

*Adjournment Debate*

Speaker, as the Hon. Member is aware, a special parliamentary committee has been appointed to consider wheat pricing. This committee is holding public hearings across the country at the moment. I would like to take this opportunity to urge interested citizens to make their views on possible impacts known to the committee and Members of Parliament.

The report of the committee is due on June 6, only a few days away, and I would not wish to prejudge the outcome of the very thorough investigation now being undertaken. Nevertheless, some very general comments on the issues raised by the Hon. Member's question are perhaps in order at this time.

● (1810)

The cost of raw materials has a limited weight in determining the final retail price of wheat-using products. The cost of flour itself has been estimated to be only 70 per cent of the value of bakery products, 8 per cent of biscuits, 30 per cent of dry pasta and prepared flour products, and only 5 per cent of breakfast cereals. However, due to the mark-up policies at each stage of production, price increases at the farmer level in certain circumstances can be passed on and exacerbated as they move through the processing retail chain. It is important for consumers, particularly low-income earners who are higher consumers of bread and cereals, that mark-ups be kept to reasonable levels. I am pleased the Hon. Member is conscious of that fact. It is also in the interests of wheat-using industries themselves which must compete in domestic and international markets.

The particular study which the Hon. Member quoted referred to the existence of a problem of concentration and hence excessive profit taking in the milling industry. It is my information that the data used in that study may not have been appropriate for this type of financial analysis and that consequently the level of profits in the Canadian industry may have been substantially overstated. Analysis undertaken on the basis of alternate data is available. It indicates profit levels in the milling industry which appeared to be much more in keeping with the rest of the food industry as a whole.

The Director of Investigation and Research under the Combines Investigation Act is also aware of the reports concerning profit levels in the milling industry. He will look into any information that its performance reflects conduct contrary to the provisions of the Act. I am confident that any Member of the House who receives information of such conduct in the flour milling industry would bring it immediately to the attention of the director.

GOVERNMENT EXPENDITURES—MONITORING OF  
EXAMINATION OF TASK FORCE OPTIONS.

**Mr. Bill Attewell (Don Valley East):** Mr. Speaker, on April 28, 1986, I asked the Minister of Finance (Mr. Wilson) a question regarding Government expenditures and, in particular, how the process of examining the Nielsen task force options and recommendations would be monitored. After all, a

colossal amount of work was put into that project and it is essential that we reap the benefits.

The Nielsen task force, initiated on September 18, 1984, faced a gargantuan task in reviewing 989 programs and services in the federal Government, reflecting annual expenditures of more than \$92 billion, including tax expenditures. Despite the complexity of its task, the task force had one year in which to complete its mandate. The huge report, tabled in the House on March 11, 1986, was the first ever attempt to present a comprehensive overview of what the federal Government actually does.

One of the most interesting elements of the study team report was that each team, whatever program area it was examining, identified several broad patterns which recurred frequently. These generic issues, as the report identified them, offer an interesting and at times rather disheartening view of how the federal Government has worked to date. The universal subsidy is a recurring theme in the study team reports, that is, subsidies through both tax provisions and direct expenditures. The study teams found that many subsidies were not warranted on economic grounds, aside from political considerations.

Another problem the study teams identified in respect of universal subsidy was that a vast array of Government programs had been developed which subsidized effort rather than success. Another generic issue identified by the study teams dealt with what they called the fiscal totality; in other words, a comprehensive overview of the total impact of expenditures.

New program proposals have not been examined within the broader context of Government expenditure. Therefore, government spending expands exponentially as new programs are added to old, and it becomes well nigh impossible to determine the precise financial interrelationships of new programs and old programs. I think these programs need some sunset provisions.

This has contributed to the view that government spending was out of control. Closely related to this lack of comprehensive overview of government programs and their impact is the lack of institutional memory. This can result in unnecessary duplication of programs and efforts and programs continuing after their usefulness has passed.

● (1815)

The study teams also identified other generic issues, such as inadequate program evaluation, shortcomings in the personnel system which provide few incentives to reduce organization size, and the pervasive force of the *status quo*. In all, the study teams identified issues which are pervasive throughout the federal Government and which seriously need addressing. The prevalence of subsidies and programs which reward effort rather than success is another element in federal programs areas which requires action.

The Nielsen task force has done a fine job on a difficult and complex task within a very short time frame. Not only did it identify specific program areas where changes can be affected,