve station with a self-serve station. As the Minister pointed out, it got as high as 25 cents a litre during the gas wars. So 2 cents or 3 cents out of 9, or 12, or 14, or 25 cents, is only a small proportion of that.

So we're trying, as northern representatives, to try and find out where that is going. I've got my own suspicions and I'm anxiously awaiting the result of that inquiry to find out if my own suspicions are correct, but as I said before, we're concerned about the bottom line. In my opinion, we're being overcharged; we're being ripped off, if you like. You know, to start trying to throw in the political red herring of the gas tax increase, I think is politically perhaps the appropriate thing as far as the members opposite are concerned, but I think is really not the main issue that should be under discussion here. What really should be discussed is that 9 cents a litre difference. It's not what we have common with other areas of the province. We pay the same gas tax as Winnipeg, but why are we paying 9 cents a litre more for our gasoline, when transportation is only 2 cents or 3 cents. So I would certainly suggest, if we are to discuss the gas price issue, we look at the bottom line and we look at the differences in the bottom line.

MR. CHAIRMAN: Does the Minister wish to reply?

HON. J. BUCKLASCHUK: I think the Member for Thompson has said it.

MR. CHAIRMAN: The Honourable Member for Tuxedo.

MR. G. FILMON: I'm glad to hear that the Member for Thompson considers the 1.1 cent a litre increase in gasoline tax for his constituents a political red herring and I'd be surprised if his constituents share that view.

MR. CHAIRMAN: The Honourable Member for Thompson.

MR. S. ASHTON: Well, I should indicate for the Member for Tuxedo that I indicated in the Legislature my own concern about that increase, not in principle - you know - if it's necessary to raise additional revenues with a

gas tax increase, I've got nothing against that. My objection - my suggestion actually, really, was to the fact that everybody was faced with the same increase; given the fact that we pay so much more for gasoline, I think this is one area where perhaps we should pay less tax than the south. When I say we, I mean not just northern Manitobans - rural Manitobans are in the same boat as we are.

As a member of the Municipal Affairs Committee, when we're out on the road, I was checking some of the gas prices then and they were considerably in excess of Winnipeg and, once again, they were higher not just because of transportation reasons but for other reasons. So my own view on the gas tax is - well, I'm not against it in principle, but as far as my constituents are concerned, I think they would have liked to have seen a break on that particular item in recognition of the fact that we are paying that much more for gas. So I hope the Member for Tuxedo isn't suggesting that either myself or my constituents aren't concerned about the gas tax because that wouldn't be true.

MR. G. FILMON: Mr. Chairman, I can only assume that by calling it a political red herring, he considers it's not important, so I can't see any other conclusion that I could draw from his comments.

MR. S. ASHTON: Mr. Chairman, sorry, just for on the record of what I just said, I just suggested that we should really be discussing the gas tax under Minister of Finance, not under Consumer and Corporate Affairs; particularly not under the item in regard to the investigation of gas price differentials, because that really is what that investigation is all about.

MR. G. FILMON: Mr. Chairman, I have written to the Minister on a couple of occasions about the matter of mortgage interest rates and the anomalous situation, and the very unfortunate and damaging situation that many consumers are finding themselves in, and I suppose it is similar to that which was raised in the House during the past few days. People who have loans from the Manitoba Agricultural Credit Corporation in which they are paying 18 percent interest rates at the moment, when market rates have dropped dramatically down to the level of, shall we say, 11 or 12 percent, I think there are mortgages - and I'm not referring to the Agricultural Credit Corporation loans at this point in time; I'm referring to people who are locked into five-year mortgages at rates. I think one of the ones about which I wrote the Minister was 21 percent or something of that, 19 3/4, it escapes me at the moment, but I'm wondering what the Minister's thoughts are in terms of any way in which the consumer faced with this situation can be assisted.

I remind the Minister that in neither of these circumstances were the people involved eligible for mortgage interest rate relief under government programs. They did not fit within their guidelines, yet they find themselves faced with being locked in for perhaps another four or four-and-a-half years on a loan rate that's very substantially over the existing market level. In fact in some cases, it's almost double the existing market level. Does the Minister have any thoughts on this or does he feel that there's anything that he or his department could be doing on the matter?

HON. J. BUCKLASCHUK: Yes, Mr. Chairman, I very well recall those two cases that the Member for Tuxedo brought to my attention and I can certainly sympathize with his constituents in the situation that they find themselves in.

I just want to clarify one thing. There is not a similarity between their situation and the MACC loans, because under MACC my understanding is that the loan can be paid off and I don't recall that there was any penalty. I suspect if there is, it would be very small.

In the two situations that the Member for Tuxedo brought to my attention, there was no provision to be able to pay out that mortgage and the person was stuck with that.

Bringing in legislation to deal with those two situations wouldn't - there are existing contracts, and I don't think the province would want to find itself in a position where it would legislate different conditions or new conditions for existing contracts.

MR. CHAIRMAN: Pass?

MR. G. FILMON: Sorry, I didn't realize the Minister had concluded his remarks, Mr. Chairman.

I think the concern that I have is that there doesn't appear to be any standard in terms of opportunity to pay out mortgages. It appears as though some of the banks are willing to allow for a pay out with three or five months penalty of interest, and some trust companies have varying other standards and circumstances under which they will allow a pay out of a mortgage, whereas others simply have none.

It seemed to me, and I saw it on the late night news just at about the time I wrote the Minister, so it would probably be a couple of months ago, that one of the Federal Ministers, and I'm not sure whether it was the Federal Minister of Finance - it was not the Federal Minister of Consumer and Corporate Affairs; it was either Finance or I don't know what the other portfolio would have been that would have been involved - but it was suggesting that the Federal Government was indeed looking at this whole matter and considering legislation that would require some standard pay-out options on mortgages. I'm wondering if the Minister has pursued that, because I suggested to him in my letter that the Federal Government was looking at it, and found out any details or gotten any information on it?

HON. J. BUCKLASCHUK: Yes, I'm informed that about two years, two to three years ago, the Federal and Provincial Governments sat down to discuss passage of legislation to deal with that type of a problem but the discussions have broken down. Now, what has happened in the past two or three months, my understanding is that the Federal Government is now looking at an insurance program. I believe there would be a premium on that mortgage which would protect the mortgagee from increases in mortgage rates beyond a given range of, let's say, 2 percent or so.

We are dealing with a situation where not too long ago they made a very volatile market. The rates were all over the place and the persons that were buying mortgages or taking on mortgages, thinking that they were protecting themselves, were locking themselves

into five year terms. It's unfortunate for those persons, now that the rates have gone down, there is no way they can get themselves out of that contract.

MR. CHAIRMAN: The Honourable Member for Thompson.

MR. S. ASHTON: Yes, it's rather coincidental, I guess, that this matter has come up, because at this particular point in time I actually spoke to the Minister about my concern about the specific question of the renegotiation of existing mortgages several days ago. It's an area of concern to my constituents, many of whom got locked into these high mortgages and then found that the previous allowance that you could renegotiate your mortgage with a penalty was not even available to them. I point in this regard to some press reports a couple of months back which indicated the number of banks which previously had allowed for renegotiation of mortgages, given a certain penalty, were not allowing that anymore, and I would certainly like to again pass on my concern about this particular matter. I realize it's very difficult for the province to do anything, since it is under federal jurisdiction, since it affects chartered banks; but I would certainly, once again, and this being a public forum, urge the Minister to use whatever moral suasion he can to persuade the banks to leave this option open, because for a lot of people it's the only way in which they can get their finances in order. They're quite willing to pay a penalty. They realize that the money was borrowed by the bank at a high rate and that they therefore have to make up the difference between the rate they would have paid and the rate they would pay you at the current level of mortgage, but they were told in a number of cases that option was not available to them. I certainly think it should be; so, as I said, I'd really urge the Minister to pass on the concern of the province in this area because I think that right should be open to consumers.

MR. CHAIRMAN: Does the Minister wish to react to that?

HON. J. BUCKLASCHUK: Yes, I do recall this discussion a few days ago, and I agree that all we can do is use moral suasion. I don't know if that would work, but really we would have to communicate our concerns to the Federal Government and hope that they would take appropriate action.

MR. S. ASHTON: There was another item of concern to a number of my constituents, related, I suppose, peripherally to this particular question, and that was not just to the penalties that occur when one renegotiates an existing mortgage, but to the payment one has to incur when one renews one's mortgage. I've received a number of complaints from people who have been charged the normal bank service fee for what they consider to be a five minute paper transaction and, you know, is often a fee of \$50 or \$100, but given the tough times that \$50 or \$100 means quite a bit.

This is another area I'd like to highlight as an area where I think the banks have been particularly unfair in that, as far as I'm concerned, the charge service fee, a very large service fee, generally for a straight

five minute paper transaction is way out of line with what the banks should be charging in that area. So I'd add my concern and the concern of my constituents to this concern about mortgages in general in this very specific case.

MR. CHAIRMAN: 2.(c)—pass.

Resolution No. 38: Resolved that there be granted to Her Majesty a sum not exceeding \$935,500 for Consumer and Corporate Affairs for the fiscal year ending the 31st day of March, 1984—pass.

3.(a)(1) - Mr. Minister.

HON. J. BUCKLASCHUK: Mr. Chairman, before we go into Corporate Affairs, the Member for Tuxedo had requested some information in our afternoon session. Perhaps I could pass this on right now, the latest computer printout of the expenditures of the department. We have them here for up to February 28th.

The other question that had been asked was if we could provide some information as to what the salary increases were for, I believe, it was all staff - wasn't it - in the department. I can provide this information at the present time. Breaking it down into three groups, Management and Administration and then the Consumer Affairs Section and the Corporate Affairs and, in providing these figures, one has to be aware that there are four factors that have some influence on these salary changes.

As an example, for Management and Administration, there is a \$22,900 increase and perhaps I should deal with these in groups. Management and Administration is 22,900; Consumer Affairs, 56,000; Corporate Affairs, 91,000 for a total of 169,900. The reason why there is this considerable increase in salaries is that the 1982-83 increase, which averaged 13 percent, was not included in the 1982-83 vote as it had not been negotiated at that time. There is a further problem that the Department of Finance did allocate a portion of the funds required to make up that 13 percent. This allocation ranged from 7.8 to zero depending on the program's salary position as of January, 1983. So that's one factor. There was a shortfall between the 1982-83.

The second factor, if I can go through the figures again by groups, Management and Administration, an increase of 47,000; Consumer Affairs, 62,900; Corporate Affairs, 128,400 for a sum of 238,300.00. This increase is based on the negotiated collective agreement increase and we were instructed by the Department of Finance to use a 9.5 percent salary increase. As you may recall, the increase was cost of living plus 1.5 percent. It was anticipated it would be around 9.5 percent.

The third factor that has an impact on the increases - and these increases for Management and Administration, 23,400; Consumer Affairs, 33,600; Corporate, 85,900, for a sum of 141,900.00. This increase is due to the 27th pay period which is a once in an eight or nine year occurrence.

MR. G. FILMON: What was the total of that, please?

HON. J. BUCKLASCHUK: \$141,900.00. This, incidentally, represents a 3.8 percent increase between the 1982-83 adjusted vote and the 1983-84 Estimate.

MR. G. FILMON: What percent?

HON. J. BUCKLASCHUK: 3.8. Now the fourth factor and the impact is as follows: Management and Administration, 6,100; Consumer Affairs, 6,500; Corporate Affairs, 1,100 for a sum of 13,700.00. This increase or these increases are due to the usual annual increments and salary adjustments such as classifications.

So we have four factors that have brought about an increase. The sum of those four factors - the figures I gave you were 169.9, 238.3, 141.9, 13.7 - the sum is 563.8, but then we do have to make an adjustment for reduction in staff and additions in staff. The reduction is 118.7, for a net difference of \$445,100.00.

The shortfall, that is a difference between the 1982-83 vote and the 1983-84 request, represents 30 percent of the difference. The 9.5 percent increase, as determined by the collective agreement, represents 42 percent of the increase. The 27th pay period represents 25 percent of the increase, and the annual increments and salary adjustments represent 3 percent of the increase.

So the two items, that is item 2 and item 3, the negotiated increase and the 27th pay period represents 67 percent of the increase. We have to also keep in mind that - I don't know if it's relevant at this point - but since the printing of the Estimates, the agreement had been reopened and the salary increases will not be that high.

MR. CHAIRMAN: The Member for Tuxedo.

MR. G. FILMON: So it is a combination of all of those increases, the 13.5 percent on the first year that wasn't included in last year's Estimates; the 9.5 percent in this year's; the 27th pay period; and the increments mean that the salaries for the same complement this year versus last year are 30 percent greater. Is that what the Minister said?

HON. J. BUCKLASCHUK: No, that isn't correct. No, the increases, when one adjusts for the reductions in staff or additions in staff - there's the adjustment of 118,700.00. The net increases will be 445,100 and of course those will probably be high because those are based on a projected 9.5 percent settlement.

MR. G. FILMON: Well, the bottom-line question that I'd ask for, Mr. Chairman, what is that \$445,100 over the total salaries as a percentage increase print-over-print then?

HON. J. BUCKLASCHUK: I would submit that if we were to compare print-over-print that we're not dealing with an accurate representation of what is taking place. If one wants to compare figures and use that \$445.1 thousand increase, that represents 16.9 percent. But in that 16.9 percent is a 30 percent shortfall from last year, because there was no way of knowing at that time what the salary increase would be for '82-83 and that represented 30 percent of that 16.9. 67 percent of that increase is geared to the anticipated 9.5 percent increase in salaries and the 27th pay period over which, as I indicated previously, occurs once in every eight or nine years.

MR. G. FILMON: Mr. Chairman, is the Minister saying that all of those figures that he gave me, the total of 169.9; 141.9; 238.3 and 13.7 which added up to 563.8 less the reduction for the difference in staff complement, netting out at 445, did not include the 13 percent increase last year that's also been added in?

HON. J. BUCKLASCHUK: Yes, as I had indicated previously, there had been a shortfall in the allocation from the Department of Finance. The 169.9 thousand represents the shortfall; that is, there had been an allocation from Finance of 7.8 percent down to zero depending on each program's salary. So there had been allocation from the Department of Finance to compensate for the increase in salary as allowed by last year's agreement. The allocation was not sufficient for the total increase and there was \$169.9 thousand shortfall, which represents 30 percent of the difference that we're looking at, at the present time, between last year's salaries and the 1983-84 Estimate.

If we want to look at what the net increase will be for existing staff or for staff as projected in the Estimates, we should really be looking at the 42 percent and a 25 percent - and the 3 - we can look at the 3 percent as well for a total of some 70 percent, but we have to also consider that while it was projected that there would be a 9.5 percent increase. In fact, over the 12-month period there will be no increase from April 1st to July 1st and then there will be a 10.3 percent increase from July 1st to March 31st which gives us roughly about a 7.6 percent increase, actual.

The other thing that has been brought to my attention is that Management will not be receiving a 9.5 or 10.3 or 7.6 percent increase; in fact, as most members know, their increases have been restricted to \$1,000.00. So the figures, the 445.1, is an inflated figure, but it couldn't be avoided because the contract was reopened after the Estimates had been completed.

MR. G. FILMON: Mr. Chairman, perhaps I can get at this another way. What were the total SMYs in last year's Estimates and what are the total SMYs in this year's Estimate for the Department of Consumer and Corporate Affairs?

HON. J. BUCKLASCHUK: I suppose the easiest way to do that would be to go to our supplement, Page 11, and you have an overview of the whole department. You'll notice that for '82-83, there were 108 SYs; and for '83-84, we are showing 104 SYs.

MR. G. FILMON: Mr. Chairman, what would be the net saving to the department in terms of Salaries for the reduction of four staff positions?

HON. J. BUCKLASCHUK: The net would be 118.7.

MR. G. FILMON: What I'm trying to do is to take the amount of salaries in this year's Estimates, subtract from it the amount of salaries in last year's Estimates, add to that difference the 118.7 that was presumably an adjustment because of the four positions deleted, and take that over the total amount of salaries in last year's Estimates, and come up with a percentage which says to me that the salary component of Consumer

and Corporate Affairs last year, over this year, apples to apples, for the same number of people, increased by X number of dollars. That amount is something like 558,000 taken over a total salary component according to last year's Estimates of, maybe the Minister's staff can help me so I don't take all evening doing it, and see what that is as a percentage.

HON. J. BUCKLASCHUK: Yes, let me just make sure that I'm clear of what the Member for Tuxedo's asking. I believe you'd want a comparison of what last year's salaries with the '82-'83 staff would have been, compared to the '83-'84 Estimates, and putting in those four positions. My understanding is that figure would give you about a 21 percent increase but that is very unrealistic because it doesn't take into account the four factors that I've referred to, the major one being, the first one where there was a shortfall between - well, first of all the increases allowed by the agreement would not have shown up on last year's Estimates. Pardon me, the figure that would show here would be the 7.8 percent allocated by the Department of Finance when, in fact, the increase was in the neighborhood of up to 13 percent. So there was a shortfall of 169.9 which represents somewhere in the neighborhood of 30 percent of the total increase.

MR. G. FILMON: So, the figure of 20 percent, with which I concur, it's just something over 20 percent as I make it, includes about 5 percent of an increase that should have been allocated to last year's contract settlement with the Manitoba Government Employees Association. a difference between 7.8 and 13 plus all of this year's increase, plus the 27th pay period, plus the increments. Does that sound right?

HON. J. BUCKLASCHUK: That would be correct.

MR. G. FILMON: Okay, so the net result of that is an additional 20 percent in staff salary costs for the department. Is that - obviously the Minister would have gone through all of these discussions with his Cabinet colleagues. Is that the same in everybody's Estimates? In other words did each department's Estimates have that shortfall of 5.2 percent on wages, and they all have to have in the 27th pay period, and they all have to have this year's requirement, and the increments?

HON. J. BUCKLASCHUK: Okay, with respect to that, the first factor, the shortfall that we have, I don't know whether that was experienced by the other departments because as I had indicated, in some cases, there was an allocation of 7.8 percent, in other cases there was zero allocation. I suspect that it depended on programs to some extent.

With respect to the other two factors the 9.5 percent, and the 27th pay period, that was done uniformly for all departments.

With respect to the fourth factor, the annual increments and salary adjustments. That would vary according to the personnel within a department, so I don't know whether it would be consistent with other departments.

MR. G. FILMON: Well that confirms, I think, all the information I was attempting to elicit, with the exception

of the fact, that I must say that I'm surprised to find out that the Department of Finance would have treated the allocation of a portion of the increment required for the MGEA settlement, in last year's Estimates, differently department, to department, and I can't understand why they would have. You said it's zero percent in some cases. They allowed zero percent for increases, and in your case they allowed 7.8 percent. I must just say that I'm surprised.

HON. J. BUCKLASCHUK: Yes, I'm informed that is a normal practice for the Department of Finance to allocate increases in that way. They use as a reference point the salary position as of January, in this case, 1983. I presume that some positions might not have been filled at that time, and were not entitled to any increase. Depending when programs start, that's right.

MR. CHAIRMAN: Pass?

MR. G. FILMON: No. That was just the Minister's response, Mr. Chairman, to some information that I had asked for prior to the supper break.

Now, I would like to get into the discussion of Item 3. Under Item 3, Mr. Chairman, we have various different legislation, but I believe that this is where the various Acts pertaining to corporations, partnership, and so on rest. And maybe the Minister now has the information in response to the question my colleague from La Verendrye asked today in the House about the cost for a name search going up from \$5 to \$20 and an explanation of why.

HON. J. BUCKLASCHUK: With respect to the question raised by the Member for Tuxedo, and I believe the Member for La Verendrye this afternoon, The Business Names Registration Act fee is still \$5.00. The increase that has taken place has been in the Corporations Branch; it has increased to \$20 and the reason for this is that previously searches for names had been done manually. This has now gone onto a computer system. I believe this had been issued by the previous administration and there is a \$12.50 computer access fee.

MR. S. ASHTON: That sounds like progress.

HON. J. BUCKLASCHUK: Well, there is some progress because under this new system — (Interjection) — Certainly at cost, there is a cost to it, but under the old system the turnaround time was four to six days. I'm told that under the NUANS system, under this new computer system the turnaround time is two days; and once the system has been perfected the turnaround time should be 24 hours and this is expected to happen within about a year.

The other question that was raised by the Member for La Verendrye about repeated attempts to get a name registered can be avoided or at least decreased if the person applying for a name selects a name that is not in prevalent use - I think a word such as Western or Canadian or whatever - if perhaps he or she checked the telephone directory to see if similar names are being used, one might be able to avoid some searches and therefore avoid some costs.

MR. CHAIRMAN: The Member for Elmwood.

MR. FILMON: Sorry, Mr. Chairman, could I follow up with the Minister on that?

MR. CHAIRMAN: The Member for Tuxedo.

MR. FILMON: Mr. Chairman, I wonder if I could have the liberty to just, when we're on a particular topic, finish that topic off before you recognize another speaker.

Mr. Chairman, I'm well aware of the fact that we initiated the computerized corporate name search system, the NUANS system I believe it was called, but I believe that it was this government who normally computerized search techniques of this nature, provide for more efficient operation like the faster turnaround and so on, but as well of course it was this government that raised the fees. So that isn't necessarily something that should be attributed to the former government, and I think that the Minister did sign the Order-in-Council that changed the fees.

MR. A. ANSTETT: You did it, so we pay for it.

MR. CHAIRMAN: Does the Minister wish to reply to that?

HON. J. BUCKLASCHUK: Yes, okay. NUANS, and that's the name we used before, stands for Newly Upgraded Automated Name Search, now the thing about NUANS as compared to the manual search, at least one of the advantages, is that the data base for NUANS includes corporate and business names registered in Ontario, Quebec, Alberta and British Columbia, so not only do you get faster service but you get better quality because it avoids the problem of registering a corporation in Manitoba, then wanting to operate in another jurisdiction where that name may have already been taken.

MR. A. ANSTETT: Who came up with that excellent idea?

HON. J. BUCKLASCHUK: One must give credit where credit is due.

MR. CHAIRMAN: The Member for Elmwood.

Are you finished . . . ?

MR. G. FILMON: I'll be happy to take the credit for the system if the Minister will take the credit for the increase in fees, Mr. Chairman.

MR. A. ANSTETT: That's why I want to speak on it, I want to make sure all the credit goes where it's due.

MR. R. DOERN: Mr. Chairman, I just had one short series of questions I want to put to the Minister in terms of the fact that large corporations in Manitoba are charging exorbitant amounts of money on charge accounts. I want to mention a number of them by name and ask the Minister whether anything can be done about this.

For example, I heard today on the news that the Bank of Canada rate has fallen below 9.5 percent. If you go into a bank today to deposit some money, at least in some banks, there's a sign saying they're paying depositors 7 percent. We have at this time in Manitoba, for example, the two largest retail corporations, Eaton's and The Bay, charging their customers 2.4 percent per month interest.

The question is this, if the bank rate is falling and if the cost of borrowing money is falling, why are large retail corporations charging 30 percent per annum in interest? For example, Eaton's and The Bay charge 2.4 percent a month. They describe this as 28.8 percent per annum, that's by simple interest, but in fact if it was compounded it's well over 30 percent. Now, the banks themselves, at least to this extent, have made a very modest reduction in the charges that they have on Chargex or Visa accounts. They have reduced their interest from 24 percent to 1.75 percent. I note that the Manitoba Telephone System charges in the area of 1.5 percent to 1.75 percent per month and I think that should be re-examined — (Interjection) — yes, I am, and I have raised it on the Board as well.

I simply say to the Minister one of two things, is there any way that he can or his department can attempt to encourage large corporations who are not slow on the draw in raising the rates up, but seem to be determined to hold those rates up now even though the cost of borrowing money has gone down. I say to him one of two things, can he, either through moral suasion, attempt to influence them to lower their rates or encourage them to lower their rates, or would he be prepared to provide the public with such information by publishing a list of high and/or excessive interest charges that are being asked for in our province?

HON. J. BUCKLASCHUK: I'm aware of the problem that the Member for Elmwood is relaying to us. The unfortunate thing is that the interest rates that are charged by the companies that have credit cards, these rates are controlled by the marketplace. As a matter of fact, we hear of some of the largest credit card corporations or whatever, such as, well, to name one, Visa who claim that they are actually losing, or the banks are losing on the operation. I'm aware of some oil companies that have been charging a 1 percent discount for the use of their card. Banks, I believe now, are considering a monthly fee in addition to the interest. A monthly fee would be applied even if the card wasn't used.

I think it's a very difficult situation to control and I would suggest that, in the interests of the consumer, the consumer might be advised to consider his or her financial situation and, if need be, if one has to buy on credit, then go to a financial institution and take out a loan and avoid the use of the credit card.

MR. R. DOERN: That's what Household Finance suggests you do.

HON. J. BUCKLASCHUK: So do the credit unions and the banks.

MR. R. DOERN: Right, I agree. In fact, a person would be further ahead borrowing money from a bank at 14

percent and paying off their credit cards which are 24 percent or 30 percent or whatever.

Mr. Chairman, I say to the Minister that he says that the marketplace sets the rates and I am simply saying that when the cost of money was 14 percent, 16 percent, 18 percent, then one could understand how the rate might go to 2 percent per month or more. I was talking to a chartered accountant who told me that, a year ago, he put some money into an account and he got 19 percent. So, presumably, if they were paying out 19 percent to get his money and loaning it out at 2 percent, 2.5 percent a month, one could understand that there has to be a profit built into it. But, I am saying now, the banks are not paying 19 percent anymore and I think you probably find it difficult to get much more than 10 percent. You get 9 percent; you get 7 percent on certain accounts. Clearly, the trend is the other way.

The cost of them borrowing money from the Bank of Canada, etc., is down. The prime rate is probably 11.5, so one can maybe understand rationally how it is that the market got us into a situation of paying out exorbitant rates on savings and also charged exorbitant rates on loans, but I am saying that trend has reversed. Yet, we have well-known, major, respectable, corporations still holding to an interest rate that is unjustified. I think this is a classic case of usury, a classic case of excessive interest charges. I don't know what people can do about it. I mean, the obvious thing is, don't deal with them or borrow money at a lower rate and pay off your accounts, etc., or switch your accounts.

I'm simply saying to the Minister - and I realize that he can't do everything. He can't put out all the fires and reverse longstanding patterns and traditions. I am just saying, is there anything that he feels he could do, such as drawing this to the attention of the public that these are exorbitant rates or drawing to the attention of the corporations that they are charging excessive amounts of money and, thereby, making substantial profits that I don't believe can be justified?

MR. CHAIRMAN: Does the Minister wish to say anything?

HON. J. BUCKLASCHUK: I agree with the Member for Elmwood that rates appear to be very high. I guess I have to say, on the other side, that credit cards are a convenience that has been provided to consumers and they use these of their own free will. I do believe that when the interest rates that you had referred to had been increasing that there had been a lag in the rates that were charged for credit card purchases. At the same time, now that rates have come down, I believe that some rates of major credit cards are also decreasing, perhaps not as precipitously as the rates have fallen but nonetheless they are decreasing. I'm not sure about the major department stores, but I do know the major credit cards are lowering their rates.

I guess the other thing that it seems to me I keep reading about is that there has been an ever-increasing incidence of fraud and theft of credit cards and I'm sure this is an ever-increasing expense for the credit card companies.

MR. R. DOERN: Mr. Chairman, I would like to ask the Minister whether his department ever, as a public

service, publishes things like charges. Let me take a specific example. Has the department or any provincial department ever, say, provided information to the public or consumer groups or put ads in the paper or made statements or press releases about, say, the highest interest charges that are being foisted on consumers? I mean, has that ever been done?

HON. J. BUCKLASCHUK: I don't recall that we have ever published the rates of credit cards, but I am informed that we have, on occasion, suggested to consumers that where rates were high that they do consider, instead of using the credit card, taking out a loan and paying for the article in that manner.

I would also imagine that, in the credit counselling that we provide through the pilot projects, that where persons that are in financial difficulty are misusing or not using their cards to the advantage that they are being advised to handle their finances a little more carefully.

MR. CHAIRMAN: Is the Honourable Member for Elmwood finished?

MR. R. DOERN: Just a couple more questions, Mr. Chairman. Then the Minister is indicating that he does and has received complaints about the high charges being made by private corporations on credit cards, etc?

HON. J. BUCKLASCHUK: Well, I can't speak for all the correspondents during the past year, but I don't recall a single letter complaining about that, other than the question that was raised in the House by the Member for Elmwood.

MR. R. DOERN: Mr. Chairman, I would simply say to the Minister, who has a very important portfolio, that I think the public has to be made aware of the fact that these rates, as presently being charged, are excessive in relation to the cost of money and in relation to the trend in our society, which is to lower rates, and that some corporations are modifying their interest charges because of this and others are refusing to do so.

I also suggest to the Minister that some of this is public education. Perhaps it's the job of consumer groups, but it may also be partly the responsibility of the department to make people aware of the fact that there are excessive interest rates being charged, and to encourage them to demand that these rates be lowered, and encourage them to seek alternate means of purchasing goods in our society, because I think that the average person is not aware of the fact that in many instances they're paying 30 percent interest. I think that somebody in our society, including political members, the Minister of this department, consumer groups, etc., have to make the public aware that this is a very costly method of purchasing and that some corporations are not responding or reflecting what is actually happening in our society. They are continuing to charge excessive amounts of money and probably thereby making excessive amounts of profits.

MR. CHAIRMAN: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, since we're talking interest rates here, I wonder if the Minister has an opinion as to what he considers to be a reasonable real rate of interest return to a lender.

HON. J. BUCKLASCHUK: I think that would be a very difficult question to answer, in that different financial institutions would have different expenses and they would have to have different markups. So whether it's 3 percent or 4 percent or 5 percent, I wouldn't venture a guess.

MR. B. RANSOM: Mr. Chairman, it is my understanding that somewhat over a year ago, the national New Democratic Party had been advocating that a rate of interest return equal to inflation would be satisfactory, and they subsequently changed the policy and said that 1 percent above inflation would be a reasonable rate of interest return.

So I'm asking the Minister, since his federal colleagues in the New Democratic Party have seen fit to make a pronouncement about a reasonable rate of interest, whether or not he accepts the position that they put forward?

HON. J. BUCKLASCHUK: Well, I suppose that 1 percent above inflation would be an ideal situation or close to ideal situation, but I don't know how one could force an institution to have those type of rates. It would seem to me that interest rates are a reflection of market forces and where you have a high demand and limited supply, then your rates go up and vice versa.

MR. B. RANSOM: Mr. Chairman, I don't think anyone's talking about forcing, but I am interested then in the comment that the Minister makes, that he believes that the market forces then should primarily be the determining factor rather than a policy adopted by a political party. Would that be a correct summary of what the Minister said?

HON. J. BUCKLASCHUK: Perhaps you can be on market forces, a number of forces certainly, and I'm not the Bank of Canada, but the Bank of Canada policies would certainly have some impact.

MR. B. RANSOM: What impact would the Bank of Canada policy have on this question, Mr. Chairman, when we are speaking about the real rate of interest? I don't immediately see the difference between interest rates that are running in the range of 8 percent or 18 percent and the involvement of the Bank of Canada. Perhaps the Minister could elaborate on that a bit.

HON. J. BUCKLASCHUK: Yes, we're getting to very philosophical grounds here. My contention is that the Bank of Canada, through its policies, does influence interest rates and those interest rates then would reflect upon the rates that consumers would have to pay.

MR. B. RANSOM: I believe that is an entirely obvious and correct statement, Mr. Chairman, but we had been talking about what was an ideal rate of interest, and what I failed to see was how the Bank of Canada would impact upon that question. It was indeed a philosophical

question which I placed to the Minister and he perhaps has given some indication; first of all, his own response to the question and, then more or less falling in line with the national party, saying that perhaps 1 percent above inflation would be an ideal rate.

If that's the case, that 1 percent above inflation would be an ideal rate, has the Minister had any opportunity to speak with his colleague, the Minister of Agriculture, concerning the interest rates being charged by Manitoba Agricultural Credit Corporation which are now probably over double the rate of inflation.

MR. CHAIRMAN: The Member for Thompson.
Does the Minister wish to answer?

HON. J. BUCKLASCHUK: Yes, I'll respond to that and I would suggest that the Minister of Agriculture can respond to the policies of his department.

MR. B. RANSOM: Mr. Chairman, this Minister is the Minister of Consumer Affairs and I presume that he has an interest in the interest rates that consumers are having to pay. He responded to the questions that the Member for Elmwood was asking about interest rates that were being charged by private corporations. The government also is in the business of lending money and in this case, I simply ask the Minister whether he had any opportunity to discuss this question with the Minister of Agriculture, because far from charging 1 percent over inflation the Department of Agriculture is - and a substantial amount of money being lent out now is charging over twice the rate of inflation. I simply ask the Minister if he's had an opportunity to sit down with his colleague and talk about that and make any judgment from the point of view of the Minister of Consumer Affairs, whether he's happy with that.

HON. J. BUCKLASCHUK: Yes, I'll respond to that. Clearly, the Member for Turtle Mountain who is a former Minister of Finance understands that when MACC is in the position to lend money to farmers that it goes to the market and it borrows money to be able to lend out. My understanding is that the margin is somewhere in the neighbourhood of .5 percent and it should be fairly clear that when the interest rates were high, when MACC had, through the government, borrowed at 17 percent then it's quite legitimate that they should charge 17.5 percent. That money is borrowed for a given term, whether it be five years or 10 years and it should be fairly obvious that loan would have to return that type of rate for that period the same way that when I mortgage my House for a five-year period, I know that the bank had to borrow that money at that time for that period and I don't hear the opposition asking why we don't ask the banks to lower their rates from 21 percent, or whatever it was, to today's rate plus one.

MR. B. RANSOM: Mr. Chairman, I'm just trying to determine what the Minister's position is and I think the Minister seems to be coming forward with what might be described as quite a reasonable position that he apparently believes then that such an arbitrary figure as 1 percent above inflation is really not an ideal interest rate. He may wish to take back that comment then that he made a few minutes ago. I think now what he's

saying is that an interest rate should reflect a reasonable return then on the money that the lender has lent out or presumably the money that an investor has invested.

HON. J. BUCKLASCHUK: Let me get back to our 18 percent rates that were referred to in the House yesterday, or should I refer to the 21-percent rates or 23 percent rates that were being charged a matter of a year ago. At that time inflation might have been 10 percent and I don't think it would have been unreasonable to have an 11 percent interest rate but in fact what was being charged by the institutions was in the neighborhood of 20, 21, 23 percent. So, I don't think that I have been inconsistent.

MR. B. RANSOM: A year ago when the rates were higher, the exact figures don't matter, is the Minister indicating that the rates then that were being charged were unreasonable rates at that time?

HON. J. BUCKLASCHUK: When we were talking about 18 percent, 20 percent, 23 percent?

MR. B. RANSOM: Whatever.

HON. J. BUCKLASCHUK: Yes. Certainly, they were unreasonable. I would suggest that if they weren't unreasonable then we wouldn't be getting the type of inquiries that the Member for Tuxedo has brought to my attention with people locked in for five years and now wondering how to get out of them.

MR. B. RANSOM: That brings me back to the original question then, Mr. Chairman. If the Minister is in a position to judge what is an unreasonable rate, then is he in a position to tell us what he considers to be a reasonable rate?

HON. J. BUCKLASCHUK: Well, unfortunately, I'm not a financier and I can't give a definitive answer to that.

MR. B. RANSOM: I have one other question, Mr. Chairman, for the Minister. He earlier said, I believe, that the senior management people were restricted to increases of \$1,000 in salary. Does that \$1,000 limit include any increments that a manager might be entitled to?

HON. J. BUCKLASCHUK: The \$1,000 would be over and above any increment that might be due to that person.

MR. B. RANSOM: Thank you.

MR. CHAIRMAN: The Member for Thompson.

MR. S. ASHTON: Thank you, Mr. Chairman. I originally indicated my desire to speak to add to the comments of the Member for Elmwood. I think though the line of questioning just introduced by the Member for Turtle Mountain, perhaps adds even further to that matter because what we're really talking about when we're talking about problems I raised earlier with mortgage renewals, with credit cards that the Member for Elmwood was talking about or the MACC loans that

the Member for Turtle Mountain was talking about, was a combination of two things really. I think one is a question of economic policy and second, the question of the banking system itself.

Now the Member for Turtle Mountain made much of this discussion in ideal interest rates and whether 18 or 19 or 20 percent was unreasonable, at that particular point in time and he kept mixing apples and oranges. He kept mixing in rates of return, the percent charged by the central banks, or at least alluded to that on the one hand, and then the bank rate on the other hand which is based on the Bank of Canada rate. You know, I think that 18, 19, 20 percent was unreasonable for two reasons: One was because of the high-interest-rate policy which it was based on, that was way and above the level of inflation, it was unreasonable for that reason; and the second reason I would say it was unreasonable was because of the fact that there was a very high markup by the banks and that I think is indicated by the fact that their profits stayed pretty steady, their asset growth stayed pretty steady during the time of very deep recession and now that we're beginning to pull out of that recession, they're continuing to increase.

You know, they're insulated against what the rest of us in society have to face. When we face bad times, banks face good times; when we face good times, they face good times.

Well, Mr. Chairman, I'll debate perhaps the merits of the banking system with the Member for Sturgeon Creek at some other time. My point though as related to this specific thing without getting into the overall banking system, is that there are certain aspects of it which I'm hopeful that Ministers of Consumer Affairs at the provincial level and federal level can work on to try to make what I would consider to be a rather inhumane system, that being the banking system into a bit more of a humane system. I would like to see some more fundamental changes in terms of public control of the banking system, and I think that is exactly what the federal New Democratic Party has been looking at in recent years. We can't just fine tune it.

MR. D. ORCHARD: Why is the MACC at 18 percent then?

MR. S. ASHTON: Well, Mr. Chairman, the member opposite talks about MACC at 18 percent. The root of the problem with that was the high interest rate policy which led to the MACC having to borrow those funds — (Interjection) — at a high interest rate at a 1.5 percent markup, which I would consider to be reasonable at that point in time.

MR. CHAIRMAN: Would the member address the Chair, please?

MR. S. ASHTON: Mr. Chairman, once again, the members of the opposition are trying to throw in a few political red herrings which gets away from the basic point as I've . . .

MR. D. ORCHARD: Ask the farmers who paid 18 percent.

MR. S. ASHTON: Ask the homeowner who's paid 18 percent; ask anybody who's paid 18 percent.

MR. D. ORCHARD: That's the government that is doing it to him. The government is his friend, remember?

MR. S. ASHTON: Mr. Chairman, the member suggests it's the government that's doing it. It is the high interest rate policy that did it to that person. We are only just beginning to finish picking up the pieces from it, the high interest rate policy that those members a year or two ago felt was an excellent idea. I hope that they will tell their farmers who are concerned about the MACC; I hope they will tell the homeowners exactly what they think about interest rate policies.

But not to be distracted, Mr. Chairman, my hope is to pass on my concern and the concern of my constituents to the Minister about the way that the banking system has been functioning in the specific areas of the mortgage renewals I mentioned, the credit card lag that the Member for Elmwood has mentioned, certainly the MACC loans, that kind of thing, the problems that farmers have faced in terms of foreclosures, as indicated by the recent emergence of the Farm Survival Movement, those kinds of things. I'm hoping that even though the Minister can't, because of jurisdictional problems, have a direct impact on some of these that he can at least use the moral suasion that he has as the Minister of Consumer Affairs for the province to pass on my concern and the concern of the other members here.

MR. D. ORCHARD: The Minister doesn't know what a fair rate is, so how is he going to use the moral suasion fairly?

MR. CHAIRMAN: The Member for Inkster.

MR. D. SCOTT: Thank you, Mr. Chairman. I would like to just make a few comments on this issue of bank interests since it's been brought up. I don't know how appropriate it is to have it addressed under the Department of Consumer and Corporate Affairs but, since it has already been raised, I think we should take a bit of a look at it especially in the current climate of just what is happening today.

One has, in the first quarter of '83, a profit base in the banks of an increasing sum, I believe it's 41 percent since last year, the largest first quarter profits the banking system has ever had in Canada's history. We have a banking system that right now is . . .

MR. CHAIRMAN: If I may interrupt, the debate should be relevant to the item we are discussing.

We are on Item 3.(a)(1).

MR. D. SCOTT: I'm just responding, Mr. Chairman, to the points that were made earlier by the Member for Turtle Mountain and . . .

MR. F. JOHNSTON: A point of order, Mr. Chairman, I think it's up to the Minister to respond.

MR. D. SCOTT: No, it isn't. It's general discussion in Estimates.

MR. B. RANSOM: A point of order, Mr. Chairman.

MR. F. JOHNSTON: On a point of order.

MR. CHAIRMAN: I will take the first one who asked for a point of order.

The Member for Sturgeon Creek.

MR. F. JOHNSTON: I just said, on a point of order, Mr. Chairman, I think that's ranging into quite a discussion. The Minister, I thought, was doing quite well until the other people on the other side got into it. The Minister was answering the questions.

MR. CHAIRMAN: Thank you.

The Member for Turtle Mountain, on the same point of order?

MR. B. RANSOM: On the point of order, Mr. Chairman, contrary to what the Member for Thompson indicated and the Member for Inkster is indicating, there was no discussion of the banking system and bank profits between myself and the Minister. I asked the Minister some questions about reasonable and unreasonable interest rates and about lending done by the province and the Minister answered the questions. The issues now being raised by the Member for Thompson and the Member for Inkster are quite separate and distinct from what the Minister and I were discussing, and I don't think that they are relevant to the issue in the Estimates.

MR. CHAIRMAN: The Chair simply reminds the members to please stick close to the item under discussion.

The Member for Elmwood.

MR. R. DOERN: On the point of order, Mr. Chairman, I have to say, in line with what the other members on the other side of the table are saying, that there has been a wide-ranging discussion on interest rates, and I think that it's perfectly appropriate for my colleague for Inkster to discuss bank profits, bank charges, bank interest rates and bank policy in regard to interest rates which are ultimately borne by the consumer.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: On a point of order, Mr. Chairman, the Member for Inkster started out that he didn't know whether this was the place to discuss it or not. Mr. Chairman, the Member for Turtle Mountain and the Minister were having a good discussion. Whether the answers were right, wrong, or whatever, they were being answered. It was the Member for Thompson who started on the banks and the Member for Inkster wants to get into it more.

MR. CHAIRMAN: Is that the point of order?

The Member for Thompson.

MR. S. ASHTON: On a point of order, Mr. Chairman, I originally indicated my interest in speaking at the time that the Member for Elmwood was speaking. I indicated in my comments that I would not get drawn off that topic; unfortunately, due to some heckling, perhaps I did.

However, I think that having said that on the point of order, the Member for Inkster was in order. He was

discussing the general area of banking system, I'm sure as a preamble to some comment relevant to this or a question related to this. I think that we should permit the Member for Inkster to continue.

MR. CHAIRMAN: If the Member for Inkster will keep his comments relevant to the item under discussion, he can continue.

MR. D. SCOTT: Mr. Chairman, with all respect, I was basically making a preamble to the point of getting into why the interest rates and why the interest spread between the rate of inflation in what we currently have and are paying and our bank rates is a very wide discrepancy and far wider than it has been historically. I maintain that the reason for this - and this is what I was just getting into - and why the profits are so high, why the central banking system in the Federal Government is permitting them to remain as high as they are and letting it roll as freely as it is and have the discrepancy in interest rates is because the banks are in very serious financial trouble. The reason the banks are in very serious financial trouble is because the fools have gone out, and they've loaned billions and billions of dollars to countries around the world, be it east block countries, to Mexico alone, they're in hock. The big five Canadian banks, Mexico, I should say, is in hock to them to the tune of \$6 billion. It hasn't got a chance of, say, a good -(Inaudible)- here. It doesn't have much of a chance to pay back those loans and other countries are on the same basis.

So Canadians are ending up paying a much higher differential between the rate of inflation and the actual cost of that money, and the interest rate that they are being charged to be able to try and keep the banks liquid because of the poor investments they have made in foreign countries and also domestically into basic sinkholes which have been the very high cost energy projects which are now proven to be anything but economic. It's not just because of a steady oil price; it was because of declining demand and that's why the tar sands and the Cold Lake oil deposits were pulled back on last year. So, when we're talking about interest rates, and the Member for Turtle Mountain, that's really what brought this whole thing up is he's asking for what a reasonable interest rate is. And I maintain that we're not going to get reasonable interest rates in Canada for one heck of a long time into the future principally because the banks, Canadians are going to have to subsidize the banks for the poor investments they've made in the past.

MR. CHAIRMAN: The Honourable Member for Tuxedo.

MR. G. FILMON: Thank you, Mr. Chairman.

I find it absolutely astounding to hear the Member for Inkster criticizing the banks for making poor investments in sinkholes, as he calls them, and high cost-low return energy projects such as the tar sands and others, when that's precisely what his party supports, in terms of Petro Canada and ManOil and all of those things that they stand for, are exactly what he's criticizing the banks for investing in. It's absolutely ludicrous, has no understanding of what's going on, and he's just proven it. But let's get back to the topic, Mr. Chairman.

MR. CHAIRMAN: A good idea. 3.(a)(1).

MR. G. FILMON: Yes, I think we were, just to sort of bring it into perspective, I think that the questions that were being asked of the Minister were what he thought were reasonable interest rates. I just want to know if he considers an interest rate, say in the range of 19 percent, to be a reasonable interest rate?

MR. D. SCOTT: That's the rate of inflation.

MR. G. FILMON: Now, if the interest rate were in the range of 10 percent, or 11 percent, would a 19 percent interest rate be reasonable?

MR. CHAIRMAN: Is the Member for Tuxedo asking the Member for Inkster?

MR. G. FILMON: No, I'm asking the Minister.

MR. CHAIRMAN: Oh, will the Minister want to answer the question?

HON. J. BUCKLASCHUK: I believe I've made my position clear and I fail to see the relevance of the question to Section 3. Corporate Affairs.

MR. G. FILMON: Well, I just want to make the point that I don't think he probably criticized the Government of Canada to any great extent when they set an interest rate of 19.25 percent on their Canada Savings Bonds last year. And yet he's telling us that that's an exhorbitant rate of interest, and far too high above the rate of inflation which was running about 11 or 12 percent maximum last year.

In any case, Mr. Chairman, if we can get back to this. I wonder if the Minister can tell me, did he attend a Consumer and Corporate Affairs Ministers' meeting this year? Has he so far in his responsibilities as Minister?

HON. J. BUCKLASCHUK: No, I have not.

MR. G. FILMON: The Minister may not then be in a position to relate this to the topic that is being looked at but certainly he can still give a comment on his views.

The topic of competition reform is one that is under active consideration, I would assume by all Ministers of Consumer and Corporate Affairs, because the Federal Government issued a discussion paper in 1981 on the topic. Can he tell me if his administration has taken a position on the federal paper and on the topic of competition reform with respect to policy in Canada?

HON. J. BUCKLASCHUK: Yes, in answer to the question from the Member for Tuxedo we have not taken a position on the competition, the proposed changes to The Competition Act. My understanding is that the Deputies may be meeting in the spring, and the Ministers may be meeting in the fall. We have no idea right now as to how high of a priority this is on the Federal Government's agenda.

MR. G. FILMON: Does he personally have any views on what should be done in this area?

HON. J. BUCKLASCHUK: I must be honest with the member. I have not had the opportunity to even look into this.

MR. G. FILMON: Did his predecessor have any recommendations on the matter?

HON. J. BUCKLASCHUK: The preceeding Minister did not convey to me his opinions on this subject. My understanding is that nothing has really been happening since 1980.

MR. G. FILMON: With respect to the various acts that come under Corporate Affairs, Item 3, I wanted to enter into some discussion on the impending sale of Monarch Life. Would the Minister prefer me to do it under (a) or under (b)?

HON. J. BUCKLASCHUK: It probably would be appropriate under Section (b).

MR. CHAIRMAN: Shall we pass Section (a) then?
The Honourable Member for Tuxedo.

MR. G. FILMON: Just one final question.

Can the Minister indicate any new initiatives, other than the legislation that has been presented to the House, on the Three Acts Partnership Corporations, Business Names Registration Act, and the switch to the automated business names search system, the computerized system? Have any new initiatives been carried out in that section under the Corporations Branch?

HON. J. BUCKLASCHUK: Yes, one of the things that I have done is ask staff to review the trust and loan section of the Corporation Act. It may be that we might be bringing in some amendments during this spring Session.

MR. CHAIRMAN: The Honourable Member for Tuxedo. Pass?

MR. G. FILMON: Pass.

MR. CHAIRMAN: 3.(a)(2)—pass; 3.(b)(1).
The Honourable Member for Tuxedo.

MR. G. FILMON: Mr. Chairman, I wonder if I could ask the Minister at this point in time, and I'm sure that this will occupy a great deal of discussion, but I wonder if I could, at this point in time, ask the Minister to review for me the considerations, and the actions which led to the cancellation of the licence of the Northern Union Insurance Company, from his perspective and in whatever degree of detail he'd like to go through it for me?

HON. J. BUCKLASCHUK: Yes, I'm quite willing to provide the member with a chronology of my involvement with the Northern Union matter. My first indication of what might appear to be a potential problem in Northern Union was by way of a memo, or a report - I'm sorry - on January 6th.

At that time, the report was presented to me by the Acting Superintendent of Insurance, and with the Acting Deputy Minister at that time, we reviewed the contents of the report. I considered that report for a few days and on January 17th I sent a letter to Northern Union indicating that, pursuant to provisions of The Insurance Act, that we would be desirous of holding a hearing. The hearing was held on February 7th and 8th. After a two day hearing, we adjourned the hearing to a later date but the following day we were notified by the solicitor for Northern Union that they no longer wished to continue with the hearing.

In view of that information, the following day I appointed Dunwoody Limited as supervisor. That was the 10th of February and on that same day - pardon me - that was done on the 9th. On the 10th of February at a Cabinet meeting, Northern Union's licence was cancelled. A news conference of Dunwoody Limited was then designated as the provisional liquidator effective February 11th and a news conference was held on that date.

That basically has been my involvement from the time that I received the report to the naming of the provisional liquidator.

MR. CHAIRMAN: The Member for Tuxedo.

MR. G. FILMON: Did the Minister indicate that the licence was cancelled on February 10th? It's okay, Mr. Chairman, I have the Order-in-Council before me, and it is dated February 10th. That's a Thursday, but the announcement, as I recall, wasn't made until Friday, the 11th. Any particular reason for that?

HON. J. BUCKLASCHUK: The Cabinet met at, I believe, around 4:30 or 5 o'clock that evening and we thought that to get the type of exposure we needed to deal with what was a rather critical situation for policyholders, that we would hold off the announcement until the following morning.

MR. G. FILMON: Mr. Chairman, how long was the report, which the Minister received on January 6th, in the process of preparation?

HON. J. BUCKLASCHUK: I'm informed that the final preparation of the report was done between Christmas and New Year's.

MR. G. FILMON: In that case, why was Northern Union's licence renewed on January 1st, if there were some concerns and if the Acting Superintendent of Insurance was putting together a package of information which could ultimately lead to the concerns that cancelled the licence? Why was it renewed for one year on January 1st?

HON. J. BUCKLASCHUK: Well, during the time of the preparation of the report, we had no reason to believe that there was anything untoward within Northern Union, and the purpose of the report was for my consideration as to whether we should have a show-cause hearing. It would have been quite unfair to Northern Union to have denied them a licence when, in fact, we hadn't allowed them the opportunity to state their case.

MR. G. FILMON: Is the Minister saying that, in essence, the department and the superintendent were quite happy with the operation of the company up until that point in time because they issued a renewal of the licence on January 1st, but the report was requesting a show-cause hearing - for what purpose?

HON. J. BUCKLASCHUK: The purpose of the hearing was to respond to a number of concerns that departmental staff had. I did not walk into the hearing with a - I certainly had not prejudged the situation, and the decision that we made was based on the evidence that was presented to us during the hearing.

MR. G. FILMON: What were the things that the department was concerned about? Can the Minister inform us?

HON. J. BUCKLASCHUK: Yes, the concern that staff had was that there was a question as to whether Northern Union was solvent, whether it had sufficient assets to meet its potential liabilities.

MR. G. FILMON: At the show-cause hearing, what requests were made of Northern Union in order to establish its solvency, or confirm its solvency, or whatever?

HON. J. BUCKLASCHUK: Well, to respond to this question, I guess one has to deal again with the rather complex arrangement that Northern Union was a part of the parent Park Lane group and that there were funds in an account which might have been identified as being that of Northern Union's and during the hearing the principals of Northern Union had requested that certain transfers be made so that the company could be solvent.

MR. G. FILMON: Did the Minister say that the company had requested that certain transfers be made or the Minister requested that certain transfers be made?

HON. J. BUCKLASCHUK: During the hearings, the company had indicated what their assets were, what the assets of Northern Union, the parent, and some of the other companies were. They had suggested that they were requesting their bank to transfer the funds to the Northern Union account so that they would have met or would have overcome whatever concerns we had.

MR. G. FILMON: Were the only concerns regarding the operation of the company with respect to solvency, or were there other concerns about improper or unusual aspects of their operation, any other violations of the Act?

HON. J. BUCKLASCHUK: The major question was whether the company was solvent or not, and there was a question about their investment or investments.

MR. G. FILMON: In what regard were the investments questioned?

HON. J. BUCKLASCHUK: The question about investments, the corporation had been showing assets

and there was a question as to whether these assets or investments that Northern Union claimed it had were of the type that were allowed under The Insurance Act.

MR. G. FILMON: Could the Minister be more specific?

HON. J. BUCKLASCHUK: The question that exists was as to whether the assets that Northern Union were showing were a loan to its parent or whether it was a delayed flow of premiums.

MR. G. FILMON: Mr. Chairman, from some research that I've been doing into this matter, I'm aware of certain transfers that were taking place on or about the dates in question in February, and the Minister gives some indication as to the amount by which the company in his view or in the superintendent's view was below the solvency level. Could he give us some indication of what amount of money in the show-cause hearing that Northern Union were being asked to shore up or pay up or transfer into their operation, whether it be premiums that were owed or investments that were held by parent companies or whatever, what amounts were being asked to be transferred?

HON. J. BUCKLASCHUK: The figure that the Member for Tuxedo is asking, it was in the neighbourhood of around \$5 million.

MR. G. FILMON: Mr. Chairman, I have reason to believe that some 4.3 million was transferred into Northern Union on February 7th and that an additional 4.2 million of trust funds were moved in on February 8th from the Park Lane group. Is that the Minister's understanding of the matter?

HON. J. BUCKLASCHUK: I don't think I can agree with those figures. The 4.3 does sound familiar. That figure, if I recall, is the amount that Northern Union had hoped to transfer into its account and was unsuccessful in doing so. I'm not aware of any 4.2 million having been transferred a few days before the hearings.

MR. G. FILMON: I have a copy of some information that appears to be a bank confirmation of transfer for \$4.2 million on February 8th.

HON. J. BUCKLASCHUK: I believe I'm aware of the specific document you're referring to. That document was presented to us at the hearings but it was never confirmed. Because of the concentration account and the access that Northern Union had to this account and Park Lane group, monies could be transferred electronically and my understanding is that particular transaction, while it was an instruction provided by some officer of Northern Union was never completed and I believe the document you may have may bear the name of a person that had indicated that he had, I suppose, mechanically or whatever, instructed the transfer or that transfer had never been allowed.

MR. G. FILMON: Are these the funds that the Toronto-Dominion Bank froze then, in the process of being transferred from one parent company to Northern Union?

HON. J. BUCKLASCHUK: Those monies that we are speaking about would have been within that same cash concentration account. I believe Northern Union was part of that cash concentration account, so it would have been a transfer from one account within the concentration to another account.

MR. G. FILMON: If the funds weren't transferred, what happened to them then?

HON. J. BUCKLASCHUK: The funds, to the best of my knowledge, are still in the bank and it is certainly something that the liquidator will be looking at.

MR. G. FILMON: Given the assets that were available and admittedly they were within a group of companies that are concentrated together, but were any discussions held making requests that the matter be dealt with and resolved prior to the Minister deciding to cancel the licence?

HON. J. BUCKLASCHUK: Yes, the Acting Superintendent of Insurance did hold meetings with principals of Northern Union in the fall of '82 and had - or several proposals were outlined - requested to put the company in a better financial position. Unfortunately, the commitments that had been given were never followed through.

MR. G. FILMON: Mr. Chairman, it appears from the information that I have that an attempt was made by the company to follow through and to transfer \$4.2 million of assets, which somehow were either intercepted or frozen in the transfer. That trust account, those assets, appeared to be existent somewhere in the Toronto-Dominion banking system, but perhaps not to the credit of Northern Union, as the Minister was wanting. Would it not have been feasible to enter into discussions with the Toronto-Dominion Bank and the company involved to try and facilitate that transfer, or at least clarify why the transfer was being held up, or what was the status of the funds?

HON. J. BUCKLASCHUK: Yes, first of all, I'm not certain that the transfer of \$4.2 million or \$4.3 million would have been sufficient. As a matter of fact, I recall that the principals had made some other commitments to put Northern Union into a viable position, including personal property and so on, or a commitment against a personal property.

Insofar as the \$4.2 million, the Member for Tuxedo has referred to it, in a sense, as being Northern Union money. That has never been resolved and we, to this day, are not sure whether that money belonged to Northern Union, whether it belonged to the parent, or whether it belonged to insurance companies, or whatever. So it would be difficult for Northern Union to transfer what might not have been its own.

MR. G. FILMON: Let me just sort of give the backdrop to why I'm asking these questions and what I'm trying to suggest to the Minister. We have here a company that presumably had been operating for quite some time; it was a reasonable size Manitoba company. I think it had 85 employees in Manitoba and others

elsewhere, a payroll of \$4 million or \$5 million annually, 25,000 policyholders and so on. Up until some discussions last fall, there was no indication of a problem with the company that I am aware of within the Minister's department.

A report was written in late December leading to a request for a show-cause hearing. Some attempts were made to transfer assets or funds, as I can see it, during the course of the whole operation and the Minister made, what appears to be, a rather fast decision, within a day or two of the show-cause hearing, to cancel the licence of the company. Now, cancellation of that licence would have to, I'm sure, imply to the Minister that the company would be placed in receivership and wound up, because once the licence is cancelled it has no means of income and no means of operating as a viable operation, and therefore he triggered the bankruptcy by his actions.

Now, I'm wondering whether it was in the interests of the policyholders or those who had outstanding claims against the company to see that company thrown into receivership where it was obvious that they could not - according to the Minister it appears as though there's quite some question as to whether or not the claims can be fully paid, or even, you know, any portion of unearned premiums returned and all of that sort of thing.

So he was obviously committing the consumer policyholder to a loss of money, let aside the risk that they would have in the interim of not being covered until they replace their coverage and all that, and considerable problems for the consumer, when it seems to me that it might have been wiser to ask the company, its principals, its owners, or give them some deadlines, or give them some opportunities to do whatever refinancing they needed in order to come up with the money to solve the solvency question.

I want to know whether or not that was tried, whether or not that effort was made, as opposed to making a sudden decision to cancel the licence and throw all of these policyholders in jeopardy.

HON. J. BUCKLASCHUK: Just to correct a few things, I suppose, before I respond. I can't recall the number that you used for the number of employees, that the Member for Tuxedo used for the number of employees of Northern Union. I believe it's in the neighbourhood of 40 or 45. It had been in operation as a general insurance company for about six years, so I don't know that one. That qualifies it to be considered as one of the longstanding Manitoba corporations.

With respect to the cancellation of the licence, I certainly did not consider that to be precipitous action. The department had for, as I mentioned before, a number of months worked with the principals, trying to assist the company in putting itself in a position where it could be considered viable and where we would no longer have any concern about the operations of the company. The commitments that had been given were not met which resulted in the report to myself. During the hearings, as I had mentioned before, I was quite openminded, had not prejudged the situation. The principals had indicated that they were willing to transfer the \$4.2 million. We adjourned the hearings on Tuesday and it was the principals' lawyers that told

us that they no longer wished to continue with the hearings.

Also, we had found out that Tuesday afternoon that the transfer had not been allowed, so we knew at that point that there was a very very serious problem in terms of potential shortfall. Under no circumstances did we wish to put the consumers' interests into any jeopardy, but we acted in cancelling the licence to protect the interests of the consumers.

Now, the cancellation of the licence did not necessarily place the company where it was worthless. As a matter of fact, on the Sunday following the cancellation, the provisional liquidator met with I believe 11-13 parties to see if any of them would be interested in taking over the corporation. Unfortunately, none decided to take on that offer.

MR. G. FILMON: Can the Minister confirm that when the provisional liquidator met with those 11 to 13 parties on the Sunday, he gave them until the following day at 4:00 p.m. to make him an offer?

HON. J. BUCKLASCHUK: Yes, I believe that's correct.

MR. G. FILMON: Mr. Chairman, having been involved in a variety of different businesses and bought and sold businesses, it seems to me that it takes more than 24 hours of which about 8 hours are Sunday time when you can't talk to anybody, such as lawyers, accountants and other people who have facts, figures and information that you may need in order to arrive at a decision to purchase a company. Does the Minister feel that was a reasonable position to put people in? You have 24 hours from this afternoon, Sunday, until tomorrow, Monday, at 4 o'clock.

HON. J. BUCKLASCHUK: Yes. I feel that Dunwoody Limited acted quite properly in the time that they allowed for serious offers, but there wasn't any serious interest from any of the parties that were present that Sunday afternoon. I'm sure that had someone indicated that they were seriously interested in looking at Northern Union that an extension of time would have been granted.

MR. G. FILMON: Is the Minister aware, I'm told that there was an offer pending of \$3.5 million for the company prior to the discussions and the cancellation of the licence?

HON. J. BUCKLASCHUK: During the hearings, the principals had informed us of a potential sale to an eastern Canadian insurance company. I don't recall if the figures were 3.5, I thought it was 1.5 or 1 million. 1 million is the correct figure.

MR. CHAIRMAN: Pass?

MR. G. FILMON: No, Mr. Chairman. If the company was presumably marketable at \$1 million and there was an indication on the part of the principals of willingness to transfer funds, would it not have been in the consumers' interest, that is the policyholders' interest, to take a little bit of time to see whether or not some of these things could be put in place rather

than triggering the bankruptcy through the cancellation of the licence?

HON. J. BUCKLASCHUK: Okay, just about two or three responses here. First of all, there was a concern that the longer we allowed Northern Union to operate, the greater the hardship there might have been for its policyholders. It was very difficult near the end to determine what its actual financial position is and I believe the liquidator at the present time is still trying to determine what the financial situation actually is.

With respect to having allowed the transfer of funds, it is still a question as to who those monies belong to and that may in fact take some months or perhaps many months to resolve. There is a question as to whether Northern Union has any ownership of that fund.

The third reply about the potential buyer that was referred to, that the member's information had indicated was around \$3 million, we had been told by the principals that it was \$1 million at the hearings. That particular party was present at the meeting on Sunday afternoon and expressed no serious interest in buying the corporation.

MR. G. FILMON: Mr. Chairman, with a licence cancelled, and it being placed in receivership, and the attendant loss and goodwill and bad publicity from the previous three days, it's no wonder that anyone who had been interested seriously in buying it beforehand would have changed their minds after that action. The cancellation of the licence would instantly make the company worthless, in fact less than worthless I'm sure, and I'm sure the Minister must have known that before he took that decision. I don't think that any reasonable company could recover from that kind of adverse publicity that goes along with that cancellation.

However, did the Minister and his department at any time discuss the matter of the block of transfer of funds with the Toronto-Dominion Bank or try to involve them in the meetings to see whether or not their concerns were ones that might have been dealt with on a mutual basis? It could well be that we had a Catch-22 situation where the Minister acted because the bank froze the money and the bank froze the money because they knew the Minister was investigating. You know, that could be, I don't know. It seems to me that there was an involvement of that party there and they should have perhaps been involved in the discussions. Were they?

HON. J. BUCKLASCHUK: Just in responding to some of those comments. I agree that the bad publicity would have perhaps damaged the image of Northern Union somewhat, but my understanding was that had there been a potential sale the licence could have been revived. With respect to the 4.3 or whatever million dollar fund that existed at the bank, I don't believe that anyone in our department knew of this cash concentration arrangement until time of the hearing. That has certainly never been reported to me and I don't know if members of the department were aware of that arrangement. So it would have been very difficult for us to negotiate with the Toronto-Dominion about something we had no knowledge of.

MR. CHAIRMAN: The Member for Tuxedo.

MR. G. FILMON: I'm talking about subsequent to the hearing or during the hearing, because the Minister indicated that they learned of the blockage of transfer, or the non-transfer of the funds, that afternoon and then, later that day, they cancelled the licence. Would it not have been wise to call the bank and the principals together to find out about it? As I say, at this point in time, we don't know why those funds were frozen or blocked from being transferred. Why weren't they brought in?

HON. J. BUCKLASCHUK: Dealing with this fund again, let me just go back to the chronology of the hearings. The hearings took place on Monday and Tuesday and were adjourned. On Wednesday, the principals met with the bank, and I believe, for the greater part of the day. It was at their request that the hearings be called off. There was never any request from the principals that we involve ourselves with the bank to try to come to some sort of an arrangement. There remained at that time and there remains to this day, the question as to whether Northern Union has any interest in that \$4.2 million.

MR. G. FILMON: Wouldn't it have been better to have the department or the Minister satisfy themselves prior to pulling the trigger and cancelling the licence and throwing the company into receivership? The Minister has indicated that the longer that the company was allowed to operate, the more risk he felt the consumer faced. What would be the daily cost of keeping that company in operation, as opposed to the immediate massive loss of millions in the conversion from an operating company that had value to a non-operating company that has to be liquidated at fire sale prices?

MR. CHAIRMAN: Does the Minister wish to reply?

HON. J. BUCKLASCHUK: I just missed the last part. If the member would like to . . .

MR. G. FILMON: Sorry, it's getting a little late.

MR. CHAIRMAN: Maybe it's time for the committee to rise. We are exhausted.

MR. G. FILMON: I would like to read my question back in Hansard tomorrow so I can repeat it to the Minister. Perhaps we should rise and continue this tomorrow. We'll stay on this Insurance Branch area for quite some time because I want to move on to Monarch Life as well. Perhaps committee should rise.

MR. CHAIRMAN: Committee rise.

SUPPLY - AGRICULTURE

MR. CHAIRMAN, P. EYLER: We are considering the Estimates of Agriculture, Item 1.(b)(3), Milk Prices Review Commission. Does the Minister of Agriculture wish to answer the question?

The Honourable Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, at the supper hour the Minister was about to answer my colleague for Morris' question. Is he going to proceed to do that?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, I think the question, if I recall correctly, was: what is the experience of the people, who are from farm backgrounds, dealing with their involvement in the milk industry? Maybe the member wants to clarify it.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. C. MANNESS: Mr. Chairman, it had nothing to do with the farm or the productive backgrounds, I was more interested into their involvement with the Milk Board in the sense of understanding totally the pricing system that would be in place at this time, or had been in place in previous times.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, there are people on the board who have had the experience of pricing, the pricing of milk. If the honourable member remembers, Dr. Vorst was on the previous Milk Control Board. The people who represent the agricultural community, in terms of farm backgrounds, I believe Mr. Narfason has had a lifetime background in the milk industry in production and I believe he was involved - I don't know the full backgrounds, I didn't have time to check it out over the supper hour, Mr. Chairman, but he has a background in the milk industry, in the dairy industry in the province; as well as Miss Marie-Blanche Oliviero, whose relatives are, and I believe her husband has been, and maybe herself I'm not sure, involved in the producer co-op of Manco.

MR. C. MANNESS: Mr. Chairman, I don't want to cast any doubt on the individuals in question. My only contention is that in my view there is some 90 percent or more of the milk producers in this province who really don't understand the basis under which they receive their cheque. The pricing system of milk, as it comes through the board systems, the various classes of milk, is very complicated, and I would think that individuals that were to sit on this particular type of board should have a good understanding of how their final price, their net price, on the farm is derived.

HON. B. URUSKI: Mr. Chairman, I certainly accept that. I would say that in my discussions with the board members, in terms of the Commission, the honourable member should know and should be aware that the Prices Review Commission, although it reviews the cost of production and the whole formula, does not rule on the actual classes of milk and the prices paid on that milk. So that would be handled by the producer board.

But I can tell you, in my meeting with the board, that the two people that I've spoken to who represent the farm community have, what I would say, as good an understanding as anyone of the way milk pricing is, in terms of at the producer level, carried on in the province, as difficult as it might be in terms of how the various classes, how the daily entitlement works, and the tap portion of the involvement in the whole pricing mechanism for milk.

MR. CHAIRMAN: 1.(b)(3)—Milk Prices Review Commission—pass; 1.(c) Communications Branch (1) Salaries.

The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I, earlier in my opening comments, asked if the Minister was going to give us a list of the total numbers of additional employee changes in the Civil Service employees, the contract employees and the term employees for all the different parts of his department, or if he's not going to do that, I will proceed to go through it in this way, and I will, tonight, proceed to ask him, particularly with this one . . .

HON. B. URUSKI: Mr. Chairman, we can provide that information for the honourable member tomorrow and give him a rundown completely for the whole department if he'd like that, rather than going through one section at a time, if he wishes that.

MR. J. DOWNEY: I would appreciate it, Mr. Chairman, but it doesn't mean to say that I am going to give up debating the different salaries or the different parts of it, Mr. Chairman, but it would, maybe in some particular sections, save us a little bit of time if that were available.

Mr. Chairman, particularly dealing with this section, with the Salaries, there is somewhat of, I would say, an horrendous increase in the Communications Branch within the Department of Agriculture; salaries increased from \$379,200 to \$474,300. Again, as I stated earlier, there is a reduction in the amount of work that they're going to be doing. Could the Minister tell us how many new people are in that part of the department and what their jobs will be?

HON. B. URUSKI: Mr. Chairman, there are no new people, there are the same staff positions as there were in previous years. There's no new positions.

MR. J. DOWNEY: How many are there in that department?

HON. B. URUSKI: Mr. Chairman, the branch staff years are 16.2.

MR. J. DOWNEY: Then, Mr. Chairman, somebody got a tremendous increase. For 16 people to get an increase of \$100,000, they either became awfully valuable, or maybe the Minister could possibly explain who they are and what their jobs are, to give such an increase. I can't see how he can justify \$100,000 increase for 16 people. That is a very large amount of money and I would hope he'd be able to explain it.

HON. B. URUSKI: In the terms of the numbers, there are two staff years in Branch Administration for a salary cost of \$91,000; that is the Director and his secretary. I'm giving you the salary and the expenses in terms of the . . .

MR. J. DOWNEY: How much was it?

HON. B. URUSKI: Salary and expenses. The Communications Branch itself is 10.2 staff years for

salary and expenses of \$405,400; Publications of four staff years, \$246,300; then the additional multi-media extension courses of \$60,000 and Telidon of \$5,000.00.

MR. J. DOWNEY: Mr. Chairman, the Minister still has not explained how he's got an increase of \$100,000 for 16 people. Where is the money going? What is the explanation for it?

HON. B. URUSKI: Mr. Chairman, in terms of the staff salaries, there would be the normal increments. There are no new people in terms of the Branch itself. He sees the salary costs that are shown and that has last year's adjustment into the amount, plus the regular increments and that's what the salary increase is.

MR. J. DOWNEY: Mr. Chairman, he hasn't explained how he can have \$100,000 increase for 16 people. Sixteen people got an increase of \$100,000 of taxpayer's money. — (Interjection) — Well, the Member for Springfield comes out saying it's certainly not slave labour. I'll tell you where the slave labour comes in, it's the farmers that this Minister of Agriculture is looking after who are getting the short end of the stick on this, because they have to pay these through their taxation as all the other people in Manitoba. It's not a laughing matter, it's a lot of money and I haven't got an explanation yet. There's \$100,000 in the Communications Branch that the Minister isn't able to explain. It's not a normal increment increase that all the rest of the departments got; there seems to be something here that he's unable to explain.

HON. B. URUSKI: Mr. Chairman, maybe the member doesn't want to understand. In terms of the advice that I have from staff, the regular increases in terms of the economic adjustment, plus the merit increases, are part of the salary change.

MR. J. DOWNEY: Mr. Chairman, can the Minister tell us if there are any personnel changes? Are the names of those individuals who are in that Communications Branch still the same? Were there any people changed and if there were, who has been replaced and who is now in there? Who is gone and who have been the replacements?

HON. B. URUSKI: There have been no replacements and the names of the people that were there last year are the same.

MR. J. DOWNEY: I'm not satisfied, Mr. Chairman, that the Minister is coming clean with the committee on this particular . . .

HON. B. URUSKI: I'll give you the names.

MR. J. DOWNEY: Mr. Chairman, that's exactly what we want, is last year's names, the salaries last year and the salaries this year, and justification for that kind of an increase.

HON. B. URUSKI: The honourable member should know that there are two years of salary adjustments print-over-print in these Estimates, from the 1982-83

to the present vote. That's is where the difference in adjustments is. But, I'll give him all the names of the people who are in the branch. Mr. Chairman, the director is V. McNair; his secretary is S. Bukoski.

In the Communications, there is K. Wilson, R. Harrison, R. Lyseng, L. Shlosser, G. Winslow, R. Hrynkow, R.G. Collie, R. Christianson, H. Burton, R. Koblanski.

Then there is J. McCort, S. Ferens, and A. D'Souza are the staff that are within the Branch.

MR. J. DOWNEY: Mr. Chairman, I still don't accept his explanation, because if you look at some of the other wages that are of comparable size, there wasn't near the percentage increase as he's showing this particular year. There is a discrepancy here and I don't want to move onto another line of the department, but if I were to look at another example, the ones that we just passed in Salaries for \$230,900, it only increased to \$278,000.00. Whereas he is now telling us that just another 100,000 on the next row that we're on, 379 went to 474. The numbers don't work out, Mr. Chairman, and the Minister isn't able to explain this.

He is telling us, in this particular department, that they got two years increase in one — (Interjection) — that's right. That's a 30 percent increase for the people who work in Communications. Is that the kind of increase that he is looking at for certain parts of his department and others getting what would figure out to probably 10 percent to 11 percent increase?

MR. A. KOVNATS: Jim, maybe they're writing more letters.

MR. J. DOWNEY: But the Minister isn't explaining it, Mr. Chairman, and before we move on, I would hope that he could give this committee an explanation why the staff in Communications got a 30 percent increase in one year.

HON. B. URUSKI: Mr. Chairman, I have tried to give him the explanation in terms of who they are and what salaries they receive. The staff that are in Communications are treated no differently, they're part of the bargaining unit of MGEA and they would have received no different an increase in terms of dollar terms. We will go through all the salaries for him and provide him with the information in terms of what difference there is in terms of salary increase that he is speaking about.

MR. J. DOWNEY: Mr. Chairman, I ask the Minister, are there any contract or term employee salaries paid out of that particular allocation?

HON. B. URUSKI: There is one term position that was part of the same group that was there before, against a staff year within the regular complement.

MR. J. DOWNEY: Mr. Chairman, he is saying that there are 16.2, I think it is, staff man years, in which that one term employee is included, or is he saying that there are 16.2 plus one?

HON. B. URUSKI: Within the 16.2, it's included; the term position is within the 16.2.

MR. J. DOWNEY: Well, Mr. Chairman, I'm not satisfied that we have a department of the Department of Agriculture, a section of the Department of Agriculture, that are getting a 30 percent increase in their salaries. The Minister can't explain to me or to the public apparently, that's his responsibility, why that is happening. You know, if he's looking for a saving he could have given them somewhat less of an increase and provided either more services or kept some money for the 4-H program that we suggested earlier. I am not satisfied with the explanation and I would hope that the Minister could give us an explanation why.

He has tried to tell us that it's two years salary in one. Well, if one department of his gets two years salary in one, have they all received that two year salary or what is he about? I can't go on with the Estimates until I get an explanation for this amount of money being spent.

HON. B. URUSKI: Mr. Chairman, the member should understand that in the Communications Branch, the whole branch are professional staff in terms of technical expertise who have been there. They, in terms of the salaries being paid that I can see, are not in terms of the regular staff, what I would say secretarial staff within government, they are within the communications staff. As I can see, they are professionals in terms of the same professionals that were there when he was in office, the same number of people, same staff, same persons.

MR. J. DOWNEY: Mr. Chairman, I happen to have a note from years when I was the Minister and the salaries didn't go up anywhere near that particular level. It would appear for the same 16.2, the information I have, that their salaries in 1979-80 went from 289.1 thousand to 323.4 thousand in 1980-81. That, Mr. Chairman is certainly not the same kind of increase that he's trying to say. And from 1980-81 went up from 323,000 to 362,000 for the same 16. Again, the increases that he's trying to get us to accept are not reasonable to try and sell this committee. I'll let some of my colleagues if they want to further question on this, but I will come back to it, Mr. Chairman, in a few minutes.

HON. B. URUSKI: Mr. Chairman, the honourable member should be aware that when the Estimates were in place last year, the agreement had not been settled. So, what you have here, you have actually two economic settlements plus any of the merit increases that take account for the increase, and you're talking about a group of professional people. If the honourable member knows that the initial increase a year ago went up 12 percent and you are talking about the spreading out of this agreement, you are talking about a 27th pay period, which is spread out with the increase of approximately, in terms of pay, another seven point some percent, because in terms of the agreement it was 10.5 but it was spread out over the 18 months, so that you have roughly a 20 percent increase in terms of actual increases over two pay periods, with that making the difference, and then you have the merit increases will account for the other.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNESS: Thank you, Mr. Chairman. Is that same type of explanation that the Minister has just given to us regarding the fact that the MGEA agreement last year was made late and therefore didn't impact, will that same type of reasoning find itself into all the other sections within his Estimates regarding salaries?

HON. B. URUSKI: Generally speaking, depending on the classification of the individual and the type of activities that are within that branch and the staff level of whether there be in the branch a lot of technical expertise in terms of higher salaries or whether they be clerical. It really depends, but generally speaking the increments would be the same provided those staff persons within those branches would be within the bargaining unit.

MR. C. MANNESS: Well, is the Minister then saying that not all of his salaried employees within his department are covered by the same agreement?

HON. B. URUSKI: Yes, Mr. Chairman, the excluded staff received 8 percent of the bargaining unit last year and this year 2 percent, so that there are some excluded staff within the budget in various areas. In terms of the percentage increase, they would have received less, and in terms of dollar increase, they would have received less at the higher levels, those staff at higher levels.

MR. C. MANNESS: Well, Mr. Chairman, I'll try and state what I understand to be the case up to this point and the Minister may want to correct me. He says really that the salary increase is some 20 percent over two years and that the other five percent is merit, because the difference is indeed a full 25 percent and I haven't calculated it to the exact number. Can he tell me whether there has been reclassification involved here?

HON. B. URUSKI: In different areas, yes, depending on where you are.

MR. C. MANNESS: I'm wondering, rather than giving us the details, whether he could provide a list of these, because there's something to my view doesn't just doesn't quite wash. I wonder if he could present a list to us of that detail.

HON. B. URUSKI: A list of the staff?

MR. C. MANNESS: That's right, plus an indication of whether any of these positions have been reclassified. Maybe you could make a statement on that.

HON. B. URUSKI: I'm advised that there haven't been any positions that have been reclassified, but I'll provide the honourable member with the list of the names of the people, their title or classification, plus their salary. We'll have that provided for the honourable member.

MR. CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman.

I just want to make sure that I understand the Minister completely. He has indicated that the difference in the salaries of the Communications Branch, which go from

\$379,200 fiscal year ending March 31/83 up to \$474,300 fiscal year 1984, the increase is because there are two years of salary increases to make the difference between the 1983 figure versus the 1984 figure.

HON. B. URUSKI: Print-to-print, those increases plus any merit increases that would be applicable to the people in that branch as well.

MR. D. ORCHARD: In other words, the Minister is saying that the \$379,200 that appears in the left-hand column is without the raise for that year being included.

HON. B. URUSKI: Yes.

MR. D. ORCHARD: Then would the Minister reconcile his statement with the Reconciliation Statement that appears on Page 11, wherein it indicates that there is an allocation of general salary increase of \$991,400, which brings the adjusted vote to \$61,085,700, which is the total at the end of the Estimates on the left-hand side of the column, Page 16?

HON. B. URUSKI: That amount, the honourable member should remember, doesn't cover the total increase.

MR. D. ORCHARD: The Minister is saying that the \$991,400 in the Reconciliation Statement on Page 11 does not represent the 12 percent increase that he referred to earlier for the fiscal year ending March 31st, 1983.

HON. B. URUSKI: So, I'm advised, Mr. Chairman.

MR. D. ORCHARD: Well, I might make a small suggestion to the Minister, that he advise us tomorrow, because I don't expect him to have that information tonight, just what percentage that \$991,400 does represent. He's indicated there was a 12 percent increase last year plus merit wherever, that there is an approximate 7 to 8 percent this year plus merit wherever, and those are the four causes for the increase from the left-hand column to the right-hand column. He is saying that the \$991,400 does not represent the 12 percent. Could he please tell us tomorrow whether it is 5 percent, 7 percent, 2 percent, so that we can determine roughly what has happened within this salary category?

HON. B. URUSKI: Mr. Chairman, certainly I will make sure that we do a calculation to make sure that the information that I have provided the honourable members is accurate, to make sure that the information in terms of the explanation that is being requested, that I get all the information for them.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I would allow this particular set of wages to pass at this time. If my colleagues have some other questioning — (Interjection) — They've got some other questioning, Mr. Chairman, so we will not let it pass to let my other colleagues ask some questions.

MR. CHAIRMAN: The Honourable Member for Gladstone.

MRS. C. OLESON: Thank you, Mr. Chairman. I was wondering from the Minister, the \$379,200 there, does that include a projection of salary increases? Does it not include a salary increase projection for that for last year, or this current year?

HON. B. URUSKI: That figure on the left-hand side does include that \$991,400.00. As I understand it, that amount of money that's shown on Page 11 in your Estimates Book is included within the final numbers on the left-hand column, Page 12, 13, 14, 15 and ending at 16 with the amount of \$61,850,700.00.

MR. CHAIRMAN: The Member for Niakwa.

MR. A. KOVNATS: Thank you, Mr. Chairman. Just one question and I don't mean to get onto the next expenditure, which is Other Expenditures, but I'm looking at it, I see that there is a reduction from \$347,000 to \$333,500 and to me, it seems that there's no consistency when, in the same department, that there is a reduction in one part of it and an increase, which seems to be abnormal, somewhere in the area of 25 percent. The Honourable Minister has suggested that maybe he was going to check into it and see if there was an error committed and I would just like to bring that to his attention.

MR. CHAIRMAN: The Honourable Minister.

HON. B. URUSKI: Mr. Chairman, there's no doubt. I want to make sure that the figures that are there are in fact accurate and that what I have said this evening in terms of the names that I've given and the salaries that they are receiving, are in fact accurate. I've looked at the books that we've had and I've put the names on the record of who are the staff persons in that Branch.

The decrease that the Honourable Member from Niakwa speaks of, is basically some service costs from other departments that have been transferred to other departments, like the purchase of furniture from Government Services, and a reduction in terms of Telidon rental costs, because we have the units in place, the costs of providing the pages are able to be reduced in terms of those expenditures.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I'm not happy or satisfied with the answers on the salaries and would move onto the next item if the Minister would allow us, or if you, Mr. Chairman, or the Committee, will allow us to go back to that item when the Minister gets the information tomorrow, so that we can clear up this issue before we proceed onto other departments. He has indicated, or maybe he would put it on the record, if he would.

HON. B. URUSKI: Mr. Chairman, there's no doubt that when I bring the information back that the honourable members will want to discuss it. Whether we want to

leave this one item and go to another one, or pass it and then come back, it's immaterial. We can leave this item, skip over it, and go on to another item.

MR. J. DOWNEY: Agreed, Mr. Chairman. Possibly though, we could move onto (2) Other Expenditures and he could give us a little bit more of a detail of the reduction in expenditures there. He indicated Telidon and a reduction in furniture expenditures that are now transferred to Government Services. Where we would find that transfer in Government Services? What allocation in Government Services would that be picked up in?

HON. B. URUSKI: Mr. Chairman, I'm sure that the Minister of Government Services, in terms of equipment and furniture purchases, will be able to deal with those items in his Budget.

A MEMBER: We don't think so, that's why we're asking you.

HON. B. URUSKI: Well, Mr. Chairman, I can't tell the honourable member where to find the amount of money for furniture purchase in the Estimates of the Minister of Government Services. Mr. Chairman, there is a cost for the Health and Education tax transfer, of which the total amounts to \$13,500.00.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, I'd like to ask, and I think this is the particular place that it should be brought up, a question regarding the Department of Agriculture's involvement in this whole - I don't know if it's the, you say the Telidon - I don't know if it's the Grassroots terminals that were in Ag Rep's Office and I think this department was involved in a decision as to whether to continue that program or not. I'd like to know the Department of Agriculture's whole involvement in this area. I know obviously the Manitoba Telephone is heavily involved. I'm wondering if you could tell me the Department of Agriculture's involvement in that area.

HON. B. URUSKI: Mr. Chairman, as I understand it, the units that are in place in the Ag Rep Offices were put in there as pilot projects and the department in the last, I believe, two years, or maybe slightly longer, started putting information, as a subscriber to Telidon, dealing with - I believe this year there is, let me see - I know there's information on cost formulas of beef and hogs.

In 1981-82 it was a new activity and, in fact, it involved the department in the first commercial application of Telidon Information Systems anywhere. We were the first to try it out. The Grassroots is a farm information services operated by InfoMart and the Manitoba Telephone System using the Canadian-developed Telidon system of videotex. Twenty-four demonstration terminals have been located in department district's offices at no cost to the department. Some 300 pages of department information were maintained in the data bank this year, with about one-third of those updated frequently.

Department data included policies and programs on farm credit, crop insurance, water service, and a sizable current focus section on markets, extension events, new programs and policies, farm safety and the like. Costs involve creating the pages, storing information in a computer and fees for regular updates. Grassroots is financed by the information supplier paying the cost of the data input and storing it.

I should mention to the honourable member that there is discussion going on now, within the department itself, as to which might be the best way to proceed in the long-term, whether we should in terms of extension work be moving towards micro-computers and have assistance in analysis and information provided for farmers. We have a number of those units within the department that are located throughout the province, but not as many as we have with Telidon.

I would say there are good features to both and there are drawbacks to both, and a decision as to whether we eliminate one and go with the other, or whether we have a mix of both, is still in the discussion stages within the department.

MR. CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman. Can the Minister indicate whether he is maintaining the same number of Telidon units in ag rep offices this year as last year or is he removing some of the Telidon units?

MR. CHAIRMAN: Mr. Minister.

HON. B. URUSKI: I believe there has been one removed.

MR. D. ORCHARD: Where was that Telidon unit located?

HON. B. URUSKI: In Morris, Mr. Chairman.

MR. D. ORCHARD: Mr. Chairman, a couple of follow-up questions, can the farmers in the various ag rep districts be assured of continued access in the ag reps' Office of the Telidon units that are there for this fiscal year?

Also, some of the ag rep offices with the farm management specialists have access to a link via computer to, I believe it's Nebraska, but I am not certain, whereby a cattle feeder, for instance, can come in and indicate the kind of program that he may want to undertake. The farm management specialist can put in input costs and have that run via the programmed computer in Nebraska, I believe it is, and get back his returns and the upside-downside risks.

There was also access on a daily basis to the commodity trends - what the various commodities have been doing and they can develop a printout to show you trending to help with head selling. I'm not certain how many ag rep offices those are available in, but they are becoming more widely used, particularly in combination with Telidon, to provide market information in Winnipeg on a daily basis and then this printout on the commodity exchange just to show a trend over the past couple months. The combination of information plus the ability to program feeding programs has been coming more and more used by producers.

Is there any reduction in the second aspect, not the Telidon, but the second aspect of the computer links with Nebraska, etc.?

HON. B. URUSKI: Mr. Chairman, in fact, we are getting more of those programs. That's the discussion that is going on now within the department. We want to ascertain, if we stay with Telidon, for example, and use the Telidon, as to what kind of services we can see being put on the system and what implications in terms of ongoing costs to the department there would be by staying with Telidon, or whether or not there should be a swing, to some degree or even totally, to microcomputers such as the Member for Pembina is saying, those kinds of programs that are available now and we have a number of those microcomputers in place now.

Our ultimate decision may be a mix, but to say that at every ag rep office and at every office this information will be made available, at this point in time I would really say, I doubt it. Certainly, within regions, there should be a number of units or a mix of those units available so that kind of information, extension and advice can be provided.

Of course, there is the costing involved, one versus the other. The Telidon program, as I understand it, all that is involved in the costing to the user is the cost of the telephone call on the line and there is a fixed rate, 5 cents a minute for the cost . . .

MR. D. ORCHARD: Set in 1981 by our government.

HON. B. URUSKI: . . . of the unit and we want to know what the implications are in terms of future costs and the use of those versus the on-line costs of microcomputers and the hook-up lines which I would have to say are fairly expensive.

MR. D. ORCHARD: If I might be so bold as to offer the Minister some advice since he's wrestling with this decision right now, I think you'll find that if you survey your farm management specialists, they will consider in all probability both to be necessary because Telidon is an informational facility to provide you with up-to-date information on markets and technique and the programming aspect is just that. It allows you to take current market information on futures prices three months from now on fat cattle, plug it in and determine whether, at the basis of your input costs, you can make a dollar on them. One is useless without the other. I think you'll find that you will end up, if you're going to serve the growing demand for that, that you will in all likelihood have to have both in those selected offices. Whether you can do it in all of them, of course I understand that's a financial decision, but I think it would be unwise to have a Telidon in one and a management computer in another office. They should be together for maximum utilization, I would think.

HON. B. URUSKI: Mr. Chairman, I certainly appreciate the advice from the honourable member. That is part of the discussions and financial considerations are part of the main problem that you - the problem comes down to whether or not you want a fully Cadillac service in one or two or a few offices and offer no service to

the rest, or whether you're prepared to provide a basic service to the widest possible area of the province and have it fairly well distributed. That's the kind of discussion that is going on now.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: On another point of clarification, Mr. Chairman, did I understand the Minister correctly when he said that the Education and Health levy was taken out of this particular portion of the appropriation? The Minister is saying that he's taking the expenses of the operation of this particular department. Is that the same with all the departments of all the government, that the payroll tax and the education tax is coming out of Other Expenditures within this particular allocation as well as all other departments?

MR. CHAIRMAN: Mr. Minister.

HON. B. URUSKI: Mr. Chairman, that is correct, every department. Then those funds, as I understand it, are transferred to the Civil Service Commission into one budget.

Mr. Chairman, for the honourable member's information, within the various appropriations of the department, throughout all the areas, there is a sum of approximately \$372,000, including the MACC and MCIC, Manitoba Crop Insurance and MACC. Totally, the cost of the health and education levy for the entire department including the Crowns is \$372,000 and those reductions are throughout all the appropriations within our budget.

MR. CHAIRMAN: 1.(c)(2)—pass; 1.(d)(1) Manitoba Natural Products Marketing Council: Salaries.
The Honourable Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, are there any additions or change in staff in this particular section?

MR. CHAIRMAN: Mr. Minister.

HON. B. URUSKI: No, Mr. Chairman.

MR. J. DOWNEY: Mr. Chairman, again we see a reduction in the expenditures in that particular section. What other than the payroll levy, or the levy for Health and Education is taken out of that particular expenditure?

HON. B. URUSKI: In this case nothing else.

MR. J. DOWNEY: Mr. Chairman, the activities of the Natural Products Marketing Council have been basically to oversee the operations of the different supply management boards and as well now the Manitoba Beef Commission.

I will ask the Minister if he wants to debate, or to answer for the Manitoba Beef Commission under the Natural Products Marketing Council, or if he would prefer to do it under the Stabilization Fund?

HON. B. URUSKI: Mr. Chairman, all the funds that are provided for the Beef Commission are under Item 9.,

or actually Resolution No. 16, in terms of this years Estimates.

MR. J. DOWNEY: Well, I think, because the commission was set up and, as he has indicated under the authority the Natural Products Marketing Council, could he provide for the committee the justification or legal documentation that he has from the Attorney-General's Department giving him the authority to, in fact, use the Natural Products Marketing Council in which to operate the Beef Commission under.

HON. B. URUSKI: Mr. Chairman, the commission was established according to the legislation now in place.

MR. J. DOWNEY: Well, that was the very question, Mr. Chairman. I would like to know if he had, in fact, got any direction from, or any legal opinion from the Attorney-General's Department, or any lawyer on whether, in fact, he had the capability of setting up the present beef commission without having, I believe, it's 60 percent of the producers allow him to provide a marketing scheme and allow him to take control of the industry in the way he has. Has he got a ruling from the Attorney-General's Department?

HON. B. URUSKI: Mr. Chairman, the honourable member should know that the plan that was set up is a voluntary plan. Unlike, Mr. Chairman, the move that was made under the Roblin years when they set up the Manitoba Hog Marketing Commission, wherein when the commission was set up all the hogs that were to be marketed within the province, even if the producers decided to market their own hogs to whichever packer directly, the levy was charged on all those marketings, Mr. Chairman.

In this case, any producer who wished to join the plan joined it through their own free and open decision making that they had at their disposal. They had their own free minds to make up the decision whether or not they wish to join this plan.

The commission is established by the government, by the province in this case, and doesn't require a producer vote. However, if it is to move to a marketing board, then, of course, I believe that a vote is needed amongst the producers of a product and if there is a majority, and I'm not sure, I believe it requires a 50 percent plus, 50 plus one I believe as a vote, I'm not sure whether it's 50 or 60 percent, but I believe it's a simple majority as a vote as to whether or not a marketing board be established.

HON. A. ADAM: Free Manitoba, free Manitoba.

MR. J. DOWNEY: Mr. Chairman, in other words the Minister does not have a legal opinion from the Attorney-General's Department, or any legal documentation, backing up the move in which he has made to bring in a marketing system within the Province of Manitoba for beef cattle.

HON. B. URUSKI: Mr. Chairman, the member should know that the regulations and the agreement setting up the commission were approved by the Attorney-General's Department, as all such agreements and

orders that are published and put into force are approved by the A.G.'s Department. Had there been some legal impediment to the department setting up a commission the Attorney-General's Department certainly would have raised it with us.

MR. J. DOWNEY: Well, Mr. Chairman, I won't give up on this particular subject. A lot of the regulations which are brought in under that particular act we will plan to then debate a little more thoroughly at the opportunity under the beef stabilization funding, and we can get into it in a little more depth at that time. But I want the Minister to beware that I do think that there will be some problems because of the lack of support by a producer vote to give him the authority to proceed in which the way he has.

Mr. Chairman, the Natural Products Marketing Council has recently seen a major change again, not again, but a major change such as the other councils have or boards. He has seen fit to fire, and I use that terminology because I believe it's correct, top quality, highly qualified people who did an excellent job, not, Mr. Chairman, because of any political background or affiliation in particular, they were very competent, qualified people to make decisions that had to be made.

As well, of course, I have to say that the Member for Morris, who is as well a former member of that board, was in fact of the desire to get into politics and quit of his own desire and got in and became a member in this political arena. I do want to give him credit as well because under his direction and the direction of the council they did a very good job, Mr. Chairman. But I have again seen this Minister, because of what he said earlier in the appointment of the Milk Control Board, because the particular council apparently didn't think in the same slant as he thinks or believe in the same philosophies that he believed in, that they were no longer desirable for this particular administration.

I know that the one individual happens to be the NDP President of a certain constituency in Western Manitoba. I know that another individual, who has become the Vice-Chairman, is certainly a perennial candidate for the New Democratic Party in the western region of the province and it is totally a blatant political appointment which has been made by the Minister of Agriculture to put into a position of the same capacity as I would consider any judicial body that would be making judgment on fair play for agriculture people who under government regulations and government legislation produce a controlled commodity. Not on a political basis, Mr. Chairman, not on a basis of who they support in any particular political campaign or election, but simply on the facts that they are farm people, they are producers, if they have a complaint with their particular board in which they operate, or which they produce that commodity for or under, it is an appeal process which I would think would, in fact, be best served strictly on the basis of qualifications rather than strictly on the basis of crass political appointment.

That is what we are seeing take place with what I believe, Mr. Chairman, is a very important board because of the overall responsibility to the agriculture community, and I will be quite straightforward, I think the Minister is playing very dangerously with the

appointments that he's made on strictly the political background of those people that he's put in - strictly the political background of those people.

I'm not saying, I'm not criticizing, that they're not competent people, but I'm saying that question will certainly be answered over the performance of that particular council. But, it's a very dangerous precedent and a very serious situation which he is putting himself in and the farm community that have to go to that council when, in fact, they have difficulty.

So, Mr. Chairman, I'm telling the Minister right now that he, in future operations, wants to be very cautious of those kinds of activities.

Mr. Chairman, the Minister as well could probably tell us at this time how much quota increase has Manitoba received in all of the supply management areas under this particular marketing council's direction and under his direction; there's the milk, the eggs, the broilers, the turkeys. How much increase have we received in those different control commodities, Mr. Chairman?

HON. B. URUSKI: Mr. Chairman, I'll have to get that information for the honourable member in terms of if there have been any increases in terms of supply managed commodities. As the honourable member well knows, and I think the Member for Portage can probably verify that in terms of most commodities, agricultural commodities in the world today, we have been faced with overproduction relative to the market that those commodities share. There had been some increases I believe, in poultry products, but in terms of dairy, I believe there's been a reduction in terms of the national quota as set by the Canadian Dairy Commission. I believe it's this last year of 2.2 percent. I'm going from memory, Mr. Chairman. There had been some increases in marketings I believe, on the share on eggs but many of the agreements are presently under review.

Mr. Chairman, that brings me to the point of where does Manitoba stand in terms of - I remember so very vividly, the Honourable Member for Arthur standing and sending out press releases of how he was going to change the world and allow the producers of products a great amount of market capacity in this province and they could produce to no end. What happened? He signed an agreement in terms of the broiler industry, Mr. Chairman. There was nothing — (Interjection) — well, Mr. Chairman, the Honourable Member for Morris says, stay out of the politics.

Mr. Chairman, the kind of nonsense in terms of casting aspersions on the new members of the board I don't take lightly, I really don't take lightly, and the Member for Morris says to me, stay out of politics. — (Interjection) — Well, Mr. Chairman, the former Minister of Agriculture fired part of that board because there were new members appointed in 1977 on the very board that he's talking about that we changed the membership on. Fired members of the board who were appointed in 1977, just prior to them taking office. Now, he's accusing the government here of changing the board.

Mr. Chairman, I have said and I repeat that again, maybe the members don't hear very well, maybe that's the only issue they've got that they want to dwell on, trying to leave the impression that board appointments are somehow similar to staff appointments on the

boards. Mr. Chairman, the people who we appoint to these boards we believe are as qualified and as capable and as dedicated Manitoba citizens as the people who you had appointed and I accepted your appointments.

MR. J. DOWNEY: No, you fired our appointments.

HON. B. URUSKI: Well, Mr. Chairman, we accepted them when you were in government. When you were in government, we accepted you making those appointments. We didn't criticize your appointments in terms of saying, well, we don't think this person is good, we don't think this person is not. That is your responsibility in terms of appointing the people you wanted on those boards.

Now, you want to cast aspersions on the people that we happened to appoint. That is getting down pretty low in the mud in my estimation Mr. Chairman. That is getting very low.

Mr. Chairman, honourable members wanted some information with respect to quotas. What we can give the honourable members is increases in income to those producers who are in regulated products, and for example the value of dairy products marketed in the province in 1981 was \$86,587,000; in 1982 it increased to 95,888,000.00. In terms of poultry the 1981 figure is 41,065,000; 1982 figure is 43,365,000.00. In terms of eggs, there's been a reduction in the egg income from 45,400,000 to 43,600,000.00. Those are the incomes as per the regulated products that we have within the province. In terms of direct quota, I do not have that information.

I'm advised that there are no additional quotas in terms of the national agreements, but there have been some changes internally.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, it's surprising that the Minister gets so excited about the memberships of his Council.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. J. DOWNEY: Mr. Chairman, the question I asked was, apparently there wasn't any quota increase. Probably the Minister could as well indicate to us basically, and I think the information should be available, the numbers of appeals to the Council, the types of appeals, the success ratio of the appeals. That should be a list of information that is available, who they were and the activity of the Council last year.

I know particularly of one where my colleague from Swan River went to work for a constituent of his who, he felt, was being treated unfairly, and I understand that the success of that particular appeal was worked out and the farmer is now able to produce eggs for the people of Swan River and do it so the consumers of eggs get fresh eggs at home and the producer is able to accomplish their objective of producing that commodity in that area.

The overall general concern, Mr. Chairman, that I have about the Natural Products Marketing Council, or some of the work that all of the boards are involved in, is the longer they seem to operate - and he indicated

that he was in fact taking a look at the boards or doing something in regards to that particular subject. I know that there were certain producers, particularly some of the smaller producers of the supply management commodities, felt when there was any increase in quota, the allocation of it, that they had certain capacity that wasn't being utilized as compared to some of the larger producers of the commodity. I'm not saying it was anything wrong with the allocation of it, but I know that it was a continual concern that I had that was being brought to my attention.

Turkeys was one of them. I had turkey producers from the southeast area coming to see me. I had certain broiler producers, again from the southeast area, that were very much concerned about the periods of time that they had to leave their barn empty. They put in for quota application to expand the size of their operation and it seemed that they weren't able to get enough quota to make another cycle of broilers or turkeys in their barns. It was to the point, Mr. Chairman, where there was some fairly severe criticism coming of the particular boards that were involved.

I would think, Mr. Chairman, that it wouldn't be a bad idea to take a look at it and see if, in fact, those individuals are being looked after and, if there are necessary changes, then let's deal with them. But I think, particularly at a time when we are trying to maintain our family farm units, and some of the smaller ones in particular are having a pretty difficult struggle, that probably there should be some assurances given to these people and to this Assembly, in which the Act is written under the authority of this Assembly, that there may be some things that could be done and possibly a review of some of the concerns.

Another particular area of concern that was brought to my attention was from, I believe it was, in the Dauphin area, and maybe the member would want to speak on that, about again quota allocation for the production of eggs. It appeared as if the region outside of the immediate Winnipeg consumption area was, in fact, having a difficult time in getting an increase in their quota size. There were enough rumblings of concern from the different quarters of the farm community under the supply management that I think, possibly, there is good room for review. Maybe my colleague from Morris would want to speak further on this at a particular point.

There is another question that I have - and if the Minister is banking them, fine, at this particular time. Another major question that I have is that Manitoba egg producers within the national agreement were receiving less money for the eggs produced in Manitoba because Manitoba was being used as a base and it was apparent that Manitoba egg producers were not getting their fair share of a return for the work that they were doing, as compared to the producers in central Canada, as compared to other regions. I would like the Minister to respond to that and see if there has been any work activity within the CEMA or the Egg Marketing Agency to change that formula which, in fact, discriminated against our egg producers and actually put them in a lower return bracket than some of the other regions of Canada. If the Minister hasn't dealt with this, I would wonder why he hasn't proceeded to.

Another area that I think has to be dealt with, and the Minister - I don't know whether he was trying to

get me involved in a political debate or not, but I would somewhat think that's maybe what it was when he suggested that when we joined the National Broiler Marketing Agency that a lot of things were going to happen. We indicated we at least allowed Manitoba to participate in market expansion, other than the market within Canada. I, Mr. Chairman, think that's not a bad policy or a bad principle to subscribe to, that if there is a market outside of Canada for the broiler industries that in fact they should be allowed to develop them, Mr. Chairman, without having to worry about the restrictions of the domestic quota that's allocated to the Province of Manitoba. He said, well, I made great things to do about it. In general principle and policy, Mr. Chairman, I believe that it was good policy and a good principle in which to subscribe because it didn't, in fact, totally tie our broiler producers to a certain amount . . .

HON. B. URUSKI: What did you get? What did you accomplish?

MR. J. DOWNEY: The Minister said, what did we accomplish.

MR. D. ORCHARD: Billy, you're so dumb, you don't even know it.

MR. J. DOWNEY: What did we accomplish, Mr. Chairman? I can tell you that the mechanism was there for the producers or for a new industry to go ahead. Now because, Mr. Chairman, because the supply management system of broilers, turkeys which he knows very much about, because it is so tightly controlled a very few people and they like to keep that very tightly depth and they don't particularly want to encourage anybody else to get into the business because it might rock the boat. That is why it didn't happen, Mr. Chairman, that is why there wasn't a major development for export broilers being developed in Manitoba.

It wasn't because the mechanism wasn't there, but because everybody within the system said, why should we go and encourage it. Because, in fact, Mr. Chairman, if you encourage that kind of thing, at some point it could endanger their present current position. That is why it didn't happen, Mr. Chairman, and is the Minister not going to continue to promote that?

One of the other concerns that I have, Mr. Chairman, this is with the whole supply management question, this is the whole supply management question and I think basically we should talk about it to some extent, because the Federal Minister of Agriculture believes in supply management for the beef cattle industry, as is applied to the eggs and the broilers and the turkeys. I have continually said that it gives those people, who are in the system, protection and those people who are getting that protection say, if it wasn't for that system, then nobody would be in it and it makes it so it's attractive. Then my colleagues say supply management industry has given a fairly stable return to those people.

I have no problem in agreeing with that, however, Mr. Chairman, the difficulty that develops is that when you run into tough economic times and you keep continually shrinking the amount of food dollars or

available food money by the consumers, then those people that are in that industry have to start shrinking the pie a little bit and that's when it starts to hurt. Because, in fact, the theory behind supply-management is this: The less of a commodity you give to the consumers, the higher the price. That's the principle that — (Interjection) — No, they say cover the cost of production. No they, Mr. Chairman, I believe are in a situation where, by the higher the price, the less consumption and particularly with the beef industry, which has been a strong - or which the Federal Minister says, we won't get into the stabilization business, we want to get the supply management business.

The problem, Mr. Chairman, is this, that consumers won't eat the commodity or buy the commodity at the price that it's at today. They won't do it at the price that it's at today, they won't buy it. So how does the principle of increasing that price to help the producers do anything but reduce the consumption even further? So you shrink the production capacity of that particular segment of the industry and that's the problem that I have, Mr. Chairman, and that's why I believe we have to continue to work towards expansion of our export markets, such as was accommodated or allowed to be accommodated through the way in which we signed our National Broiler Agreement. It gave us the capacity to export outside of Canada.

The Minister, I would hope, would be able to tell us, at this particular juncture, how many numbers of broiler producers are now producing broilers in Manitoba; how many turkey producers there are; how many egg producers Manitoba has; and how many people are waiting, or trying to get into the business or expand their quota? Those I think are fairly important questions. How many are in the business; how many have applied to get in, or expand their quota, Mr. Chairman? I would like to know. — (Interjection) — It is important because it means the expansion in the whole increase of output from this province, and possibly the Minister has heard my questions, could give some form of response and I think he could give us his answers to those questions.

HON. B. URUSKI: Mr. Chairman, to the specific questions that the Honourable Member for Arthur posed, we'll deal with the appeals first. There are 18 appeals that were held last year. I believe all but three have been disposed of, in terms of the appeals. There's still three appeals pending and they vary from milk, I would say - I'll try and give you some of those - 10 appeals dealing with the Milk Marketing; 8 with the Egg Marketing and then some with broilers and vegetables as the odd ones, but the bulk were eggs and milk in terms of appeal hearings.

Mr. Chairman, I should mention to the honourable member that I have undertaken a fairly - we've had some lengthy discussions with all the boards to attempt to seek the co-operation and understanding of the boards vis-a-vis the national agreements. National agreements, from time to time, are renegotiated and what we have wanted to do is to make sure that there is a consistent approach on behalf of all producers in Manitoba when we are dealing with the national agencies, in terms of how we view any future quota allocations and quota distributions in terms of increased quotas or the like.

We don't want to get ourselves into the same situation that we had with the turkey producers in terms of changing the formula. That's not to say - and I have to admit - that's not to say that the producers there didn't, in their own wisdom, negotiate the best agreement that they thought they could get without being involved, without having any view of the entire provincial situation within regulated commodities.

What we wanted to do is to try and make sure that our approach is, whether it be milk, whether it be eggs, whether it be turkeys, so that the approach and the main approach is that Manitobans do have the comparative advantage to produce food in this province at as low and lower costs than anywhere else in this country, and that any future increases in market share should be based primarily on the criteria of comparative advantage.

That has been our consistent approach, although it is certainly, I have to admit, not very easy to push against provinces who want to use continually the increase in population as the basis for any market share and it is a very difficult one. But we have attempted to make sure that our approach in these national negotiations and discussions is consistent with all the boards and that's the kind of discussions that we have had.

As well, Mr. Chairman, in our discussions with the boards, the issue of quota transfers and allocation of quotas is one that there is - I have to say - a problem. I mean there are all kinds of approaches that have been undertaken by the various boards as to how they individually feel that they would like to deal with, either their new producers, existing producers, expansions, and the like. What we want to try, and I've asked the marketing council to work with the boards to try to develop as consistent approach as we can in terms of dealing with quota transfers and the like over the next year and months ahead. I don't know how far they have gone with this, but we know that in terms of the appeals, the problems with the appeals and the consistency, there are so many various approaches that the boards have implemented and it has — (Interjection) — Pardon me? Well, Mr. Chairman, I don't think there's an easy answer, but what we don't want to see, what I don't want to see is, for example, the basis of quota being concentrated in fewer and fewer hands in terms of an industry. — (Interjection) — Well, Mr. Chairman, the honourable member says, is. There are certainly industries where there have been grandfather rights passed onto those industries and it may be time to start looking at — (Interjection) — well, if those facilities need replacing that this may be a time to say, let's have a look as to whether or not those grandfather rights for those large quota holders, and most of them are commercial holders, Mr. Chairman. When I say commercial, they are either feed companies or the like whose primary source of income is not primary production. Primary production is not their main source of livelihood; that is one area.

The other area of bringing in new producers, how do we allow the transfer of quota to be moved to younger people, whether or not any future expansion, if there is any expansion in the market, should go to some new people? Those are questions that I've asked the board to look at and I have to say they are not easy answers, but that's not to say that we should not

be working towards trying to deal with some of the concerns that the honourable member raises. In my mind, it should not be. The sole criteria for transferring quota should not be on the basis of the amount of loan capital, the amount of money that one has to get into the industry. That should not be the sole criteria as to whether or not one gets into the industry, that he could buy someone out.

I believe that there could be many innovative ways; in fact, there are many applications for quota. Maybe there should be a list kept on a first-come, first-serve basis. That is one area that could be looked at, say, in terms of milk. Those are the kinds of areas that could be looked at.

Mr. Chairman, the questions as to how many producers in the three commodities, we will get those lists in eggs, turkeys and broilers. We will get the numbers for the honourable member for tomorrow.

Mr. Chairman, the honourable member's questions with respect to egg producers. That discrepancy dealing with Manitoba's price was under, of course, the National Price Review. There has been an agreement to give Manitoba a fair return.

Now, I should say to the honourable member, there are discussions presently under way with respect to the national agreement and future quota allocations, and those questions are still under negotiations at the national level in which the board is represented. But the specific question with respect to cost of production and specifically I believe it was to the feed pricing within this province. We have been allowed that increase to make our pricing more comparative across the country to actually put Manitoba in a better position, and we've been given that increase at the present time as a result of the negotiations that have taken place.

Mr. Chairman, the member raised a number of questions with respect to exporting of products and allowing the export of commodities. Mr. Chairman, the member, I'm sure I believe is aware that any exports of a regulated product out of this country can be developed and they're outside the normal marketing quotas. That is in place today; it is nothing new. We have, and the member knows, exported I believe some broilers; we have exported turkeys; we are exporting of course hogs in great amounts. But in terms of the regulated product, Mr. Chairman, we better understand that we are, in fact, in competition with the U.S. market. We know what the prices have been and the difficulties that producers are facing south of the border because they have overproduced, dumped a lot of product on the market and there is no doubt - you see I have a bit of difficulty with the honourable member's analogy of what should or should not be in terms of regulated product.

There is no doubt that in difficult times when people see a group of producers in society who have gone ahead and set into motion and agreed nationally that they will have their product regulated, they will not oversupply the market, and that their market price returns their cost of production and a fair return that producers are looking and saying, hey, I'm in a commodity that is on the world market price, the market has been volatile and in these times has been down, why can't I get into that commodity at this point in time? I agree, it's a natural tendency to want to say, look, this commodity is stabilized, I could receive a

fairer return and maybe I can get in. But, Mr. Chairman, let's understand where we came from.

In our own industry, in the turkey industry, the whole industry was on the verge of collapse in this country, Mr. Chairman. Now, industry was on the verge of collapse in the late '60s. We were selling turkeys on the market in this province for 18 cents a pound. That was the market price at the packers when the cost of production was 27 cents a pound. Mr. Chairman, how long could those producers have stayed in business? We really would not have had a turkey industry in this province and in this country.

Mr. Chairman — (Interjection) — the honourable member should know, the in-fighting that was going on within that government at the time to try and prevent the establishment of a marketing board in turkeys at the time. Mr. Chairman, the Department of Industry and Commerce at the time headed by the then Minister, you know, the fellow who you fellows stabbed in terms of the leadership, Sidney Spivak, was the Minister responsible. It was his department that was fighting agriculture in terms of not wanting that board to go through to come into place, Mr. Chairman.

There were some ferocious battles going on within the government of those days, but the producers voted overwhelmingly to establish the board which didn't solve, I have to say, the problem at the time because it was only a provincial board. It was not until a national agreement was signed that a national pricing and income level was to be achieved. That's not to say, Mr. Chairman, that the boards in question should not be pushed and prodded and that our efforts in terms of international marketing should not be expanded and pushed to see whether or not we can expand the markets. There is no doubt. I have no difficulty there and I have no difficulty with the honourable member's comments in this respect that we should do all we can to try and put our products on the world market. I think we can do it within limitations.

I don't believe that we should be producing products that we, in fact, in turn just dump on the market and allow the producers to receive what price they can. I'm not sure that is good business but certainly if the producers are prepared to do that they should do it as a group and we certainly should not - I would not want to prevent that in terms of export markets, but there is a dilemma because the next question comes, Mr. Chairman, that if you can, - and you remember the hog argument, remember the debates that we had in this House about hog pricing when the Hog Marketing Board made forward contracts with Japan and they did not publish the price. They may have, Mr. Chairman, they may have had to reduce. I don't know because I don't know the prices. They may have, and let's take the worst side of the question and say, they may have had to reduce the price for their product to Japan because by taking off that 10 or 15 percent of that product off the market they were able to stabilize the price, for 85 percent of the product that they produced, and in turn provided the producers overall a better return for the product than dumping the entire product on the Manitoba market, and lowering the price of that commodity to all their producers.

So, Mr. Chairman, let the honourable member not push, or not push, he can push all he wants but say that there is just an unlimited scope, an unlimited field

there because, Mr. Chairman, dependent on one thing, cost of production and price return. I believe that if costs are able to be covered I'm sure that our producers here are as willing as any, and are as capable as any, to produce that product and they'll put it on the market, Mr. Chairman.

MR. J. DOWNEY: Mr. Chairman, the Minister talks about the export market and again I want to point out to him, what I am trying to suggest is, that whether they do it as a group, or as an individual, that they maintain a certain cost of production; they get that return through the domestic market as has been customary; that's been their target to do that. That after they accomplish that cost of production for the domestic market, and then proceed to go out and bid into the international market, whether it be Japan, or any other arena, then they should be prepared to, and should be able to, produce more product for less money.

That's been one of the problems that I can see has happened within the broiler industry particularly. That once they try and maintain that same price on the international market as we're getting in the domestic market then they can't sell any product. This is the problem that his federal counterpart is going to end up with when he develops his Canagrex Program that, in fact, he's trying to go into the international market to sell a commodity, chickens, eggs, turkeys, very few products that he's going to have to sell to start with and he's competing against a supply of commodity from countries like the United States, as the Minister has suggested. And I know, I live along the border, what it costs to buy turkeys in the States compared to what it costs to buy them in Manitoba. And let me tell you that you won't sell many turkeys outside of this country with that kind of a setup in place. It just isn't going to happen.

That's where the breakdown comes, unless you're prepared to compete in the international market, and try to accommodate that, then we aren't going to expand our industry because we aren't able to expand it very greatly within this country.

I'll yield, Mr. Chairman. Maybe the Minister has indicated he's going to get me the numbers of producers and those waiting for quota, and those that are presently producing, those that are waiting for quota or quota expansion, Mr. Chairman, in the last year. He's indicated those numbers he'd get for me tomorrow.

HON. B. URUSKI: Yes, Mr. Chairman. We will try and get all that information for the honourable member.

The honourable member should remember one thing with respect to the export market and he suggested that, in fact, producers on the domestic market received one price and for export that they may sell for a cheaper price.

Well, Mr. Chairman, I have no difficulty with that and I can understand that. But there is — (Interjection) — that's right - there is the problem of GATT, of international treaties and trade, and that we would be running afoul.

The next thing that would come about is an accusation that because a certain portion of the production is at one price, how can you put the product on the market at a lower price when, in fact, the

allegation will be that you are, in fact, subsidizing production for the export market unfairly. That is a major problem.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. C. MANNES: Thank you, Mr. Chairman. I've enjoyed the discourse up to this particular point in time.

I would like to offer some comments, or some of my feelings as to the change in the members on council. And I'd like to first of all, say to the Minister, certainly we were all political appointments in '77, and they're all political appointments now, I understand that. I guess why I feel a little badly at this time is twofold:

One, I've seen two good individuals who I worked with on a particular marketing council go under and who I had tremendous confidence in.

But that's a minor issue compared to my concern as to the total availability of NDP supporters that are available to fill these boards. And I don't want you to take that out of context. I believe that there are, particularly in agriculture, there are a great number of boards to fill as we understand. In my view, this particular council has to be one of the most important boards. And as the Minister of any government begins to fill all his positions - of course, the quality of person he has to fill in at the last certainly isn't as complete as maybe that individual that he puts into his earlier position. My concern is, as I think now this is almost one of the last boards to be filled now with the new political appointments, that indeed the individuals in question - and I'm not again casting aspersions on any one of them, but as a lot, I'm really wondering if they're prepared for the type of activity that the Minister will have named them into. Because I can tell you, Mr. Chairman, that indeed, this particular body has an awful lot of responsibility; that is, if it does its job correctly.

My first question then to the Minister is the size of council. I know council, I believe, is being increased in size and I'm wondering if he can tell me the number of people on the council now.

MR. CHAIRMAN: Mr. Minister.

HON. B. URUSKI: Six.

MR. C. MANNES: Mr. Chairman, I don't know if the Minister is intending to name additional - I think he has room to name one more, well maybe he does, maybe he doesn't. I look at the appropriation made for the whole council and I'm aware, first of all, of the appeals - I think the Minister indicated there were some 18 last year. I can't see, as I attempt to digest some of the particular happenings in all the supply managed in the regulated areas, where that number in itself will drop. I also believe that council can expect a larger number of appeals from the Real Prices Review Commission, and my reasons for that I think I made earlier on this afternoon.

I also now understand that this will be the - maybe he can help me there a little bit. Is this the appeal body for the new commission, the beef commission? It is? — (Interjection) — Well that being the case, I guess I'll ask my question this way. As I see the merging load and the load doesn't diminish there one bit, and as

you have an increasingly large board in number, then I can tell the Minister, if he's not aware, that the stack of minutes that one has to read as a board member every week is incredible, if you want to do your job as a board member and attempt to stay abreast of some of the activities within the various boards. I'm wondering if he really believes that the appropriation that he has put down is sufficient to cover the activities of that particular council.

HON. B. URUSKI: Mr. Chairman, the honourable member should be aware that in terms of backup and assistance to our boards and commissions, we have as well undertaken central analysis through our Economics Branch. If the member is talking about costs of hearings and the like, Mr. Chairman, only time will tell whether or not the funds that are available in the appropriation will be adequate. They certainly were up until now, as I understand it, and in terms of the current budgets over the last number of years. We hope that they will be as well this year.

MR. C. MANNESS: Well, Mr. Chairman, I am well aware that the Economics Department acts as a backup in doing analytical work in support of a lot of the activities of the council - I'm aware of that. But my main concern is, when I look at the other expenditures, I think most of that is directed towards per diems and travelling expenses of members, and I'm wondering if through the attempt to restrain expenditures in total, which I support, whether something isn't being compromised. I suppose I would make specific reference to attendance by provincial people at signatories meeting at the national level.

HON. B. URUSKI: Mr. Chairman, in terms of overall departmental priorities and restraint, travel is, of course, one of the areas that we have held very, very tightly. That's not to say that representation of the province and its people are not being maintained at signatory meetings, or whatever national and international meetings that we are there. But instead of possibly sending two or three people to a meeting, there maybe one person going, representing the department. For example, as well, in terms of our boards and commissions, rather than having two one-day meetings, we may have one two-day meeting in terms of costs, to have only one travelling - one cost of travelling. There may be an overnight, which would normally be covered in any event in terms of expenditures. There are ways and means of dealing with and tightening up on the costs of operation.

MR. C. MANNESS: Again, I don't want to appear to be lobbying for increased expenditures in this area but again my contention is to those of us who support supply and manage the regulated boards in principle, if we believe in their well-being, that in fact this particular mechanism is the most important body going. Of course if we believe that our broiler industry and our milk industry and all the others have done well under the systems that we brought into place, it's very important that first of all, the individuals on this council devote their attentions to their new activities, No. 1, and No. 2, that no shortage of resources are spared to make

sure that particular Act is followed. So those would be my concluding remarks specifically to that end.

I would ask the Minister, have there been any additional thoughts of late, as to incorporating a two-tier system, one where some body would work with appeals and one body would work with monitoring activities of producer boards. Has there been any new thought or any new impetus to that whole concept?

HON. B. URUSKI: Mr. Chairman, first of all, I share the honourable member's concerns with respect to make sure that the operations of the board and the backup and their functions are carried on. I have no difficulty to say that the board's activities should not be compromised in any way and their activities inhibited.

Insofar as his comments about a two-tiered system for the board to operate under, we've looked at that, Mr. Chairman. In fact at the meeting that I had with all the boards in question, we raised this matter to see how the boards - because some of the boards did feel that there should be a two-tiered system. But I wanted to get from the boards, because there had been some push made by the various boards to have this kind of a system implemented - I wanted to get from the boards their analysis of how they saw the present council operating and where they saw great problems, the problems that they perceived. Frankly, I have to admit that other than saying that we would like to see it, we think that there may be a conflict of interest where the present council is not only the regulatory agency but also the judge and jury on appeals. There was really no firm information given back to us to really substantiate that the council, in fact, could be accused of having a conflict of interest. As a result of those meetings and those discussions, I have really not pursued that matter further at this point in time.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNESS: Mr. Chairman, I would like to move onto a new area under the purview of the council and that's again dealing with some of the boards, specifically the milk industry where overproduction seemed to reign supreme. I am not close enough to the situation at this time to determine whether that's a problem in some of the other regulated areas or not. But I am wondering if the Minister can tell me - obviously, we would share the same concern over overproduction - what he will attempt to do to bring boards to their senses, so in fact that we do not have this overproduction problem which will again potentially weaken the whole system.

HON. B. URUSKI: Mr. Chairman, as I understand it now, under milk, the Milk Marketing Board has instituted some pretty severe penalties for overproduction or milk production over a quota. That area of penalties is quite severe. There are discussions, I think, going on as to see whether there are alternative ways to bring about more balance to the quota versus the amount produced, but the board itself has instituted some fairly severe penalties at the present time for overproduction.

MR. C. MANNESS: I'll accept that. The Minister made no reference to any of the other commodities. I take it then that either he doesn't know; or two, there isn't the problem there.

I would like to ask a question associated with the national agreements. I know there was some over base quota that was to be divvied up some years ago. At that time, much to their credit, the Minister of Agriculture of the day took a strong bargaining position on comparative advantages being one of the major criteria for bringing forward our share. I'm wondering if the Minister can tell me where some of this over base quota discussion is at the present time. Have the agreements been signed? If they haven't, is this particular Minister still advocating comparative advantages as the major criteria? I guess specifically, where are they, particularly in eggs? I know that was a major one, broilers, too, I believe.

HON. B. URUSKI: Mr. Chairman, I have to tell the honourable member that issue is still on the table and is being hotly debated. In fact, at the present time, dealing with eggs, I believe the negotiations are presently being undertaken in the egg industry. Our position, in fact if anything, is trying to have the consistent approach between all the boards, we have taken a very consistent position in terms of having comparative advantages being the criteria for any changes in quotas.

I have to say that I am not sure as to how far we will be able to withstand some of the pressures that are there. I have to readily admit that because it may come to the point that we may have to make a decision as to whether or not we pull out. It may ultimately come to that point if there are some very difficult discussions and bargaining going on and unfair in terms of our position from other provinces.

I mean, we have a situation, for example, in the broiler industry now. We have had a number of loads of chicken, of unregulated product, coming in I believe primarily from Ontario but I believe also from Quebec, being dumped into the western markets and in fact depressing the price for local producers, all because those provinces were not able to or not prepared to get their industry into line.

We have part of that difficulty here as well in the province with respect to the limits on the number of birds. I believe that there is presently an unregulated maximum of 1,000 birds that can be produced for broilers in the broiler industry and, I'll tell you, there has been a very major upsurge in the production of broilers by small producers in the province. I think there is an overproduction in that area which has had to be reduced from producers who are within the agreement, I think of approximately .5 million pounds or maybe slightly less, but there are over 100 producers that have come into play. So in that industry there are some major problems the boards are looking at, whether or not there should be in fact production quotas, or that the amount of product should be reduced below the 1,000 to somewhere in the neighbourhood of what we have for eggs of a 500-hen limit. Those are the kinds of discussions and there is concern in that industry. There is a lot of concern as to what the answers are to be able to get some of those problems in check.

MR. C. MANNES: Mr. Chairman, the Minister must be looking at my checklist of questions here because he certainly came onto the next one, that being the

problem, as considered by some, within the broiler industry regarding the minimum of 1,000. He obviously has had representation, and if he hasn't he will have, I'm sure, by the board wanting to reduce the minimum below 1,000. Obviously, it says two things, or it says one thing for sure, when a number of smaller producers want to work below that minimum that, one, those that have quota are doing quite well, thank you. So I guess my question then is to the Minister, has he developed a position yet or a policy regarding this? Is he going to drop this particular number at 1,000?

HON. B. URUSKI: Mr. Chairman, that matter is presently under review as I had mentioned to the honourable member. Whether we regulate the product on the farm, whether we regulate the product in terms of the hatcheries, placements, those are the areas that we are looking at as to whether or not there may be some change in terms of the numbers, but I would hope that within the next several months that question will have to be dealt with one way or the other.

MR. C. MANNES: Well, Mr. Chairman, I certainly don't mind going on the record as to how I stand on that particular issue and I can say whatever the rationale was, with the development of the plan some years ago, to my view that rationale has to be just as sound today to allow those that so wish to produce under that limit and being unlicensed, they should be allowed to do so. So, I forewarn the Minister we may disagree on that particular area. — (Interjection) — That's a question that he may want to ask me sometime when I have the opportunity to answer questions.

Mr. Chairman, I'd like to move into my second last area. That is in the area of hogs. I'm wondering if the Minister is at all concerned about the major building of facilities within the hog industry, and I'd rather not hear a major discourse on the new hog program that's into place, but I'm wondering if part of the reason of that is the belief by major sections within the hog industry that they believe supply management will ultimately come into that industry some day and where he stands basically on this significant increase in the capability of Manitoba to produce hogs in the sense that we see an awful lot of building going on in that industry?

HON. B. URUSKI: Mr. Chairman, as the honourable member knows, Manitoba in this last year was, I believe, the only province in this country to have an increase in hog marketings. We had a slight increase, not very large, I think about 2 percent increase of — (Interjection) — Mr. Chairman, as the honourable member knows, hog prices in Manitoba averaged over \$80.00 per hundred weight and this was an all-time high and, of course, the Hog Board does anticipate a small increase in marketings for 1983, for this year. Where we stand on this issue, Mr. Chairman, at this point in time, our position on marketings of hogs and beef in terms of national stabilization plan, we have taken the position that supply management should not be a feature of the plan. We have, as one aspect of it, in terms of following the advice of producers - but, Mr. Chairman, let the record be clear, I venture to say, if we go into a major depression in commodity prices — (Interjection)

— well, Mr. Chairman, in terms of the hog industry we've probably never seen, we're at an all-time high in terms of returns to hog producers at the present time. I venture to say that there may be a clamor for some production restrictions because no matter when you go and you begin putting into place an orderly market system, you are ultimately moving into controlling the supply of the product.

No matter how you like it, you may not say that every producer, that there may be on-farm number controls, but in aggregate, ultimately, you are moving that way in terms of trying to advise producers, by the board itself trying to advise producers as to how many and how many marketings there should be of that product, not on an individual basis, but you are moving that way to try and meet the market and trying to match the two as best as you can.

Mr. Chairman, I believe that you will see - I may be wrong in the not-too-distant future, but you never know, I can be, I guess, as wrong as any - should there be a collapse of the North American market in terms of red meats and hogs, in particular, you will see. I venture to say that Provincial Treasuries will not be able to sustain the Income Assurance Plans on a long-term basis. You will see the scrambling going on between provincial and national governments to try and put some order and put some measures into place. I venture to say, I hope I don't see it, Mr. Chairman, but I say that what is the next step, I mean, what is the worst side of the question? And I'm putting the worst side of the question so that there'd be no mistake, but all I am doing is putting a hypothesis out there and looking at the worst side of the question of what might happen.

MR. C. MANNES: Mr. Chairman, if I can sum up the words of the Minister, he seems to be saying that obviously there will be a major drop in hog values some day in the future and that the producers of the day will be scurrying for the support of a more regulated marketing type of system and under that system, of course, your base at the time is always determined by what you have as a production base. So, he would seem to be advocating building as quickly as he can so Manitoba's share of the new national base could be increased. He may want to correct that impression.

My final area of questioning though, falls into the area of quota values and I'm wondering if he can tell me, first of all in his view as Minister and of course as the chief guardian of the Act which says that quota values should not exist, whether in fact over the past year he's been satisfied that in fact quota values have not increased as a major problem or indeed they may have even decreased, I have really no way of knowing, and if they haven't, I'm wondering if he can tell me specifically what type of warfare he has developed to continue to fight them as indeed he must through his various agencies?

HON. B. URUSKI: Mr. Chairman, I should point out to the honourable member that the advice being given to producers now is not to increase herd size in the hog industry this year. Building that is going on, we hope, is of not new capacity but upgrading and replacement. There may be some new, I, particularly am not aware, but there may be some new building under way.

I should mention to the honourable member that I believe Manitoba is probably the envy of the rest of this country insofar as quota values are concerned. We are very persistent in terms of using the appraisal method to prevent quota from being valued. It's not a perfect system, but it's probably as close to being perfect as one can get. There always will be some value attributed but, in terms of the system that we use in the province, it's probably as good if not the best anywhere in this country.

There is no doubt that, as I mentioned earlier, part of my meetings with the boards last fall was to seek some common ground in terms of having a consistent approach to this matter of establishing, of transferring quotas and quota values as ownership of operations change hands. Those matters are being discussed and worked upon between the council and the various boards and our staff to assist council.

MR. CHAIRMAN: The Member for Niakwa.

MR. A. KOVNATS: Thank you, Mr. Chairman. Just a couple of minutes from me, Mr. Minister, and I'll be finished and I'll turn it back over to the Honourable Member for Arthur.

I think, just about a year ago, when we were discussing the appointments to boards and councils, we got into a pretty heavy discussion and I wasn't critical of the type of people that were being appointed. We agreed that the type of people that were being appointed were competent people and I'm not . . .

HON. B. URUSKI: Ah, that's not what you said. You remember who you're talking about now.

MR. A. KOVNATS: Let's go back to a year ago where I did make one remark where I felt very badly that there had been a change of one person for another. It was one person. We are not talking about the overall picture. I am talking about one change because there was, in my opinion, an error made. The person was qualified but not as qualified as the one that was replaced and that's what I said. — (Interjection) — Now, it is a matter of opinion, that's right. But the honourable members from the New Democratic Party have less people from the agricultural community to choose from as supporters than the Conservatives do from the agricultural community. There is no doubt in my mind and I guess it gets right down to a matter of opinion.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. CHAIRMAN: Order please.

MR. A. KOVNATS: The Honourable Minister did state at that time that, sure we appointed what we believe - and I believe the honourable Minister to have appointed people that he thought were the best for the job. I honestly believe the Honourable Minister believed that.

The only thing is that, as the Honourable Minister - is the Honourable Minister ready for the question? — (Interjection) — That's fair enough. Is the Honourable Minister prepared or has the Honourable Minister told the people that he has had anything to do with regarding

appointments for councils and boards that, in a matter of two years or two-and-a-half years when there might be a change of government, that the same thing might happen where there will be changes in the people appointed to those boards, the same as what has happened when the New Democratic Party has taken over? Is it an ongoing process? All I want the Honourable Minister is to agree to it so that there will be no great throwing the arms up in the air later and saying, all right, that's the rules of the game, but that is the rules of the game. Has the Honourable Minister advised these appointments that they could be and will be gone after the next election?

MR. CHAIRMAN: Mr. Minister.

HON. B. URUSKI: Mr. Chairman, I really appreciate the comments of the Honourable Member for Niakwa. I want to tell him, I can assure him and I want to explicitly tell him that the appointments that we are making now and I think the wording that is on the Order-in-Council - "or at the pleasure of the Lieutenant-Governor-in-Council." So I would expect that, at the time that we lose the election, when a new administration comes in and in their wisdom - at a time, eight years, 12 years from now, who knows? At their wisdom, at the time they feel that changes should be made, I have never

argued. It is their prerogative. Ultimately, it is their prerogative and I have no argument.

The nonsense that has come about and the imputation that these people were somehow fired, as if they were staff people, is what really I deplore, Mr. Chairman. That's what I deplore. The ability of a new administration to make their appointments as they see fit is certainly their mandate and I certainly subscribe to that policy wholeheartedly, Mr. Chairman.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I have a few more questions in this area, but one specifically dealing with the Council. I think the Minister said that there was one new staff man year in that particular - — (Interjection) — there wasn't. I see, so I misunderstood him, Mr. Chairman.

Because of the other area of questioning, Mr. Chairman, I don't think we could proceed any further tonight. Maybe we could have committee rise, Mr. Chairman. I have a few more questions in marketing to deal with on the Natural Products Marketing Council. Committee rise.

MR. CHAIRMAN: Committee rise.