

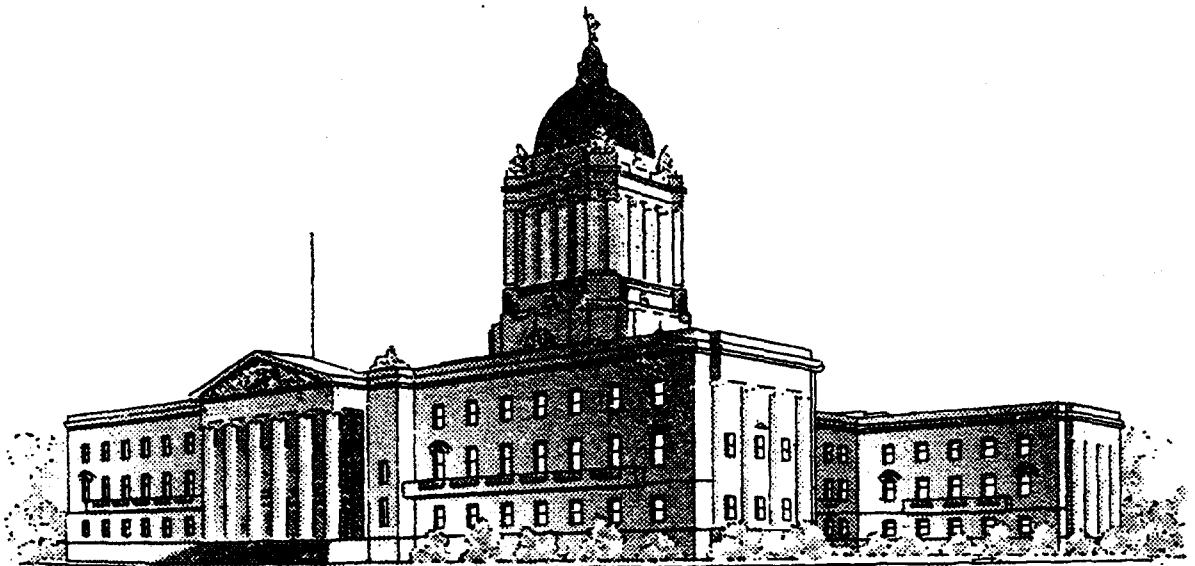


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Sixth Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**Standing Committee
on
Agriculture**

*Chairperson
Mr. Jack Penner
Constituency of Emerson*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

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**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON AGRICULTURE**

Thursday, October 26, 1995

TIME – 8 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Jack Penner (Emerson)

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Cummings, Enns

Messrs. Dyck, Helwer, Martindale, Penner, Pitura,
Radcliffe, Santos, Struthers, Ms. Wowchuk

APPEARING:

Mr. Marcel Laurendeau, MLA for St. Norbert

WITNESSES:

Bill 27–The Cattle Producers Association
Amendment Act

Mr. James Bezan, Manitoba Cattle Producers
Association

Mr. Dale Smith, President, Manitoba Cattle
Producers Association

Mr. Tony Riley, Private Citizen

Mr. Keith Proven, Private Citizen

Mr. Terry Drul, Manitoba Independent
Agricultural Producers

Mr. Fred Tait, Regional Co-ordinator, National
Farmers Union

Bill 15– The Agricultural Producers' Organization
Funding Amendment Act

Mr. Leslie Jacobson, President, Keystone
Agricultural Producers

Mr. Mac McCorquodale, Administrative
Secretary, Keystone Agricultural Producers

Mr. Bruce Dalgarno, President, Manitoba
Canola Growers Association

Mr. Max Polon, Vice-President, Manitoba
Canola Growers Association

Mr. Doug Jones, Manitoba Pulse Growers
Association

Mr. Clayton Robins, President, Manitoba Sheep
Association

Mr. Ed Guest, Western Grain Elevator
Association

Mr. Andrew Paterson, Western Grain Elevator
Association

Mr. Keith Proven, Private Citizen

Terry Drul, Manitoba Independent Agricultural
Producers

Fred Tait, Regional Co-ordinator, National
Farmers Union

WRITTEN SUBMISSIONS:

Bill 15–The Agricultural Producers' Organization
Funding Amendment Act

George Penner, Private Citizen

Chris Todosichuk, Private Citizen

MATTERS UNDER DISCUSSION:

Bill 15–The Agricultural Producers' Organization
Funding Amendment Act

Bill 27–The Cattle Producers Association
Amendment Act

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Madam Clerk Assistant (Judy White): Good evening. Will the Standing Committee on Agriculture please come to order.

The first order of business for the committee tonight is to elect a Chairperson.

Mr. Edward Helwer (Gimli): I would like to nominate the member for Emerson, Jack Penner.

Madam Clerk Assistant: Mr. Penner has been nominated for Chairperson. Are there any other nominations? Seeing none, Mr. Penner, would you please take the Chair?

Mr. Chairperson: Thank you very much, committee members, for the honour. The next order of business is the nomination of a Vice-Chairperson.

Mr. Frank Pitura (Morris): I would like to nominate the member for Pembina, Mr. Dyck.

Mr. Chairperson: The member for Pembina has been nominated. Any other nominations? Agreed? Seeing no others, the honourable member for Pembina (Mr. Dyck) has been elected as Vice-Chairperson.

We have before us tonight two bills that we will consider: Bill 15, The Agricultural Producers' Organization Funding Amendment Act; and Bill 27, The Cattle Producers Association Amendment Act.

If any members do not have copies of their bills, there are extra bills, copies of the bills available behind me on the table here. Before we continue on with the business before the committee, there are a few matters to clarify at this point.

First, the committee has received a written submission to Bill 15 from Mr. George Penner, who was unable to make the committee tonight. Is it the will of the committee to accept this brief as a written submission and to have it printed in the Hansard transcript of this meeting? [agreed] The submission shall be distributed.

It is our custom to hear presentations from the public before the detailed consideration of bills. At this point, we have 16 people registered to speak on Bills 15 and 27. Is it the will of the committee to hear these presentations? [agreed]

At this point, I will read out the list of the names for both bills so that persons who have registered to speak to the bills can be assured that their name is on the list.

The presenters are: Leslie Jacobson, President, Keystone Agricultural Producers Inc.; Bruce Dalgarno, Manitoba Canola Growers Association; Doug Jones or Don Kuhl, Manitoba Pulse Growers Association—which one is here? I see Don Kuhl there—Clayton Robins, President, Manitoba Sheep Association; Ed Guest and Andrew Paterson of the Western Grain

Elevator Association; Tony Riley, Private Citizen; Doug Gamey, Private Citizen; Keith Proven, Private Citizen; Terry Drul, Manitoba Independent Agricultural Producers; Fred Tait, Regional co-ordinator, National Farmers Union.

Those were the presenters for Bill 15.

For Bill 27, The Cattle Producers Association Amendment Act, the presenters will be James Bezan, Manitoba Cattle Producers Association; Tony Riley, Private Citizen; Doug Gamey, Private Citizen; Keith Proven, Private Citizen; Terry Drul, Manitoba Independent Agricultural Producers; Fred Tait, Regional Co-ordinator, National Farmers Union.

What is the wish of the committee? Which bill would you want to consider first?

Mr. Helwer: Mr. Chairman, I think we could deal with all presenters on both bills prior to clause by clause of both bills. I think we could deal with all of them together.

Mr. Chairperson: Is that the will of the committee? Which presenters do you want to hear first, Bill 15 presenters or Bill 27 presenters?

Hon. Harry Enns (Minister of Agriculture): Mr. Chairman, just on that matter, inasmuch as that the principle contained in both bills is similar, I think it would be appropriate that we can hear the presentations on both bills before the committee deals with the bills clause by clause. I would bow to the Clerk's Office, perhaps, to see which list we call first. Was there any way that they came up—or the will of the committee.

Mr. Chairperson: If it is the wish of the committee, I would suggest that we deal with presenters on Bill 27 first and presenters with Bill 15 second. Most of them are the same presenters, but we will deal with it in that manner. Is that agreed to? [agreed]

Okay, thank you. I will then ask, are there any members here or people here that wish to be presenters whose names have not appeared on the list that I mentioned? Seeing none, we will proceed then, and I will call James Bezan, Manitoba Cattle Producers Association.

Mr. Helwer: Before we proceed, perhaps—we normally deal with some of the out-of-town presenters first that would like to leave early or something of that nature. Is it—

Mr. Chairperson: That is the normal procedure. I looked at the list, and I know virtually all the people on the list. There are two people in town; the rest are all from out of town. So I took the prerogative to deal with the list as presented.

Ms. Rosann Wowchuk (Swan River): Mr. Chairman, I have no objection to the bills being heard in either or—either 15 or 27, first, but I do have a concern that these bills are relating to issues that deal with people in rural Manitoba, and there are many people who would like to make presentations on this bill but are not able to do it. I think that it is very important that these people have the opportunity.

So, I move that this committee recommend that hearings on Bills 15 and 27 be held in rural Manitoba as well as the committee and that those hearings be held in Neepawa this weekend.

Mr. Chairperson: It has been moved by the honourable member for Swan River that this committee hold hearings outside of the committee.

What is the will of the committee?

Mr. Enns: Mr. Chairman and colleagues on the committee, it is known to certainly all of the members on this committee and all members of the Legislature, and, I would suggest, to a good portion of the farm community that it has been the intention of this government to pass these two particular bills. As a matter of fact, they were both introduced to the Legislature prior to the adjournment for the April election. I would like to think that there perhaps is no better time for farm interest to be expressed than at a time of a general election when in fact we are all in their communities throughout the province of Manitoba.

So these two particular bills come as no surprise to the farm community, and they have had an ample opportunity to voice their concerns about them.

So, Mr. Chairman, I respectfully suggest that the motion by the member for Swan River (Ms. Wowchuk) is not one that the committee should adopt.

* (2010)

Ms. Wowchuk: I respect the minister for his views, but I do not believe that he—she says that rural Manitobans and producers across the province are well aware of this legislation. That, in fact, is not an accurate statement.

These two bills were not part of the election platform. We did not hear very much about it. I think it would show great respect for the people of rural Manitoba if the minister would support this motion that would see the committee hold hearings in Neepawa, which is a very central part of the province, and give more people the opportunity to participate and put their comments on the record on this bill.

Mr. Mike Radcliffe (River Heights): I call for the question, Mr. Chairman.

Mr. Chairperson: The question has been called for. What is the will of the committee?

All those in favour of taking the committee to locations in rural Manitoba for hearings, would you say yea.

Some Honourable Members: Yea.

Mr. Chairperson: Those opposed, would you say nay.

Some Honourable Members: Nay.

Mr. Chairperson: I suggest to you that the Nays have it.

We shall then proceed with the next—before we proceed, should we establish a time limit for the presenters? What is the will of the committee, a 20-minute time limit? Is that agreed to? [agreed]

So we will ask presenters then to limit their presentations to 20 minutes if that is at all possible.

I call then once again the name of Mr. James Bezan, Manitoba Cattle Producers. Mr. Bezan, would you come forward, please.

**Bill 27—The Cattle Producers Association
Amendment Act**

Mr. James Bezan (Manitoba Cattle Producers Association): It is with great pleasure that we are here to address you today, Mr. Chairman and honourable committee members, ladies and gentlemen.

Mr. Chairperson: Excuse me, Mr. Bezan, have you a written—

Mr. Bezan: Yes, right here.

Mr. Chairperson: We will distribute them to the members of the committee. Mr. Bezan, you may proceed.

Mr. Bezan: I would like to introduce representatives of the Manitoba Cattle Producers Association who are accompanying me here today. Our president, Dale Smith, from Snowflake. Our vice-president, Marlin Beaver, from Rivers and our past president, Sid Wilkinson from Ridgeville. I am a staffer for the Manitoba Cattle Producers Association and also a farmer in the Inglis area.

The document I presented to you is—I am not going to go through the entire document. A lot of it is there for information. Behind the brief is a letter from the Manitoba Livestock Dealers Association with their comments on Bill 27. Our annual report follows that, a statistical beef handbook, which we thought would be of interest to the members of the committee, and also our magazine, Manitoba Beef.

It has been over 40 years since the first group of cattle producers got together to establish the Manitoba Stock Growers Association. On that important day, in December 1955, ranchers, seedstock producers and cattle feeders agreed that the provincial cattle industry needed a proactive voice that could explain the needs and desires of its industry to the Manitoba public. The need for a cattle organization in Manitoba is still necessary and ever gaining in its importance.

It is with great pleasure that we have the opportunity to address you today and discuss what is happening in the cattle industry, what efforts MCPA has undertaken and what the future holds for cattle producers in Manitoba. Over 12,000 producers are members of MCPA. This represents over 82 percent of all producers in Manitoba. Today these producers enjoy benefits of over \$50 per calf marketed because of our activities. It is a firm belief of the members of the MCPA that having a strong association will assist producers in navigating the difficult waters that our industry encounters and will better enable producers to help themselves.

Manitoba's cattle herd on July 1 was estimated by StatsCan to be 1.42 million head. These cows were up 3 percent over 1994 at 525,000 mother cows. This is the largest cow herd on record. Heifers held back for replacement were 110,000 females, up 10 percent from last year. This brings the total breeding herd to a record 635,000 head. Steers and heifers on feed increased by 31.5 percent, with over 57,000 heifers on feed for slaughter and 110,000 steers being fed in Manitoba lots. The number of steers on feed is up a whopping 37.5 percent from 1994. In 1994 over 154,000 slaughter cattle were exported to the U.S. and a further 22,000 head of slaughter cattle were shipped to other provinces, mainly Ontario. A total of 37,000 cattle were processed in Manitoba facilities. This brings the total number of slaughter cattle for Manitoba, including cows and bulls, to over 210,700 head.

The value of cattle produced, including an increase in inventory in 1994, was \$390 million, 13.7 percent of the total value of agricultural production in the province. The production of cattle and calves in Manitoba is the second largest commodity in Manitoba with only wheat generating more value in this province. Although total value of cattle production was up 1 percent, farm cash receipts for cattle declined 19 percent to \$296.7 million. The decline of farm cash receipts can be attributed to the major expansion of the female base and the retention of calves on farm for further feeding in 1994.

A total of 14,000 producers generated their livelihoods from Manitoba ranches, feedlots and farms.

There was also another 3,000 part-time and full-time hard labour involved directly on these farms. These 14,000 operations had annual capital and operating expenditures in excess of \$200 million and an annual feed requirement valued at \$120 million. Of the 19.1 million acres of total agricultural land in Manitoba, over 26.7 percent of it is dedicated to raising cattle, 4.3 million acres are unimproved lands for pasture and hay, with another 800,000 acres of cultivated land and improved pasture and forages.

Through the study that we recently had commissioned by the Manitoba Red Meats Forum through the University of Manitoba, with the change in the Crow benefit it is estimated that 25 percent of all the remaining cultivated land in the province will be taken out of the grain monoculture. It is suggested that the majority of this will go into a forage-based industry that will primarily support the cattle industry.

The activities of our association over the past number of years has been mainly done through the different committees that we have, and I would like to review the activities of the committees on a one-by-one basis and quickly review what they have been able to accomplish over the past few years.

The All Breeds Committee, which has representation of 11 different breeds along with the elected directors of the MCPA board, have been very busy in market development for the seed stock industry. They have established a beef breeds display herd at the Gunton Bull Test Station, and we have really felt that this has been a very successful way to get our message out to incoming missions that we have excellent quality right here at home. We have also been involved most recently in a market development mission to Mexico and that has also reciprocated sales to that area and a group of cattle are being moved down on Monday to the state of Nayarit.

We are going to be more proactive at the Western Canadian Agribition and hopefully attract more people from that major agriculture show in Canada back to our province.

The Cow-Calf Committee has been very involved over the last number of years in Crown land issues.

They have also been co-operating with Manitoba Wildlife Federation and the Crown Lands branch on the Operation Respect signage program which has gone over tremendously. Recently the Cow-Calf Committee has been working on developing extension courses with Manitoba Agriculture and the Assiniboine Community College which will help producer make the transition from grain-based industries into the cow-calf business or advance the skills that they currently have.

We are also working with the Manitoba Livestock Dealers Association and putting together a feeder cattle promotion. With rising cattle inventories across North America we want to make sure that feed lots that are purchasing their replacement feeder cattle do not forget about the high quality cattle that we have here at home.

We have also gotten more active in the Crown Lands Rangeland Management program that is funded through the Canada-Manitoba Agreement on Agricultural Sustainability and this is a joint project that we do with the Crown Lands branch of Manitoba Agriculture.

We have also been sitting on the Manitoba Crop Insurance Corporation Forage Insurance Review Committee. The Feedlot Committee is currently monitoring the fallout that is occurring from the WGTA Act changes and any trade actions, or the potential, that we might face from other countries that we deal with concerning our safety net position.

Manitoba Guaranteed Feeder Association Loans Program is a program that we strongly believe in, that we helped develop and is one that we feel has been extremely successful in helping to expand the cattle feeding industry that we have here at home.

We have also been working on risk management initiatives with feedlot operators and one of the main initiatives that we have undertaken is the Cattle Options Pilot Program which has been held through seminars across this country, and we have been sponsoring those meetings here in Manitoba. We have also been working through this committee on developing distance education short courses with Manitoba Agriculture and Assiniboine Community College, and they are currently putting in place a promotion of Manitoba's

custom feedlots since we now have some major cost benefits that we enjoy over other areas of Canada and the United States.

* (2020)

The Producer Liaison Committee is a new committee that we have just recently established, and this committee is responsible for dealing with animal health issues, producer communications and hosting meetings and conventions. The Manitoba Beef magazine which we have enclosed for you is a magazine that for the last three years has been very effective in getting out technical information and policy issues that producers should be more aware of. We have also been involved in research initiatives at the U of M and at the Brandon Research Station. Summer tours and field days are being hosted by this committee across Manitoba and have been very well attended.

It was through the leadership of this committee that we decided that our annual meetings should no longer be held in the larger urban centres of Manitoba, and we have been concentrating at holding these meetings and conventions in rural areas. This year our annual meeting is in McCreary, and we invite all of you to be there.

Animal health issues such as tuberculosis and trichomoniasis are issues that this committee continues to monitor and provide advice to producers on how to deal with these problems. Animal welfare issues are also a major concern, and this committee has been empowered with the distribution of the code of practice for beef cattle production to Manitoba producers.

The Public Relations Committee continues to work with the Beef Information Centre at a national level. We have also been working in the Partners in Food Production group which is trying to increase urban awareness of Manitoba's agricultural and food industry in the urban centres of Manitoba. This committee was also involved in the development of the environmental guidelines for beef cattle producers, and right now they are also getting very involved in the provincial promotion of beef here in Manitoba and are really getting some great feedback from the Great Tastes of Manitoba that Manitoba Agriculture has been so kind to participate in that program with us and other commodity groups.

We have recently initiated a new award called The Environmental Stewardship Award which will help promote Manitoba producers to the public and show that ranchers, cattle feeders and seedstock growers are excellent stewards of the land and resources that we currently have. We are also conducting Stand Up! Speak Out! training seminars for our producers so they can better explain the benefits of our industry to the public and media.

Early in 1995 the federal government pulled out of the record of performance programs. Nationally this system has been privatized and has led to the establishment of Canadian Beef Improvement. In Manitoba we have taken over these services from the Manitoba Livestock Performance Testing Board. The Manitoba Swine Breeders Association has contracted our office to administrate the swine ROP program.

MCPA belongs to other organizations which have similar causes. We have been a long-time member of the Canadian Cattlemen's Association. Their key priorities of access to markets and addressing government policy which enhances the competitive position of the Canadian cattle industry are reasons that we remain strong supporters of CCA. Their dealing on animal health issues, non-NAFTA beef imports and addressing the important role for government in the area of research and development will translate into stronger and improved federal services for Manitoba producers.

We are a financial contributor to the Beef Information Centre which is mandated to improve beef's image and its demand to domestic consumers. A study done by the University of Guelph proved that beef advertising has increased the price of cattle at the farm gate by 7 percent. Their concentration on developing quick and easy beef products and addressing the dietary concern about fat will continue to position beef as a meat of choice. A yearly tracking study conducted by BIC has confirmed that 95 percent of the Canadian population still eats beef.

On the international market development approach, we have been strong advocates of the Canada Beef Export Federation. The Canada Beef Export Federation is working to export the highest per kilo

value beef in the world, concentrating on adding value in Canada. Increasing exports on all beef products increases demand for cattle, directly improving the bottom line for cattle producers in Manitoba and across Canada.

Canada has experienced great sales successes in Asia during 1994. Total Canadian beef and veal product shipments to Japan reached 8,400 tonnes, worth over \$36 million, which is up 43 percent by volume and 39 percent by value since 1993. Total exports of Canadian beef and veal to Asia outside Japan increased 3,100 tonnes, worth over \$12 million in 1994, 121 percent gain over '93. This demonstrates concretely that Asia markets outside Japan are now and will continue to be major sources of new growth for our industry. Total exports to Asia and Mexico reached 13,000 tonnes, worth over \$51 million of beef in 1994, and this is equivalent of more than 78,000 fed cattle.

Sales statistics indicate that 1995 exports are once again increasing dramatically, up 69 percent by value during the first six months of this year. Since CBEF's establishment in October '89, annual sales of high-quality Canadian beef products to Asia have more than doubled on a volume basis and more than quadrupled on a value basis. The federation's goal is to export 115,000 tonnes, worth over \$650 million of—

An Honourable Member: Time is up.

Mr. Bezan: Is it?

Mr. Chairperson: Carry on.

Mr. Bezan: Okay—beef and veal to Asia and Mexico by the year 2000. This is the equivalent of 690,000 fed cattle which would be purchased by Canadian packers to serve these growing markets.

We have been a driving force behind the establishment of the Manitoba Farm Animal Council. The goals of MFAC are to voluntarily implement changes to our management systems where needed, bringing the public onside by supporting farming in rural communities, recognize agriculture's invaluable economic contributions and maintain well-developed standards of management and animal care.

Most industry experts agree that the upcoming years for Manitoba cattle producers are going to be challenging but yet interesting and rewarding. The market outlook remains uncertain due to high levels of production, low feed grain supplies and an unstable Canadian dollar. Producers will increase their need for more information on market trends and production cycles so they can make better informed decisions that will affect their bottom and production line. Changing grain transportation policy will also create more questions for producers on how they can best utilize their land base. They still need access to data which will direct them down the best path for their farm operation.

A decline in federal and provincial treasuries will result in decreasing expenditures to the agriculture sector. Eroding political influence of the agriculture community, because of a decreasing number of people directly involved in agriculture production, will also require an increased role for farm organizations to promote themselves and their concerns to the media, governments and the public at large. Animal welfare and environmental concerns will continue to focus on how livestock producers are addressing these situations.

Over 82 percent of cattle producers in Manitoba are actively funding MCPA. When MCPA was originally granted a checkoff in 1979, the refundability of the checkoff proved to be popular with the majority of producers and was easily administered by livestock dealers.

Since 1989, when the opt-out was instituted, our membership has been putting forward resolutions to return to a refundable checkoff. This was reaffirmed at our annual meeting in 1994 in Melita. The vast majority of cattle producers in Manitoba support funding MCPA by paying their dues through a checkoff. Many producers opted out not knowing what they had done and now want to become members again.

Over 82 percent of cattle feeders and stock growers in Manitoba already belong to MCPA. This concretely documents our support base and negates the need for a plebiscite. Although the majority of producers are

staunch MCPA supports, we still plan on working with the minority. MCPA needs to understand their problems and concerns so we can continue to grow as an organization and tackle the issues which are affecting our entire industry.

Since the inception of the opt-out checkoff, our 12,000 members have expressed their concern that producers who opt out of the organization never have to reconsider that decision. We have also realized that the collection of the checkoff for livestock dealers is administratively burdensome. This has resulted in the active solicitation by some livestock dealers to have producers opt out of the organization so they could reduce their paperwork responsibility. Luckily, this has only happened on a few occasions.

The current situation often forces the auction yard or dealer into providing the explanation of what MCPA does for cattle producers. This is especially an onerous task when producers are delivering cattle at a busy livestock yard and they are asking employees who are accepting cattle at the back gate what the MCPA checkoff is about. It has been agreed between MCPA and the Manitoba Livestock Marketing Association that the promotion and sales job of MCPA membership should be the responsibility of us, of MCPA. By implementing a refundable checkoff, producers will have to contact MCPA to get their money back which will provide us with the opportunity to answer any of their questions and promote the activities of our organization.

The information collection regulation will also be amended so that it would only require the submission of names of producers who have sold cattle to livestock dealers to be submitted on an annual basis. It is our suggestion that this information would be forwarded to MCPA during the summer months which is a slower season for livestock dealers and is a time in our office where we could easily administrate the updating of our membership list.

Over the past 12 years payment defaults to livestock producers on the sale of their cattle have averaged in excess of \$85,900 per year. The recent foreclosure of East-West Packers and Western Beef in Beausejour are recent examples of the extent of the problems that can

be encountered and the requirement for the vendor security program. MCPA has been a long-time advocate of a vendor security plan and would have a great deal of effort and time into developing it over the past five years. Similar programs have been in existence in Ontario and Alberta and have proved to be highly successful and useful in covering the shortfall created by nonpayment from livestock dealers.

This would be a voluntary program for producers. Questions have arisen on whether or not this approach is the best and fairest way of addressing the vendor security problem. The only other way to better institute vendor security would be to increase dealer bonding. However, this comes with substantial difficulties. First of all, many dealers would not be able to afford the larger bonds. Secondly, producers already pay for costs of bonding livestock dealers through commissions. If the cost of bonding was to rise due to increased bond levels, producers will pay for it, and it will probably be more expensive than the proposed vendor security plan. Finally, bonding is based on the previous year and does not reflect the financial stability or livestock volumes of dealers in a current year.

* (2030)

Producers in Manitoba have repeatedly expressed their support for the MCPA and the excellent job and services that we provide on their behalf. Bill 27, which amends The Cattle Producers Association Act, enhances the ability of MCPA to address the needs and issues of our industry. The administration of MCPA has easily dealt with issues in the past and hopefully it will be able to deal with the concerns of the future. Any increased revenues that may be derived in changing our checkoff will be largely earmarked towards promotion, research, and market development efforts.

MCPA checkoff dollars have been well spent in the past. We do not believe there has been ever a larger return for your dollar attributed to membership in any organization as that found through the efforts that have been undertaken by MCPA. Through our promotion efforts and collaboration with BIC, retail prices of beef have increased 6 percent and farm cash receipts for cows and calves have increased 7 percent. The efforts

of the CCA on controlling imports of non-NAFTA beef imports has contributed significantly to cattle prices. The effect of the European beef countervail has increased prices .59 percent or \$2.95 on every \$500 calf. The tariff rate quota system was established in 1994, creating a benefit of over 70 cents per hundredweight or \$3.50 per calf. Our support of NAFTA has paid off by dropping tariffs and has increased revenues by \$12 U.S. per head.

Efforts to increase our exportation of Canadian beef to Asia and Mexican markets have generated significant benefits to Manitoba producers. The ever-increasing beef production of this current cow cycle needs to have a home. Currently, Canada exports 42 percent of our beef production. With increasing import pressure and an expanding cattle herd, the need to find offshore homes for our production has never been more important.

The MCPA remains committed to enhance the profitability of Manitoba cattle producers and improve their profile in the public's eye. This is easily documented by the combined benefit of over \$53 per head. A \$1 per head membership fee definitely has its advantages. The MCPA has been, and will continue to be, the voice of the cattle industry in Manitoba.

If there are any questions, our president, vice-president and past-president will handle them.

Mr. Chairperson: Thank you very much, Mr. Bezan. I should inform you that you had about 20 seconds left. Well done. You certainly sped that up.

Let me just make one brief comment to the committee. I am going to open the floor to questions to the presenters, to Mr. Bezan, and if you have any questions, you can certainly put them. Let me remind you though very briefly and very delicately that this is not a time for debate. This is a time for getting more information from the organizations. So, if there are any questions—

Ms. Wowchuk: Mr. Bezan, you said that there are 12,000 producers that are members now, that you are representing 82 percent of the producers. Can you indicate then the balance, the 18 percent who are not

members? Are those producers who chose to opt out? And if you are indicating that those are producers that have chosen to opt out, what do you anticipate that this legislation will do to your membership? Do you believe that your membership will increase or do you believe that you will still have an approximate 18 percent who will choose to drop out?

Mr. Bezan: Dale Smith, our president, will answer.

Mr. Dale Smith (President, Manitoba Cattle Producers Association): If that is acceptable to Mr. Chairman.

A certain amount of the producers who are opt-outs whom I have had a talk to on a one-to-one basis, who originally opted out, when you sit down with them and explain what you do, they are very, very intrigued and very happy with the job, and they would like to get back in. As far as the other 18 percent who are the opt-outs, that is going to be entirely up to them.

I we do not please the people out there when we are a grassroots organization who gets our direction from our 14 district meetings, if we do not please the people out there and do the job that they want us to, then they have most definitely a right to opt out.

Ms. Wowchuk: Mr. Chair, you—

Mr. Smith: Ask for their refund, yes, which is—

Ms. Wowchuk: You are saying that they will ask for their refund and—Just give me one moment here, you have distracted me.

Then you had said that those people that you talked to most often regret that they chose to opt out once they realize what the organization is doing for them. Do you not believe that then it would be more effective if you did your membership in such a way that you had contact with them and made people aware of what you were doing and then had them send in their membership instead of using this option of having somebody else do your checkoff for you without providing them with the information that they might require to make a decision as to whether or not they want to belong to the organization?

Mr. Smith: Under this system we will get close contact when they send in for their opt-out money. I think the relations with these people who are opt-outs will be far closer and far better. I believe this will be a better situation.

Ms. Wowchuk: You said at your annual meeting you had, the vast majority of the people at the annual meeting supported this proposal. About how many people—what was your attendance at your annual meeting?

Mr. Smith: The amount of people?

Ms. Wowchuk: Yes.

Mr. Smith: Our annual meetings in the last three years since we took them to the country and back to the local cowboy have averaged between 250 to 450 people.

Ms. Wowchuk: So in actual fact when there are somewhere around 15,000 livestock producers in Manitoba and if there are some 200 to 250 that have attended the annual meeting, that is a small percentage of the actual producers who gave your support to this.

What have you done to contact all cattle producers to ask them for their endorsement of this legislation?

Mr. Smith: You are saying the cattle producers on the opt-out?

Ms. Wowchuk: No, all producers.

Mr. Smith. All producers. We have a newsletter which is in here which goes out four times a year that goes to everyone who is not an opt-out in Manitoba, all producers.

Mr. Chairperson: Any other questions? Seeing none, thank you very much for the presentation. I will call next Mr. Tony Riley, private citizen.

Have you printed copies, Mr. Riley? I will ask the Page to distribute the copies. Would you proceed, Mr. Riley.

Mr. Tony Riley (Private Citizen): It is a shame the need arose for me to come all the way to Winnipeg to protest something so obviously wrong as a compulsory

checkoff to finance farm organizations that intelligent farmers do not even want. If the Manitoba Cattle Producers Association and the Keystone Agricultural Producers were so desirable and appealing to farmers they would not need a forced contribution from the farmers.

The very fact that they intend to accept a compulsory checkoff tells me they know no sensible, intelligent farmer would of his own free will give them any money. The fact that the present provincial government is breaking the democratic law to give them that power tells me they are considered just a tool of this government.

Earlier this year I asked Premier Filmon if he believed in and supported the democracy concept. He assured me, very much so. Britannica Webster dictionary defines the meaning of democracy in a six-point form.

Point 1 is government by the people. Does a compulsory checkoff comply? No. The people had nothing to do with it.

Point 2—rule of the majority. Did the majority order a compulsory checkoff? No, they did not.

Point 3—government in which the supreme power is vested in the people and exercised by them directly or indirectly through representation. Did we the majority instruct our servants to impose a compulsory checkoff on us? No, certainly not.

Point 4—a political unit that has a democratic government. Does that provide for our servants to impose a compulsory checkoff on the farmers? No, it does not.

* (2040)

Point 5—the absence of hereditary arbitrary class distinction or privileges. Does that give our servants the right to dictate who is going to speak for the farmer? No, it certainly does not. They really blew it this time by inflicting hereditary sovietism arbitrarily on the majority for a privileged minority. Some class. Some distinction.

Point 6—belief in or practice of social or economic equality for all people. Does a compulsory checkoff apply? No, quite the opposite. This clause definitely instructs our servants to make economic laws that serve all people, not a privileged few. This demands that the checkoff legislation be voluntary and open to any farmer organization that wishes to apply for it. This way, it is automatically an ongoing referendum of the farmers for which organization they want to support—no guessing, no denial of the freedom to choose, no building of a protected haven for crooks and traitors.

If our servants are allowed to abuse their position of power by passing such undemocratic legislation as this compulsory checkoff menace, the next step might be no more elections, and everybody contribute to their party. Of course, their reasoning will be who needs all these parties, and you can apply for your money back or at least some of it for awhile.

I am not surprised the Berlin Wall came down. It was not because we licked Sovietism but because it conquered us. The proof is in this state dictatorship oppressing the majority, and Bill 15 and Bill 27 are good examples.

Such legislation is an insult to our war veterans who thought they were fighting for freedom, lest you forget.

If you continue to insist on ramming these two bills through, you are guilty of nothing short of treason for which you ought to pay the appropriate penalty.

Mr. Chairperson: Thank you very much, Mr. Riley. Are there any questions of Mr. Riley?

Ms. Wowchuk: I would like to thank Mr. Riley for making the effort to come here this evening and put his views forward, and I would like to ask you, Mr. Riley, is your objection that there is no choice, or do you have an objection to people having the ability to form an organization, or what is your main objection?

Mr. Riley: The objection I have is it is compulsory, No. 1, that you pay into these organizations, and No. 2, the legislation does not leave it open to any farm organization or farmers organization, which is even more important, to apply for that checkoff, and farmers

having the opportunity, that agree with any one of those organizations that apply, to voluntarily give them funding fees—and that is the way I think it ought to be, that it is not tied to one—approved by the present-day provincial government. You know, it has to be just an organ of the government in that kind of a fashion.

Ms. Wowchuk: I want to tell you that I believe that a farmer should have a choice in which organization they belong to and that if we are going to have an organization representing farmers, all of them should have a say in whether or not there should be an organization.

Would you support a referendum, giving all farmers the opportunity to have input into whether or not they want to belong to that organization?

Mr. Riley: No, if we had a democratic government, which they like to try and kid us into believing this is a democratic government, that kind of thing should never happen. That legislation should be open to any farm organization, present-day or going to develop, to apply for that checkoff, and it should never be the government making the decision that we are the god here that are going to be nice fellows and even give you a referendum to make that decision.

Put the legislation through so it is open to everybody, and if the people want it, they will come to it. You will find out then, you do not need a referendum. Once you have this legislation in place, it is ongoing. Every year, every month, every week is a referendum by the numbers of people who are submitting money to the organization of their choice.

We do not need a referendum separately from this, just open legislation, democratic.

Mr. Chairperson: Any further questions of Mr. Riley?

Ms. Wowchuk: I just want to let you know, Mr. Riley, that we have had discussion on this legislation, and one of the points that has been brought to our attention is that it is very difficult for one organization to represent all farmers because farmers have diverse views and different interests. For example, cattle

producers have different interests, grain producers. Cattle producers want high cattle prices. Grain producers want high grain prices.

Do you believe that it is possible for one organization to represent all farmers in the province and represent all of them fairly?

Mr. Riley: If it was voluntary, I expect likely the numbers would tell you the story. I have not heard either of these two organizations that are being favoured by this present-day government speaking intelligently for the majority of farmers.

Very definitely, they are doing great harm to the farm community with their very limited thinking, if you can call it thinking at all. There is nothing offered. So if you are going to compare it with these organizations together, I would say definitely not, there is no way they can do it, they are not going to do either. I am totally opposed to that.

If it turned out we had this voluntary legislation, and the majority of farmers were contributing to one organization because they believed that organization served them, then I would agree that that many farmers were willingly choosing that organization and, yes, that organization must be serving their need.

Ms. Wowchuk: So in actual fact, what you are saying is that we do not really need legislation, that if a farm organization is doing a good job, whichever farm organization is at that time representing, and the farmers appreciate the work that they are doing on behalf of the farmers, membership will come in and there is no need for this kind of legislation.

Mr. Riley: Well, I support the checkoff concept, but I want it totally voluntary and open to all organizations. I think that is a good idea, that is a good way of getting it, but I would recommend the checkoff be on your income tax form rather than bother all these organizations, grain and cattle and so on.

All it would take is one line on your income tax form that, yes, you are contributing so much money to the such and such organization. I think that would be more efficient; it would not bother the business people and it

would be less paperwork. At least as far as I know, we are still going to fill out those income tax forms, so it would not be as though we were adopting anything new. I think that would be much more acceptable to the general public and the businesses and farmers themselves.

Ms. Wowchuk: Perhaps that might be something to consider, considering the fact that there are many times when farmers' incomes drop very low and these additional burdens of or checkoffs to organizations could cause them a burden, and that may be something to consider. Thank you.

Mr. Riley: It should be based on their ability to pay. That way it does not hurt if you are giving away money to something you believe in, that you have in excess of your needs.

Mr. Chairperson: Thank you very much, Mr. Riley, for your kind presentation.

Mr. Riley: Thank you.

Mr. Chairperson: By the way, Mr. Riley, before you leave, I saw on your presentation that this presentation was both to Bills 15 and 27.

Mr. Riley: Yes, that is right.

Mr. Chairperson: Thank you, then we will take your name off the other list.

Mr. Riley: Yes, that is fine with me, unless you would like to hear it twice.

Mr. Chairperson: Thank you very much. We call next then Mr. Doug Gamey. Mr. Doug Gamey?

Mr. Riley: Yes, I should have told you when I was here that Doug Gamey had a death in his family and was unable to come. I was hoping to get his written brief to bring, to present to you, but I could not make contact with him. So maybe he could mail one in, could he?

Mr. Chairperson: Thank you, we would accept that, and please extend our condolences to Mr. Gamey.

Mr. Riley: Thank you.

Mr. Chairperson: We call then next Mr. Keith Proven. Mr. Proven?

I should tell the committee members, I really feel like calling most of these gentlemen by their first names, having known them so well in my past life.

You have a written presentation which is being distributed. I ask you then to proceed, Mr. Proven.

* (2050)

Mr. Keith Proven (Private Citizen): Members of the legislative committee, first let me say that I am a cattle producer. I have 140 cows. Also, I am a distance education instructor for Assiniboine Community College doing strictly beef programs. I used to come to these legislative committee meetings as a representative of National Farmers Union but at this point I am representing my cows, and certainly, I hope, a viewpoint of a number of farmers also.

This is, as Yogi Berra once said, déjà vu all over again—but in a strange perverted way. More than 20 years ago as a young owner of cattle and a farm organization member, I worked towards the formation of a beef marketing board in Manitoba. I felt there was a strong need that producers learn to market co-operatively and not in competition to each other.

At that time this proposal was denounced by both the Conservative opposition and some cattle producers, called the freedom fighters, led by the redoubtable Charlie Mayer. I am sure that Mr. Enns was also working against this proposal. [interjection] I am sorry, Mr. Downey, I know you were also there. Anybody else from the Conservative caucus that would feel slighted if I did not mention them? Glen is too young and Frank was a civil servant then.

I recount this story only because it will lead into where we are now. I have always supported checkoffs if they support a structure that increases the producer's power in the marketplace. I note with interest, and for those of you who have forgotten, that in the original cattle producers check-off legislation, it directly forbids the organization to become involved in marketing.

I thought at the time this was a shortsighted philosophically driven view; at this time I know it was just stupid. There are many things that we need as a cattle producer: salt, straw, hay, facilities, et cetera. I also need a strong marketing system that I control that works for the betterment of all cattle producers.

The original legislation, as you have said, Mr. Enns, is too loose, not because farmers can say no, but because it does not provide them with economic punch. This punch could certainly come from a collective, co-operative marketing approach.

The Manitoba Cattle Producers Association has fallen down in its leadership many times. This failure was not due to the lack of money—they collect over \$350,000 a year—but due to the poor enabling legislation and a lack of farsighted leadership.

However, in the last couple of years, due to the leadership of James Bezan—and this is probably the kiss of death to James, I am saying it—I can see a change coming. I am not sure if it is legal or not.

The MCPA is supporting a closed co-op approach for a slaughtering plant that would serve Montana, North Dakota, South Dakota, Manitoba and Saskatchewan.

Now, when I was—and I might add that I am a member of the Manitoba Cattle Producers Association. I did not opt out. I can remember many times over many years, one of the first questions that the opposition would say, are you a member? Well, no I am not a member. I do not believe in it. I do not believe in the philosophy.

So I decided to take the opposite tack. If you ask me if I am a member, then I can say yes, and I can work within the organization to try and change it. So therefore you cannot be completely negative about the presentation or the approach that I might take.

Now the surprise that I had at the cattle producers meeting was the closed co-op approach to marketing. In recognition of what they have said, I was shocked. I was shocked indeed. It could have been my speech 15 years ago. It probably was. James is too young to remember but maybe he picked it up through the stars.

Talking about a marketing system that gave farmers some control, and the reason that, as James outlined quite correctly, producers want to be able to form a slaughtering association, a plant and then do their own retailing was because of the corporate concentration in the United States of the three major packer producers, IBP, ConAgra, Excel. The need is there, but it is 15 years too late.

The reason that the kinds of things that are happening in the marketplace have happened is because somebody was too shortsighted to say we should have done it a long time ago. Now, I am not sure whether this can be done again, whether the cattle producers can, in their closed co-op, counter the strength of the corporations that do control the slaughtering facilities through vertical integration right to the retail in the States and certainly we have the same problem in Canada. That is why my criticism of the MCPA is so strong: that we have not as an organization, they have not as leaders moved in the direction of making it an effective marketing organization.

When I said, I wonder if this is illegal, I noted before that in the first legislation about the Manitoba Cattle Producers Association, the legislation said they must stay out of marketing. And, uh oh, all of a sudden they are talking about marketing, encouraging members to become part of this co-operative. You know, maybe there is going to be a court challenge to the MCPA in espousing co-operation and a battle against large corporate entities. This would be a shock, but it might be good for cattle producers.

I think up until this point our money has been wasted. In fact, it has been used against us. I am referring to the removal of the Crow rate. MCPA supported the removal of the Crow rate based on the idea that barley prices would go down. If we have no export market for barley, then they are hoping that the closed market within Canada, prices would go lower. We have seen in this last year our markets just go crazy due to weather, due to circumstances that are beyond the control of anyone. That does not make it right, to try and knock the protection and the necessary protection that one industry had, to try and better your own. You cannot make a better farm organization or a better cattle industry by trying to decrease the price of barley for

yourself. The better way to look at it is to increase the product that you are selling, the final product.

What we need is a Canadian Wheat Board clone that works on the producers' behalf. To accomplish this, you need to rescind the old legislation and replace it with a new bill that does not just check off but provides economic leadership.

In ending, and this is in addition just because I was hoping that the committee, with some wisdom and looking at the number of rural members here, would recognize that it is important to go out to the rural community to hear what those farmers who do not have the same kind of means or the knowledge or the lack of fear of you learned gentlemen to come and present to you in this huge room.

The cattle producers have recognized as an organization that it is better to get the hell out of Winnipeg if you want a meeting, so they have gone to the rural areas. I am kind of disappointed that you were too frightened to go out and do the same. Thank you.

* (2100)

Mr. Chairperson: Thank you very much, Mr. Proven. Are there any questions of Mr. Proven?

Ms. Wowchuk: I too would like to thank you for coming to make this presentation this evening and sharing some of your views with us. I want to ask you, you indicate that you are a member of Manitoba Cattle Producers. If there was no checkoff, do you feel strongly enough about being involved in the organization that you would be a member without the compulsory checkoff?

Mr. Proven: At this time in my career and the worry I have about the cattle industry, I would probably be a member voluntarily based on the need to restructure the industry. The last three or four years have been pretty good in the cattle industry. There is a recognition of that. So it is fairly easy to not say anything about marketing.

We are moving into an era, as James Bezan said, about cow numbers increasing to where the

competition is going to be very, very difficult to fight. Those large packing companies, the vertically integrated packing companies, are going to have a field day. You have got more supply than can be easily gotten rid of, and the price goes down.

But also, when you have corporate concentration in three companies that slaughter and market 75 to 80 percent of the red meat in one country then you have an ability to hold the market and blackmail the market.

Now, the original question about—I do not usually like to fudge around politicians but I guess if you are around them long enough you learn how to do it. Voluntary checkoff would be my idea of being democratic and the best way to run the organization, that you would offer a philosophical approach, you would offer a practical approach, and you would say: This is what we are going to do for you for your money, this is what we are going to do. You can be checked off, but this is why you are going to be checked off. I am going to do this for you, and we as a collective are going to do this together.

It would be much, much easier to belong to an organization that did that than an organization that asked the government to legislate their checkoff for them.

Ms. Wowchuk: I have to say that I agree with you, and I have to agree with the comments that you made about holding hearings in rural Manitoba. I am very disappointed that this committee has decided that they will not go out and hear the views of the many people who do not have the ability to come to this committee.

I have a letter from a resident of my constituency who says that although this legislation is going to provide funds for an organization to operate, it provides that, but the legislation does not in any way offer any guidelines or restrictions on how this organization should be accountable to its members. Do you feel that there should be any more strength in an organization or restrictions on an organization that has legislation to allow it to collect fees to be accountable to the people who they are collecting fees from?

Mr. Proven: The inherent problem with legislating a checkoff so that it does in fact become compulsory is

that farmers will not participate in the democratic process. The major failing within the MCPA and looking at what used to be the district meetings in the district that would represent me would be three or four people attending a district meeting. Now there are maybe 20-25 attending a district meeting out of—I am not sure how many producers within my district—but that is an extremely small percentage within the district, District 8.

If you look at other district meetings—and I have heard the turnout is extremely low as far as participating within the organization. If you look at the annual meeting and the positive thing of shifting it into the rural areas, you still have an extremely small percentage of the farmers. Every farmer is eligible to go to the annual meeting; there is no delegate structure. So, if you have the potential of 12,000 farmers and you get 250 attending the annual meeting and making and passing resolutions on that basis, then representation by population flies out the window.

Where is the fault in that? The fault is that really do you know? Can you honestly say you know what the average cattle producer is thinking or wanting to say about legislation that is being enacted about things that are happening, countervails, oceanic beef, animal welfare, animal rightists? Do you really know? That is the real problem. When you legislate a checkoff, it is not exactly a licence to print money, but it comes damn close, and you make sure, unfortunately, that farmers do not participate. You have to have the guts to go out and ask them.

Ms. Wowchuk: I believe that if an organization is doing a good job, they should be able to go out there. They have regional representation, and there should be a much greater effort made to reach the members. I also feel that if an organization is going to have a checkoff, they should give all producers the opportunity to have a say in it. I have asked the cattle producers why they do not send a ballot out to every producer to ensure that they understand what this organization is doing for them and then ask for their support on the ballot.

I would have no problem if the majority of the 12,000 producers—in fact, it is 12,000 that are

members—there are some 17,000 cattle producers. Would you be in favour of the cattle producers taking that kind of action to ensure that all producers had the opportunity to know what their activities were and how they were representing them and giving them a vote as to whether or not they wanted to be members of this organization?

Mr. Proven: Yes, I think that is the only fair way. Contrary to what Minister Enns said, I cannot remember the Conservatives running this issue as part of the plank, as part of the platform. I cannot remember voting for or against. I did not see it in the plank in our area.

Ms. Wowchuk: I did not see it in our area and I only heard it discussed once at a farm debate, but those are my feelings, and I thank you for your presentation.

Mr. Chairperson: Any further questions to Mr. Proven? If not, thank you very much for your kind presentation, Mr. Proven.

Next, I call Mr. Terry Drul, Manitoba Independent Agricultural Producers. Mr. Drul, have you a written presentation?

Mr. Terry Drul (Manitoba Independent Agricultural Producers): I do have.

Mr. Chairperson: I will ask the Clerk's Office to distribute. Would you proceed, Mr. Drul.

Mr. Drul: My comments are directed at both Bills 15 and 27.

Mr. Chairperson: Okay, thank you.

* (2110)

Mr. Drul: Mr. Chairman, honourable members, I believe the amendments to The Agricultural Producers' Organization Funding Act and The Cattle Producers Association Act are totally undemocratic and a complete and total insult to Manitoba farmers. The proposed legislation is being promoted as strictly housekeeping in an effort to simplify collection of a checkoff, but in reality it strips Manitoba farmers of

their rights to fund an organization of their choice. This is totally undemocratic and a blow to our basic right of freedom of association and is legislation that could be expected in communist regimes, certainly not in Manitoba.

Manitoba farmers must have the freedom to choose to fund an organization of their choice, not an organization that is being forced on them by government legislation. It is not a question of having the right to get your money back. It must be a right to choose whom you will fund up front. There is no reason for the government to be in the business of certifying organizations to represent farmers when that basic right should be in the hands of the producers and their own personal decision of who does or does not represent them or whom they will fund.

The question I have for you and this committee is, do you believe in democracy, yes or no? If your answer is yes, then these bills must be defeated and the right to choose returned to Manitoba farmers. These two proposed bills are an assault on the rights of Manitoba farmers and should not be tolerated by anyone.

If checkoff legislation is to remain in place, farmers must have an up-front choice of whom they fund and support or the choice to fund no one at all. Producers who do not support any organization could have monies go into a fund that would promote agriculture and the importance of agriculture in our province. Farmers would have a list of several general farm organizations where the money could go to, and it could be our choice, not yours.

I believe that farmers would support several organizations of their choice if given half the chance and would not feel herded by the government into legislation supporting a mouthpiece for the elite farmers. A government-sanctioned organization check-off legislation could be a powerful tool to help farmers organize because funding an organization is one of the impediments to getting an organization going.

So please stop and think. If legislation in this province forced you to fund only one political party or only one labour union, the public would not stand for it, but yet for farmers you have no qualms of forcing

them to fund one organization and taking away our basic rights to choose who represents us. This is not just amendments to simplify collection; this is a question of rights and freedoms.

Mr. Chairperson: Thank you very much for your presentation, Mr. Drul. Are there any questions of Mr. Drul?

Ms. Wowchuk: I would just like to thank Mr. Drul for his comments. I want to say that I do believe that farmers should have a choice in which organization they want to belong to. I, quite frankly, like your suggestion that if farmers do not want to belong to an organization, perhaps their funding could go to something to do with agriculture research.

Other organizations have an option if they do not want to belong to the organization. Their funds can go to a charitable organization of their choice.

I would like to thank you for making your presentation.

Mr. Conrad Santos (Broadway): Mr. Chairperson, I would like to ask—I am interested in the organizational aspect of this problem and the issue. I have to preface my statement by saying that we are born free as human beings, and that is part of our integrity. The right of choice is essential for our integrity. Do you believe the same way?

Mr. Drul: Absolutely.

Mr. Santos: That the less your right to choose is invaded upon by some outside forces, the less you are a human being. Is that correct, Mr. Chairperson?

Mr. Drul: That is correct.

Mr. Santos: How then shall we reconcile the beginning of the first statement of Jean Jacques Rousseau in his work *Du contrat social* when he said, men are born free but everywhere he is in chains?

Mr. Drul: Well, I think that when you see legislation like we are looking at here tonight I think you can see the chains. That is absolutely that I feel that my

freedoms are certainly being taken away. I think we are seeing this every day in more intrusion by government legislation which is taking away our freedoms.

Mr. Santos: But individuals, because they are individuals, are weak as individuals. But when they form themselves into a collectivity they become strong because the power is collected and integrated by the collectivity. In the process of doing so, each individual, he still has the choice to surrender some of his liberties to the collectivity. And still the choice is there if it is voluntarily agreed upon by the individuals. When the collectivities form with a greater power, what direction would the collectivity move?

Our democratic doctrines say it must move at the direction where the majority so chooses. But the trouble with real human organization is that it is often controlled by the few who are in command. They are always there at the top trying to direct the direction of the masses. These few will succeed themselves or choose people who are like themselves so that they can maintain control. That is called the iron law of oligarchy. Did you agree, or are you agreeable to this kind of thinking, Mr. Presenter?

Mr. Drul: Well, it is a little bit over my head. I do not know if I can debate philosophy with you or not. I am not knowledgeable enough.

Mr. Santos: Every one of us—

Mr. Chairperson: Mr. Santos, might I remind you that we want to acquire information from the presenters, so would you direct your questions in such a manner that we can understand them and that they are clearly addressed to the presenter?

Mr. Santos: I am trying to reconcile the collective need as against the individual needs. The promotion of the general interests of all the members can only happen when there is a strong collective collectivity. But the direction the collectivity will go should be dictated not by the few but by the majority of the membership inside the collectivity. Is that correct?

Mr. Drul: I could accept that.

Mr. Santos: But for purpose of convenience and for purpose of expediency and for purpose of efficiency, we sometimes have to resort to the use of compulsory methods. For example, we are compelled by law to pay our taxes. We are not given any choice. We are compelled by law to drive on the right side of the street, at least in this jurisdiction, unless you are in England or some other country where you drive on the left.

What I am saying is that whatever the rule is, whether it is on the left or the right, the democratic doctrine says it should be decided by the collectivity, the majority of the collectivity, not by the few. Is that correct?

Mr. Drul: When you refer to this particular legislation, it is really oppression by government is what it is, and it is really the dictation of the minority which has to drive the majority. We are getting this all backwards in this particular legislation.

Mr. Santos: Are you saying, sir, that it is the minority controlling this organization that is invoking now the power of the state to help them achieve the purposes which they themselves conceive for the rest of the membership?

Mr. Drul: That is right.

Mr. Santos: Thank you. That is all.

Mr. Chairperson: Thank you very much, Mr. Santos. Thank you very much for your kind presentation, Mr. Drul.

Mr. Enns: Mr. Drul, just a few questions to be absolutely sure that you understand the legislation that is before us. Neither Bills 15 nor 27 forces any farmer, any producer to be a member of any organization. Is that your understanding of the legislation?

Mr. Drul: It forces me to fund an organization.

Mr. Enns: Mr. Chairman, I am genuinely trying to seek information. That was the question that I asked. Neither of these bills force any farmer, any producer in Manitoba to be a member of any farm organization.

Mr. Drul: Well, it forces me to pay a membership into an organization. I can then get my money back—

Mr. Enns: And not be a member.

Mr. Drul: —and not be member, but I still am forced to fund that organization up front, which is against most democratic principles. It should be my choice up front whether I want to fund that organization or not.

Mr. Enns: Thank you, Mr. Drul. The only other question that I have is that while Bill 27 is specific to the cattle producers of Manitoba, it is your understanding that under Bill 15 it does not give, it does not authorize any farm organization to be the recipient of any checkoff.

That in fact under the farm organizations act as it now stands is determined by a committee headed by Dean Elliot from the Faculty of Agriculture, University of Manitoba, and I believe several other people, who determine whether or not an organization is indeed representative of the growers that they purport to represent before they in fact can access any of the checkoff. Is that also your understanding of the farm organizations.

Mr. Drul: I understand the legislation and I understand how it works, but it is still not democratic. It does not matter whether it is a committee that is arm's length from government that chooses to certify a particular organization. That should be up to the producers of this province. The producers of this province should have a choice of several farm organizations that they can belong to and can have their monies go to any of those organizations, and it should be their choice.

Mr. Enns: Thank you, Mr. Drul.

Mr. Chairperson: Are there any other questions of Mr. Drul? If not, thank you very kindly, Mr. Drul.

I call next then Mr. Fred Tait, Regional Co-ordinator, National Farmers Union. Mr. Tait, would you come forward, please. Welcome, Mr. Tait. Have you a written presentation to distribute?

* (2120)

Mr. Fred Tait (Regional Co-ordinator, National Farmers Union): No, I have not, Mr. Chairman. In

recognition that it is going to be a late evening, I will just base my comments on some of the information that has been before the meeting so far this evening.

The first comment that I would like to make to members of the committee is that I too am disappointed with this one meeting and this location. I have been within the realm of farm politics for long enough to know that if you want to limit input you hold your meetings in Winnipeg in the evening. There are several people who I have spoken to over the past two weeks who would have preferred to be here tonight but, when you are looking at 300- and 400-mile drive, they are not going to be here. There is an obvious reason for that.

In regard to some of the information that was put forward by Mr. Bezan, talking about the 18 percent of the producers who have opted out of the organization, they left the impression, I am pretty sure, with the committee that these producers have opted out at some past point and they need to be invited back. This is not an accurate description of the process.

To opt out of the Manitoba Cattle Producers checkoff, you must do so at every point of sale. You have a personal identification number that must be put onto the bill of lading and that goes to the packer or the agent, the broker that is handling your cattle. It is at that point that your checkoff is not submitted to the organization so, in that case, Mr. Bezan's information was not totally correct that he gave to this meeting tonight.

In looking at this bill in a similar intent to the Keystone Agricultural's funding bill, it is comparable, in my mind, to the Rogers Communications fiasco in 1995. On that occasion, Rogers Communications expanded the level of cable television communication that entered into their subscribers' homes. If those subscribers did not want this service, they had to notify Rogers to delete it, otherwise they would be billed for it. During the public uproar over that issue, the Minister of Consumer Affairs (Mr. Ernst) in Manitoba was quoted in the Winnipeg Free Press as saying that he was so concerned about this issue that he would even consider introducing legislation to prohibit the practice of negative option marketing. The connection here is obvious.

We are also being told, a little note I made during the Cattle Producers presentation, that they have a strong history of championing the cause of a market driven agricultural society. Mr. Proven mentioned a championing of abandonment of the Crow rate as a vehicle to create lower grain prices to stimulate the cattle industry.

I am reminded of a speech that John Hansen of the Nebraska Farmers Union made last year in Edmonton. He said, if the solution to your problem is creating a problem for your neighbour, you have not found a solution. I think that is worth remembering.

Also, when we talk in today's term, we talk about, in the terms of efficiencies, reducing a bureaucracy and cost-efficiencies. It is hard for me in my mind to see how compelling me or any other farmer to commit a checkoff to the Manitoba Cattle Producers, having then to apply for a refund, having the paperwork trail go back and forth contributes to efficiency, how it reduces bureaucracy or how it becomes cost efficient. I would say that if those who so much favour a market driven economy, I find it contradictory that they do not also endorse market driven farm organizations.

My final observation here tonight too would be, some years ago I believe the Honourable Bill Uruski was Minister of Agriculture in this province. He amended the then compulsory checkoff of the Manitoba Cattle Producers in the 1980s. I do not remember the exact year. The result of that was the funding of the organization went virtually to zero. It is not possible to maintain, as Mr. Bezan did, that this organization has massive support amongst producers, because given the opportunity not to fund the organization, over 95 percent of them did not.

Any other questions—as I say, so much of this is going to be repetitive into the Keystone agricultural bill and I will save most of my comments for it.

Mr. Chairperson: Thank you very much, Mr. Tait. Are there any questions of Mr. Tait?

Ms. Wowchuk: Mr. Tait, I would really like some clarification on the point you made about opting out at point of sale. My impression from the first presentation

was that in fact once you opted out you were not back in the organization. Are you saying then the cattle producers do not lose their number when they choose to opt out but they must continue year after year, or every time they sell cattle they have to opt out and if they do not they are back in as members again. They do not need a special invitation to be invited back in, they are there.

Mr. Tait: That is right. The next cattle I ship out of my yard, if I do not put my personal exemption number on the bill of lading, I have made a contribution to the Manitoba Cattle Producers Association. We have in the past made some contributions but in the majority of cases we have not done.

Ms. Wowchuk: I have no further questions, but I just want to thank Mr. Tait for making us aware of that particular point. It is probably something that I should have known, but my impression was from the earlier presentation that there was a need to open the door again once a farmer chose to opt out.

I am pleased that has been clarified, and I want to say that I believe farmers should have a choice in whether or not they want to fund an organization. If an organization is doing a good job for them, they will put their money forward, and your comments about the drop in funding when the automatic checkoff was changed is very true. It is true that the funding for the organization dropped to a very low amount, and that is clear indication that farmers are belonging to the organization because they are being forced to belong to it, not because they are doing it by their own choice.

Mr. Chairperson: Thank you very much, Mr. Tait, unless there are any other questions from the committee.

Mr. Radcliffe: Mr. Tait, were you planning on making another submission on the next bill—

Mr. Chairperson: Mr. Radcliffe, would you please drop a mike so we can—

Mr. Radcliffe: I was just checking with Mr. Tait, that he is planning on making another submission on the second bill.

Mr. Tait: Yes.

Mr. Radcliffe: Thank you, sir, very much.

Mr. Chairperson: That is what I understood. Thank you, Mr. Tait. We look forward to your next presentation.

This concludes the list of presenters that I had for Bill 27. Unless there are any further presentations that have come in after—seeing none, we will continue on to Bill 15.

The first name I have on that list of presenters is Mr. Leslie Jacobson, president, Keystone Ag Producers Inc. Have you a printed copy of your presentation?

Bill 15—The Agricultural Producers' Organization Funding Amendment Act

Mr. Leslie Jacobson (President, Keystone Agricultural Producers): Yes, we do, Mr. Chairman.

Mr. Chairperson: I will ask the Clerk to distribute. Please continue.

Mr. Jacobson: Thank you, Mr. Chairman, and members of the committee.

Keystone Agricultural Producers, Manitoba's major farm policy organization, is pleased to appear before you to express our support for the adoption of Bill 15, The Agricultural Producers' Organization Funding Amendment Act.

Keystone Agricultural Producers, better known to Manitobans as KAP, was launched on June 15, 1984, as the result of a clear indication by agricultural producers in Manitoba during a series of rural meetings held by an ad hoc committee on farm organizations. It was that they desired an effective organization to represent general agriculture policy interests with governments and with other agencies. It was envisioned and desired by those farsighted producers who were the founders of KAP that all agricultural producers in Manitoba would have the opportunity to participate in its decision-making processes and to contribute to the funding required to carry out its representatives' activities.

* (2130)

It was agreed at the inception stage that a single flat membership fee would be employed to facilitate initial membership solicitation activities, although the newly formed executive was also charged with working towards a development of a variable fee system which would recognize the differing size and profitability of individual farmers. After a number of years of operation, it became evident that, despite the best efforts of the elected officials and staff personnel, not all producers in Manitoba were being reached and offered the opportunity to join and participate in this new organization. To this end, legislated means of a membership collection fee for a province-wide general farm policy organization was sought.

As most of you will be well aware, Chapter A18, The Agricultural Producers' Organization Funding Act, was asserted to by the Legislative Assembly on December 20, 1988. This legislation was introduced by the government of the day at the request of the agricultural producers, with the intention of assisting them to provide themselves with the means to operate an effective, unified vehicle to represent them on matters of policy representing their livelihoods. You may also be well aware that KAP was first designated as a certified organization under The Agricultural Producers' Organization Funding Act in March of 1989 and it was done so for two years. This designation has been renewed every two years since, with KAP's current status as a certified organization extending until December 31, 1996.

The Agricultural Producers' Organization Funding Act was viewed by both the members of the Assembly and officials of KAP as being a vehicle intended to assist the farming community in Manitoba in providing itself with an effective representation on matters of policy affecting the livelihood and lifestyles of the farm families. The membership fee collection system prescribed by the act was not intended to be a compulsory checkoff as claimed by some but rather a means of making all agricultural producers aware of the certified organization, its goals and its objectives and its activities and to provide them with an efficient means of contributing to the success and work of the organization. Those not wishing to work with the

fellow producers were provided with an opportunity for an opt-out.

The newly created legislation established a system whereby purchasers of agricultural commodities are obliged to provide information regarding who their customers are to the general farm policy organization which is certified as provided under this legislation. It is the responsibility of the certified organization to eliminate, to the best of its ability, any duplications of producer records and assign the farm units thus identified to various purchasers for the potential collection of membership fees from which proceeds of agricultural marketings are made.

At the same time as any producer is assigned for potential membership collection, the certified organization is required to inform that producer that such an assignment has been made and also to invite the producer to become a member of the certified organization by allowing the membership collection to take place as proposed, or, alternatively, by paying a membership fee by cheque or through the collection of an alternate purchaser to be specified by that producer.

Each producer unit contacted is also informed that they may opt out and not support the efforts of the certified organization. By so indicating in writing to the certified organization, those opting out then have their names removed from any collection list for a period of the next two years.

The legislation also provides that, following receipt of a listing of assigned membership collections, purchasers are obliged to collect the prescribed membership fee of the certified organization from the first sale proceedings of any production unit continuing to be listed as not having opted out from the certified organization.

This system was devised by the government of the day to provide virtually all producers in Manitoba with the opportunity to participate in the organization designed to represent their interests and to do so by paying membership fees through the means deemed to be the most efficient and least disruptive to the organizations and the operations of the farm community.

Membership fees were first collected under the system provided by the funding act for KAP's membership year, December 1, 1990, to November 30, 1991. As the certified organization, KAP believed it prudent to make the collection system operational one commodity grouping at a time. Because the grain industry appeared to be the largest economic grouping and also having a well-defined purchaser structure, it was chosen as the first industry to be brought on-line. Other commodities, such as hogs, milk and sugar beets, followed shortly.

The membership collection system provided by the act has worked with varying degrees of effectiveness. With agricultural purchasers at which membership fees have been collected at a central source—examples of this are the Manitoba Sugar Co., Manitoba Milk Producers, Manitoba Pork—the process has worked relatively smoothly and effectively.

In the case of the grain industry, however, where individual production units were assigned for collection to be specific to elevator points, the collection system proved to be less than effective. For a variety of reasons and despite excellent co-operation from senior management of most grain purchasing companies, the rate of membership collections at the elevator points continued to be disappointing, this despite being required by law as established under The Agricultural Producers' Organization Funding Act.

A tremendous amount of discussion and effort has gone into attempts to find a more effective, efficient and acceptable method of fee collection, not only for the general farm policy organization but also for other bodies representing various farm-produced commodities. Several years ago, almost all of the farm-related organizations in Manitoba agreed to appeal to the Minister of Agriculture to amend The Agricultural Producers' Organization Funding Act to provide for, and I quote, a universal but refundable levy provision on farm commodity sales to adequately fund the activities of farm representative bodies.

In discussion with representatives of the grain companies regarding ways of making the membership fee collection system act more efficiently, there were many instances in which the grain company officials

pointed out that their companies were making automatic percentage deductions from grain purchases for various other organizations in other provinces with little or no controversy.

Grain company officials indicated on countless occasions that automatic deductions made on all grain purchases as a simple computer transaction would be more cost-effective and less disruptive to the administrative operations. It was believed that an automatic collection process would also accomplish the goal of making membership fee collections for a certified organization more efficient, thereby strengthening the effectiveness of the representative efforts.

As the organization currently certified under the act, KAP, with the encouragement from grain purchasers, has sought the amendments in Bill 15. KAP will be recommending to the certifying agency that the provisions in Bill 15 be applied at an early date to purchasers in the grain industry. Bill 15 simply represents an administrative amendment intended to enhance the ability of The Agricultural Producers' Organization Funding Act to more effectively serve the farming community as originally intended.

Officials of KAP, as the current certified organization under the act, continue to believe that agricultural producers in Manitoba require and deserve an effective vehicle, employing strength through unity, to ensure their voice is heard strongly on matters of policy which affect them.

Further to this, KAP officials believe the province benefits from the support of a strong, general farm policy organization in ensuring that dealings with other provinces and countries result in the policies which are beneficial to all Manitobans. KAP views Bill 15 as an important step to establishing a fair membership fee collection system for producers in Manitoba, while strengthening the ability of the general farm policy organization to represent its constituency, which is the farm families in Manitoba, more effectively.

We would urge the members of the Assembly to support this amendment with a view to enhancing the ability of agricultural producers to participate more

effectively in the process of developing sound agriculture policy for all Manitobans. Thank you, Mr. Chairperson.

Mr. Chairperson: Thank you, Mr. Jacobson, for your kind presentation.

* (2140)

Mr. Enns: Mr. Jacobson, just one or two questions. You referred several times in your brief to the certifying agency which, I know you are aware of, is called for in the act; in fact, its membership is called for in the act. The government only has the choice of one person on that agency. It is chaired, for the benefit of members of the committee, by the Dean of Agriculture for the University of Manitoba.

Is it not a fact, Mr. Jacobson, that your organization has to appear before this certifying agency every two years to be recertified?

Mr. Jacobson: That is correct, Mr. Chairman.

Mr. Enns: The provisions of the act provide that if next year, when you have to appear before the committee, if an organization such as the Manitoba Independent Agricultural Producers organization or for that matter if the National Farmers Union were to organize themselves on a provincial basis, they quite conceivably certainly have the right to appear before that certifying agency and seek certification. Should that certification agency find them to be a more appropriate representative of the general farm community in Manitoba, then I would assume that they would be certified. Is that not possible under the act as it now stands?

Mr. Jacobson: If those conditions would be met, Mr. Minister, that in fact would be the case.

Mr. Enns: Thank you, Mr. Jacobson.

Ms. Wowchuk: Just following up a bit on that, you appear before the committee every two years? This legislation only allows for one committee to be certified at a time. Seeing that there are varying views amongst farmers and there are a possibility of other

organizations, would you have any objection to more than one organization being certified under this legislation—not under this legislation, because it cannot happen under this legislation—but would you have any objection to having more than one organization being certified?

Mr. Jacobson: Under this current legislation it cannot happen so I think the honourable member that you are asking a hypothetical question. I guess further to that is that funding of an organization is the individual's choice and in this legislation it in fact gives them the choice.

Ms. Wowchuk: I realize that under this legislation there can only be one organization certified. What I was asking you is, what would your views be if the legislation were changed to allow for more than one organization to be certified?

Mr. Jacobson: I think what we are talking about is, again, a hypothetical situation where it is not under an act where we can have two organizations being certified and, in fact, the requirement of being certified is that you have to have the qualifications under the certification agency to be qualified in order to be on the list to be certified.

Ms. Wowchuk: I do not want to belabour the point but what I am asking is, we have heard people saying that they would like to have a choice of which organization they would belong to. What I am asking is, would you see it as a possibility in this province to have more than one organization certified so that farmers can have a choice in which organization would represent them?

Mr. Jacobson: I thank you for the question. I think what you are really asking me is what is my position on the opt-out proposal and the individual's right to belong to an organization. I think that that right is inherent in the act that we have in front of us.

Ms. Wowchuk: No, that was not what I was asking. What I was asking is whether you see it as a possibility for there to be more than one organization that farmers would have a choice of belonging to and having their funds going to different organizations. That is what I

am asking. Do you see this as one way to address the concerns that we see farmers having, saying that they do not want to be forced into belonging to one organization? Do you see it as a possible solution that there be more than one organization that is certified and having the ability to collect funds from farmers?

Mr. Jacobson: Directly, I guess the answer is that unless the act is going to be changed so that more than one organization could be funded, as some other provinces have done, we do not have that ability currently. I think that what is really important is that the farm community has a unified, strong voice that represents the community that is out there in order that we have effective farm policy coming forward for the government and for the opposition parties for the betterment of the farm families in rural Manitoba.

Ms. Wowchuk: Just on that, because there are different interests and we have heard about them this evening where, for example, cattle producers want high cattle prices, we have some farm organizations lobbying to see the Crow benefit taken away, grain producers wanting to have the Crow benefit stay, do you believe that one organization can speak with a strong voice and address all of those concerns? Can an organization speak to lobby to have members who lobby to have the grain prices lower so that the cattle industry will do better or the hog industry and represent the other group of farmers who want to have the supports for the grain industry there? Can an organization speak on behalf of all those organizations and be a strong organization, or does it just end up being a watered down organization that cannot take a strong position on those kinds of issues that differ in various parts of the farming community because you represent all groups in the farming industry?

Mr. Jacobson: I think the short answer to you is that Keystone Agricultural has been exactly the group that you are talking about.

We have 17 commodity groups in our organization. We have been an effective farm policy organization for well over 10 years right now. We have the umbrella situation with 17 commodity groups, and some are in the room tonight, where the effectiveness of the farm policy is an accumulation of all interests out in the rural

economy to create effective policies for our rural economy.

A good example this year was the fact that Keystone Agricultural Producers, along with other groups in Manitoba, had good, long-term policy on transportation. It was developed on a consensus basis with all parties in Manitoba. Another issue is the safety net issue where we have had very strong policy towards a strong national safety net.

Keystone Agricultural Producers is also the spokesperson under the Canadian Federation of Agriculture where we get national representation. So not only are we looking at inside our borders, but we have effective, good communication on a national basis.

So I think your answer is that, yes, there is definitely the ability to have a strong organization. The trick is to make sure that the communication between the commodities and ourselves is as close as it can be so that when one commodity is looking for something, then we can be supportive of that industry.

There is a host of issues that Keystone Agricultural Producers is working on that our commodity groups tend to leave to Keystone but are still rural interests and need to be addressed, and that is the reason for requiring a strong organization to be able to speak for all producers.

Mr. Stan Struthers (Dauphin): Now, let me see if I have this right. KAP is a certified organization until the end of 1996. At that time, it has to approach a committee of some sort in order to continue to be the certified organization.

What are the criteria that committee would consider when looking at which of the many farm groups should receive this official certification?

* (2150)

Mr. Jacobson: Mr. Chairman, that is a detail analysis of the certification agency. I will see if we have brought that type of information forward. But, in fact, there are a number of criteria in order that you qualify

to be the qualified organization for them to make the decision of who is the certified organization.

That is the short answer, Mr. Chairman. If you require more detail, I am going to have to get some material to bring forward.

Mr. Struthers: Would numbers play into this? If KAP approached the committee and said, we have X number of numbers, and if the National Farmers Union approached and said, we have this number of numbers, and if the Manitoba Independent Agricultural Producers approached the committee and they had fewer numbers yet, would the committee look at the numbers and say, well, this certain group has the most members and that is going to be the official, the certified organization.

Mr. Jacobson: Mr. Chairman, could I have our information officer answer this question?

Mr. Mac McCorquodale (Administrative Secretary, Keystone Agricultural Producers): Mr. Chairman, the gentleman is quite right. In Section 22(1) of the act, I will just take section (b) of 22(1) that says "if 90 days after this Act comes into force, the agency has received more than one application under section 16(1), the agency shall, within 120 days after this Act comes into force, certify the qualified organization that in the opinion of the agency represents the greatest number of producers in Manitoba as the certified organization."

Mr. Struthers: So what you are asking us is to put in place legislation that will bump your numbers up ahead of other groups so that at the end of 1996 you come back to the official certification organization and say, we need to be certified again for two more years to take us to 1998, based on the numbers that have been set up by this government putting you in a favourable position? Am I off base on this or have I got this figured out?

Mr. Jacobson: Mr. Chairman, this is totally an incorrect statement. Keystone Agricultural Producers is the certified organization today, but this is an act that is operated under by the certification agency. You just heard the criteria to be qualified in order to become the certified agency.

Mr. Struthers: And one of those criteria was the numbers. If you have the most numbers, that is a criterion that says you should be the certified organization. Was that not what the fellow who is accompanying you explained to everybody?

Mr. Jacobson: That is right.

Mr. Struthers: In that case—well, maybe I am making an assumption here that maybe I should not be. Are you assuming that by coming up with this legislation, the numbers of the Keystone Agricultural Producers will increase or do you think they will decrease?

Mr. Jacobson: I think what it is going to do is give the opportunity for the producers that are out in Manitoba to in fact be collected by the system. We have also in your brief given you out some of the numbers that are Manitoba farms by category.

I will just give you some other details on our collection system. There are 2,080 direct memberships collected by Keystone Agricultural Producers. By a prepayment authorization there are 161. Under the milk system, we have 591. Under sugar, we have 189 plus seven. That is because there was a number that had to be added because other people wanted to belong to the organization, which is, in fact, true this year for milk, that originally there were only 551. There were 40 others that wanted to belong to the organization so they were added on in 1995. In pork, 569 members were sent out plus another 89 for a total of 3,686, for a total potential membership where there were opt-outs of only 84.

In the grain industry we have a total number of producers that went on the collection system of 4,652 with 222 opt-outs. That gives us a total potential membership out there for 4,430 members who did not have the ability to belong to this organization. That is a potential of 10 percent that were actually collected by the elevator system, and that is why the concern over the last number of years in the grain industry collection system.

Mr. Struthers: So, after all that is said and done, are you expecting an increase or a decrease once this legislation is passed?

Mr. Jacobson: I think what we are looking at is having those people to make the decision and the decision that they have made to date is that they want to belong to the organization but it has not been available to them on the membership collection system.

Mr. Struthers: I am assuming then that you are saying that you would like to see an increase in the membership.

Mr. Jacobson: Absolutely.

Mr. Struthers: Okay, so you get this increase in membership through this legislation and, in a year's time at the end of 1996, you approach this committee and you will say to this committee: We are the biggest farm group in Manitoba; here are the numbers that we have to prove it. We should be the certified organization again for two more years until the end of 1998.

Am I not correct in saying that?

Mr. Jacobson: That in fact would be the case. We are hoping that would be the case, but in case it is not, what we have in place is a yearly system where our members are put into place in each of the 12 districts. We have elections at our annual meeting on a yearly basis and if we are not doing the job, our members are going to be out there telling us that in fact.

Mr. Struthers: So, getting back to what I originally said, I was correct then in saying that the numbers play a part in the committee's decision. The legislation sets up KAP to get an increase in numbers and, for the National Farmers Union or for Manitoba Independent Agricultural Producers or any other group that wants to approach the committee, they are up against your group who has this special treatment from the government, a setup in which they can bump their numbers up, and they are expected to compete with you now to become the certified organization. What other monopolies are you in favour of, Mr. Jacobson?

Mr. Jacobson: How do you answer that question? I think, Mr. Chairman, it is self-explanatory that the act does not designate Keystone Agricultural Producers as the certified organization. We have to be qualified and have the qualifications in order for the certification

agency to make the determination of who the certified organization will be for the next two years.

Mr. Chairperson: I will very closely monitor the direction in which the questioning and the debate is taking place. I suggest to you, honourable members, that we are not here to debate. We are here to ask questions of presenters.

Mr. Struthers: Mr. Chairperson, I will continue to ask questions of the presenter.

So in two years when KAP goes to the committee and is looking for certification as the No. 1 organization in this province, a group like the National Farmers Union or the Manitoba Independent Agricultural Producers would need to then lobby the Minister of Agriculture in order to change this legislation in order for them to become in the same position as your group and have the same advantages in looking to become that certified organization.

* (2200)

Mr. Jacobson: I think you are right, honourable member, that Keystone Agricultural Producers is the No. 1 organization. If in fact the producers of Manitoba support the organization, then what in effect this bill will do is create it to be the certified organization after it has gone through due process of going through the certification agency.

Mr. Struthers: Could you give me an idea of what your membership would be say five years ago?

Mr. Jacobson: Roughly 6,000.

Mr. Struthers: That would be about 1990. What about 1984?

Mr. Jacobson: He is sure testing my memory. Mr. Chairman, 1984 was our inception year so it was a number that I would just, if you would allow me to make a guess, 3,000.

Mr. Struthers: This is a two-parter. What would be the highest membership you ever had and in what year did you attain that?

Mr. Jacobson: Mr. Chairman, that is in 1992.

Mr. Enns: Well, Mr. Chairman, I wonder if I could not just determine one or two facts. Firstly, is it not correct, and you have some staff around you, Mr. Jacobson, that Keystone, or KAP, went out and solicited and sold some 6,000 memberships prior to any checkoff legislation being in place?

Mr. Jacobson: Yes, Mr. Chairman. That is correct.

Mr. Enns: Is it not the case that this amendment or this legislation certainly does not guarantee any increase in membership for KAP? Producers, after all, simply have to choose to opt out and the membership could in fact decrease.

Mr. Jacobson: Mr. Chairman, that is another correct statement. If we do not do our job, they will opt out. If we in fact do a good job for the organization as we have in the past, we hope that the numbers will go up.

Mr. Enns: The short and simple answer to the questions that Mr. Struthers has been trying to solicit from you is that the legislation in itself does not create memberships for you. It is only the wilful determination of producers who voluntarily allow the checkoff to stay that would increase membership, but it could go either way if the organization is not fulfilling its function in the rural areas of Manitoba.

Mr. Jacobson: Mr. Chairman, that is totally correct. The certified organization will no longer cease to exist if the producers will not wish to fund it and opt out.

Mr. Enns: Thank you, Mr. Jacobson.

Mr. Struthers: Well, in that case, Mr. Jacobson, if I was a member of your organization I would be wondering what you were doing on my behalf pushing to have the membership decline in some way. It makes no sense to me that you would be pushing for something that would not increase the membership. I think it is total fallacy to try to claim in here that this is not going to increase the membership of one particular group, farm organization, over another.

Mr. Jacobson, would I be accurate or inaccurate in suggesting that the real reason that KAP has

approached the government to come up with this legislation is that you are worried about the decline in your numbers and you want to find an easy way to bump that number back up?

Mr. Jacobson: Mr. Chairman, that is definitely not what we are intending. What we are intending to do is make the membership collection fee system work more effectively, which has not worked in the past.

Mr. Struthers: Well, then, why would we not do this for all groups and not just yours?

Mr. Jacobson: Mr. Chairman, as I indicated before, we are doing it for the certified organization which KAP currently has the ability to work under and be the certified organization for this two-year period.

Mr. Struthers: Which again gets us back into that whole circular argument about having the numbers being set up by the government and then coming back to this same government at the end of 1996 and looking for an extension of the—being this certification—

Point of Order

Mr. Radcliffe: On a point of order, Mr. Chairperson, I think the committee member, with great respect, is deteriorating into argument and debate with this presenter at this point in time. I think he has made his point, but I think that we are getting off the issue of either eliciting information or seeking clarity for his presentation, and I would urge you to point out to the committee member that this is only succeeding in delaying the presentations.

Mr. Chairperson: Mr. Radcliffe, I take very seriously your intervention, and I have been following very closely the questioning that has ensued, and I would ask that Mr. Struthers continue his question. I will monitor very closely whether he is debating or whether he is questioning.

* * *

Mr. Struthers: Mr. Jacobson, do you feel that KAP is a strong, independent force for farmers. I stress the word "independent."

Mr. Jacobson: Yes, I do.

Mr. Struthers: Are you willing to sacrifice that by agreeing to this legislation that puts you under the thumb of the provincial government?

Mr. Jacobson: It absolutely does not do that. Keystone Agricultural Producers is an entity that is brought together as an organization from the grassroots organization that is elected every year in the 12 districts of Manitoba, and on November 3 of this year we start a new round of district annual meetings, with an annual meeting coming up on January 15 to 17, where we hope, and as always, that there are a large number of producers coming out to those meetings, discussing the issues about the farm policy organization and ensuring that we are going to be a strong organization well into the future.

Mr. Struthers: Yet part of that plan to be a strong organization into the future is dependent on this government allowing this legislation to be passed, allowing you to check off farm memberships as farmers deliver grain.

Mr. Jacobson: Mr. Chairman, what I see this amendment doing is smoothing out the system that is already in place to make it easier, more efficient collection system that is both user- and purchaser-friendly, that was asked for by the grain industry itself when this first legislation was being put in.

Ms. Wowchuk: I just want to ask a couple of questions.

You were telling us what your membership was right now, and I was writing some numbers, but just before I ask my question, can you tell me what your membership is right now?

Mr. Jacobson: Approximately 3,900.

Ms. Wowchuk: You had indicated that in your first year, I believe in 1992, which was your highest membership, you did a membership drive and you had a membership of some 6,000 members. That appears to me to be a very effective way of getting memberships, by going out and talking to producers,

telling them what you are all about, and it appeared to be very successful.

Why, then, would you not take that route of actually going out and seeing the producers, collecting the membership and delivering them your message, rather than relying on checkoff legislation to do your work for you?

Mr. Jacobson: Mr. Chairman, in fact what we are doing is exactly what you are saying, that we are always in touch with our producers. I just in a previous statement mentioned the fact of all the meetings that we are holding in our districts throughout the year. Of the 12 districts that we have, they hold monthly district meetings.

Now, what we are in the process of is going through our district annual meetings where every district is holding elections, and those elections are looking after replacing people on a yearly basis. Coming up at our annual meeting, it is under our by-laws that the presidents in the organization are up for re-election every year and cannot hold office for more than four years.

* (2210)

Ms. Wowchuk: But what I am seeing from your numbers is a decline of some 35 percent from 6,000 memberships down to 3,900 members when you went to the checkoff system.

What I am asking is, why would you want to go to a system that is reducing your membership instead of following up on the method that you used when the organization first started, which was personal contact with producers or collection of membership dues at annual meetings, as organizations do? Why would you want to move to a system that is resulting in your organization having a lower membership?

Mr. Jacobson: What is in fact happening, and I can quote from the Canadian Federation of Agriculture rather than quoting our own statistics so we are not accused of creating numbers, is that numbers from 1971 to 1991 in the province of Manitoba, the number of producer-farmers has decreased from 35,000 to

25,000. Those are 1991 statistics. I think the honourable member realizes what the decline in rural population is even in her district.

It is happening right across our province. The numbers are going down dramatically, and that is no less a reason to have a strong farm policy organization, because the numbers are getting less and the people need a farm policy organization that is going to be effective for policy of them in rural Manitoba.

Ms. Wowchuk: I want to tell you, Mr. Jacobson, that I do believe that as producers we do need a strong organization. That is not an argument that I am having. I am talking about how—

Mr. Enns: Thank you, Rosann, you are coming on board. I always knew you would, you just needed a bit of coaxing.

Ms. Wowchuk: Thank you, Mr. Chair.

My concern is the process of how you are collecting memberships and questioning the real need for this legislation because as I see it, it has not had a positive effect on the numbers of people who join the organization.

Following on that, I want to ask the question—you said, I believe, that membership was not available to grain producers because it was not being checked off at the elevator. Do farmers, grain producers not have the option that if they want to belong to the organization, they can just mail you a cheque and be part of the organization?

Mr. Jacobson: Yes, they do, but, in fact, when they give us the information, as I told you in the submission, we have the ability to send their name to one collection point and when that name goes to the one collection point then they expect it to be taken off and what happens is it is not taken off. That is the problem for the decline in our membership.

Ms. Wowchuk: The question I am asking is that if the fee is not being taken off at the point of sale, that producer does have the option, if he wants to belong to the organization, to take out his cheque book and send you a cheque and say, yes, I want to be a member of

KAP but I do not want my fees—my fees are not being docked off at the elevator. Here is my cheque. I want to be a member. He has that option, does he not?

Mr. Jacobson: They would have that option but what they are expecting, that this legislation should work, and what happens is the year keeps on going and by the time the end of the year comes, the purchaser has not checked off at the system of where an individual has a name at a certain grain company, so the collection cannot be made. Therefore, the numbers of producers who are belonging to the organization, in your own words, keeps going down. In effect, it is the legislation that we are talking about to be amended, to have the ability to make a smoother financial transaction on the membership fee collection system.

Ms. Wowchuk: I want to ask how much you anticipate your revenues will go up as a result of this legislation, because when I look back at when cattle producers had the checkoff, their revenues were \$200,000 a year. When the checkoff was taken out, their revenues went down to \$20,000 a year. That is a tremendous variation in revenues. What do you anticipate your revenues will increase to as a result of this legislation?

Mr. Jacobson: Mr. Chairman, we have not made that determination in any point of fact because, first of all, we have to become the certified organization. What happens there is that process is going to be an ongoing process, and we have not anticipated what the revenues would be.

Ms. Wowchuk: Just for clarification, Mr. Jacobson, you said that you cannot anticipate this because you have to become the certified organization. You are the certified organization. If this legislation passes, you will have the compulsory checkoff that people will have to opt out of, and statistics show us that when there is a negative option checkoff such as that, many more people do not opt out, and the organization that has that compulsory checkoff does have a great increase in revenue. So you must be anticipating a fair increase in your revenues because of this legislation.

Mr. Jacobson: I can go by the number of producers that we have currently set out membership collection

fees for in 1995 and go on that kind of a number. The total was 3,686 that went out on the first portion, with 4,652 going to the grain sector, so at \$100 per membership, I think you can do the calculation.

Ms. Wowchuk: I have no further questions, Mr. Chairperson. I just want to say that we have had this discussion many times, and I want to say to Mr. Jacobson, although I believe there should be strong farm organizations, I believe farmers should have a choice in who should represent them, and I think that farmers would feel that they had been treated much more fairly and the system would be much more democratic if they were given a ballot, given a vote, into whether or not they want this organization to be their representative.

I think that Keystone Agricultural Producers would be doing farmers a great service if they took that option and canvassed all the producers in this province and ask them for their support, and if they got the endorsement of 50 percent of the producers and they said they wanted it, there would be no difficulty, but we have not had that process in this province, and I think that farmers deserve that.

Mr. Pitura: Mr. Jacobson, just one quick question. We have been talking about memberships. Do you have memberships where there is more than one producer per membership?

Mr. Jacobson: Yes, we do. I am sorry, I did not address that question before.

As you know, the numbers of producers in Manitoba is going down, and what that relates to is the fact that the farm size is growing, and that relates to the fact that there is more than one producer on an individual farm, and, in fact, there are at least two on every farm, because there is a husband and a wife.

The other part of that is that there are partnerships and there are Hutterite colonies, in fact, that have one membership per colony where, on that type of farm, we have maybe up to 20 families that are represented by one membership. Therefore, in effect, there is a great number of producers in Manitoba that Keystone Agricultural Producers is representing.

Mr. Chairperson: Are there any further questions? If not, thank you very much for your presentation, Mr. Jacobson.

Mr. Jacobson: Thank you very much, Mr. Chairman and committee.

Mr. Chairperson: I call next Mr. Bruce Dalgarno, Manitoba Canola Growers Association. Is Mr. Dalgarno here? Yes, there he is. Have you a written presentation for distribution. We will ask the Clerk's Office to distribute. You may proceed, Mr. Dalgarno.

* (2220)

Mr. Bruce Dalgarno (President, Manitoba Canola Growers Association): Mr. Chairman, Mr. Minister, honourable members, I would like to thank you for this opportunity to address the concerns of Bill 15 at this time.

I am president of the Manitoba Canola Growers Association, and at this time, I would like to introduce our vice-president, who came with us, Mr. Max Polon, and our treasurer and director, Charlie Froebe.

We appreciate this opportunity to comment on Bill 15 as it pertains to commodity groups, specifically the amendments to Part 4 of the existing Agricultural Producers' Organization Funding Act.

We heartily endorse the amendments proposed by the government because they address the changes to the act that we believe are essential to the successful operation of a canola checkoff in Manitoba.

The amendments will allow a canola checkoff, once established in this province, to operate in a similar fashion to those already in place in each of the other western provinces. This is important to ensuring that the money collected is in the most cost-effective manner possible so that the maximum amount of funds can be directed to canola programs while the costs associated with collecting the checkoff can be kept as low as possible.

A number of canola buyers, both crushers and country elevator companies, operate in more than one

province. Legislation in Saskatchewan, Alberta and British Columbia is similar with respect to the method in which the check-off funds are collected. As a result, canola buyers have been able to develop administrative systems to collect the checkoffs that can be used in all provinces in which the companies operate.

Prior to the amendments proposed in Bill 15, if a checkoff had been implemented in Manitoba, these companies would have been required to develop a separate administrative system for Manitoba alone. In our discussions with canola buyers, it was made clear to us that they much prefer a universal, refundable system to the front-end, opt-out situation existing under the current legislation. Not only is a universal refundable system more administratively efficient, but it also allows canola buyers to remain neutral in the check-off process. Buyers do not want to be in the position of having to decide whether or not the check-off monies are to be deducted from their customers' cheques.

The universal refundable system has proven to be both workable and well accepted by canola growers in B.C., Alberta and Saskatchewan. With checkoff having been in place for between four and five years in these province, grower requests for refunds have been extremely low. Only 2 to 3.5 percent of the levy money collected has been refunded. The percentage of producers requesting refunds has been between 1.1 and 2.85 percent. It goes without saying that if growers' needs were not being met, the refund rate would be much higher.

A universal, refundable checkoff will allow the Manitoba Canola Growers Association to communicate regularly with all canola growers about the activities to which check-off monies are being directed. It will be possible to demonstrate the uses to which the funds are being put, and it would be hoped that those who might initially want a refund would reconsider when they see the benefits they are receiving. Under the current system, there is no opportunity for organizations receiving check-off funds to communicate with those who chose not to support the checkoff. Because growers can opt out for life, contact is lost with those growers once they do opt out.

We cannot stress enough the importance of implementing a canola checkoff in Manitoba. All the canola growing provinces in Canada have a checkoff, with the exception of Manitoba. Even Ontario has had a checkoff for six years, and that province's production equals only 2 percent of the canola produced in Manitoba.

If we look to the province directly to the west of us, canola growers in Saskatchewan benefit from research, extension and market development programs funded by nearly \$1.4 million of canola growers' money last year. Just over \$670,000 was directed to research projects alone in 1994-95. This cannot but help give Saskatchewan canola growers significant advantages in remaining competitive in canola production. In addition to funding canola production research, of general benefit to all growers, the availability of grower-directed provincial research dollars has allowed projects to be funded which address the specific needs of canola production in Saskatchewan. The existence of a pool of growers' funds has had other spin-offs. Without a doubt, grower funding in Saskatchewan has helped foster a research-friendly environment which has contributed to Saskatchewan becoming increasingly recognized as a major centre for canola breeding and development, particularly in the area of biotechnology.

Here in Manitoba, funds for basic canola breeding research at the University of Manitoba have declined by 63 percent over the past five years. Much of the breeding work now being done at the university is proprietary or company-funded research to develop immediately marketable products. Longer term research that does not have an immediate payback or an immediate application to the marketplace is still essential in keeping canola production in Manitoba on the leading edge. Part of basic research is agronomic research, the kind that leads to improved production practices which help farmers produce better canola crops more efficiently.

In the area of extension, Manitoba canola growers stand to lose the Canola Production Centre program if a canola checkoff is not implemented soon. There were 13 Canola Production Centres across western Canada in 1995 and two were located in Manitoba.

The Canola Production Centres are important to canola extension work because they act as the bridge between the research lab and the farmer's field. They provide farmers with the opportunity to see how new techniques might work under field conditions. The Canola Production Centre program is an initiative of the Canola Council of Canada. The council contributes some funding to the program. Provincial government grants and in-kind support from agribusiness also support the program. However, a leading source of operating funds for the centre has been money contributed by canola growers through provincial checkoff.

In Manitoba, the Canola Council and a REDI grant have provided operating funds for the program. When the five-year REDI agreement was entered into, it was assumed that a checkoff would be in place in Manitoba by the time the grant concluded. Two conditions were attached to the granting of the REDI money, that the Manitoba Canola Growers Association, as the representative organization of canola growers in the province, start contributing to the Canola Production Centre program in 1996, and that the REDI grant must be repaid by the Canola Council if no funds are contributed to the program by canola growers by the year 1997.

Without a checkoff, there will be just one Canola Production Centre in the province in 1996, and in 1997 there will be no centres because money from the Canola Council, which would have been directed towards this program, will have to go towards paying back the REDI grant.

As you can see, the amendments proposed in Bill 15 are essential to the long term well-being of the canola industry in this province. Manitoba has had a long relationship with canola, and we want to see it continue. Do not forget, it was in this province at the University of Manitoba that canola was developed. Canola is a high value, readily marketable crop, the type of crop farmers will increasingly be looking to now that the Crow rate has been discontinued. Canola offers some significant value-added opportunities for Manitoba since two crushing plants are located in the province and a third one is under construction. We cannot afford to be without a checkoff if canola in Manitoba is to remain on the leading edge.

We urge you to move Bill 15 quickly through the committee stage and back to the Legislature for third reading so that the amendments can be enacted upon as soon as possible. Thank you.

* (2230)

Mr. Chairperson: Thank you very much, Mr. Dalgarno.

Mr. Enns: Thank you very much, Mr. Dalgarno, for what I believe to be a very informative presentation to this committee.

I have two specific areas of your brief that I want to just reconfirm and ask for some further clarification. Firstly, I am personally delighted that you are bringing to the attention of the committee that all canola growing provinces other than Manitoba have a checkoff. It has been suggested that I am some kind of a pinko communist for introducing this kind of legislation, and I know that my good friends opposite would not accuse their brethren in Saskatchewan or British Columbia, which happen to be of the same political stripe that they are of, they would not describe their Ministers of Agriculture in those provinces in those ways.

But seriously, and this is a point really that is particularly germane to the presentation also of the previous presenter, the representation from KAP. On page 2 of your brief, that is really precisely the heart of this proposed amendment. You say at the top of the page: Buyers do not want to be in the position of having to decide whether or not check-off monies are to be deducted from their customers' cheques.

That is part of the problem, you know, and that is the same representation that was made to us from grain companies and people who are in the business of buying your commodities. That decision, it puts them sometimes in a difficult position on the field to decide whether or not a checkoff should be made. Is that not the presentation or the situation that you have found to be the case?

Mr. Dalgarno: Yes, Mr. Enns, that is exactly the case. We have met extensively with the crushers of canola in

Manitoba, as well as the elevator companies, in agreeing with them that the present legislation is not workable as far as the grain companies—they should not be put in a position of acting as a policeman and saying whether or not check-off monies will be deducted from those cheques.

Mr. Enns: Thank you, Mr. Dalgarno. The other issue that I want to touch on, and that really is extremely important, you point out in your brief that research monies, particularly research monies from governments, have been decreasing. I will not take the time of the committee, but we are certainly reminded in government about the priorities of where public money ought to go every day, every Question Period, and I must tell you, sir, it is not in Agriculture. It is in Health. It is in Education. It is in Family Services. But that debate I will leave for the House. Is it not a fact, Mr. Dalgarno, that what is happening is that those research monies that are available, you mentioned the REDI program and others, including the federal government, usually have conditions attached that require the commodity group involved to participate in those research monies that are available? So it becomes doubly important for commodity groups such as yours to have the wherewithal to access those research dollars that are available.

Mr. Chairperson: Mr. Dalgarno, I hope you can hear the questions. I understand that there is a bit of questioning going on with each other and maybe a bit of jousting going on across the table. So I would ask whether you heard the question. If you did not, I will ask the minister to repeat.

Mr. Dalgarno: It is not too bad. I can make it out.

Yes, the other provinces' experiences, with research dollars especially, have shown that if the growers have some money to put up, it seems that money is available both from provincial governments and federal government, agribusiness, all facets of the canola industry. Once someone shows some initiative and is willing to put up growers' money it acts as seed, and they have some fairly significant projects in Alberta and Saskatchewan, especially, with very small amounts of growers' money actually being spent.

Mr. Enns: One final question, Mr. Dalgarno, considerable time has been spent at this committee in

questioning other presenters about the procedure, the mechanics of becoming designated under the act as a commodity organization for which checkoff then will be put in place. I am aware that, certainly, in anticipation of having a checkoff in place for the canola growers of Manitoba that your organization has undertaken, you know, certain activity. After all, you must convince the certifying agency that the canola growers of Manitoba do legitimately represent the canola growers of Manitoba. Could you describe just in a few words what your organization has, in fact, done in anticipation of being designated as the appropriate group deserving of this checkoff when it comes into being?

Mr. Dalgarno: Yes, we are in the process of preparing a submission to the certification agency to have the Manitoba Canola Growers Association certified as an association to receive these check-off monies. Part of that is showing that we are a group that represent the majority of canola growers out there and have a successful following of the canola growers in Manitoba.

Mr. Enns: Thank you, Mr. Dalgarno. Thank you again for your presentation.

Ms. Wowchuk: Mr. Dalgarno, you said that you represent the majority of canola growers in the province. Can you tell me how many canola growers there are in the province and how many are your members, and what you have done to contact the members to see whether or not they want this type of checkoff?

Mr. Dalgarno: Well, at this point we are not really too sure how many canola growers there are actually in the province of Manitoba.

Mr. Enns: It is a moving figure, I suppose.

Mr. Dalgarno: Yes, as canola growers are not required to have a permit book by the Canadian Wheat Board to deliver their product, we do not have a means of knowing exactly how many members there are. We figure that there are somewhere between 8,000 and 10,000.

Ms. Wowchuk: How many are members of the Manitoba Canola Growers Association?

Mr. Dalgarno: Manitoba Canola Growers have approximately 864 members.

Ms. Wowchuk: Eight hundred and sixty-four out of some 8,000 to 10,000. Is that accurate?

Mr. Dalgarno: That is right.

Ms. Wowchuk: When I look at your presentation I have a concern because you are a representative for the canola growers of this province, but in your discussion paper you are saying, in discussions with canola buyers it is clear that they prefer a universal refundable system to the front-end checkoff. So you are caving to, or leaning to, what the buyers want, but have you, as a representative for the producers, are you sure that this is what the producers want? Why is it that you are not listening or canvassing the producers to see if they want this kind of a checkoff that will not allow them to have an opt-out refund, rather than listening to what the buyers are saying and catering your statements in that way?

Mr. Dalgarno: In our consultation with this whole checkoff process we have consulted the buyers as well as our own membership. The issue of a front-end or a universally refundable checkoff has been addressed at three of our past annual meetings since 1989 and resolutions passed to the effect that the membership wishes to go on record as trying to get the government to proceed with amendments to allow a universally refundable checkoff. They have been passed at each of those three annual meetings.

Ms. Wowchuk: I want to make it clear that we feel that commodity groups, if it is the wish of the commodity groups—that there needs to be strong representation. If the producers of certain commodities choose to have an organization represent them and have a membership to that organization, they should have the ability, but the producers should be the ones that have the say as to whether or not there should be a checkoff for their organization.

Has your organization made any attempt to have all producers of canola have a say as to whether or not this checkoff should be in place? Have you contacted the producers, or have you considered sending out a ballot

to give all the producers an opportunity to have a say in whether or not this is what they would want?

Mr. Dalgarno: Yes, perhaps I would like to let Max Polon answer that. He was, I believe, the president at the time that they did a survey in Manitoba and a bunch of meetings.

* (2240)

Mr. Max Polon (Vice-President, Manitoba Canola Growers Association): Thank you very much. I just wish to add to what Mr. Dalgarno has been commenting on. He does not have quite the years of experience, as is witnessed by my hairline here, that I have had—

An Honourable Member: It is a solar panel.

Mr. Polon: Yes. —with the organization. When we undertook to seek a checkoff for canola we held a series of country meetings, 13 in all, throughout the entire area from Swan River right down to Melita, to the eastern part of the province. The attendance of those meetings was what we thought very good, probably an average of 30 to 40 per meeting. I do not have the exact figures because it took place in 1991.

In addition to that we took the Wheat Board list for all canola producers in Manitoba, we mailed them a questionnaire asking them not only do they wish to have a checkoff but how would they like to see the checkoff structured. What would they like to see the funds used for, and what percentage shall those funds be allocated to these various undertakings. We had a response, I do not recall exactly—again, as I said it was in 1991—but the response rate was approximately 300 of all the questionnaires that went out. So we feel we have undertaken to solicit all the membership, as Ms. Wowchuk has requested.

Ms. Wowchuk: Thank you, and I would like to welcome you to this meeting, Mr. Polon, and wish that we could have been able to hold these hearings closer to your home so that you would not have had to travel this great distance. Maybe we would have also had the opportunity for more canola producers to express their views at these hearings.

Even at those numbers, when you look at it, although it is a reasonable number, I do not believe that there has been a good canvass of people who are canola producers. I think that we really have to look seriously at how it is that we can give more producers the opportunity to have some say in whether or not they want to have their funds checked off to this organization. I think that if the producers recognize that this organization is in fact doing research or contributing to research that will better the opportunities for producers across the province that they would be supportive. But I think the organization has a responsibility to reach more producers—

Mr. Chairperson: Ms. Wowchuk, might I interject just for a wee minute. I think you are that close to entering into a debate, and I am not going to allow the debate. If you have further questions, I will allow the question.

Ms. Wowchuk: I apologize for the length of my preamble. Would you consider taking steps to canvass all canola producers in the province and give them an opportunity to have a say in whether or not there should be this checkoff?

Mr. Dalgarno: The Manitoba Canola Growers hold a regional meeting every winter in each director's area. We hold an annual meeting that in the last number of years has been in Brandon just prior to Ag days. We send out our newsletter five times a year. It is distributed to all members. It is distributed to all the Ag rep offices. It is available for anyone to go there and pick up a copy to contact any of the directors. They can become members of the association. They can come to our annual meeting or our regional meeting and be heard, and that is the democratic way of doing it. So we are there to serve our members' needs.

Hon. Glen Cummings (Minister of Environment): Mr. Chairman, I wonder if these gentlemen, for the record, could indicate one of the gross benefits that they would anticipate or what the lost opportunity would be if Manitoba does not come on stream pretty soon in terms of being able to contribute to research and development. I think my colleague from Swan River (Ms. Wowchuk), being the home of where canola began to flourish in this province, would be very

sensitive to this in terms of development of new varieties and more productive varieties. Are we likely to lag behind other provinces in access to new varieties if we do not contribute to development pretty soon?

Mr. Dalgarno: We have already seen some of the erosion of the leadership that Manitoba had in that we developed canola at the University of Manitoba, and we have seen some of that erosion with the development of the research community around Saskatoon. We have had the research co-ordinator from the Canola Council of Canada move from Winnipeg. He is now in Saskatoon. So, yes, I believe we are seeing some erosion of the leadership that we have taken of canola in the past happening in Manitoba.

Mr. Marcel Laurendeau (St. Norbert): Mr. Chairperson, being the urban member here that does not understand a lot about the agricultural business, I actually enjoy sitting on these committees and listening to some of the input that we get from the rural community.

What I am hearing is that the research is a very important component, and having the University of Manitoba in my riding I am seeing how the industry is moving into a lot of the research fields and investing money into research within the farming community. But when the Canola Growers Association invests their dollars within research, are you reaping any of the reward as far as patents or any of the—are you able to patent so that only the people who contribute through your association, who are directly funding that research, are getting the benefit? Have you got a way of closing the door on those who do not support the initiative of research so that they do not get any of that initiative? I mean, I do not understand why someone who has not contributed to the research should get a benefit from it. The companies are basically closing the doors—[interjection]

Excuse me, Mr. Minister, but—[interjection] No, I am sorry, Mr. Martindale, but I really have got a serious question here. We have got some research companies that are closing the doors to a lot of the industry because they patent a lot of the research that they are doing. It is happening more and more, and I am

wondering if that avenue is available to the Canola Growers Association, that avenue that you close the door to those who do not contribute.

Mr. Dalgarno: I guess in Manitoba right now we are a voluntary organization and we do not have the monies for research. But in Saskatchewan where they have a checkoff on canola and have had for a number of years, they have indeed set up a separate arm of the association or corporation, whatever, that does deal with the research community, and if there are projects that will reap royalties or dividends of some sort, yes, they do come back to that association.

Mr. Laurendeau: So are we looking at that avenue once we have got the checkoff in place, hopefully in the very near future, are we looking at that avenue of possibly establishing that research ability within Manitoba and having that avenue to get those royalties towards the canola growers so that the growers of Manitoba can benefit from this?

Mr. Dalgarno: Well, it is certainly an avenue that we would want to keep open and keep looking at. You want to be able to fully utilize all the memberships, monies, that come in and make the best possible use of it. So we would certainly keep that avenue open, such as Saskatchewan has done and Alberta is doing as well.

Mr. Pitura: Mr. Chairman, I would just like to ask Mr. Dalgarno, on the projected, to the acres of canola, in 1996 and 1997, what would you project your total income to be off the checkoff?

Mr. Dalgarno: Well, that will be fairly difficult to ascertain. It depends on how happy we can keep our membership. If we do not keep our members happy and show them the benefits of the checkoff, if they request their membership or their checkoff monies back, then we would not see any increase in revenue. You have to keep the membership happy and show them the benefits of it and what they are deriving out of the program.

Mr. Pitura: Just one more question. Is there an estimated cost as to what it would cost to run a Canola Production Centre program, and how many of these sites would be required in Manitoba for the long term?

* (2250)

Mr. Dalgarno: I believe it costs approximately \$130,000 for each production centre in Manitoba, and at the present there are two production centres and seven satellite sites in Manitoba, something along that line. The Canola Council co-ordinates the production centres in western Canada, and they do it roughly on one production centre for every million acres of canola. So they try to keep it in that context.

Mr. Struthers: Mr. Chairperson, first of all I want to say, both to Mr. Dalgarno and to Mr. Polon, welcome to the committee. I am very impressed with what I have read in front of me here. I have also been very impressed with the information you have been sending me in the lead-up to this committee hearing tonight. It appears to me that you have done your homework and you have got some fairly persuasive arguments to be made. I want to particularly note the success that the Canola Growers have experienced in Manitoba over the past number of years. In your presentation you have identified several things that you have done very well.

Before I go any further, though, in congratulating you, I want to make sure that it is clear that the things that you have accomplished that are good up till now have been done without the benefit of the check-off program. I am pursuing this line for a minute, spurred by what the Minister of Agriculture (Mr. Enns) said earlier about other provinces having this in place. It seems to me that, at least up until this point, we have held our own, we have been on the cutting edge in the canola industry in Manitoba. You point out quite accurately in your presentation that this is the home of canola, and I think we have accomplished a lot of things without the checkoff.

What I am not quite convinced of, however, is that we are absolutely dependent on a checkoff in the future in order to keep on producing the good results that your group has been doing in the past years. At the outset I thought maybe the minister was going to break out into a rousing chorus of Solidarity Forever when he was talking about the union that he has with the other provinces across Canada, socialists and capitalists alike. But what I want to ask you is, No. 1, are you

now the certified organization for canola growers in the province?

Mr. Dalgarno: No, at this point we are not. We have not applied to the certification agency for certification.

Mr. Struthers: Thank you very much. I do not want to go through the whole song and dance that Mr. Jacobson and I went through a little while ago, but I want to make sure that you know that I still maintain that the points I made with the previous presentation by KAP I think would apply here. I do not favour one organization approaching the government to get this type of legislation in order to bump up its numbers so that it can become certified over some other group. That leads me to the question: Are there other groups in Manitoba right now who are purporting or really do represent canola growers? Are there any other groups?

Mr. Dalgarno: I am not sure. Are you asking me if there are other groups that have applied to the certification agency, you mean?

Mr. Struthers: No, are there any other farm organizations in Manitoba who claim to support or to represent canola growers?

Mr. Dalgarno: Not that I am aware of.

Mr. Struthers: Are there any that you know of who have applied to become certified organizations for the group?

Mr. Dalgarno: Could you repeat that, please?

Mr. Struthers: Are there any other groups in Manitoba who have applied to become the certified organization for canola growers?

Mr. Dalgarno: Not specifically for canola growers that I am aware of.

Mr. Struthers: I am unclear about the opt-out for life. It says on page 2 in your presentation: "Because growers can opt out for life, contact is lost with those growers once they opt out."

So we have a half section of land west of Swan River, and we have been known to grow a little bit of canola. If I drive up to the elevator with my truck load

of canola and I want to sell it, how do I go about opting out? [interjection] I think I asked the presenter.

Mr. Dalgarno: We are not a certified agency for canola at this point, but I believe that those people would have to—if you wanted to opt out, you would give written notice to the agency that was certified, and they would have some type of number or whatever to give you so that you did not require check-off monies.

Mr. Struthers: Once I did that under this legislation—I realize that is not available there for me now, but, under this legislation, I would be able to opt out for life. Presumably, if I wanted to opt back in, I could do that.

Mr. Dalgarno: Yes, that is true.

Mr. Struthers: I want to touch a little bit upon some of the statements here that claim that Manitoba canola growers stand to lose the Canola Production Centre program if the canola checkoff is not implemented soon. Throughout the brief that you have presented here, you have several statements kind of forecasting dark and gloomy days if there is no checkoff, and that is the part that I am not clear on. Explain to me, just in your own words, how it is that without the checkoff you are not going to be able to do the things that you have been doing in the past.

Mr. Dalgarno: Well, without the checkoff in Manitoba, which is right now funded by the Canola Council through a REDI grant supplied to them by the government, without part of the agreement, the REDI agreement, one of the stipulations of it is that funds will ratchet down from the government and they will be replaced by grower money.

If those grower monies are not put in through the REDI grant, if those monies are not made available, then the Canola Council of Canada has to repay the REDI money that they have already received back to the government. So in 1996 we, the Canola Council of Canada, would only have one production centre in Manitoba, and in 1997 there would be no production centres in Manitoba because the money allocated by the Canola Council of Canada would have to be returned back to the government. So there would be no money for production centres in Manitoba.

Mr. Struthers: Okay, that is more clear than when I first came upon it in your brief. Are you saying that you are reacting to the cutbacks of governments, be they federal or provincial?

Mr. Dalgarno: What was that again?

Mr. Struthers: Are you reacting to the cuts that are there in agriculture these days coming from our federal and provincial governments? Is this a shifting of money coming from public sources as in the provincial and federal government onto the backs of canola growers?

Mr. Dalgarno: One thing that we are seeing in the other provinces—because they already have their commissions in place—is that a lot of times both provincial and federal research dollars, they seem to like to be able to put it into an organization with no strings attached so that when the program is finished, it is finished. There are no bureaucrats hanging around. There is no office space. They just put X number of dollars into this program because they figure it is feasible. It depends on the research program; some of them in different areas we are getting more money, others they are getting less.

* (2300)

An Honourable Member: You are never going to become president of the Canola Association of Manitoba.

Mr. Struthers: I think he has accomplished his goal here, because he has knocked out of my head what I was thinking.

The bottom line here is that the government has, generally speaking—not looking at one grant or the next—been putting less money into research and development in agriculture and now your group is proposing that your own group pick up the slack in terms of falling government dollars.

What you are saying to your own membership is that you are willing to backfill in on research and development which has always been a responsibility of the government in this country and which means that

all you are doing is taxing your own members because the government will not do it. Is that not right?

Mr. Dalgarno: Well, one thing with the checkoff dollars being taken off by members and put into the organization, those members now have a voice in what they want to see researched and they are going to be speaking up seeing as how it is their dollars. They are going to want to make sure that the research projects that are carried out are going to benefit them. It is not something that some government bureaucrat sort of forced upon the research community. It is something that the growers themselves want and the projects reflect that, that are being carried on in Saskatchewan and Alberta.

Mr. Struthers: I understand that and to a certain degree I sympathize with what you are saying, but what you are saying it seems to me to be inconsistent as well. On the one hand, you are saying that canola growers should have a voice in how research and development and the money is being spent in R & D but, at the same time, you are not giving the farmers a voice in whether they want to belong to this canola group or to another one or whether they want to be involved in this checkoff program at all. Do you not see the inconsistency there?

Mr. Dalgarno: Is that a statement or a question?

Mr. Struthers: Well, I made the statement, but I was asking you if you could see that what you were saying was inconsistent.

Mr. Dalgarno: I am not sure of the question. Could you repeat the question?

Mr. Chairperson: I am going to caution the honourable member in his questioning. I am not going to allow further questioning if there are no questions. If it is just an argumentative debate that we are in to, I am simply going to end the debate and move on. If you have a question, I will allow the question.

Mr. Struthers: I have been asking questions, Mr. Chairperson. As an MLA it is my job to do so. I asked the question. I will restate the question if it was not understood by the presenter or any of the members

across the table, but I do have a responsibility to ask these questions. I will re-ask the question, hopefully, in a more clear fashion so that the presenter can give me an answer.

On the one hand you are saying that the canola growers need a voice in how the money is spent for research and development. But, on the other hand, you are not allowing farmers to have a voice in whether they want to become part of your group or not. What I asked you was: Can you not see the inconsistency of on the one hand saying they need a voice but, on the other hand, saying they do not, they should not have a voice to begin with?

Mr. Dalgarno: I will just try to cover a bit of it, and then I will get Max to comment on it.

Canola growers in Manitoba actually get to say twice a year whether or not they would want to be a member of our organization in that refunds through our checkoff would be returned and the membership returned twice a year if people so wished that. Perhaps Max could further expand.

Mr. Polon: Perhaps a little bit of history on how this came about might be in order. When we undertook to pursue the checkoff on canola, after the questionnaire that I spoke of before, we did go to a certification agency and were the certified organization to pursue a checkoff. We did not pursue it further because we did not feel the legislation pertaining to the checkoff was workable, in our case, at that time. Consequently, we did not pursue it.

In the meantime, we worked with the governments in trying to get the legislation changed so it made far more efficient use of the checkoff dollars when we did get them. Instead of spending umpteen percentage dollars just on administration, we could trim the administration to the bare minimum and use the greatest number of dollars for the program's research market development extension for which we had intended they be used.

Secondly, in response to your question, Mr. Struthers, regarding the cutback in government dollars, yes, there is no question there has been a cutback in government dollars. But I can cite an experience in Alberta where, when growers start putting their dollars

into research projects, those dollars were matched by government and the end result—I do not recall what year it was that the amount of government dollars going into research was actually more than it had been the previous year because they were matching grower dollars, and that is what we are increasingly seeing governments liking to do. They want to see a commitment from the organization as to what it wants to do and they will assist it in doing it.

Mr. Struthers: Thank you, Mr. Polin. If the shift continues, though, if it continues as was used the words "government money" put into this being ratcheted down, that suggests to me that there will be more and more opportunities for your members to put more and more money into these programs to make up for the difference that is not coming from federal and provincial governments.

My premise has always been that everybody benefits from the work that our farmers in Manitoba do, not just farmers, not just one section. I mean we all sit down to a table at the end of the day with food on it that comes from farms. I think that—

Mr. Chairperson: Mr. Struthers, is there a question?

Mr. Struthers: Do you not think that everybody then should contribute to the benefits if they are going to reap the rewards of farming? Should not Manitoba and Canadian taxpayers be paying their fair share and not having your own members backfill for government cutbacks in agriculture?

Mr. Dalgarno: Well, I am going to benefit from the research because I am going to get a higher yield per acre, more oil per acre and a higher value. You are going to benefit from it because you are going to be able to eat at the end of the day, and you are going to pass those funds on to me, so I thank you.

Ms. Wowchuk: Under this legislation you will have, if it passes, or when it passes, I should say, your membership fee will be \$100 per producer. Is that accurate?

Mr. Dalgarno: No. What we would propose our checkoff would be would be 50 cents for every tonne of canola delivered to the elevator.

Ms. Wowchuk: Is there a maximum amount that you would be wanting, or is it 50 cents for every tonne sold?

Mr. Dalgarno: It would be 50 cents a tonne on every tonne sold in Manitoba.

Ms. Wowchuk: Can you give an indication—you would have a better sense than I would for the amount of canola that is produced in this province—how much revenue will this create for your association?

Mr. Dalgarno: Well, like I said on the previous question, it depends on whether the growers are in fact happy with the way we have been carrying the research dollars and the checkoff dollars. If they are unhappy with it, they will ask for refunds and we may not get any increase in revenue.

Ms. Wowchuk: In anticipation that the growers will see that you are doing a good job and none of them will opt out, what do you see as your revenue?

Mr. Dalgarno: Well, the acreage in Manitoba has increased greatly in the last couple of years, and it has bounced around between two and two-and-a-half million acres, roughly half a tonne per acre so that would be approximately 22 cents per acre. So you are looking at \$500,000.

Mr. Chairperson: Thank you very much. Are there any further questions? If not, thank you very much Mr. Dalgarno and Mr. Polon for your presentation here today.

Mr. Dalgarno: Thank you, Mr. Chairman.

Mr. Chairperson: I call next Mr. Doug Jones and Mr. Don Kuhl, Manitoba Pulse Growers Association. Would you come forward, please. Have you a printed presentation?

Mr. Doug Jones (Manitoba Pulse Growers Association): Yes, we do.

Mr. Chairperson: I will ask the Clerk to distribute. Mr. Jones, would you please proceed.

Mr. Jones: Thank you. Mr. Chairman, Mr. Minister and members of the Standing Committee on Agriculture, tonight we have our President Don Kuhl with us and our Secretary Treasurer Linda MacNair, and when it comes to questions I am sure they will be a big help.

We would like to thank you very much for this opportunity to express our support for changes in The Agricultural Producers' Organization Funding Act as put forth in Bill 15. The Manitoba Pulse Growers Association has now had over four years experience collecting levies under the current act. This has allowed the association to become actively involved in ways which were previously impossible. For example, over the past four years the association has put close to a quarter of a million dollars of producers' money directly into research. Another thing that has happened is the newsletter. We have given you a copy of that along with our presentation, our most recent one.

With the many changes anticipated in the future, it is important that the association keep abreast of the total pulse industry and continue its support of research, growers' concerns, developing markets and communications. As a matter of interest, both Saskatchewan and Alberta have a levy system for pulse crops. In Saskatchewan, the levy is a universal nonrefundable program. In Alberta, the levy is a universal fundable system. The rate of levy is the same in all three prairie provinces, one-half of 1 percent of crops sold.

In Manitoba, under the existing legislation, a producer may choose not to support the association by opting out. This opt-out provision is important in that it does give a farmer freedom of choice. This in turn keeps the association very much aware of our standing with pulse producers. However, the opt-out provision does cause some difficulties with both buyers and MPGA.

When a producer opts out, contact is lost with this farmer. We have no idea whether or not this producer continues to grow pulse crops and, if so, what kinds of acreages or what kinds of crops. With no contact with these opt-out members or opt-out producers, it makes it very difficult to respond to or to take into consideration his needs or ideas.

Buyers must set up a dual system for tracking MPGA members and nonmembers for the remission of levies. This, at times, leads to misunderstandings and hard feelings. With the possibility of a security checkoff looming, simplicity in any system is preferable.

The Manitoba Pulse Growers Association would suggest that a universal, refundable levy collection system would be superior to that which is now in force.

A universal, refundable levy collection system would increase dialogue between the producer and MPGA. This increased contact, at the very least, on a yearly basis, would give the association a chance to respond to all pulse producers, both members and opt-outs. This would better track our effectiveness in advancing the interests of the Manitoba pulse industry. This system would also give more accurate numbers on volumes, prices and kinds of pulses grown in Manitoba.

A universal, refundable levy collection system would certainly be much more cost effective for buyers. It would eliminate the necessity for buyers to set up two payout systems, one for MPGA members and another for opt-outs. Levy deductions would be made on all pulse crop sales, and MPGA would handle all refunds requested by producers.

For these reasons, the Manitoba Pulse Growers Association Inc. would ask you to consider amending The Agricultural Producers' Organization Funding Amendment Act to have a universal, refundable levy collection system established in place of the current system. The commodity organization would then take full responsibility for the tracking of members and nonmembers and would be responsible for refunding levy payments in a timely manner when so requested by producers.

Thank you again for your attention to our concerns. We look forward to a speedy passage of these amendments to The Agricultural Producers' Organization Funding Amendment Act.

Mr. Chairperson: Thank you, Mr. Jones.

Mr. Enns: Thank you, Mr. Jones, for a short and precise brief, but to the point.

Once again, I just raise the point that I made with the previous presenter, you make on the top of page 2 of your brief, the same point, that it is the buyers who, under the current system, have difficulty with this system, having to track and make choices as to who gets checked off and who does not get checked off. That is a real concern to your commodity organization.

Mr. Jones: Yes, it certainly is, and there are many cases, I should not say many cases, but there are cases where producers get very, very upset with the buyers, because they deducted a levy from them in error, and they go back to the buyer and say, hey, I want my money back from you immediately. Well, first of all, the buyer does not have the money. We have it, and all we have to do is be notified, and the money goes back to the producer if he so wishes.

Mr. Enns: Mr. Jones, you were listening to the line of questioning that the committee just heard from my New Democratic Party friend from Dauphin, who seemed to feel that there was some unfairness, that organizations such as yours were asking for, in taking on greater responsibility for research, market development, in the specific crops that your members are involved in, he would like to believe that that was the responsibility of government, and it should all come from government-funded sources.

I have trouble with that argument because, of course, as taxpayers, producers are providing the money that government has for these sources, as well, but I must report, and I cannot say this of other organizations, but your organization has been in the checkoff business I believe since 1989. I must indicate to the committee that I have never received, my office has never received a single complaint from any of your members whom you are checking levies off about the checkoff that is currently in place.

But I would just simply like to ask you that general question, and I ask that more of you as a taxpayer of Manitoba. Do you think there is something inappropriate or unfair for growers that you represent to accept some of the responsibility of research or market development which in immediate terms impacts on the crops that they are growing?

Mr. Jones: Well, first of all, our association came into being with a producer vote; 78 percent of the ballots returned that were sent out to all known pulse producers in 1989 came back saying they supported this.

All of the pulse producers in the province, whether they are opt-outs or whether they are members of the association, benefit from the research that we fund, from the research that we trigger.

As a matter of interest, this last year it was around \$60,000 of producer money that went into research, and it triggered very close to \$900,000 of research with our partners, and we consider these people our partners. This is the federal research, provincial research, the university, private researchers, and so, as I say, our \$60,000 turned into \$900,000 worth of research, and we think that is very well-spent money.

Mr. Laurendeau: Mr. Jones, when we are talking about research and market development, how many dollars are going in to market development from your association? Within these markets, are we moving more towards global markets on the export side? How much of the product is used within Manitoba?

Mr. Jones: Approximately 80 percent of the pulse production is exported, and the rest would be used in Canada.

Mr. Laurendeau: As we are developing these markets, I found that when I was talking to a friend of mine from India that the total production for Canada would only supply them for a day, so I found it very interesting that our lentil market is able to expand so much.

Are we looking at producing a lot more within the pulse market on the export side, and are we putting more of these dollars towards the marketing of it? How many dollars are actually being allocated towards marketing?

* (2320)

Mr. Jones: Our marketing, within our association, we have taken a position that we, as an association, do not

get involved directly in marketing. We do some promotion in the retail end of it or this sort of thing, and a lot of it through Manitoba agricultural home economists, and these sorts of things.

The marketing, we leave most of that up to our partners, here again, the Canadian Special Crops Association, which is an association which encompasses the buyers, the processors and this sort of thing. We feel that they are much more knowledgeable than we, as producers, as to the markets, the trends and this type of thing.

We are looking forward to a fair bit of expansion within the pulse industry. The biggest area of expansion right now is in the feed pea end of it, and the export of feed peas. Just, quite recently, this is now on the commodity market.

Ms. Wowchuk: Thank you, Mr. Jones, for the presentation. I want to say that I commend your organization for canvassing the members, holding a vote and giving them the opportunity to have a say. I am glad that your organization is a success, and I recognize it as an important industry to Manitoba.

You had said that you do have a certain amount of opt-outs, can you tell me how many pulse growers there are in Manitoba, and how many, roughly, choose opting out up front when it comes to paying their dues?

Mr. Jones: Under the current system, approximately, we figure it is about 8 percent of the growers are opted out; however, that is a very hard figure to know because our opt-outs are people who have opted out from Day One in the association, and when we have no contact with them, we do not know whether they are six-feet under or whether they are not growing pulses anymore or what. In all likelihood, I would think that—and I am just pulling a number out of the air—maybe a third of them may not even be active in the pulse industry.

But using the numbers that we do have, we figure about in the neighbourhood of 8 percent of the members are opt-outs. We have anywhere between 2,600 and 3,000—it is a moving number—members of the association.

Mr. Peter Dyck (Pembina): Pulses have certainly grown in their popularity in the last number of years. Would you have any idea of what the dollar value would be of this crop in a particular year, let us say, in 1994?

Mr. Jones: I do not have a proper number, or at least I do not have a firm number, but I would have to guess that in Manitoba, it must be \$75 million to \$80 million.

Mr. Struthers: Mr. Jones, I just keep getting more and more impressed as these presentations continue. I am really looking forward, as we move down through the list here, by the bottom we should be real good. That might put some pressure on Fred.

I was especially impressed when you pointed that you held a vote for your membership. I would suggest to everyone listening that that goes a long way in producing the very fine numbers you have within the Pulse Growers Association in terms of the very small opt-out, and I commend you for doing that. I do not know why we cannot do that in other sectors of agriculture as well.

An Honourable Member: Just like they do in unions.

Mr. Struthers: Just like they do in unions, exactly. The question I wanted to ask you, though, is I do not understand why it is your group and the others have claimed, if there is an opt-out, you would lose these farmers forever.

Mr. Jones: Under the current system, once a producer opts out, that producer then has an opt-out number. Whenever he delivers pulses, he gives that to the buyer, and there is no more deduction. We do not even know, we have no way of knowing, that anything was delivered. We have no way of knowing anything about this producer because the most readily direct contact that we have with producers is through the levies that are returned from the buyers. We get a list of the levies, and we have the producers' names. This is how we make up our membership lists and all the rest. So if that producer name is never showing up any more, unless we happen to know he lives next door to Don, and Don says, oh, so and so died, we do not know.

Mr. Struthers: I understand what you are saying, but the producer can always opt back into the Pulse

Growers Association if they have not died, and, if they are impressed with your group, they can always opt back in. I mean, Heaven forbid, should anyone drop out of the New Democratic Party, we would be looking him down and tracking him down trying to get him back in.

I would imagine that the same rule would apply for the Tories across the board. If anybody would move out, you would do what you could to try to bring them back into the group.

Mr. Jones: We do, and occasionally, maybe once every couple of years, we will send our newsletter to everybody, to the opt-outs and the whole bit. We will put a piece in it that says, hey, here is what we are doing, and would you consider coming back?

We do have producers that come back that have opted out for one reason or another through a misunderstanding or what have you. Maybe the misunderstanding gets cleared up; they come back in, or they say, hey, I like what you are doing, and they do come back. Then we do have contact with them again.

Mr. Struthers: I think then just to leave it on the record that farmers would opt out forever and be lost would be somewhat misleading. I appreciate the clarification that you have just given me.

The only other point that I want to make, and this is one of the problems that I have had with all three of the presentations so far, is that if I was a member of any of these groups, how could I feel certain that your group would stand up to this government if they did something that was contrary to the wishes of the membership, contrary to the well being of the Manitoba Pulse Growers Association? Would it not be tough for you to stand up against the government who is providing the source of funding for your group? Is that not a little bit like biting the hand that feeds you?

Point of Order

Mr. Enns: Mr. Chairman, on a point of order, Mr. Struthers has made this suggestion several times now. There is nothing in this legislation that obligates this government to provide funding to this group or any other group. You cannot have it both ways.

On the one hand, you are saying that this legislation passes what should have been government-funded research onto the backs of the canola growers, onto the backs of the pulse growers and then challenge the witness with his integrity in terms of what he or his organization would do if he felt the government of the day was not acting appropriately or not acting in the interests of that commodity group because we are funding them.

Nothing in this legislation funds these organizations from government.

Mr. Chairperson: There was no point of order. It was a point of clarification. I accept the point of clarification. I would caution the Honourable Mr. Struthers to direct his questioning more directly and not quite as argumentatively as you were doing.

* (2330)

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Mr. Struthers: I thank the Chairman for his advice and the minister for his point of clarification, although I do disagree with it. I think it has been well-established tonight in each of the three presentations that we have had so far that this legislation will produce an increase in the amount of money going into these producer groups.

Now, I go back to the question that I asked. If this government is providing legislation to have that occur, how can I have any faith that any of these organizations are going to stand up to this government when it comes up with a policy that affects in an adverse way your own producers?

Mr. Jones: Well, I think you are under some misapprehensions here. If we as an association do not stand up to something that we see is remiss or we do not agree with, we will have our producers walking away from our association quicker than you can blink an eye.

As an association, whether it is under the existing legislation where they are allowed opt-outs or whether it is under the new legislation, which, hopefully, has speedy passage, I think I have said, if it is under the

new legislation, the money will be withdrawn from us very, very quickly if producers do not like what we are doing.

Mr. Struthers: I just want to thank you for bringing your presentation to us today, and I have no more questions.

Mr. Chairperson: Are there any further questions? If not, thank you, Mr. Jones, for your kind presentation.

I call Mr. Clayton Robins, President, Manitoba Sheep Association. Mr. Robins, have you a printed presentation to distribute? We will ask the Clerk to distribute. You may proceed with your presentation.

Mr. Clayton Robins (President, Manitoba Sheep Association): Thank you, Mr. Chairman, Mr. Minister and committee members.

I imagine most people here are not very familiar with our particular industry because we are so small in this province, but I would just like to give you a little bit of insight into the state of our industry right now, what the position of the Manitoba Sheep Association is and the potential for the industry in the future in the province of Manitoba.

We have seen a significant increase in producer interest in Manitoba just recently in the post-WGTA era. Just from local ag reps, farm management people and even MACC staff, we have seen a lot of producer referrals through those people come back to us that they are trying to find out more information about the industry. They are looking at diversifying in some way, understandably with the situation and the way things are.

In terms of the MSA's position on it, we currently work quite closely with the Manitoba government, and at present our specialist position is in a state of vacancy. If that is determined at some time in the future, that position is not filled and those resources are allocated somewhere else down the road, a lot of the duties and requirements associated with that position will fall back on the shoulders of the MSA and we will be responsible for the burden of education and the extension of producers.

The changes in federal research policies that we have seen in Canada at the Government of Canada level through Agriculture and Agri-Food Canada in their February budget of 1995 basically struck all sheep research off the records by February of 1997. There is one facility left in Canada that will have a mandate for sheep research and it is Lethbridge in Alberta. Lethbridge has made it very clear to all the western producer associations that they will not proceed with any research unless there is money up front given to them by producers and definitely will qualify for matching investment initiatives and other sources of funding as well. What has been made quite clear in all correspondence is they will not proceed with any research unless there is producer initiative.

With the demise of MATP in Manitoba, we have had a very successful sheep course at ACC. We have had a lot of new producers take that. It has been very well received. The demise of APT pretty well puts the cost of that course out of reason for a lot of new producers, and we figure we are going to have to do something else with that now as well.

The need for information transferred to new producers is very important these days. In part of that, we have taken upon ourselves to distribute the code of practice which is just hot off the presses for our particular industry. We are presently doing that right now.

In terms of checkoff, we feel that in the future we are going to require checkoff to generate the level of funding we need to do, the kind of things that we perceive we would be responsible for. At present, we are going around the province with some money that was made available through MTSP transition funding and a series of producer workshops and soliciting producer input on the idea of the Manitoba Sheep Association going into a checkoff to receive funding to do what we feel is necessary for the future.

The response to the checkoff as we presented it—and I will make it very clear that we are presenting it in both regards that under the current legislation the way it works and how it would work under the proposed legislation if Bill 15 is to go through, the response has been very good to that. We have not had as good a

producer turnout at those meetings as we would like, but we still are looking at approximately 60 or 70 producers so far. We have one more workshop in AGM coming up yet. So we are looking at, hopefully, 100 producers.

As matter of note in the province, we guesstimate about 500 producers, but there are probably 250 to 300 of note so it is a fairly significant number. Granted, we will still have to go to referendum if we do decide to submit the petition, but we feel that we are getting a significant amount of input and in fact very good suggested changes to the way we are setting up our particular checkoff. We realize the importance of trying to keep administration costs down in a program of this nature.

When we look at voluntary opt-out checkoff in an industry such as ourselves where we tend to have a lot of smaller producers—and there tends to be a lot of in-and-out people, in for a few years and out for a few years—the administration costs for an association like ours in a voluntary opt-out situation would just be astronomical in trying to keep track of that. For that reason, the producers who feel they would like to contribute under a compulsory refundable system feel that the dollars that they are willing to contribute would be put to a much better use.

At these presentations we are making preliminary budget predictions or what we feel how the money should be allocated as it is taken in. We are not projecting a great deal of income—at \$13,000, \$14,000 to start off with, hopefully, more down the road—and throwing out budgets to the producers as to where the money would be allocated, and they are all meeting with very good favouritism so far. We have received very little vocal opposition at this time.

The one concern that we have had in regard to compulsory refundable—and it has been touched on earlier tonight—in regard to other provinces that there is in particular with our industry, some provinces in Canada that used to be compulsory refundable but in the very recent past have switched to a compulsory nonrefundable checkoff system and to the larger producers who are exporting product out of province, that is a very good concern that that might happen at

Manitoba level. For that reason, there is a bit of concern in regard to the compulsory end of things.

We feel as a board of MSA that there is a need for a consistent annual level of funding that we can draw from and believe it should be in the form where producers can have input into it and that they make us accountable and the allocations of where we put that money accountable all the way along the road. It has been mentioned here tonight on several occasions that if producers feel that the money is not being properly spent, then obviously they are not going to continue to contribute. In an opt-out situation I believe that is the way it should be anyway.

Personally, I work in the field of research at the Brandon Research Centre with forages and beef cattle. We have been working on private funding for quite some time now and the accountability aspect and the production of valid research in that is more than offset by the injection of producer dollars.

With that I would like to end my presentation and thank you for your time.

Mr. Chairperson: Thank you very much, Mr. Robins. Are there any questions of Mr. Robins?

Mr. Laurendeau: Mr. Robins, you said there was no more research. What is this flock of sheep we have at our University of Manitoba?

Mr. Robins: There is currently a flock of sheep at Manitoba?

Mr. Laurendeau: Yes.

Mr. Robins: As I understand it, there is no research at the University of Manitoba. It is possible they are using sheep as ruminants as to ruminant nutrition, and it is ruminant-based research and not sheep research. They use sheep as ruminants for statistical purposes, strictly because of the numbers of observations.

Mr. Laurendeau: One of the things I have found is that the restaurants around town do not have that much Manitoba rack of lamb. Is it because we have not been able to supply it or you have not been reaching out for the market? Or is it nonconsistent as a product?

Mr. Robins: There are a lot of factors for that. It is very difficult to compete with the offshore products coming in. Currently about 65 percent of domestic consumption is offshore import. They can come in with large lots of lambs that are very uniform. New Zealand, for example, has only five breeds in the entire country. It is pretty good to get uniform lots and genetic uniformity of carcasses.

Canada, right now, is a very fragmented industry and we tend to have a lot of different breeds, breed types, different lambing regimes and everything and it is difficult to guarantee a steady supply, especially to the larger store chains which tend to supply a lot of those restaurants. On a small-scale basis, it is possible to provide the products to those restaurants but the down side is that they tend to want the high quality cuts and that leaves the rest of the carcass for disposal and that is where the problem lies with local suppliers.

Mr. Chairperson: I appreciate very much the line of questioning because it is very informative to the Chair, but I would suggest to the honourable members that we direct our questions towards the legislation before us.

Ms. Wowchuk: I want to thank you for your presentation. As I understand what you have said, you have a small representation membership but you have been contacting members and if you were to—you are not a certified organization now?

Mr. Robins: No. What we have done—

Mr. Chairperson: Mr. Robins, just a wee minute. I have this noise in my left ear and I am going to try and switch it off somehow.

Mr. Robins, continue please.

* (2340)

Mr. Robins: What we did with these workshops, we advertise them very well. We have a mailing list of over 700 names for our provincial magazine, a newsletter that is jointly put together by the Manitoba Sheep Association and Manitoba Agriculture. It goes to as many producers as we can keep track of. The database is updated as currently as possible. There are

over 700 names on it. We know there are only about 500 producers per se. There are a lot of industry people on that list and goat people and other trade.

We also had interviews in the Co-operator and Western Producer and significant radio advertisement, to make sure that all producers in the province, whether we knew about them or not, knew about these meetings.

We were addressing the issue of checkoff and requested their presence or that of their input. Again, the turnout has not been as good as we would have hoped, but the weather has been very agreeable in the last little while, and I imagine everybody is trying to get things caught up going into the winter.

But we still have a significant number of people. We are looking at 300 producers of significance—there tends to be a lot of hobby farmers—and if we can get 60 to 100 people out to solicit input, to put the document together before we even go to submit for checkoff, I think that speaks very well for the industry. We will be going together with the document, presenting the final document from the workshops at the AGM seminar for final input, and that document, if it is decided at the time, the MSA will submit it, and it obviously will have to go to producer referendum to be approved.

Ms. Wowchuk: I just want to commend you on the work that you are doing and the steps that you are taking to ensure that all producers have the opportunity to have a say in whether or not they want this organization to represent them, and I wish you every success. It is an important industry in the province, and we look forward to seeing it growing. Certainly we want to see commodity groups have the ability to have strong representation.

Mr. Chairperson: Thank you, Mr. Robins, for your kind presentation. I next call Mr. Ed Guest and Mr. Andrew Paterson, Western Grain Elevator Association. Mr. Guest, have you a printed form? We will have the Clerk's Office distribute. Mr. Guest, would you continue, please.

Mr. Ed Guest (Western Grain Elevator Association): Honourable ministers, Mr. Chairman,

members, ladies and gentlemen, last time I was here, Hansard well noted that I brought a gentleman, the CEO of Manitoba Pool Elevators, with me. Today I have brought a different gentleman with me, the chairman of Western Grain Elevator Association and head of Paterson and Sons, Mr. Andrew Paterson. At the conclusion of my remarks, I will certainly stand aside to have Mr. Paterson answer any questions that you want to fire at him. I would just like to thank you for leaving us last. Fortunately, I did have some dinner. I hope any of you who have not had dinner will want to cut questions reasonably short, but you will make them at least pointed, I am sure.

Mr. Chairperson: We would even, Mr. Guest, entertain an invitation to dinner.

Mr. Guest: The Western Grain Elevator Association is an association of nine elevator companies that own some 98.9 percent of all country elevators. They own terminal elevators at Thunder Bay, Prince Rupert and Vancouver. In fact, the only terminal elevator not owned by my members is that at the Port of Churchill, and I had a former life from that elevator.

The companies are Alberta Wheat Pool, Cargill Limited, Manitoba Pool Elevators, Parrish and Heimbecker, N.M. Paterson and Sons, Pioneer Grain Company, Limited, Saskatchewan Wheat Pool, United Grain Growers and Weyburn Inland Terminal.

Six of those companies operate in Manitoba. However, I point out all nine of them because, as has been noted earlier this evening, there are check-off systems in place in Alberta and Saskatchewan, and a number of our members operate in all three provinces and are subjected to the things that happen for all of them.

Mr. Chairman, we welcome the opportunity of appearing before you today to discuss Bill 15. On December 14, 1988, we presented our views with respect to the original act, Bill 28, and I will refer from time to time to that presentation and in fact will read from it a couple of times, because I did not want to put my secretary through retyping it all over again.

The industry, from producers to ultimate users of grain, has witnessed significant changes in the industry

since 1988. This bill, however, is of no less importance today than it was when it was originally passed. Our members are dependent on the success of the agricultural community today, as we were in 1988. We must work towards the least-cost system for all concerned if we are to remain a viable community at all.

In order to be a position to market grain, there must be an elevator system in place that can respond to the needs of producers and the marketplace. This system, called the country elevator system, is subjected to the many cost factors facing all other industries in Canada and must recover those costs in order to stay in business.

Over the years, rules and regulations have been passed on the industry that cost operational dollars. There is only one source for that revenue, the agricultural producers. Grain companies over the years have been asked or told that they must perform functions that are not related to grain company operations. In an effort to cushion the effects and still remain in business, tariffs to producers have been increased as marginally as possible. We have no difficulties in justifying tariffs to cover our operating costs, but we are being forced to include many costs over which we have no control, such as those contained in now Bill 15.

Producers should know up front what their costs are and what services they are paying for. Our member companies are not, however, opposed to a check-off system if that is what producers want. Such a system provides funds for research and development that assists producers' operations; it may well benefit the entire agricultural community. To collect funds on a compulsory basis for any other reason should be at the discretion of individual producers.

We noted, in 1988, that Bill 28 created confusion and would be costly to the industry. Our presentation also noted our concern with the potential producer resentment it was likely to cause. Lastly, we dealt with the cost of the system. Significant changes have taken place since December 1988. There are considerably less producers; there are considerably less elevator sites, however, more tonnages now being handled.

These two things connected generate considerably more work for our members.

At the same time as the industry has been consolidating, a proliferation of groups requesting checkoffs has taken place. There are some six in Alberta; three, I believe it is, in Saskatchewan; two currently in Manitoba with, we have heard, a number of others asking to come on stream.

As I noted earlier, our member companies are strongly opposed to hiding the costs of such collections from producers. In 1991, we hired the consulting firm Ernst & Young to review the cost of making such collections of fees and distribution of services by member companies due to either federal or provincial legislations. Those costs amounted, in 1991, to some \$9.9 million. Agricultural companies should not have to administer costs levied on them for nongrain operating items.

Copies of the study in 1991, Mr. Chairperson, were circulated to provincial governments, to agencies that we were making collections for. At that time, we announced that we were going to start charging for such checkoffs. There were a lot of personal insults hurled at me. There were a lot of threats of lawsuits and so on. At the moment, we have not done a whole lot about it, not necessarily because we are afraid to do something about it, but we felt a proper forum had to be developed in order to deal with it.

* (2350)

I might just point out, again, not in the paper presented to you, but the study showed that if we were making, a company was making, somewhere between 16,000 and 17,000 collections, the costs would vary between \$3.25 and \$5.25.

The current bill formula for making collections costs between \$16 and \$25 per collection. Grain companies should not be made liable for these expenses. Grain companies should not be made liable for collecting such premiums.

Honourable ministers, Mr. Chairman, committee members, ladies and gentlemen, our association has

held preliminary discussions with Keystone Agricultural Producers' people and a number of others as to the type of system required. We think that the new bill, if there has to be a system—and we are not in that debate, and I will refuse to answer questions as to whether there should or should not be because that is not our position—but we do think that the new bill or the amendment to the bill will be the most efficient method of handling collections.

I point out what I just noted, a change from \$3.25 to \$5.25 versus 16 bucks to 25 bucks per collection. That \$5.25 is somewhat misleading because that is assuming that every collection from every producer would be made by one single company.

With respect to Division 2, Item 25(1), dealing with lists, our members strongly would guess that this section will not be made applicable to us. We hope that it will not be made applicable to us. Lists are what cause the confusion; lists are what cause the resentment from producers; and lists cost us a whole lot of money to go through.

Any and all collections must be made on a percentage basis of one form or another. There must not be any maintenance of lists by grain companies. All administration of maximums, minimums, paybacks, carryover, et cetera, must be done by whatever agency is accredited.

Lastly, the legislation must be amended to ensure that expenses incurred by purchasers on behalf of certified organizations are reimbursed. Companies doing that business must collect monies to do that business. If it cost the grain company \$10 to do a service, they should get paid \$10. Nobody is looking to get a profit out of it, but we should not be subjected to expenses that are not ours. Thank you.

Mr. Chairperson: Thank you very much, Mr. Guest.

Mr. Enns: Thank you very much, Mr. Guest. I appreciate the concerns you have placed before the committee. I, in general, want to agree with you that organizations such as yours that are in fact being used as a conduit by other persons, the governments passing legislation, commodity groups seeking certain things to

happen, in this case a checkoff, end up with some unwelcome additional administrative costs. I speak advisedly when I say this because the most notorious offender in this business is, of course, government itself.

I would hate to begin to ask you to estimate what we impose on you, not just you, but all other businesses throughout Manitoba, when we asked you to fill in provincial sales tax forms, other taxation forms, data that seems to be forever being requested by umpteen different government departments. I have some empathy for your position.

I am pleased to note that you do single out what has been suggested to us by some of the other presenters that the amendments contained in the bill considerably streamline or reduce the administrative load and, hopefully, cost to the processes. Am I reading accurately here your comments in the brief?

Mr. Guest: Yes.

Mr. Enns: Just one further question. My understanding is, and I would certainly encourage you and organizations such as Keystone Agricultural Producers organization to come together to negotiate as best you can and, hopefully, to some mutual satisfaction, perhaps in an efficient way of to some extent addressing the concerns that you have put before the committee.

It is not lost on me that administrative charges that you have to face are in fact charges that eventually come back to the people that you serve in one form or other—maybe not that directly. So it is in our mutual interest, the interest of the organizations, such as KAP, representing producer organizations, to work out the best possible arrangement to make those costs as reasonable as possible.

Could you confirm that you have had some discussions in this area with the KAP organization?

Mr. Guest: Yes, we have had some discussions with KAP. They have not progressed very far, and they were not very satisfactory when we had the first round of discussions.

Mr. Chairperson: Thank you, Mr. Guest.

Ms. Wowchuk: Thank you, Mr. Guest, for making this presentation and making us aware of your concerns and the impacts of a checkoff on the operations of your business. I can recall when the legislation was first implemented there were many producers who went to the elevators and were not happy with having the deduction taken. It did cause for a lot of concern for producers and for the people who were working in the elevators.

Certainly I agree with you that any costs of administration should not be borne by the grain companies because in reality that ends up being passed on to the grain producers who are, in many cases, having a difficult time as it is.

I want to know though what you think the reaction will be from producers when we see that there are additional people coming for checkoff. We now have the grain—there is a checkoff for grain, but if the other commodity groups apply for certification and we will have canola and pulse growers also asking for checkoff, there will be multiple checkoffs.

What do you anticipate as a reaction from producers at the elevator sites when that happens?

Mr. Guest: I do not know that I am the right person to ask that question of. I represent the grain companies. I think you would be better asking the people who deal with the producers directly, the various agencies. I could take a survey, ask my members to take a survey. The easy answer, I will have Mr. Paterson—

Mr. Andrew Paterson (Western Grain Elevator Association): We all want to support any organization that does research to better our industry. However, the specific answer to the question is probably there would be a similar reaction to the original proposal, and that was, there were arguments in the driveway; there were people phoning me up; there was a lot of animosity towards it when it started.

Ms. Wowchuk: I thank you for that answer. I know it is something that is not a reality yet, but I anticipate as well that there is going to be frustration on the part

of the farmers, when they see that at a time when they are facing financial difficulties, when they see various amounts of funds taken from their—with each different commodity there will be some frustration. Thank you for your answer.

Mr. Struthers: I found very interesting the presentation that you fellows have made, and I have a great deal of sympathy for the concerns you have expressed. Is it your belief that the legislation itself needs to be amended to take into consideration the concerns you have expressed in your brief?

Mr. Guest: A simple answer: Yes, but it is only in the one point, and that is in cost-recovery for our operations.

Mr. Struthers: Would you be happy if the government did not do that and tried to do it through some sort of regulation?

Mr. Guest: The minister did address that when he first spoke to me, and the legislation does say that it can be done through regulation. I guess I would ask for assurance that, if we cannot come to a satisfactory agreement with the various groups, the government would enforce a regulation that would give us what we were asking for.

Mr. Chairperson: Thank you very much. Any further questions? Thank you, gentlemen, for your kind presentation.

I next call Mr. Keith Proven. Mr. Proven, have you further presentation? Mr. Proven, have you a written presentation?

* (2400)

Mr. Keith Proven (Private Citizen): Yes.

Mr. Chairperson: The Clerk will distribute. Mr. Proven, you may continue if you wish.

Mr. Proven: Mr. Chairperson, probably you are wondering why I am carrying this rather large volume with me. I decided that I had to carry the definition of voluntary with me. There seems to be and has been

some question as to what voluntary means, in terms of checkoff, so I found the quickest and easiest dictionary, which is my Grade 4 daughter Rachel's dictionary. I am fairly certain that it is in language that most of us can understand since she is nine years old and she knows what voluntary means.

I will simply read out the definition of "voluntary," especially for the minister, who sometimes has a shaky view of it. Voluntary: done, made, given, et cetera, of one's own free will, not forced or compelled. The state is supported by taxes, churches by voluntary contributions, supported entirely by voluntary gifts.

Mr. Chairperson, members of the legislative committee, it is unfortunate that I must again speak against an act and the amendments to this act that are so blatantly undemocratic and are in effect taxation without representation.

I spoke against the original Agricultural Producers' Organization Funding Act when it was in the proposal stage to this very committee. At that time, I was speaking for my members in the National Farmers Union and representing their and my strongly-held view that this kind of legislation was not the answer to farmers' organizational problems.

I am, therefore, not surprised by the problems that KAP are having financially. I will refer to KAP as they have been and remain the "certified organization." KAP's membership has continued to decline over the years in spite of the heavy hand of government providing them with the check-off legislation. It is true farmers simply refused to be checked off at elevators and other collection areas because they could not remember being asked before this point whether they wanted to or not. Many farmers simply look at KAP and say this organization was chosen by some semianonymous organization that has little relevance to my way of life.

In the legislation, the minister is aware that a certifying committee consists of the Dean of the Faculty of Agriculture, University of Manitoba, the Director of the School of Agriculture, the University of Manitoba, the President of the Manitoba Institute of Agriologists and the President of the Union of Manitoba

Municipalities. If the certifying board is so good in choosing farm organizations, I think probably they should have the responsibility to choose the Minister of Agriculture, too.

An Honourable Member: That is not a bad idea. It beats knocking on a lot of doors.

Mr. Proven: I think that it flies in the face of democracy if you expect that that kind of legislation can be accepted by farmers. I think that in real life, let the farmers do it.

KAP's problems also stem from an inability to provide leadership in crucial areas. The Crow benefit and the Wheat Board are two varying examples. When asked to make a stand, they did not and could not—because of the division within their group—make the stands that are important to farmers. I am not here to denounce KAP, but they are the unfortunate organization who bear the association with this legislation.

Over the years, I have had the pleasure to work with many KAP members on joint projects. Alan Ransom, Terry Wareham are just a couple of names that come to mind, and there are many others. I add this because I do not want it to sound as I am taking KAP apart. I think it is unfortunate that KAP has been wrapped up in this legislation, and I do believe that farmers must work together. These are honourable people who hold rural Manitoba close to their hearts. These people work very hard for what they believe in. Unfortunately, they cannot operate in the divisive atmosphere that has been created by governments, universities and farm organizations, and I use the example of the Western Canadian Wheat Growers that do not really want farmers to unite.

In saying this, I have looked—and many of you know I have been involved in organizations for 25 years—and the question always asked is why do farmers not unite and speak in one voice. When I look at the history of where we have gone and where we are coming from, it seems to me that governments have been quite happy to have farmers remain nonunited. It is easier. You can push legislation through a lot faster and a lot easier if farmers do not speak with a united voice.

We have had universities turning out graduates, and I will admit that I am one of them, who have an attitude that when they come back to the communities, they represent I. They do not represent we. They are rugged individualists, I guess if you want to call them that, but worse than that, they have no sense of co-operation, of looking and working together, and then the farm organizations, and this is the one that really displeases me, that are very happy to take government money—the Western Canadian Wheat Growers have for many years received their annual stipend from the Alberta government; the Western Barley Growers, the same—will always speak what the government that supports them tells them to speak about.

Until farmers start to work towards a common goal, a common vision for rural Manitoba, then no matter how heavy-handed government gets, our fight will be very difficult. Government's job should be to bring the different viewpoints together, establish what is our common vision and then facilitate the move of a united farmers' voice towards this goal.

It is unfortunate that KAP is going to continue to lose membership because of their association with this legislation. I think they should examine what is happening to them and move towards a truly voluntary membership with total involvement of its members and strong leadership.

If this bill is passed, it may temporarily bring more money to the organization, but the decline will continue. This legislation in no way addresses the problems in agriculture. It simply provides a diversion and division so that the Manitoba government can continue to provide leadership by neglect.

Mr. Chairperson: Thank you very much, Mr. Proven. Are there any questions?

* (0010)

Ms. Wowchuk: Keith, I want to thank you for taking the time to make this presentation, and you have said very well what many farmers have said, that you cannot legislate an organization for them to belong to. They have to have the ability to choose the organization, and they have to really believe in that organization, and it has to come from the grassroots.

I want to ask you, and you are speaking out against this legislation. Do you think that there is any kind of legislation that can be brought forward in order to help farmers if they want to become organized? What I am looking for is, do you think that if there is going to be legislation, there should be other options, that farmers should have a choice about which organization they should belong to, or do you believe that it is not necessary at all to have legislation, that farm organizations should grow from the grassroots, just as the National Farmers Union did, just as Keystone Agricultural Producers began, by beginning to work on issues and getting the grassroots movement going and building that way?

Is it necessary to have any legislation in order for our farm organizations to operate?

Mr. Proven: At this time, I do not think you can legislate an organization. I think what you can do is start looking at some kind of collective action in getting the common vision. As I said here, what we need to do is going to take about 20 years of thinking through where we want to go and where we want to be, and legislation is not necessary.

Maybe the farm organizations, without legislation, could get together, do something like this and say, what do we want in rural Manitoba and where are we going? Legislation does not have to be in there for that. Legislation is supposedly to provide money for the organization to operate, but it is failing. We can see it in both organizations that have existed now, that that legislation is failing because the involvement of the common member is not there. They just do not involve themselves when they are checked off.

I want to make reference also—I did not put it in the original presentation—about research money. That seems to be the catch thing right now. Well, we need money for research. Governments are cutting back. We have always been in the basic agreement that research that is good for the country should be funded by the common taxpayer. Everybody has the ability to pull some benefit from it, every citizen. I think that is still the best way to do it. The best research that has been done in the meat industry, in the grains industry, came out of the universities, funded by government.

Looking back at legislation that was supposed to, in theory—talking about plants, the plant patent legislation, when passed, was to provide the money for research. Where is it? It is not there. [interjection] Well, why then did the canola producers have to have a checkoff to fund research? You are looking at, pulse growers say, \$900,000. I cannot remember exactly the numbers in developing one single variety of canola, but it is far in excess of \$900,000, and you are looking at 10 to 15 years of research. The plant patent legislation was there to address the problem of lack of government funding.

Also, there has been reference to, if you have the legislation, if government provides you legislation for the checkoff that supports your industry, who then calls the tune? I look back with some displeasure at the Manitoba Pork issue just not too long ago where the minister was suggesting that there be a procedure where Elite pork and Pur-A-Tone maybe did not have to pay a checkoff. Was there pressure then on Manitoba Pork to have their monopoly changed, have the legislation changed so that extremely large producers did not have to pay the levy, did not have to support the organization?

I am not involved in the inner circles of what went on, but, from the outside, it kind of looked like maybe there would be government pressure there. That can happen to any organization that is dependent on the government to provide their money.

Ms. Wowchuk: I just want to comment on the research money. I have to agree with you that I have always believed that research should be funded by government, particularly agriculture research by federal government, because it is all people of Canada who benefit from research and achieve food for all of Canada.

I want to ask you a question on your views as to whether or not you believe—[interjection] I beg your pardon.

An Honourable Member: I said, you do not care if Louisiana-Pacific . . . toward research in the valley.

Ms. Wowchuk: Oh, I think you are a little off track on this discussion.

I want to ask you, Mr. Proven, do you believe that one organization can represent all producers in this province? I look at, again, associate membership to Keystone Agricultural Producers. You have cattle producers, you have hog producers, you have grain producers, and they all have different interests. For example, of course, cattle producers want to see low grain prices; they did not want to see the transportation subsidy. Do you think that one organization can speak and fairly represent all producers and be a strong voice for all producers in the province?

Mr. Proven: Yes, they can. The National Farmers Union has members who grow tobacco—less and less of them—apples, potatoes, carrots, onions, sugar beets, wheat, beef, sheep, pork. Most of the produce that can be grown in Canada is represented in the National Farmers Union. The key to that is making sure that the producers of the products are operating with the idea that they want to be supportive of each other, that they are not going to try and make a dollar or make an advancement on the back of other producers.

It is quite possible to do it, but you have to create an atmosphere in which it can be done.

Mr. Chairperson: Are there any further questions of Mr. Proven? If not, thank you very kindly, Keith, for appearing. It is good to see you again.

Mr. Proven: Thanks, Jack. I was kind of surprised that after 12 nobody turned into Dracula anyway.

Mr. Chairperson: We have changed.

I call the next presenter. Mr. Terry Drul, do you have any further presentations?

Mr. Terry Drul (Manitoba Independent Agricultural Producers): No.

Mr. Chairperson: Mr. Fred Tait, then? Mr. Tait, would you come forward.

Mr. Fred Tait (Regional Co-ordinator, National Farmers Union): Thank you, Mr. Chairman.

Traditionally, the National Farmers Union has opposed compulsory membership checkoffs for any

organization without an enabling referendum where it showed that the majority of producers supported that initiative. That is a position we still maintain, and I expect we will maintain for some time in the future because of our involvement within the democratic process.

There are several reasons why we have opposed compulsory checkoff memberships. I will point out that there are three general farm organizations operating within Manitoba right now.

There is the Keystone Agricultural Producers, a very useful organization that plays a very important role in the discussion and the formulation of agricultural policy and rural concerns.

There is the Western Wheat Growers Association, which, as Keith mentioned, is largely funded or has traditionally been largely funded by the Alberta government, but, at the same time, they do add to the discussion of issues. They tend to focus strictly on grain marketing and transportation issues.

* (0020)

Then there is the National Farmers Union. We play an important part. In fact, over the years, as our organization has brought delegations into this building to meet with the various caucuses, we have always received the greatest reception from the Conservative caucus.

We often or very seldom agreed perhaps on the approach to issues, but the exchange was always useful.

I would argue that if legislation comes into play which weakens the other existing organizations, which I guarantee you it will, how is democracy served? It has actually been weakened.

I also point out that in Manitoba we have another elected body, and that is the Wheat Board Advisory Committee that is directly elected by the grain producers within Manitoba. The NFU would contend that one farm organization could not possibly represent all the interests within the agricultural community, and

he touched on the reasons why; it is because we have not, as an industry, developed the co-operative approach to our problems.

We heard continually one organization trying to gain advantage by transferring its costs or its losses over to another segment of the industry. The spokesman for the cattle industry's approach to lowering grain prices to boost the beef industry is not a practical benefit to the economy of Manitoba; it is just transferring loss to another sector. I would say it in the same like, it would not be practical to consider that one political party could represent all the views and all the citizens in Manitoba; although if I ask a representative of each party here, they would probably say, we are the ones that are probably the most capable.

I spoke earlier about the connection between negative-option marketing and this proposal. I will not go into that again, but the comparison is very valid and it is very real. It is my opinion that legislated checkoffs do not broaden the power of the farm community because, as I have already mentioned, they tend to weaken other organizations. They tend to narrow the representation, and they narrow it because there are some issues that become so contentious that a general farm organization will not dare to touch them. This example I will use is very valid, and that is last fall's Wheat Board advisory elections. The Keystone Agricultural Producers were unable to play an active part during that election process because that was divisive for their membership.

The National Farmers Union, on the other hand, because it is not only that we support that vision of marketing, that co-operative stance, but two of our members were running for office. Butch Harder was running for re-election, and Bill Nicholson was running for election. Our members were involved in meetings. I spoke at meetings myself. We were involved in a letter-writing campaign. We were involved in organizing the phone campaign. I was involved in organizing and doing actual phone canvassing. We organized the counter demonstration at the Turvey Centre in Regina. The results of our activities in Manitoba you are well aware of. Butch Harder and Bill Nicholson both won overwhelming majorities. The editor of the Manitoba Co-operator, John Morris

referred to it not as a victory but a total rout of the opposition.

Here is a clear indication where we have a certified farm organization, that is deemed by the certification committee to represent the views of the majority of farmers in Manitoba, was unable to participate. Yet, the election results and my phone canvass and my personal contact during the process told me that the majority of KAP members supported the NFU's position. Ballot results verify that.

There were many within Keystone Agricultural Producers who were saying to me, I am very distressed by the lack of leadership, and we even had occasions where people actually physically transferred their membership to the National Farmers Union over the conduct of that election process.

When we talk about the financing of farm organizations, this is the 26th year the National Farmers Union has been in existence. We started off in financial crisis; 26 years later we remain in financial crisis. It seems to be the normal turn of events for voluntarily funded organizations. When you really need money, you go out and get it.

But when we are talking about check-off legislation to the dimensions that it has been talked about here tonight, we have seen some very large figures bandied about—\$900,000, \$500,000. If we are talking Keystone Agricultural Producers where 14,000 members will be checked off, we are talking in the vicinity of \$1.4 million will be remitted to that organization at some point. At some point some of it will be called back, no doubt, through members requesting refunds.

We have seen within some other organizations in the past that, with availability of such funds, there have been decisions made that have been probably less than fair in representation of the lifestyle of the community from which those funds were withdrawn.

In the name of efficiency and reducing of our bureaucracy and being market oriented, we heard some discussion tonight about the failure of the grain industry to collect the checkoffs, and I cannot relate to this failure for the very simple reason that, when the

check-off legislation was introduced, my first load of grain that I took to the elevator in Treherne, my elevator agent, Garth Stevenson, came to me. He said, Fred, do you want to pay the membership fee to the Keystone Agricultural Producers? I said, no, Garth, I do not. I belong to the National Farmers Union. He reached in his desk, brought out a piece of paper. He said, sign here, put in an envelope and mail it to the organization. The decision was made at point of delivery.

I can find no flaw with what the elevator agent did or in what way the company conducted its affairs, because, as you are well aware, there were some pretty serious disputes in some elevators where the agent insisted that the member would pay these membership dues. There were actually trucks that left that facility and went across the road or to the next town. By legislating away the option, it will not dissolve the antagonism that this sort of check-off legislation creates.

When we talk about areas of refunding, in the past, with the Manitoba Cattle Producers, with their refund, there was a window of opportunity which, if memory serves me correctly, was two weeks in scope. It was during a very busy time of the year when it was easily missed. If you missed that opportunity, you forfeited your right to reclaim your membership fees, and so the question becomes, if you are going to have a window of opportunity for a refund, how wide will that window be and how convenient will it be for the producers. The other question the National Farmers Union would have is why was there a need for a window at all.

Also there is the issue of cost to the producer. We heard a representative of the grain handling industry say that they incur costs of somewhere between \$16 and \$25 for collecting and processing and transmitting funds to the certified organization. I would remind you that there are also time and costs involved in a producer applying for his refund and if it is considered appropriate that an elevator company should charge \$16 to \$25 for processing, I think it should also be considered appropriate that a producer should be entitled to a \$16 to \$25 fund for reclaiming his contribution. I think that is something that should be given very serious consideration.

Also, consideration should be given to interest money earned on accounts. If I or any other producer have money within an organization and I at some point later through an opportunity at window or whatever ask for a refund, I should also receive interest on that money while it was in the hands of that organization. I think that is only a reasonable thing.

Another thing that I think the members of the committee should be aware of is there is some concern as to the accuracy of records. I have a very close friend who under the first term legislation of the Manitoba Cattle Producers applied for a refund and received a partial refund. He contacted the organization and they said, well, this is what our records show. He had to go through his income tax files, get all his slips from his livestock sales, photocopy them, send them to the organization as proof that he had indeed made this extra contribution. He subsequently did receive it, but the accuracy of records can be a problem.

* (0030)

When the representative from the grain handling industry was talking about percentage on gross sales, for a producer to accurately determine how much refund he is entitled to, he will have to very carefully go through all his grain receipts to make sure he is applying for the right amount or that he is receiving the right amount.

I mentioned before in the brief term when the Manitoba Cattle Producers were denied their compulsory membership checkoff. Statistics here tonight said that they went from a \$200,000 contribution down to \$20,000, a very interesting statistic that shows you some level of true producer support out in the community.

Again, in closing, I question really the need for the changes to the legislation. The opt-out provisions up front, at point of sale, have been utilized by a good many producers. It would seem that some 10,000 producers are currently using it in regard to KAP. In comparison with this legislation that you are talking about in constructing farm organizations, what would be the reaction within society if you introduced the same legislation in regard to labour organizations? A very valid question, I think.

In the end, I think it is probably advisable that before this legislation is proceeded with is to call a referendum within the farm community and if the support is there, the National Farmers Union support will be there with the legislation. If it is not, which I doubt it is, I think the status quo should remain. Thank you very much, gentlemen.

Mr. Chairperson: Thank you very much, Mr. Tait. Are there any questions?

Ms. Wowchuk: I do not have much of a question but I have a few comments. I want to thank Mr. Tait for his thoughtful presentation.

You have outlined for us what many producers across the province are saying, Fred, and I want to tell you that I sent out information to many producers making them aware that this legislation was being passed and they did not know it was being passed. I had over a hundred phone calls, people telling me they were against the legislation, and I had one phone call from an organization, from the Manitoba Forage Growers Association, saying that they did support the legislation because it would be good for their organization and it was something they wanted—over a hundred calls of people saying no, this is not what we want, and I think this legislation is making it easier for the companies.

In many of the presentations, we saw that this is what the companies want, and it would be easier for them to handle the collection services. But what we should be looking for is what is best for the producers and for the farmers, and this legislation is not the best thing for the farmers.

I agree with you that we have a system in place. We are opposed to the negative option where there is not an opportunity under this legislation to get your refund which is much simpler for farmers. You have outlined very clearly that this is going to be a lot of extra paperwork for farmers to try to keep track of what the amounts of checkoff have been, rather than just simply opting out at point of sale and save that whole nightmare. You have made a few suggestions that I think are very valid, and I would like to later, if we get the opportunity, ask the minister whether some of these

things can be addressed through regulation. But certainly we, as well, feel that farmers have to have the opportunity to have organizations if they want them—

Mr. Chairperson: I am going to intervene, Ms. Wowchuk. What you are really doing is reviewing and repeating the presentation that we have all heard. I ask you if you have a question that would add further information for the benefit of this committee.

Ms. Wowchuk: No, I do not have a question but I would—

Mr. Chairperson: Then I would suggest you make that question. If not, then we will continue with the presentations or ask other members whether they have questions.

Ms. Wowchuk: Thank you, Mr. Chairman. Mr. Tait, I would like to thank you for your presentation, and you have made some very good suggestions. I hope that the committee takes them to heart.

Mr. Tait: Mr. Chairman, if I may, there was just questioning earlier in the evening regarding a farmer's choice to direct checkoff to an organization of his choice. Legislation of that type was introduced in Ontario about three years ago. The National Farmers Union withdrew from that process. The feeling of the National Farmers Union was it would make you dependent upon the legislation, and you would lose contact with the membership.

Mr. Chairperson: Are there any further questions of Mr. Tait?

Mr. Cummings: Just one question. Do you believe that where commodity organizations are seeking a checkoff that their programs would be better funded from the tax base?

Mr. Tait: Yes. I think, Mr. Cummings, that something as critical as food production, which is a benefit to all of society, should be funded by all of society. I shared with Keith Proven the concern that we have shifted away from that. We shifted away from that initially through the plant breeders right legislation which the National Farmers Union opposed to all the

resources we could put into the opposition to it. The alternative is, and we see glimpses of it here tonight, we as primary producers are going to bear the cost, and we are in a poor position, I think, to bear that cost.

Mr. Chairperson: Any further questions? If not, Mr. Tait, thank you very much for bearing with us to this late hour or early hour I should probably say. To all members and all leaders of organizations that presented here today and all the individuals, thank you very much for your input into this valuable legislation. Hopefully, we did not keep you up too late. If you are driving home tonight—I know some of you are going to be driving a long way—drive safely. Thank you very much for coming.

We are now going to—

Ms. Wowchuk: Mr. Chairman, I have one presentation that was sent to me addressed to the minister from Mr. Chris Todosichuk, and I would like to present that and have that put into the record, please.

Mr. Chairperson: Is the committee agreed? [agreed]

Bill 15—The Agricultural Producers' Organization Funding Amendment Act

Mr. Chairperson: The committee will now proceed into clause-by-clause consideration of Bill 15, The Agricultural Producers' Organization Funding Amendment Act. Does the minister responsible have an opening statement?

Hon. Harry Enns (Minister of Agriculture): Mr. Chairman, just very briefly. I have listened to the presentations with interest, and I listened to those who dissented from the legislation as proposed. I want to indicate, just for the record, that the motivation that this minister and my government have is simply that the recognition that the farm voice has become very much a minority in the affairs not just of this government but throughout the land.

* (0040)

I simply say that it makes it all that more important that those who work on behalf of the farm people in

rural Manitoba be given the tools, be given the opportunity and be given the resources, to best represent in a very much competitive situation, and I say competitive right here in this Chamber. I say that, whether I am representing my government or any other future governments. It is more and more difficult for the farm voice to be heard and for appropriate farm policies to be enacted in any Legislature.

It is nobody's fault, just because of our urbanized society that we have become. Honourable members opposite know whereof I speak. Ms. Wowchuk has to wait her turn once in every two weeks to get an agricultural question placed on the floor in competition with the constant and the highest priorities that her party and quite frankly, my party and the Liberal Party put on the three issues of the day: health; education and family services—complex problems of the kind of society we have built.

I just want to put it on the record there have been suggestions made that I believe do not really merit the response. I have a great deal of respect for the organizations that are seeking to use this kind of legislation, but the motivation of this minister and this government is simply to strengthen the voice of agriculture in Manitoba. Thank you, Mr. Chairman.

Mr. Chairperson: Are there any other members want to make an opening statement?

Ms. Rosann Wowchuk (Swan River): Mr. Chairman, I just want to make a few comments. I want to say that we too on this side of the House recognize that it is very important. We are facing very difficult times in the agricultural industry. The minister seems to imply in his first comments that agriculture is not important to the members on our side of the House. Nothing could be further from the truth, but unfortunately—

Mr. Enns: Mr. Chairman, I do not want to argue—

Mr. Chairperson: I am not going to—

Point of Order

Mr. Enns: On a point of order.

Well, then, nobody should be putting words in my mouth or putting on the record things I did not say. I

did not say that agriculture was not important to anybody or to that side of the House. I was simply stating a fact that in the competition of time, and I would ask to research the Hansards of this fall session, how often we have discussed agricultural issues. It has been very seldom. I am not faulting her or her party; I am simply stating a fact. So she should not put on the record that I am trying to suggest, by innuendo, that agricultural issues are not important to the New Democratic Party. I am not saying that at all.

Mr. Chairperson: The honourable minister does not have a point of order. It is a dispute of the facts, and I will ask Ms. Wowchuk to continue her remarks and be very careful how you word your remarks, that we do not enter into this kind of argumentative debate again.

* * *

Ms. Wowchuk: Mr. Chairman, I would hope that you would give those same cautions to the minister, but I was beginning to say that agriculture is very important to the economy of this province, and it is important that farmers have the ability to organize and have strong farm organizations, but it is also important that farmers have a voice in that and that they have the opportunity to have a say in what is going on.

Certainly we have heard the views of many organizations this evening outlining the important role they play in the economy, but we have also heard that there is a great need for research dollars. I want to emphasize that I believe that there is a role for government to play in research, and it should not be offloaded onto the backs of all organizations to fund the research. It is all of Canada that benefits from the agriculture industry, and the research should be done, funded not on the backs of only those people who produce the product. With respect to this legislation, there are changes that are being made in the way farm organizations are funded, and as much as we want to see farm organizations and farmers have the ability to organize, we do not support the changes that are made in this legislation.

Mr. Chairperson: Thank you very much. Anybody else want to make a statement prior to proceeding?

If not, we will then start with clause-by-clause consideration. However, before we start with the

clause-by-clause consideration, we are going to set aside the title and the preamble until we have considered in proper order the clauses of this bill, and we will then address the title and preamble.

Could I ask whether we want to consider this bill in blocks of clauses?

An Honourable Member: Yes.

Mr. Chairperson: Clause by clause? We could probably consider the blocks if you can stop us where the amendments are.

Could we then proceed in that manner? Could we then consider Clause 1 to Clause 8?

Clauses 1 to 8—pass.

Shall Clause 8 pass?

Ms. Wowchuk: Mr. Chairman, I have an amendment under Clause 8.

I move

THAT the following be added after section 8 of the Bill:

8.1 Subsection 19(2) is repealed and the following is substituted:

Automatic renewal of certification

19(2) A certified organization automatically continues to be certified at the end of each term of certification for a further 2-year term unless

(a) the agency receives an application under subsection 20(1) for certification of another qualified organization; or

(b) for the first year of the current term, more than 50% of the producers

(i) object under subsection 26(1) to the withholding of the amount of the annual membership fee, or

(ii) request a refund under subsection 29(1) of an amount withheld in respect of the fee.

Mr. Chairperson: I am advised by the Clerk's Office that there could be some concerns with this section of the bill, and it adds another section to the bill. It does not amend Section 8. It adds Section 8(1). I also have some concerns about the contents of the bill, so I would rule this amendment out of order.

Ms. Wowchuk: Are you ruling it out of order because you are saying it is out of the scope—

Mr. Chairperson: It is out of order.

Ms. Wowchuk: If I might ask, seeing that this is one way that we can address the concerns, I wonder whether there might be the willingness of this committee to allow that this amendment be considered.

Mr. Chairperson: Would you repeat that, please. I am sorry, I had two people speaking at the same time.

Ms. Wowchuk: I am asking whether there might be a willingness to have this amendment considered since it addresses some of the concerns that—it might make the legislation more palatable to some of the people who have objections. I understand that this committee has the ability to allow for amendments to be made if they so choose.

Mr. Chairperson: I have ruled this amendment out of order. What is the will of the committee? Is it the will of the committee to challenge the ruling of the Chair? Agreed?

Some Honourable Members: No.

Mr. Chairperson: It is out of order.

Can we then continue with Clause 9 to Clause 10(1)?

Mr. Radcliffe: Have we disposed of Clause 8 now as it appears in the bill?

Mr. Chairperson: Clause 8—pass; Clause 9—pass; Clause 10(1)—pass; Clause 10(2)—pass.

Ms. Wowchuk: Mr. Chair, I apologize for getting my pages wrong here. I have an amendment on Clause 10.

Mr. Chairperson: What is the will of the committee? Shall we revert and reconsider Clause 10(1)?

An Honourable Member: Sure.

Mr. Chairperson: Proceed then, Ms. Wowchuk.

* (0050)

Ms. Wowchuk: Mr. Chair, I move

THAT the Bill be amended

(a) in subsection 10(1), by striking out proposed subsection 32(1) and substituting the following:

Referendum

32(1) The agency shall hold a referendum of the producers of an agricultural product to determine whether the producers support the designation or continued designation of an organization as the representative organization of the producers where

(a) if the organization is requesting to be designated, its petition is not endorsed by a majority of the producers; or

(b) if the organization is designated, a majority of the producers request a refund under the regulations of an amount withheld in respect of the organization's annual membership fee for any year.

(b) by striking out subsection 10(2) of the Bill and substituting the following:

10(2) Subsection 32(2) is repealed and the following is substituted:

Referendum results

32(2) A referendum under this section shall be considered to be in favour of a proposed designation or continued designation of an organization only where

(a) in the case of a proposed designation, more than 50% of the votes cast are in favour of the designation, or

(b) in the case of the continuation of a designation, more than 50% of the votes cast are in favour of the continuation.

(c) in section 11, by renumbering proposed section 33 of the Act as subsection 33(1) and adding the following:

Recommendation to repeal designation

33(2) If a referendum regarding the continuation of an organization's designation does not favour the continuation, the agency shall recommend to the minister that the designation of the organization under this Part be repealed.

Motion presented.

Mr. Chairperson: I would rule that the amendment is in order. However, I have some concerns about the way the amendment is being presented. I would suggest that the amendment should be presented in three parts. We are dealing with 10(1), 10(2), and 11 of amending those three sections of the bill, so I would propose that I would accept motions, proposals to amend those sections separately, and we will then accept it as a whole.

I suppose really what that means is that you would have to redo all the amendments, unless the committee wants to deal with all the sections as one motion which would amend all three sections of the bill.

Ms. Wowchuk: I can state they are all related. I think that we should be able to deal all with one, and then if it is necessary, to vote each section after.

Mr. Chairperson: So the amendment then before the committee is to amend subsection 10(1), to amend subsection 10(2) and to amend Section 11. What is the will of the committee? All those in favour of amending those three sections, say yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed, say nay.

Some Honourable Members: Nay.

Mr. Chairperson: I declare the Nays have it.

Ms. Wowchuk: A recorded vote.

Mr. Chairperson: A recorded vote has been requested.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 4, Nays 6.

Mr. Chairperson: I declare the amendment lost.

Shall we go back to subsection 10(1) then? Clause 10(1)–pass; Clause 10(2)–pass; Clause 11–pass.

Clause 12.

Mr. Edward Helwer (Gimli): I have an amendment for Clause 12(1).

MOTION:

THAT the following be added after section 12 of the bill:

12.1 The following is added after section 34:

Referendum if 30% of producers request refund

34.1(1) When an organization is designated by regulation under subsection 34(1) and, within any year, the producers requesting a refund of the fees

(a) comprise more than 30% of the producers of the agricultural product; and

(b) account for at least 30% of the fees collected from producers during the year;

the agency shall conduct a referendum of the producers of the agricultural product to determine whether the organization should continue to be designated,

Recommendation to revoke designation

34.1(2) When in a referendum held under subsection (1) a majority of the producers voting on the question vote against continuing the designation, the agency shall recommend to the minister that the designation be revoked.

[French version]

Il est proposé d'ajouter, après l'article 12, ce qui suit:

12.1 Il est ajouté, après l'article 34, ce qui suit:

Référendum–30 % des producteurs

34.1(1) Le Bureau organise un référendum auprès des producteurs du produit agricole afin de déterminer si la désignation de l'organisme désigné par règlement

en vertu du paragraphe 34(1) devrait être maintenue lorsqu'au cours d'une année sont réunies les conditions suivantes:

a) plus de 30% des producteurs du produit agricole demandent un remboursement de leurs cotisations;

b) les cotisations payées par les producteurs demandant un remboursement représentent au moins 30 % du total des cotisations de l'année.

Recommandation de révocation

34.1(2) Le Bureau recommande au ministre la révocation de la désignation qui a fait l'objet d'un référendum en vertu du paragraphe (1) et contre le maintien de laquelle s'est prononcée la majorité des producteurs ayant voté.

Mr. Chairperson: I have a similar concern with this amendment in that it adds another clause to the bill. However, the contents in the amendment are relevant to the bill, so I would accept the amendment and put it before committee.

What I am going to ask then is, shall Clause 12 pass, and we will add then Clause 12(1) as presented to the committee.

Clause 12–pass.

The bill will then be amended and add Clause 12(1).

Clause 12(1)–pass; Clause 13(1)–pass; Clause 13(2)–pass; Clause 14–pass; Clause 15–pass; preamble–pass; title–pass.

Mr. Enns: Mr. Chairperson, I would like to move that Legislative Counsel be authorized to change all section numbers and internal references necessary to carry out the amendments adopted by this committee.

What that does, Mr. Chairperson, is that it authorizes Legislative Counsel to make the appropriate numerical changes to the clauses.

Motion agreed to.

Mr. Chairperson: Bill as amended–pass. Bill as amended be reported.

This completes consideration of Bill 15.

**Bill 27—The Cattle Producers Association
Amendment Act**

Mr. Chairperson: We will now move to Bill 27, and the same considerations apply. We will set aside the bill's title and preamble until the end of it, until we have considered all the clauses.

Clause 1 to 6—pass; Clause 7—pass; preamble—pass.

An Honourable Member: Wait, wait, wait. We have got to—where is your amendment?

Mr. Chairperson: I passed the bill.

An Honourable Member: Have you got an amendment?

Ms. Rosann Wowchuk (Swan River): Yes, I have an amendment here.

An Honourable Member: She had her hand up. You did not recognize her.

Mr. Chairperson: Okay, give us the amendment. We will revert. Sorry, I moved too quickly.

Mr. Chairperson: Will the committee revert to Section 6?

Some Honourable Members: Sure.

Mr. Chairperson: It is the will of the committee to revert? [agreed]

* (0100)

Ms. Wowchuk: I realize the hour is late, and we want to get out of here, but in your haste to pass this bill—I want to record that, had we been voting, we would have been voting against Section 4. But that moved along quite quickly. I just wanted to put that on the record.

But I want to have an amendment to section 6. I move

THAT section 6 of the bill be amended by

(a) striking out "14 to 17" wherever it appears in proposed subsection 18(1) and substituting "14 to 18"; and

(b) renumbering clause (h) of proposed subsection 18(1) as clause (i) and adding the following after clause (g):

(h) respecting any matter necessary or advisable for the holding of a plebiscite under section 18;

(c) renumbering proposed subsections 18(1),(2) and (3) as subsections 19(1),(2) and (3) and adding the following after proposed section 17:

Continued operation of fund

18 If, for any fiscal year of a fund established under section 14, the vendors requesting refunds under a regulation made in accordance with subsection 19(2) comprise more than 50% of the vendors who paid levies into the fund for the fiscal year, the continued operation of the fund after the end of the immediately following fiscal year shall be subject to the approval by a majority of the members at a plebiscite to be held by the association before the end of the following year.

Mr. Chairperson: What is the will of the committee? Shall the amendment pass? All those in favour of the amendment, say yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed to the amendment, say nay.

Some Honourable Members: Nay.

Mr. Chairperson: I declare the Nays have it.

Ms. Wowchuk: Can I have a count, Mr. Chairman?

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 4, Nays 6.

Mr. Chairperson: Now I revert to the bill. Clause 6 pass—pass; clause 7—pass; title—pass; preamble—pass. Bill be reported.

Thank you very much, members, for staying this late in committee. The committee shall now rise.

COMMITTEE ROSE AT: 1:04 a.m.

**WRITTEN SUBMISSIONS PRESENTED
BUT NOT READ**

To the attention of the Standing Committee on Agriculture in regard to the hearing on Bill 15.

My name is George W. Penner, and I am a farmer of 30 years residing at Morden, Manitoba. Due to a conflict in my schedule I am unable to attend this hearing and apologize for my absence. Therefore, I hereby submit this document expressing my strong opposition to a legislated mandatory membership fund checkoff in regards to the Keystone Agricultural Producers Association.

As you can see by the present and past membership numbers, this is clearly not the organization to represent all Manitoba farmers collectively. Not only do I most frequently disagree with the stated KAP position and/or their lack of a stand on many issues, I absolutely refuse to provide job creation for a few individuals to tour around the country holding useless meetings that are totally fruitless.

I believe that a mandatory deduction off of my pay cheque for something I do not believe in or do not wish to participate in is against my constitutional rights. This organization should exist only on the basis of voluntary support.

I would like to thank the Minister of Agriculture, Harry Enns, for his reply on August 15, 1995, to my letter expressing my concerns. In his letter he states the difficulties experienced by the grain companies in collecting the proposed checkoffs. I submit to you that this clearly indicates that producers by and large do not endorse this organization and that the elevator companies' employees should not be forced to be collection agencies.

The minister further states that a very important part of the legislation would be to maintain a producer's right to withdraw their funds and not be a member of the organization. I submit to you that the producers should not have to apply to have their money returned to them after a mandatory deduction. This is wrong, and this proposed legislation obviously does not represent the wishes of the majority of producers.

It is truly inconceivable to me and reprehensible that any person or organization should feel that they have the right to deduct funds from anyone's pay cheque to suit their cause. This is truly undemocratic! Why should we producers be inconvenienced in having to spend time and effort to apply for a refund from a cause we do not want to support?

Consider this. How would you personally respond to any organization infringing on your pay cheque to support their agenda? The concept of a mandatory checkoff robs me not only of my salary/income but more importantly of my constitutional rights. Just like yourselves, my income is mine to spend as I choose and to endorse any organization that only I would choose.

Thank you.

Respectfully,

George W. Penner
Morden, Manitoba

* * *

Dear Minister Enns:

I understand that you are introducing two pieces of legislation requiring compulsory payment of membership fees for certain provincial farm organizations at the point of sale of the actual producers' commodities of grain, cattle, et cetera, in this session. Bill 15 would require all grain producers to pay mandatory membership fees to Keystone Agricultural Producers and Canola Growers, while Bill 27 would require all cattle producers to pay membership fees to the Manitoba Cattle Producers. I am very opposed to proposed Bill 15 legislation as an actual grain producer.

If the Manitoba voter has the right to chose which provincial political party, if any, will represent him or her, then the Manitoba farmer should enjoy an equal right to choose which farm organization(s), if any, will represent him or her. If ordinary voters are not required by law to pay compulsory membership fees to certain provincial political parties from the proceeds of

their labour or business, why should farmers be required to pay mandatory membership fees by law to certain farm organizations when they sell their commodity?

Farm organizations have been notoriously poor at providing advocacy and support through effective representation, so, not surprisingly, their memberships have dwindled. I am not aware of any provincial legislation regulating the activities of these groups, which are not required by law to provide any services for the fees they collect. Inadequate income from the sale of grains, coupled with the unwanted removal of

grain rail transportation subsidies and soaring production costs, usually leave grain farmers with unpaid debts and no money available for living expenses or for farm organization membership fees. Legislating more expenses in the form of mandatory provincial farm organization(s) membership fee(s) under these existing conditions is unacceptable.

Sincerely,

Chris Todosichuk,
Swan River, Manitoba