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of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
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Thirty-Sixth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 17, 1999

The House met at 10 a.m.

PRAYERS

PRIVATE MEMBERS' BUSINESS

PROPOSED RESOLUTIONS

Res. 18—Estey Report

Madam Speaker: As previously agreed, we will be spending the next two hours on Resolution 18, Estey Report, with the understanding that we will stop at 11:45 a.m. for the Speaker to pose the question on the motion. All members will have 10 minutes speaking limit.

Ms. Rosann Wowchuk (Swan River): Madam Speaker, I move, seconded by the member for Dauphin (Mr. Struthers), that

"WHEREAS the Federal Liberal Government continues to reduce its support for agriculture and has removed transportation subsidies; and

"WHEREAS the Federal Liberal Government hired Justice Willard Estey to review the grain handing and transportation system; and

"WHEREAS the recommendations of the Estey Report were made public in late December 1998; and

"WHEREAS the Report recommends that the Wheat Board 'have no operational or commercial role in the handling and transportation of grain'; and

"WHEREAS producers have recently elected representatives to the Wheat Board who must be given the opportunity to carry out their mandate; and

"WHEREAS the implementation of the recommendations will increase costs for farmers; and

"WHEREAS the Provincial Government has chosen to side with railways by not rejecting the report; and

"WHEREAS the Provincial Government has previously shown its inclination to side with the railways by supporting the removal of the Crow Benefit; and

"WHEREAS producers from all over the province have expressed their concern about this Report.

"THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge the Federal Government to reject the recommendations put forward by Justice Estey and instead work to develop a transportation system that will put more money into farmers' pockets; and

"BE IT FURTHER RESOLVED that the Legislative Assembly of Manitoba urge the Premier to defend the interests of farmers by rejecting this Report."

Motion presented.

Ms. Wowchuk: Madam Speaker, the issue of transportation costs and supports for farmers is one that has been long discussed, and we have seen the supports by the federal government for the farming community decrease and costs paid by farmers increasing over the past several years. When we were going to have this transportation review, we hoped that it would actually look at things that would help farmers, but when the recommendations were brought forward, there were several areas that we were extremely concerned about. We were especially concerned about Mr. Estey's recommendation that the government repeal mandatory freight rates.

There is no guarantee that freight savings would be passed on to farmers, and this deregulation would result in the rapid and wholesale abandonment of branch lines. We are also opposed to Estey's recommendation that the

Wheat Board be reduced to buying grain at the port position. We believe that the Wheat Board cannot function efficiently in its role as an international seller without significant control over the assembly and scheduling of transportation of grain and its sales. We also do not agree with Estey's recommendation that the car allocation policy be disbanded or that existing hopper car fleet should be sold to the highest bidder. We believe that those cars should revert to the producer groups so that they could continue to allocate and be used for grain transportation.

We do, however, Madam Speaker, agree with Estey's recommendation that calls for greater competition between railways, for increased use of the Port of Churchill and for Ottawa to spend some money on building and improving the roads in western Canada. Some of the portions of the report we can support, but there are other parts that we are definitely concerned about.

Madam Speaker, the process has proceeded quite a bit down the road, and we now have Arthur Kruger who is working to implement the report. Certainly that is causing concern as well with the process as to how this report is being implemented.

One of the things that was called for was a review of transportation costs so that there would be some kind of baseline study to indicate what it was costing to ship grain. We are very concerned that the railways, since the change to the Canada Transportation Act, have been making a tremendous amount of money. In fact, it is felt that they are overcharging farmers by over \$200 million per year. But when the farm groups asked for a full costing review to be done, the government refused to do it. Mr. Estey and Mr. Collenette said that it was not necessary.

Now the Canada Transportation Agency will review railway grain handling costs. They feel this is adequate. Government members across the way should realize that this is not adequate. The process must have a base to start from, and that is not there. I have concerns about the time that the Kruger process is taking place. Members across the way are involved in the farming community, and to have this review

taking place during the busiest time in the farm year is a serious concern.

If this review is going to guarantee that there is going to be money put back into the farmers' pockets, then you could accept the review. If the review was going to ensure that there was going to be joint running rights for short-line railways, that would be a good move. However, if those things are not guaranteed, our provincial government should be pulling out of the process. We should not be part of a process that is not going to be standing up for farmers. I would urge the government to look very closely at what they have agreed to by agreeing to participate in the Kruger review, because, as it is right now, it is taking place in the middle of farming season. Actual farmers are not participating. There are farm representatives, but the people who are working the land are not having the opportunity to participate. As I understand, the way the process is going right now, it is highly unlikely that there will be a recommendation that will result in short-line operators having joint running rights. There is no guarantee that more money is going to end up in farmers' pockets.

Madam Speaker, if you look at some of the other processes that we have been through over the years when we have these reviews, and I look back at the Crow experience when we had transportation talks and we were given such assurances that this was going to help farmers, it was going to reduce their costs, there was going to be more money in farmers' pockets. What it has resulted in is an increase in freight rates and a very big burden for many farmers. We have had the abandonment of many rail lines, and a shift onto a lot of costs within the province, because rail lines are abandoned, and the federal government is not picking up additional shares of transportation costs. We are shifting more and more costs onto the farmers.

It was an interesting comment. I was in Melita the other night, and we were talking about the disaster situation out there. The comment that was made by some of the farmers was, they said, you know, all of this trouble that we are having now started when we had the Crow benefit abandoned. That along with reduced commodity prices has certainly added a tremendous amount of pressure.

So, Madam Speaker, I think that it is time that this government took a strong position and said, you know, we cannot accept these kinds of changes that are going to hurt our farming community, and as I look at the recommendations in the Estey report, I do not see benefits that will be passed on to the farmers or that will benefit the rural community.

The Wheat Board, for example, is a very good marketing tool for farmers, and the members have just elected a board to make changes within the Wheat Board, but instead we now have the Estey report, if implemented, which is going to strip the Wheat Board of their responsibilities and further weaken their ability to stand up and be a strong marketing agency for the farmers of this country.

Madam Speaker, the recommendation to remove the freight cap rate, to believe that removing freight cap rates is going to increase returns for farmers is quite amazing. If the railways really wanted to reduce rates, why would they not do it under the cap? Why is it necessary to remove the cap and then hope that there will be a reduction in rate? The idea that there is going to be more competition between the railways, if you look at it, there are very few lines in this province where there is competition.

* (1010)

The railways are very smart, and they have divided up the province. In one area it is CN and in another area it is CP, and now we are getting some short lines that want to operate in the province but the railways are not prepared to offer joint running rights. They are not prepared to offer revenue sharing to these companies that want to get started, and without joint running rights or revenue sharing, short-line railways that are trying to establish themselves in this province, such as the Cowan subline that has a chance to get operating, they will not operate without it.

So, Madam Speaker, I would urge this government to look at this resolution and look at what the federal government is doing and consider the impact of this resolution on the farming communities, on small towns and on short-line railways. The recommendations in this

resolution are going to hurt the farm community. I would urge the government to, in fact, look at what is happening with the transportation review under Kruger, and if we are not going to get more money into the farmers' pockets, joint running rights for short-line railways, then that we pull out of that process and start all over again to develop a transportation system that will be effective and help to maintain the rural communities and help farmers to get a fair return for their product.

The members across the way know full well that it is a very difficult situation in rural Manitoba. Some of them are being flooded right now and that is a real challenge. Many farmers are suffering because of low grain prices and cannot afford to pay more transportation costs, cannot afford to have more rail lines abandoned so that they have to haul grain and their product farther in order to get to the transportation. Certainly, Madam Speaker, we want value-added, but we know we are always going to be exporting a certain amount of grain out of this province. Manitoba farmers have been the hardest hit because of the changes to the Crow and the removal of that freight assistance. They are suffering now. We need a government that is going to stand up and ensure that they are being treated fairly by the federal government.

I urge the government to really consider carefully their participation in this process of the Kruger review because, in the end, the result is going to be less money in the farmers' pockets and more money in the railways. Madam Speaker, \$200 million a year in the railways' pockets right now, that money should be in the farmers' pockets, and this government should be standing up to ensure that that is where it gets.

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, I am privileged to speak to this resolution and disappointed, but not surprised, that my colleagues opposite would, in essence, shy away from doing something and support the status quo, and it is the status quo that is not supportable.

Let me just remind all colleagues how Estey did come about. It was the crisis of the grain handling system in 1996 and into 1997, when we had upwards of 42 ships waiting in Vancouver

harbour, waiting for deliveries of grain that the system could not provide. That cost, just that cost alone, the demurrage charges amounted to 14 millions of dollars that were passed on to the very farmers that the honourable member for Swan River (Ms. Wowchuk) is concerned about, about bearing unacceptable costs. That is what created the Estey commission. It was the federal government, prodded by everybody in the grains industry, that came to the realization that a significant problem existed, that a full review had to be taken, and appointed former Justice Estey to conduct that review.

Madam Speaker, it is not my intention to make a lengthy speech on this one. I have the great privilege of having a number of colleagues who are well versed on the matter who daily deal with the matter in terms of transporting their own grains and can speak more eloquently on behalf of the grain farmer than I can on this occasion. I specifically make reference to my colleague the then Minister of Transportation, the honourable member for Springfield (Mr. Findlay), who had the lead file on this issue with respect to Manitoba, worked diligently with that and, more importantly, worked and managed to work co-operatively with Alberta and Saskatchewan on this issue.

I can recall being present with him when he made his presentation to Justice Estey, and the issue was that something had to be done. The status quo is not acceptable. There is no guarantee that what happened in '96-97 will not happen in '99 or 2000. Something had to be done. From my reading of the Estey report and the number of recommendations that are in there, and they are recommendations, there will be a process of implementation that every step along the way will have farm organizations, grain producers and organizations, elevator companies, the Canadian Wheat Board, working with Mr. Kruger to try to implement what has to be changed. But change there has to be, Madam Speaker.

That is what the issue is before us, and that is why we reject the resolution before us, because it is timid. It supports the status quo. It is fearful of the change that has to take place in a tremendously plagued transportation industry here on the western prairies.

I am satisfied that with good will and with the experience of the stakeholders working with Mr. Kruger, we will take this broad framework that the Estey report presents us as improvements. There are some radical changes in there that affect the operations of the Canadian Wheat Board but in my opinion do not damage the Canadian Wheat Board. They simply recognize the Canadian Wheat Board as a seller of grain, not in the transportation business. They hopefully will come to an opportunity where we get some genuine competition in the railway system.

Everybody loves the regulated load. Everybody but the farmer makes money at it, Madam Speaker, and that is why even that regulation with respect to removal of the cap, although optically it has problems—and I can understand any farmer who worries about the removal of a cap, that that then automatically means that that protection is no longer afforded to the farmer. That is mistaken. The protection, quite frankly, has been afforded to the transportation companies who have constantly raised their rates or kept their rates within that cap.

The major challenge facing the implementation of some of the recommendations of the Estey committee is to introduce genuine competition, genuine competition for allocation of cars, genuine competition which is the best way to move a shipment of grain to Vancouver or through the Seaway. Madam Speaker, we have talented and well-experienced grain companies, including the Canadian Wheat Board, that can provide that competition if we remove some of the regulatory regime that has, I would submit, benefited more the movers of grain, the handlers of grain, than the growers of grain.

That is the issue here, Madam Speaker, that the Estey report attempts to address, and I am satisfied with the work done by people like the member for Springfield (Mr. Findlay) and his counterparts in Alberta, in Saskatchewan. Although there are nuances of differences between the different jurisdictions that are impacted here, principally these three prairie provinces, the grain-producing provinces, in essence—and I can recall very clearly the member for Springfield making that point with Justice Estey. I am advised on reading the report that,

in essence, Justice Estey accepted that recommendation, that what was being presented by the prairie provinces was a package, was something complete, and it would be wrong to just cherry pick a few of the suggestions out of the recommendations that were being made to Justice Estey from Alberta, from Saskatchewan and from Manitoba and capably represented by the honourable member for Springfield.

I am satisfied, and Justice Estey would be the first one to admit, he has not laid out the full detailed blueprint of how the transportation system will emerge. That is the challenge that we now face working together with Arthur Kruger who is given the responsibility of bringing this change about.

But, Madam Speaker, change there must be. The status quo is not supportable. The status quo is not being friendly to the farmer. The status quo is something that honourable members who are stuck in yesteryear will support, and for that reason we cannot support this resolution.

* (1020)

Mr. Stan Struthers (Dauphin): Well, in typical Tory fashion, typical Tory arrogance, they assume that there is only one way of doing things. They assume that their way is the right way no matter what, and if anybody has any other ideas, then it is just a simple reaffirmation of the status quo. It is a simple political statement by the members opposite to say that anybody who disagrees with them is automatically in yesteryear and that they are in favour of the status quo. Well, that is plain arrogance, Madam Speaker, arrogance, nothing more, nothing less, and the government would be well advised to think of some real good, solid reasons why they should support the Estey report instead of those sorts of petty, underhanded reasons that I just heard.

Madam Speaker, the government has a very clear choice to make, and this is a government that I have heard in the past say that they are willing to make tough decisions—tough decisions. This really is not a tough decision that the government has to make. It should not be, because what they are choosing is between supporting Manitoba farmers or supporting the

CPR and the CNR. That is what this decision comes down to.

Madam Speaker, if this government really wanted to stand up for Manitoba farmers and really wanted an open and honest report and an open and honest discussion about the future of transportation in this country, they would be joining the call, joining the call for a full cost review of the railways. It is not just members on this side of the House that are calling for that. The National Farmers Union calls for that. [interjection]

Well, members opposite scoff at the fact that the National Farmers Union is calling for a full cost review. Keystone Agricultural Producers have called for a full cost review at the meeting which was held in Winnipeg with Minister Collette chairing, with members opposite present, including the Minister of Highways and Transportation. The president of Keystone Agricultural Producers called for a full cost review of the railways.

I have read where the railways have milked Canadian farmers possibly to the tune of \$200 million, money coming off the backs of farmers whom we represent in this Legislature, money that has been achieved by the railways through labour force reductions, money that has been achieved through branch line abandonment, money that has been achieved through other increased efficiencies. Is this government expecting that through the kindness of their hearts the railways are going to pass that on to farmers? Did we not learn any lessons when we gave up the Crow rate?

Madam Speaker, the government should consult some very good information put forth by the Keystone Agricultural Producers. It showed that after the Crow rate there was not the big boom in diversification. There was not a big boom in value-added. The Minister of Agriculture (Mr. Enns) says it is coming. Well, the minister should ask somebody in Keystone Agricultural Producers to show him the chart that goes back to the early '70s and shows a steady increase in both value-added and diversification on the part of our farmers.

There was no big bump up, no big increase, when the Crow rate was lost. What happened

was that \$720 million was sucked out of the Canadian farmers' pockets, and now farmers whom we represent in this Legislature pay some of the highest transportation costs in the country, and it makes sense because we are furthest from the port. This is not rocket science, Madam Speaker. If you are furthest from the port, you are going to pay the highest cost to get your grain and your other produce to the market. So it is not that it is all that complicated.

Madam Speaker, KAP has asked for a full-cost review; NFU has asked for a full cost review; the Association of Manitoba Municipalities has asked for a full cost review. The list goes on. The people, it seems to me, who are stuck in the past, who are still stuck in John A. Macdonald's national policy attitude are the members across the way where we elect governments to protect monopolies of the CN and the CP. And do not tell me that this is going to be genuine competition, like the minister said. Come to the Parkland area and tell me about genuine competition when CN has a monopoly on hauling grain out of our area. Go to other parts of the province where CP has a monopoly. Do not tell me this genuine competitive nonsense that I hear from members across. You have no case to make on that.

Madam Speaker, the other choice that this government has to make is whether or not it is going to come clean, maybe, finally, on the question of whether it supports the single-desk selling advantage of the Canadian Wheat Board, because if they support this Estey report, what they are saying is—and they are saying this against all the advice and all the suggestions from farmers—they are choosing to not support the Canadian Wheat Board if they go with this Estey report. That is absolutely the case. The government cannot, if they are supporting the Estey report, be going out and saying on the one hand that they support the Canadian Wheat Board and then support the Estey report which undermines the single-desk selling of the Canadian Wheat Board.

Members opposite know that. Members opposite are quite worried that no matter where they go in the province, they get flack if they even suggest that they are not going to support the Canadian Wheat Board or single-desk selling

because farmers understand that that is an advantage. Now, Madam Speaker, the government is going to have to come clean on this. You are going to have to say either you do support the Wheat Board or you support the Estey report, because if you support this Estey report, you are supporting the undermining of the Canadian Wheat Board.

Madam Speaker, there are three areas that could benefit farmers that should be included in this whole discussion, but for one reason or another are not included in the discussion that Mr. Kruger will now head up in this country. One would be the ownership question of hopper cars. Why is that not part of this discussion, something that would benefit farmers? I think that the members opposite may even agree that this could be of a benefit for farmers whom we represent in this House. Why is it not part of this?

The other part that I know the former Minister of Highways has been concerned about before are road costs. It is clear that as we shift from moving our produce to market by rail, as we move away from that, there is going to be a lot of increased road costs. Now, I know that the government, the members opposite, share the concerns that we all have in rural Manitoba about how our roads are getting beat up. What this means is that it is another offload from the federal government to our province. That should be part of this discussion as well.

Madam Speaker, the other point I think that needs to be discussed in this is the future of our ports and our waterways. It is part of the big picture; it is part of the transportation network. The Port of Churchill could really be an advantage, and since we have lost the Crow rate we have to look, especially for farmers in the western part of our province and the eastern part of Saskatchewan who could really benefit by moving grain through the Port of Churchill. As much grain as we can get up through Churchill we need to be looking at. That has to be discussed in this whole scenario. It has to be part of this Estey Kruger process.

But, Madam Speaker, I think on top of that I am concerned about the timing in the agricultural community. I am concerned about

the timing of the discussion of this. I would prefer this debate to take place at a time when more producer, more farmer participation could be accommodated. I am afraid that is not going to happen. My more cynical side would say that there was a plan, that the railways can make a good, strong presentation, and maybe from the farm side we would not quite get as good a representation.

So the part that I think in this Estey report that needs to be addressed as a top priority has got to be a full cost review of the railways. Without that I think this government should not participate and aid and abet the railways in gouging farmers anymore. Thank you.

* (1030)

Mr. Glen Findlay(Springfield): It is interesting to get up, and some comment across the road that I am making another speech. I said I had made my last one a long time ago, but this is such an important topic I cannot stay sitting on this topic.

Madam Speaker, I listened with great interest to the member for Swan River (Ms. Wowchuk) and the member for Dauphin (Mr. Struthers). I want to remind the member for Dauphin it is important before you give a speech that you read the topic that you are talking about, read the recommendations. Many of the concerns he raised, and I will point a few of them out as I go along, are covered in the 15 recommendations that came from Justice Estey.

The whole process why the Estey process occurred, the whole reason for it is that, as the Minister of Agriculture (Mr. Enns) mentioned earlier, there have been a number of incidents that have happened over the last number of years, most notably the cold winter of two years ago when grain was not moving to port and farmers were recorded to have lost at least \$65 million of sales. That is very serious.

The reason it happened is because the current system as it exists is that the Wheat Board makes a sale, the Wheat Board calls the grain forward, and then there is no authority to make it happen. If anything goes wrong in the system, if the elevator makes a mistake, if the railroads do not deliver, if the ports do not load

the ships, it is all taken out of the farmer's pocket. Anybody else's shortfall in the system, the farmer pays it out of his Pool account at the Wheat Board.

Now, I ask you: is that fair? Is that fair and reasonable that the farmer is held accountable for everybody's mistake along the way? I do not think it is fair and reasonable, absolutely not.

The member for Swan River did not even acknowledge that that situation exists today, and when the \$65 million was lost by the farm community of western Canada two years ago, it became apparent to us as governments in western Canada some change had to happen. If people are going to make a mistake at the elevator level, at the railroad level, at the port level, at the loading-of-ship level, then the people who make the mistakes have to be accountable.

The whole purpose of the Estey process was to come together and have a discussion of how the process could change so we could inject accountability into the system, we could have responsibility and penalties be paid for people for nonperformance. But the sole purpose at the end of the day was that the benefits of this increased efficiency and increased accountability would benefit the farmer in terms of increased revenue at the farm gate. I want to tell both members opposite, that is the fundamental principle on which all four provinces came together. We must improve the revenue back in our rural areas, and that means at the farm gate, the fundamental driving principle that Manitoba supported, Saskatchewan supported, Alberta supported, and B.C. supported.

Now, for the members opposite, they may not be aware, I would think they should be, but we had an alliance of four provinces on a very delicate issue, two Conservative governments and two NDP governments. The more we talked about the issues, the more we could see through how this process of discussion would likely lead to a better situation for the farmer in the future, a better situation for the ports, and a better situation for the grain companies.

Because right now, members opposite talk about railway power. Yes, they have incredible

power. One would call it a monopoly, because there is not any real competition. But the principle of joint running rights and that the railways be required when they put a line up for sale, a short line, that it be an economic unit, e.g., the Swan River example. Those are in the recommendations. They are in there to promote exactly what the members opposite want.

Now, this did not come easy, this coming together of four provinces on this issue, but the more our staff discussed the issues—and we had studies done by Mckinsey and company to look at what is the system that would work, and it came with, I think, a pretty good conclusion that we presented to Mr. Judge Estey. We met with him three times. We presented this to him, and he recognized it in the report, the strength of the submission of the four provinces, working out their differences before they made a decision on what to recommend. We did that, and I guarantee the members opposite it was very influential in getting the kind of recommendations that are currently there.

The recommendations are wide-sweeping. I guarantee there is everybody out there in the system, from farmer through grain elevator through railroad through port operators, who feel they lost something in the process but also everybody thinks they gained something. At the end of the day, the most significant thing with the railroads is we promote competition, and joint running rights create competition. I believe very strongly in the principle that the Wheat Board must sell the grain it has the legislative authority to do. The monopoly of the Wheat Board in sales is not touched. The member for Dauphin (Mr. Struthers) is not touched, not touched at all. The Wheat Board's monopoly is sales, sales, export sales, particularly. The power they have now to get the grain to that sale, there is not much power, but if you have the power to put up contracts, there are guarantees in those contracts that the deliverer must deliver by grain company plus railroad, then the Wheat Board has real power to guarantee to the customer that the product will ride to Vancouver or Churchill or the St. Lawrence Seaway at the right day with the right quality grain. That is a power the Wheat Board does not have. Previously, if the railways screwed up, they had to go to court. That is months to get a

resolution. Through the contract process, the Wheat Board will have the power to instant resolution of a dispute, and the penalties will be paid. The Wheat Board's power to carry out their mandate is absolutely improved in this process.

Now I know the members get all wrapped up in the rhetoric because if you touch the Wheat Board, something you are doing, that something is unsacred. I am telling you that the Wheat Board has an authority to power and we are improving their capability to carry out their job, absolutely improving it, improving the responsibility of the Wheat Board, the responsibility of the grain companies. The member talks about the Wheat Board, I think the member for Swan River (Ms. Wowchuk) talked about the cars, and there is a recommendation in there that the current right of refusal of the railroads be allowed to expire before they are sold. So if the farmers want to buy them or the municipalities in western Canada want to buy them, they will have that option. That is covered in the recommendations. So it is important to pay attention to all the details.

Now the point I want to make, and I probably do not have much time left, is that Arthur Kruger is not assigned any job of negotiating the recommendations. There are 15 recommendations. His job is to bring the players together and implement the recommendations, put detail around the recommendations. He is not to renegotiate. He is not to do this one and not that one. The package remains intact which has improved accountability for the farm community, better return at the farm gate, responsibility legislated in contracts for the railroads' performance and the grain companies' performance. The farmer will be better off at the end of the day, because he will have a system where he does not pay for everybody's mistakes or shortfalls in the system.

Madam Speaker, how much time do I have left?

Madam Speaker: A little better than two minutes.

An Honourable Member: A couple of months.

Mr. Findlay: A couple of months. Well, Madam Speaker, I think I have made the major points I want to make, and I would recommend to members opposite that they read the entire report, all the recommendations, and recognize that it is a complete unit. It is not to be cherry-picked, and Arthur Kruger—I think the member opposite used the word review, Arthur Kruger review. It is not a review that he is doing; it is an implementation. He is out there to work with the players to try to find a consensus, knowing full well there will not be unanimity in the various recommendations. The farmers will win in this process. They are the fundamental reason this was done. It is the fundamental reason the provinces went forward as a unit that we felt that we could improve the farmers' capability to extract the right return from the marketplace, their justifiable return.

The other issue I just remembered now is producer cars, which the farmers feel is quite important, because that is the only real competition to grain companies they have in their town. The producer car that the farmer currently has is again covered in a recommendation that it is to stay, though the railroads naturally want to get rid of that, the grain companies want to get rid of that. But it is in there, and it is a recommendation that, I will tell you, Manitoba was foremost in pushing that that must not be sacrificed no matter what the argument from the railroad. If we really want competition and choice, producer cars, joint running rights, competitive short-line units are the fundamental principle of competition, choice and a system that I say will work the same as any other competitive system. It will bring the cost down, and that is what the farmer needs, not costs that are controlled by regulation that are higher than they really are. Recommendation 15 calls for the review that the members opposite talked about that they want, the costing review. The 2000-2001 review that is already required under the CTA by legislation is also identified in the Recommendation 15 that the review must happen.

So we are all in support of the review, because this thing has many facets. I cannot guarantee that everything is covered in the recommendations. The review will pick up the missing points in the future. Thank you very much, Madam Speaker.

* (1040)

Mr. Daryl Reid (Transcona): Madam Speaker, it is my pleasure to rise to speak to this resolution that has been sponsored by my colleague, the member for Swan River (Ms. Wowchuk). I do not profess for a moment to be an expert in the production of grain and grain products. I know there are many members of this House that are involved in farming activities. My experiences are very slight in comparison to members of this House who have perhaps made this a primary focus of their lifetime work.

I have considerable experience involved with the transportation of the grain products that members of this House do produce and have had the ability to speak to many people who have been involved in this particular work, in fact the rail transportation system of this country. I listened to the comments that were made by members opposite with respect to the Wheat Board and also to the grain transportation system in this country, and I know the members opposite do not support the Canadian Wheat Board. They have made that very clear on many, many occasions. In fact, they would like to see the Canadian Wheat Board disbanded and leave producers essentially to their own devices in this country. I think the Canadian Wheat Board has served our producers relatively well over the years that it has been in existence. Yes, there have been some warts on the system that perhaps need some addressing, but I think the Canadian Wheat Board has to the large part fulfilled the mandate for which it was originally intended.

Madam Speaker, I listened to the comments by the Minister of Agriculture (Mr. Enns), when he says removing the competition or that we need to have greater competition within the grain transportation system of this country for the removal of impediments or barriers to the transportation of the producers' products to tidewater, whether it be in Vancouver or the St. Lawrence Seaway. I can tell the Minister of Agriculture that until you get a commitment from the railways to prioritize the transportation of grain products in this country to the point where it should be equal to the commodities that are shipped by containers, you will never have equality in the transportation of your grain

products in this country. I am not sure what CP Rail does and how they prioritize their trains. I know they have high priority trains and others, but if you look to the way CN Rail prioritizes its container traffic, they prioritize those trains, a 200 series train east and west. If you take a look at the grain products that are moved by train in this country, they are extra series trains in this country. They are not prioritized on the same level as container traffic in this country, and until you have a written commitment from the railways to prioritize it on the same level, 200 series trains, you are not going to have— [interjection]

Madam Speaker: Order, please.

Mr. Reid: Thank you, Madam Speaker. I know the members opposite are sensitive on this issue. Mr. Estey does not address that particular issue.

An Honourable Member: Yes, he does.

Mr. Reid: Madam Speaker, I disagree with the members opposite. He does not support that concept. In addition, if you go back to the winter of '96-97, it was a very cold winter in Canada and it was a very cold winter on the prairies where the grain obviously is produced.

We have a problem within the grain transportation system in the rail car equipment that is utilized to move that product to tidewater. The problem is, and CN Rail has admitted to this, they are at fault, and they have paid the fine for the failure to transport those products to tidewater.

We had a number of ships that were sitting in the Vancouver harbour waiting for grain to come to the terminal elevator position to be loaded onto the ships to be exported to the customers around the world, and what did the railways do? The railways closed their shop facilities in this country that was in place to repair that very equipment, that vital equipment that would have transported those grains to tidewater. I know that because the plant in my own community of Transcona, the CN Transcona shops, has always been a major producer of rail equipment to transport that product. What did CN Rail do? They put an eight-foot-high chain-link fence across the doors at the

Transcona diesel shop to prevent locomotives from being brought into that shop to be repaired, so that they sat in mothballed, failed condition out in the back forty and unable to pull those grain cars to port.

Now, I say, is that the sign of a responsible railway and are those the conditions that you want to have apply, because that is what has happened in '96-97? CN Rail has already admitted fault. They have paid the fine for that. I can tell members opposite that that shop is not open and functioning to repair CN equipment today. There is no major overhaul locomotive program in the Canadian National system in Canada.

The only shop that remained in Canada for repair of CN equipment was the Transcona shops, and that is why I have continued to raise that issue here time and time again to try and get the government to say to CN Rail, as you had lowered their fuel taxes for both railways in 1992-93, I said to you if you are going to lower fuel taxes, make sure you have people repairing the rail equipment so that you can move your producer products to tidewater. So you left the taxes down. You moved them down to the lower level, and what did they do? They built an eight-foot-high chain-link fence across the shop so they could not bring equipment in to repair. Is that your logical way of helping the producers of this province or the prairies? That is the mentality that happens here.

I can remember, Madam Speaker, very clearly the railway saying that if you eliminated the Crow rate in this country, they would prioritize grain at a higher level and move it to tidewater. Well, what happened? They eliminated the Crow rate. They stopped repairing locomotive and car equipment, the hopper car equipment, put a chain-link fence across the shop, the only remaining repair shop in Canada, and then they had ships backed up in the Vancouver harbour unable to load because the railways could not or would not move the grain to tidewater.

So I say to you that you have a problem that you are the author of, in part, because when you eliminated or reduced a portion of those fuel taxes, you did not get a written commitment

from the railways to prioritize the movement of the product from the province of Manitoba to its export position. You gave them something and got nothing in return, no quid pro quo in this case.

So I say to you, you made a vital mistake when you eliminated that, and that is why I continue to raise it, now that they are moving more jobs out of the province of Manitoba, moving them to Edmonton and to Toronto. Madam Speaker, we do not have a major hopper car repairs program in the Transcona car shop to make sure that those cars are available to producers of the province.

If the decision is not made to give the producers control of those cars, they are going to be at the mercy of those people who buy them that could potentially be the railways or other investment people in North America that will take away control of those cars from the producers and put them at risk of some other financial investment party. They will be at risk as a result of the decisions that are made by the railway and that you have done nothing to help the producers of this country.

One of the other issues that could be dealt with is the point of interchange, and it has been long talked about by the producers. If the producers, if you want competition, say to the railways where the producers want to move a car to an interchange point and say: I want to ship my product by CN or I want to move my product by CP Rail, then you would help to address part of the problem, and then you would have competition. Is that in this?

An Honourable Member: Joint running rights.

* (1050)

Mr. Reid: Joint running rights is not the same thing as the interchange point. It is not the same thing. It may be semantics to you, but it is not the same thing. What you are going to do is you are going to undermine the railway jobs, and you are not going to give the producers the choice on which line they move their rail cars and whether or not they choose to move those products through the Port of Churchill, which we support. We have been fighting for that way before my

time in this House, before my nine years in this House, to utilize the Port of Churchill to move our product to tidewater and to our export customers.

I think you have failed miserably in the position that you have taken to not address those issues, and I plead with you again, you have to take the steps that will address the problems that are encountered with respect to the availability of in-good-repair locomotive and car equipment to be able to move those grain products that we produce in this province to their export position. Until you address that problem with the railways, you are going to continue to be taken advantage of, and if you follow the rules that you say are in the Estey report here, I think that the producers are going to be taken further advantage of, and it is going to be the railways that profit at the expense of the producers in this country.

Hon. Leonard Derkach (Minister of Rural Development): I am pleased to rise to speak to this resolution because of the concern that I have with regard to the return to producers in Manitoba and with regard to what is happening in our rural communities. The status quo is simply just not good enough in today's world, and I think the federal government recognized that very early and understood that, in order to be able to address the whole issue of grain transportation from the prairies to markets, indeed there needed to be a major review of the grain transportation issue.

Although we can perhaps disagree with some of the elements of the Estey report, when you look at it in a broad sense, the Estey report is indeed the direction that we have to go if we are going to make major changes to the system that is in place today and if we are going to benefit the rural economy in the province of Manitoba and western Canada.

The four western provinces have agreed to a position as it relates to the Estey report, and basically they support the 15 recommendations that have been made by Estey in his report. Now there are some very key recommendations, I think, that have been focused on that make some sense. Now the member for Transcona (Mr. Reid) just in his remarks addressed some of

those concerns. One of those concerns is to put grain transportation at the same priority level that other commodities are with regard to transporting them to the market. He used the example of the containerized products that are shipped to market having a greater priority than grain does on the current systems, and that is precisely what is being addressed through the whole issue of competition in the transportation of our grain.

I can tell you as a producer that I can see every day that until we have a competitive system on the railways to transport our products, we are going to continue to be at risk in terms of the amount of money that goes into the transportation of our products to markets. Madam Speaker, I am a grain producer, and I understand that every dollar that is earned from that bushel of grain has to remain either on the farm or in the rural community. One of the recommendations of the Estey report is that the grain should be cleaned on the prairies. I think farmers have been saying that for a long time. Keep the by-product and add value to it so that that value-added component can stay on the farm, in the rural communities and in the province of Manitoba. So that recommendation is very key in the Estey report.

The other element is the use of Churchill. The use of the Port of Churchill is very key to Manitoba. I think it has been noted from studies that have been done in the past that by shipping grain through the Port of Churchill, the western side of our province, can probably save themselves something in the neighbourhood of \$20 a tonne. But you have to have two-way transportation. So therefore you have to allow competition in that system, because everyone here knows that the position of CN and the position of the federal government was contrary to the use of the Port of Churchill. As soon as OmniTRAX took over the railway to the Port of Churchill, all of a sudden we were able to put hopper cars on that rail track. Up until that point, CN refused to put a hopper car on that railway. Why? Because they had a monopoly, so therefore we have to get away from that kind of thinking.

Now it does not matter what side of the fence you are on politically, I think what we

have to do is work for the betterment of the rural economy and the producers in rural Manitoba and in western Canada. So there are opportunities to bring products in through the Port of Churchill. I think OmniTRAX is doing that by negotiating deals with countries like Russia to bring products from Russia, through the Port of Churchill, products that are needed in Canada that can be value-added, whether it is in Flin Flon or other areas, and then shipped to markets in Canada. At the same time, we can use those same ships to take our grain to the markets that are needed around the world.

The other element of all of this is the demurrage charges that are charged directly to the producer. It does not matter who is at fault. Under today's system, every charge regarding the delay of meeting the markets with grain is charged back to the producer. Why should that be? The producer has no control of that grain once that grain leaves his farm gate, and yet he is the one who has to pay the demurrage charges.

Just this spring, we saw the massive number of ships that were waiting for grain at the port and the grain was not there. Now who is responsible for that? Is it the farmer who produces the grain? He has produced the grain. He has put it into the system, and the system cannot deliver it, because it is archaic, because it is out of touch.

I have another example. Right now we have a potential for sales of oats to Mexico. The greatest impediment to the production of oats and the sale of oats and the processing of oats and the adding of value to the oats is the transportation from Manitoba to the American rail line. We have become so uncompetitive that it is cheaper to bring oats from Australia to Mexico than it is from Manitoba. Yet Manitoba produces some of the best quality oats in the world. These are the issues that have to be addressed. This is what Estey talks about in his recommendations.

Now I understand that those jobs in Transcona are important to us as a province, and we have to make every effort to ensure that we can continue to maintain those jobs and enhance them. They may change from time to time as the economy evolves and as the world evolves, but

we have to support those jobs, because those jobs are important to us. We understand that.

An Honourable Member: They have gone.

Mr. Derkach: They have gone? Some of those jobs have changed however. The member for Transcona (Mr. Reid) says those jobs have gone. Some of those jobs have changed. [interjection]

The hopper cars have changed. They were made of steel at one time; today they are made of aluminum. There is a modernization of the entire system.

Now we talk about ownership as well of the hopper cars. Do we care who owns that truck that transports the grain? I do not care who owns that truck. I just want that grain transported. I make a contract with a transportation company to truck my grain from point A to point B. I really do not care who owns that truck.

However, in the past the farmers have purchased rail cars. I do not think that investment should be lost, because that is an investment that was made by the producers of Manitoba and western Canada. That benefit has to come back to that producer. Too often governments play games with that kind of an investment. In this case, that game cannot be played because, in my view, that money that was invested by the producers into the transportation system has to come back to the producer when that rail car is sold. So that is a point that has to be made. but I think, in an overall scheme of things, it does not matter who owns the railway. It does not matter who owns that hopper car. We want to get our product from point A to point B at the most efficient cost. The more competition we have, the better able we are going to be to deliver that product at an efficient cost.

I want to talk for just a moment about railway abandonment. I live in an area where we have had two major lines abandoned to my communities in the area that I represent, and so has the member for Swan River (Ms. Wowchuk). Had we had the Estey approach to the abandonment of railways, those railways would have been put up for sale in a way in which a short-line railway could operate, but we

have lost that. That is lost because CN, CP decided that those railways were no longer competitive, and so they took them out. They are lost forever to those communities, unless there is a massive change in the economy of this country.

Now, thankfully, the Cowan line has been preserved, and I think that is a credit to the people who worked so hard to do that. I commend the Swan River area for making sure that that rail line was preserved. I did not have that advantage in my area, and that railway has been lost. Let us not lose any more railways. Let us allow the short-line people to be able to purchase these lines and to be able to operate them in a way which is competitive, in a way which provides service, and in a way which does provide an opportunity for the communities to survive. I do not want to see this kind of editorial or this kind of a picture in my paper which says—this is the picture depicting rural Saskatchewan. Well, we do not need that in Manitoba; Saskatchewan does not need it; and neither does Alberta. And the way to do that is to follow some of the recommendations that were agreed to by the four prairie provinces as they relate to Estey. Let us get on with the task of modernizing the transportation systems for the benefit of producers, for the benefit of rural communities so that indeed we can once again become strong in the way that we conduct our economic activities in rural Manitoba and across the western part of Canada. Thank you very much, Madam Speaker.

* (1100)

Mr. Gerard Jennissen (Flin Flon): It gives me great pleasure to be able to put on record a few words regarding this very important issue, which is partially a transportation issue. It has certainly been a most interesting debate. I happened to be present in Swan River a number of months ago when Justice Willard Estey was there. I think he was there largely because of pressure put on by the MLA for Swan River (Ms. Wowchuk) and perhaps others as well, because we figured that when he was putting together the notes on the information for his report, he was a little skimpy on that part of Manitoba. Somebody somewhere put enough pressure on him, I guess, to prevail upon him to attend the meeting in Swan River.

I am sure he got quite an earful there because I happened to be there and hear that, certainly from the Hudson Bay Route Association people, such as Arnold Gramble [phonetic] but many others, farmers and producers as well. Largely, at that particular meeting, the concern was that Mr. Estey had underestimated the importance of the Port of Churchill; in fact, he had made some disparaging remarks about Churchill which came back to haunt him. [interjection] Yes, he more or less suggested that it was an outpost whipped by cold and cruel winds and did not have much of a future, and, of course, we took strong exception to that. When Mr. Estey left, I am sure he was much chastened and certainly appeared to have taken our concerns to heart, and we were very happy about that outcome.

Now there is one thing that Mr. Estey said at that particular meeting that still sticks in my mind. He said: since Canada became a nation, there has been a grain transportation review roughly every three years. So that must make quite a shelf of reviews and reports, and not a whole heck of a lot has changed. When it did change lately, it changed dramatically, and with such precipitous speed that we might argue, have we really checked it out carefully and what are the long-term implications? I think some of the members on this side have pointed out some of the dangers that flow from the Estey Report if it were implemented, and members on the opposite side have pointed out some of the positives. Certainly there are some positives there as well, we have never denied that on this side of the House.

But we must remember that Mr. Estey does not work in a vacuum either. He was appointed by the federal Liberal government, and I am not suggesting that he is not objective, but it certainly, I believe, does perhaps colour the direction in which he is moving. I would point out that we are facing some serious problems, and the member for Swan River as well as the Agriculture minister have pointed out the importance of this issue, the important transportation issues. The Agriculture minister said that we must be aware that this country needs genuine competition, that we cannot live in the past, that the status quo is not good enough, and then what happens is the political posturing

which is trying to make us look as if we are living in the 19th Century when we are actually living in the 21st, and make them look as if they are in the 22nd Century when they are actually living in the 14th Century sometimes, I believe.

The reality is that 95 percent of the freight hauled in this country is being hauled by trucks. It would be a good question to ask whether it ought to be like that. Only 5 percent is hauled by train. That is not what we like. I do not believe that is a good direction to go, apart from the fact that the member for Transcona (Mr. Reid) pointed out, that we have lost 6,000 railroad jobs. Apart from the job picture, there are other environmental factors involved as well.

But I want to point out one other aspect of the Agriculture minister's statement that change appears to be inevitable, and I have no difficulty agreeing with that statement, but I think we have to be careful that when we make the change that we do not make the assumption that bigger is better, the old General Bullmoose theory, Madam Speaker. I do not know if you still remember or if you are old enough to remember the L'il Abner cartoon where there was a character named General Bullmoose, a typical American capitalist kind of a figure who will always argue that if it is good for me, it is good for everybody. Members opposite have a habit, I believe, sometimes of uncritically assuming that if it is a big company or a big railroad, it is good for everybody.

I have heard the Minister of Agriculture (Mr. Enns) say wonderful things about Monsanto and CN and CP and so on, and I do not want to bad-mouth those companies, but we cannot make the automatic assumption that just because it is good for them, it is good for us. I think that would take a leap of faith, and those on the opposite side who are making that leap of faith, they should be a little more critical and should represent the grassroots a little better than that.

Genuine competition would be most desirable. I do not know if it has ever existed in the railroad industry, either in this country or any other country with the possible exception of the Soviet Union where there was no competition, I guess. Competition is nice in principle, but I do

not know if the recommendation of the Estey report will lead to more or better competition. I do know that on this side of the House, Madam Speaker, we believe firmly, as do many farmers, that we need affordable, cost-based and equitable freight rates. We know that we need that. We need access to railway services through branch line networks, and those branch lines are disappearing at an alarming rate. Producers need some control, some say, over how the system is operated to ensure it is functioning in the best interest of the producer. We need protections to ensure that the railways do not end up running the system in their interest instead of the interest of the producers; in other words that there is genuine competition.

It still concerns me, Madam Speaker, because Mr. Estey may attempt to be as independent as he possibly can, but, still, he was appointed by Ottawa, he was appointed by the federal Liberal government, and I have my doubts that they would appoint anybody that would go against the grain of that particular government.

Some of the specific recommendations of Estey: Recommendation No.1, greater use of the Port of Churchill. Well, I certainly would wholeheartedly support that because we believe it is the cheapest way to haul grain to Europe and other ports. We do know it has great potential, that particular port and that particular route, and it is lamentable that the federal Liberal government dumped that route in 1996. It is a viable port, and it has been made viable. OmniTRAX has done a sterling job, which makes me question why CN could not have done a better job with the public's money. As well, I would like to point out that to make that Port of Churchill work even better, we need to diversify. It cannot be just grain hauling, and I was really heartened by the fact that last year we did have a shipload of copper concentrate coming from Spain through the Port of Churchill to Hudson Bay Mining and Smelting, because this is precisely the kind of backhaul that the Hudson Bay railway and the Port of Churchill need. That would make that rail line even better.

We have another concern, Madam Speaker, and that is No. 14 of Justice Willard Estey's recommendations, that the Canadian Wheat

Board should have no operational or commercial role in the handling and transportation of grain. I think that is downgrading the Canadian Wheat Board, downgrading the single-desk selling system which has worked well for farmers, and we do not want to minimize or weaken that role.

The No. 7 recommendation of Justice Willard Estey, the repealing of the rate cap also creates some concerns. I believe that CN and CP would put pressure then on the smaller railroads including the Hudson Bay railway, including OmniTRAX and could possibly lead to much more rail line abandonment.

We already have enough trucks on the highway, Madam Speaker. That is a serious concern, and we could have more trucks on the highway, I am sure, but I think we also have to be very careful. [interjection] We certainly do need jobs in trucking, as the honourable member says, but we also, remember, are bound by the Kyoto Protocol, when we are talking about limiting greenhouse gas emissions and we are trying to conserve fossil fuel resources, so there is another angle to look at, and railways are a lot more fuel efficient I believe—I am sure that research would bear that out—and certainly would cut down on pollution.

* (1110)

We cannot ignore some of the larger treaties that we have signed or larger agreements that we are part of; we cannot simply say we have to go the trucking route. Apart from that, rail line abandonment is costing this government over the long run hundreds of millions of dollars on roads that need to be fixed and upgraded.

I am also concerned about No. 6 of Willard Estey's recommendations: car allocation system. His recommendation would be to replace the current system of rail car allocation. Before the Canadian Wheat Board and farmers had some input, and I would hate to see that input minimized, because if we did that and replaced it by a railway-controlled allocation system, we are then moving to the American model.

Again, selling off the hopper car fleet raises some concerns, because we do not know if farmers could bid in that market successfully

against large companies, large railroad companies and large grain companies.

Yes, we need a costing review. The federal government needs to do a comprehensive costing review. Farmers are being overcharged; we know that. The system needs change. I do not think anybody debates that. It is just how that change is going to take place, the direction and who that change benefits.

Remember the Crow benefit was scrapped. The protection for branch lines was scrapped on July 1, 1996. I guess we really have to ask ourselves, you know, whether this is to the benefit of the producers or whether this is for the benefit of large companies, and I think we have to support our people, the grassroots.

Mr. Jack Penner (Emerson): Madam Speaker, I am pleased to be able to rise and put a few comments on the record on the motion put forward by the honourable member for Swan River (Ms. Wowchuk).

I am a bit surprised at the drafting of this resolution and the RESOLVEDs at the end of the resolution rejecting entirely the report of Estey. I think quite frankly, when I listen to farmers in my area especially of the province and I think in general the farmers of Manitoba, there are a significant number of recommendations that Estey has put forward that would lead to benefiting the grain movement, total system and handling system. I think that is what we should be focusing on. Therefore I would find it very hard, very difficult to vote for this recommendation, because some of the improvements that are identified by Estey and some of the recommendations that have been put forward by all of the provincial western provinces, by the provincial ministers, I think are excellent and I think therefore should be considered. I find it almost incomprehensible that the member for Swan River would put on record this kind of a resolution condemning entirely the report of a person who I hold in fairly high regard.

There are a number of issues that I do not agree with in the Estey report, and I think that is fundamental in any report, that there will be some contentious issues. The one that I find rather interesting, and I noted that the Minister

of Rural Development (Mr. Derkach) made note of this, is: who owns the hopper car fleet? In my view it is not the federal government at all, and I think that this is a misunderstood conception. It is not the federal government at all that owns the hopper car fleet in Canada. It is the farmers that own, that have paid for entirely for the so-called government-owned hoppers, hopper cars, and I find it very interesting that there now be a recommendation put forward that they should be put on the block. Who in fact would receive the benefits of the sale? I think farmers should be given the choice to indicate whether they want to retain ownership of what they already own, what they have already paid for.

It was by law that I was required to pay a fee through the Wheat Board, which was deducted by the board before I received final payment on my grain, to pay for these hopper cars. I mean, I find it incomprehensible that the member for Swan River (Ms. Wowchuk) would not have included that in her resolution as one of the WHEREASes. I think it is absolutely imperative that our ministers in our province, our government, make sure that the federal government is made aware of who in fact retains ownership of these cars.

The second is the cleaning of grain, internal cleaning of grain, before we transport the grain. I think it is imperative that there be much more effort made to ensure that we transport the least amount of material to export position and thereby reducing cost. I think that is one recommendation that we should strongly support.

Producer-loaded cars I think is something that we should strongly support. The recommendation to allow for the intertransportation and use of rail lines is something that we should strongly support. It is only farmers that would benefit by ensuring that there be a competitive process put in place instead of a guarantee system. That is one of the difficulties I constantly had with our whole establishment of our total rail transportation system in this country.

Before Crow, the railways were guaranteed to a fee for the transportation of goods regardless of whether it was grain or whatever goods it

was, to the West Coast, because the federal government of the day needed to demonstrate a viability of the transportation route, in other words, the Crow route. So they guaranteed the railways an amount that gave them a very substantial amount of profit before the late '60s, early '70s. So they made money continually from the time of building the railways. They gave them huge land transfers and gave it to the railways. The railways were able to sell that off and build hotels and whatnot, diversify their operation. We do not talk about that in this resolution. We should, because that is part of the problem.

I think, Madam Speaker, that it is imperative that we go back to the federal government and say: look, there are many inequities that have been historically created that need to be set aside entirely, and the debate is over. Then we need to say what we did wrong again during the late '60s, early '70s by guaranteeing again another amount which was called the Crow rate, guaranteeing the railways a net profit. If they lost money, we would subsidize. We subsidized, in fact, to the tune of \$750 million, to do what? To build a more efficient system? No. It was a more inefficient system. In the meantime, we as farmers were asked to contribute even above the \$750 million and buy our own rail cars to transport our own grain. By who? I think that is what Estey says. It is exactly what he speaks to. He speaks to that in recommendation No. 6. He speaks to that in recommendation No. 5. He speaks to that in recommendation No. 8. He speaks to that in recommendation No. 9, and that is one recommendation we should take very seriously, the arbitrary ability of a third party to make the final decision. I think we should not lose sight of that.

I think we should also not lose sight of the railway feeder network. We have now only over the last number of years actually had smaller railway operators allowed in this province. I think they are demonstrating, as the honourable member for The Pas (Mr. Lathlin) has just stated, their viability. If you allow an intermodal transfer of a product on different rails, I think we will truly start an evolutionary process that will see competitiveness brought into our railway system.

The second point I need to make, and this one I do not agree with the honourable member for The Pas, is our truck transportation system. By deregulating the system we have not only encouraged the expansion of our trucking industry, it has brought efficiencies into my farm operation that I could not before make use of because I was not allowed to hire a trucker to come into my yard, load at my grain terminal in my own yard which I built, paid for and stored grain and now are able to elevate onto a truck directly, clean the grain on my farm, elevate directly and export. And that is efficiency.

I can do that now for roughly about 20 cents a bushel and put it to place of origin or place of use. If I had utilized the marketing system that we still have to participate in, I would be paying better than a dollar to gain that same access to that same point. I call that efficiency. Those are the kinds of things that we were forced to—and many of you have heard me voice my support of the Canadian Wheat Board. Many of you have heard me talk about the inefficiencies that we have had to put up with over the years by guarantees. Estey speaks about how we do away with them, how we eliminate them, and he recommends a process. Whether that will always be the right process—and there are many of the issues that I do not agree with in the recommendations that Estey makes, but there are some that I do, and those we should support and those we should proceed on.

* (1120)

I think, Madam Speaker, that it is absolutely imperative that the farm community be allowed a voice in the process of the establishment of the rates. But I am not sure that it is the Wheat Board or should be the Wheat Board's responsibility to be involved in that. As a matter of fact, if somebody would ask me point-blank to make a final decision, my decision right now would be no. I think there is another process by which the farm community could do that.

I think the Wheat Board should be relegated as a marketing agency. They have been involved in too many things that have been far too costly for us as farmers, and I think they should be told that you will be the marketing agency, because I believe they can do an absolutely admirable job

in the international marketplace. I think there are many other areas that we need to review, and those were driven by the elimination of the Crow. Those are the points that we need to discuss and debate in this House as to what kind of change the federal government needs to further make to accommodate the change in the Crow and the report that Estey is drawing. Therefore, I could not support this resolution.

Mr. Kevin Lamoureux (Inkster): Madam Speaker, I, too, want to put a few words on the record on this particular resolution. It always amazes me, you know, you read the BE IT RESOLVED, the federal government to reject the recommendations put forward by Justice Estey. At times, the opposition has to realize that not all change is bad, that change can be a positive thing. It confuses me in the sense that why it is we have an opposition party behaving in such a fashion. At the same time, then they would vote in favour of a particular provincial budget, which really makes me wonder in terms of the validity of the official opposition. I say that because you know the terminology that is quite often used is that of being Luddites. One should not have to fear change. Change is something that is unavoidable, and we need to recognize the need for change. It is a question in terms of how you manage that change. That is what is in fact important.

What we have to realize is why it is that we are even debating the issue that is before us today. I like to believe that it is for our farmers. That should be the primary reason why we are having this particular debate today, and that is why I am totally amazed that the New Democratic Party would take such a hard-handed approach at dealing with our farmers, that they are not being sensitive to the need to recognize change that will in the long term have huge benefits for our farming community, thereby having benefits for the entire province of Manitoba.

You have to get out of the age of no change, defending the status quo, the New Democrats as being the great defenders of the status quo and the potential harm that that attitude would have with our farming community. The long-term impact would be very negative. I say that because, you know, I too am concerned. When

you take a look at the stakeholders, whether it is the grain companies, the farmers, the Wheat Board, the railways, the province, our provincial budget, which, as I say, they voted for, the impact on our roads, sure, I too am concerned, but I am not totally naive to acknowledge that there is no need for a change. I sat and I listened, you know, even the official opposition critic, as members stood up in the House, would say, yes, you know, that is a good point, that is a good point too, yes, that will benefit the farm.

Does not the official opposition recognize that what we are talking about is the package in principle that the federal government has said, we want to see implemented. We are in essence putting forward the foundation. Now we are going to see the continual building. What we as opposition and those that are concerned about our farmers should be doing is giving due diligence as we start to build the framework upon that foundation so that we are going to see the change that is necessary, the change that is absolutely necessary take an impact that will be very positive for our farmers.

That is why I am disappointed in the New Democrats, because they are not standing up for the farmers in the province of Manitoba. It has nothing to do, nothing at all to do with defending the federal government. It is acknowledging the need to not be a Luddite. It is acknowledging the need that we need to see some change, some change that ultimately can have a positive, as the official opposition critic acknowledged, that there are some positive things here.

Well, it is not a thing in which we can cherry pick with. One has to acknowledge that right from the beginning. There are some areas which cause a great deal of concern for the provincial Liberal Party and, I would argue, all Manitobans, the removal, for example, of the rate cap. What sort of an impact is that going to have? Today it is estimated that the grain companies, you have somewhere in the neighbourhood of an estimated \$200 million in terms of profits. There needs to be some assurances that we are not going to see some of the feeder lines being impacted, that it is going to be a further burden to our farmers, undue burden. We need to be concerned in terms of the impact that it will have, not as much on the main lines but on

the feeder lines. I think that the stakeholders are very much aware of that. That is why we have working groups that are ongoing, again to build that foundation in order to address the issue of the removal of that particular rate cap.

We look at the move of the board out of Western Canada. No longer is the board going to be saying, look, we are responsible for monitoring what is inside there and taking responsibility of taking it from the barn or the grain bin, I should say, to the coast. Well, you know, there are pros and cons to that. But the bottom line is that there has to be given due diligence in watching what is going to be transpiring over the next number of months, over the next number of years, as to how that ultimately evolves. We have to reinforce the important role that the Canadian Wheat Board has to play.

The primary role is selling our wheat abroad. Let us not lose focus of what the primary role of the Canadian Wheat Board is, because if we do not lose focus, let us remember that if the Wheat Board's responsibility is to sell and export our wheat and they focus their attention on doing that, then if we can generate and create more efficiencies by getting it to the Wheat Board, who is going to be the winner? Well, what we have to do is we have to ensure that the winner is going to be the farmer, because it should be the farmer that receives the benefits. They should be allowed to make more money than what they are getting today for the production of their wheat. To stand back and say absolutely no to any change is being extremely naive and is being cruel to our farmers.

That is the reason why a resolution of this nature is totally irresponsible of the official opposition to be bringing forward. I point out a couple of the negatives in terms of some of those recommendations. When I say negatives, some of the areas in which we need to be concerned about and giving some due diligence to and monitoring and ensuring that the farmer is going to, at the end of the day, benefit by. There are some very positive things that are happening here.

When we talk about the efficiencies, Madam Speaker, how many debates have I seen inside

this Chamber where we say, well, what about Churchill; we want to see more wheat hauled through Churchill. Well, this particular report will likely enhance the opportunities of the Port of Churchill. It would be interesting to see how the member for Rupertsland (Mr. Robinson) will vote on this particular resolution, because the Churchill port has a wonderful opportunity that is here. Hopefully, we will see that opportunity realized. If we see that, it is not going to be from any help from the New Democrats. If anything, they would just as soon see the wheat continue to be transferred out east and out west. How irresponsible.

An Honourable Member: How foolish.

* (1130)

Mr. Lamoureux: Madam Speaker, the New Democrats said "how foolish." Joint running rights is something which I believe farmers are very supportive of, because when we talk about oats and we talk about wheat, the farmer in the province of Manitoba will benefit tremendously by joint running rights. I challenge the New Democrats to spend 10 minutes just on that issue alone on how the farmer will not benefit by joint running rights. The efficiencies that can be created and generated by that fact alone will derive great benefits for our farmers, and to believe otherwise would be absolutely stupid. I do not understand.

I challenge the next speaker. I trust there is going to be another speaker coming from the New Democrats. Actually, were I them I would debate it. I would not allow this resolution to come to a vote. I am quite pleased to see it come to a vote, because I will, as the member for The Maples (Mr. Kowalski) will be voting against this stupid resolution. It is something in which, no doubt, it very clearly puts the NDP in a perspective compared to the other opposition, the real opposition inside this Chamber. We see and recognize the need for change. We challenge in terms of due diligence in order to manage that change so that people in Manitoba benefit, in particular our farmers on this particular resolution.

There is the difference between the Liberals in this House and the New Democrats. We see

and recognize the need for change. We will manage that change. We are not going to dunk our heads in the sand and be blind to the need for change that ultimately in the long term could have a very positive impact on our farmers. In essence, we are not Luddites.

Madam Speaker, I ask and I plead for the New Democrats to either talk it out or at least see some division within that caucus. With those few words, we have run out of time. Hopefully, I was clear enough that they understand why it is they should not be proposing this resolution. Thank you.

Hon. Darren Praznik (Minister of Highways and Transportation): Thank you very much, Madam Speaker, for the opportunity to participate in this important discussion on a very, very important issue. I have to tell you, members on this side have thoroughly enjoyed the remarks of the member for Inkster (Mr. Lamoureux) because the member for Inkster has very succinctly identified many of the key issues. When he has made his reference to members opposite being Luddites, he is absolutely right. What was Estey all about? Estey was about fundamentally reforming our grain transportation system not for the railroads, not for the grain companies but for the farmer, to put more dollars into the pockets of producers.

I do not know if the member for Transcona (Mr. Reid) understood or heard the remark I made across the way, but when the member for Inkster said that the Canadian Wheat Board's prime function is to sell the wheat to farmers, and I added yes, it is not there to serve to the interests of others, railroads, Transcona shops, or anyone else, he disagreed. The member for Transcona disagreed. So what he is saying is that the prime role of the Wheat Board is to support everybody else but the farmer. Now, maybe he misunderstood my comment.

Point of Order

Mr. Reid: Madam Speaker, I am sure the minister would not want to impute any motives or put any words in my mouth which I had not said. I think the rules are very clear on that. I am sure if you would call the Minister of Highways and Transportation to order to

recognize that he had said that the Transcona CN rail shops system where they repair equipment is not important to the grain transportation system of this country, and I think that is the comment that he said that should be on the record.

Madam Speaker: Order, please. The honourable member for Transcona does not have a point of order. It is clearly a dispute over the facts.

* * *

Mr. Praznik: Madam Speaker, at no time did I ever say it was important. But the member for Inkster made the comment that the Wheat Board's role, prime role, was to sell the wheat of producers, and the member for Transcona seemed to disagree with that. Now, I will leave it to a dispute or a misunderstanding of what was said, but I will tell you, I personally think that is honestly what he believes. He does not believe that its prime role is to support the farmer but to support all the ancillary parts to the grain transportation system.

Madam Speaker, we know that there are risks and issues in the Estey report that are unresolved. We know that there are a lot of questions that producers have, and there is a lot of hard-earned experience where previous reform has not necessarily led to more dollars in the farmers' pockets. This government, along with the New Democratic Party government in Saskatchewan, the Conservative government in Alberta, and the NDP government in British Columbia, have all said that it is fundamentally important that if Estey does not produce real results and savings to the producers, then it cannot be supported.

All of us, including the New Democrats in Saskatchewan and British Columbia, and unlike their Luddite cousins here in Manitoba, are prepared to go the next step, which is to flesh out the details of the Estey report. See what it will actually look like before we cast judgment on it. What the member for Swan River (Ms. Wowchuk) is doing is saying before we know those details, before we get to the table, before we see if it can actually result in benefits to farmers, we will reject it. We will throw it away. We will not move forward to see if we

can improve the system for farmers. We will stand on the past no matter how bad that past is, because we are afraid to look at the future.

Madam Speaker, if there is one issue that divides members of this House between these two parties, it is the fear of looking at the future, the fear of moving forward to make a better world for our province, which are the New Democrats. The courage on this side of the House we see with our colleagues in the provincial Liberal Party to look at the future and to try to move forward for the benefit of our producers and the people of our province. That is the fundamental issue in this resolution. The fundamental issue that divides both sides of this House is the total fear to do anything but the status quo no matter how bad that status quo is. The producers want a more efficient system because they are paying the bill. If Estey does not produce that, we will not be there to support it at the end. We are not so blind as to say no before the details have even been worked out.

I say shame on the members opposite. Shame not to have the courage for the producers of this province to take it to the next step. These New Democrats do not have the foresight or the fortitude or the courage of their cousins in Saskatchewan. Shame on them within even their own party, because they are afraid to move forward for the people of our province. As my colleagues have said, there are risks and issues to be resolved, but the Kruger process is designed to bring the parties to the table, to flesh out the details, put the meat on the bones here so that all can judge what this system will look like. The No. 1 condition for the support and involvement of all the Prairie provincial governments who are really concerned about the producers, unlike the New Democrats in Manitoba, is to ensure that the savings will be there in the pockets of producers. That is a position shared by this government, by the government of Saskatchewan, and the government of Alberta.

To condemn the first real attempt at trying to solve this problem for producers who pay the bills, to condemn it before it is gone the next start, with no solution, no option but the status quo, does the member live in a void? Does the member live in a void? She thinks that we will vote this down today, that we will not

participate. We will not participate today, and that is okay. The world will just find a solution. What planet does the member for Swan River (Ms. Wowchuk) live on? Does she think that, if we reject this today, anybody else is going to pick this up and solve the problem? Not at all, not at all, because they will be afraid of meeting the Luddites like the member for Swan River and her colleagues who are afraid of taking on any problem that is more complex than one plus one equals two.

Madam Speaker, this is an issue that divides not only our parties, but demonstrates to Manitobans what our two parties are about, facing the future or hiding in the past. We know, in a few short months, the people of Manitoba will choose, and the people of Manitoba will always choose to take on the future. We say to members opposite: what is their plan, what is their promise? What is their commitment, other than putting their head in the sand, burying themselves in a hole, and hoping that someone else will take on the problems of the future? Shame on them today, and on election day the people of Manitoba, I am sure, will cast that same judgment on the Luddites of this province.

* (1140)

Mr. Steve Ashton (Thompson): Let us make it clear. The only party that is afraid in this House is the Conservatives who are afraid of having an election. They are afraid of the real change the people in Manitoba want. They want a change in government. I say to the Liberal-Tory alliance here that what their vision is when they talk about change—it is very interesting, you know, the Tories want you to believe, the Conservative Party wants you to believe, that they are the party of change. You know, the party of the '90s. Well, Madam Speaker, they are the party of the 1890s because their vision is very much taking us back to the way it was in the 1890s.

Let us look at what they have supported. I say to the members opposite, when it comes to one of the issues here, returns of the CN privatization, and I say to the Liberals, the Liberal-Tory alliance led us to the privatization of CN, which is now controlled and operated by Americans. That is part of their vision.

They expect us to take another leap of faith when it comes to this report. I say that we have put on the record, the member for Swan River (Ms. Wowchuk) has put on the record, the concern of many producers in this province: recommendation 14, recommendation 7, recommendation 6 and recommendation 5. I say to the Conservatives and to the Liberals, especially to the Liberal member, who shocked me with his being the tail on the dog, the Tories, with his speech. I mean, Madam Speaker, the issue here is standing up for farmers and standing up for our transportation system.

I say to the member opposite, the Minister of Transportation (Mr. Praznik): where have they been, for example, in terms of preserving our transportation network? This is a government that is a door mat to the major rail companies. They give them tax breaks. They do not defend Manitoba's interests. They do not save jobs.

I say to members opposite that pretty soon their dual-track strategy on the Wheat Board is going to catch up to them. I do move our members opposite who do support the Wheat Board, but it is interesting that there are a lot of Conservatives who, just coincidentally, are very involved in the anti-Wheat Board forces. They cannot win in Wheat Board elections, but they try and destroy the system by breaking the law. Those members opposite know that, in their rural ridings, many of the anti-Wheat Board forces are Conservatives, are very much a part of that party. I say, when you see the recommendations to the Estey Report, yes, the main role is in the marketing side, but once you weaken the Wheat Board's ability in terms of transportation, guess which forces you are supporting. The anti-Wheat Board forces. You cannot have it both ways. Our party is four-square in favour of the Wheat Board. We believe in the Wheat Board, and we will fight for the Wheat Board.

I say, Madam Speaker, the bottom line here is clear. This is a question of defending Manitoba's interests and defending farmers' interest. The party opposite and the Liberal Party have been abject failures in doing that at the federal level. All they are proving this morning is that at the provincial level, they are

doing the same thing. We say the end is needed of this door mat policy, trying to speak up for farmers, and that is exactly why the member for Swan River brought in this important resolution on the Estey Report. Thank you, Madam Speaker.

Madam Speaker: Order, please. As previously agreed, I am interrupting the proceedings to put the question on private members' Resolution 18. The Estey Report.

Voice Vote

Madam Speaker: All those in favour of the resolution, please say yea.

Some Honourable Members: Yea.

Madam Speaker: All those opposed, please say nay.

Some Honourable Members: Nay.

Madam Speaker: In my opinion the Nays have it.

Formal Vote

Mr. Steve Ashton (Opposition House Leader): Yeas and Nays, Madam Speaker.

Madam Speaker: A recorded vote has been requested. Call in the members.

Order, please. The question before the House is the proposed private member's resolution of the honourable member for Swan River (Ms. Wowchuk), the Estey Report.

Division

A RECORDED VOTE was taken, the result being as follows:

Yeas

Ashton, Cerilli, Chomiak, Dewar, Evans (Brandon East), Evans (Interlake), Friesen, Hickes, Jennissen, Mackintosh, Martindale, Mihychuk, Reid, Sale, Santos, Struthers, Wowchuk.

Nays

Cummings, Downey, Driedger (Charleswood), Driedger (Steinbach), Dyck, Enns, Faurschou, Filmon, Findlay, Gilleshammer, Helwer, Kowalski, Lamoureux, Laurendeau, McAlpine, McCrae, McIntosh, Mitchelson, Newman, Penner, Pitura, Praznik, Radcliffe, Reimer, Render, Rocan, Stefanson, Sveinson, Toews, Tweed, Vodrey.

* (1150)

Madam Deputy Clerk (Bev Bosiak): Yeas 17, Nays 31.

Madam Speaker: The resolution is accordingly defeated.

Hon. Darren Praznik (Government House Leader): Madam Speaker, I believe if you canvass that House, you will find a will to call it twelve o'clock.

Madam Speaker: Is there unanimous consent of the House to call it twelve o'clock? Agreed? [agreed]

The hour being twelve o'clock, I am leaving the Chair, with the understanding that the House will reconvene at 1:30 p.m. this afternoon.

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 17, 1999

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